



Gebr. Heinemann
Gegründet 1879

Business Year 2019

The family company's 140th year –
Review, Insights and Outlook



Duty Free Shop



Dear readers,

We can leaf through this report on last year's successful performance with pride. However, current events prove how little time can remain for a look back at a very successful business year. Soon after the turn of the year, Gebr. Heinemann was unable to continue enjoying the good, busy 2019, with its many positive developments in Europe, the Asia-Pacific region, Africa and the USA. A threatening shadow suddenly loomed over the promising start to 2020 and our outlook on the upcoming months. Starting in March 2020, the novel coronavirus led to a previously unimaginable collapse of the global travel retail market. After the World Health Organization's declaration of the outbreak of coronavirus as a pandemic, travel bans, flight cancellations and shutdowns of entire aircraft fleets followed worldwide.

2020 will be different than all previous 140 years in the history of Gebr. Heinemann, yet our experience with previous economic crises provides us with orientation. Our foresighted task force was able to clearly analyse this crisis at the beginning and to make appropriate decisions. As a family-owned company, we act autonomously, goal-oriented and flexibly; we are responsible only to our company, our employees and our partners.

We still do not know which decisions governments will make over the next few months, nor how global mobility will develop. However, we are certain that the travel retail market will remain an important aspect of travel in the future. We have laid all the foundations for the successful continued development of Gebr. Heinemann in its fifth generation.

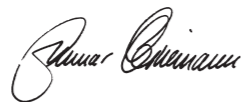
Sincerely yours



Max Heinemann



Claus Heinemann

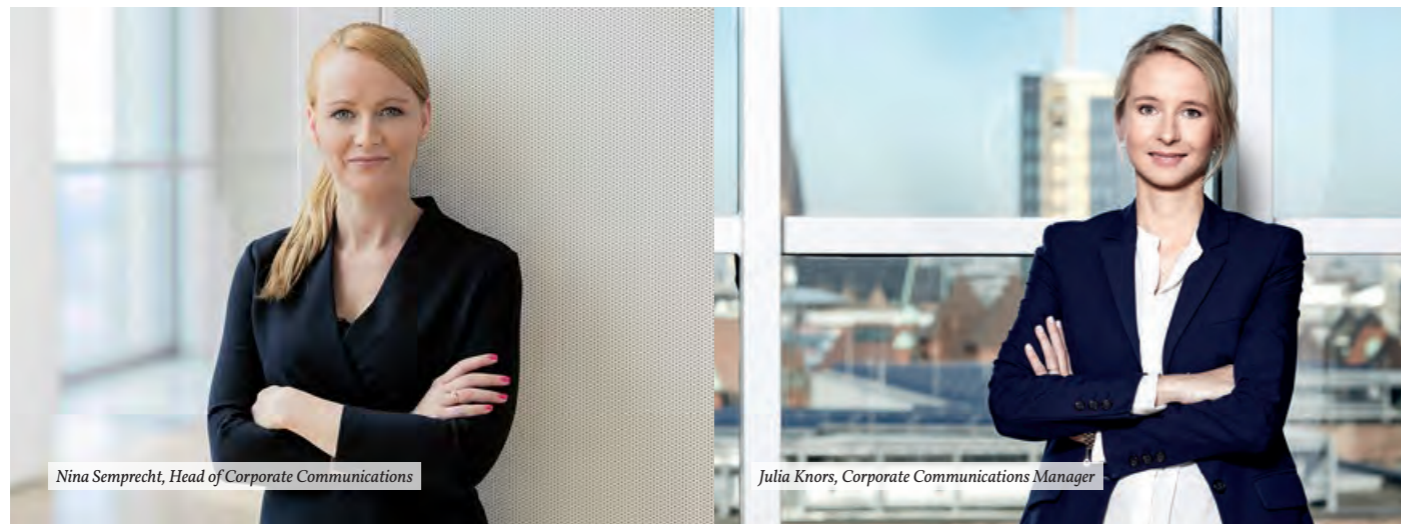


Gunnar Heinemann



HELLO & WELCOME

Join us on a journey through the year 2019 and the world of Gebr. Heinemann: to new shopping experiences at Istanbul Airport, in Moscow Sheremetyevo, at Hamburg Airport and on the high seas. Discover current trends and sustainable developments and take a look behind the scenes in our new Annual Report.



Nina Semprecht, Head of Corporate Communications

Julia Knors, Corporate Communications Manager



Sustainability is important to Gebr. Heinemann, and it has many aspects. You can read more about it wherever you see this leaf in the Annual Report.

CORPORATE NEWS

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III. Imprint



1879

1890

1900

1909

1950

1953

1955

1958

1969

1972

1989

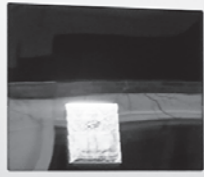
2004

2006

2016

DER BEGINN EINER LANGEN REISE

START OF A LONG JOURNEY



KAUFMANN'S GUT HAT EBBE UND FLUT
VON ZEIT ZU ZEIT GEHT ES SORGENVOLL ZU



WIR DURFTEN DAS
WIRTSCHAFTSUNTER
HAUFIG ERLEBEN



KANNST DU BALD
SIEHST NICHT
DU SEHST TIEFER
GENÜGEN

KONKURRENZDRUCK UND WAGEPFLICHT
VERANLAßTEN EINEN KLICK ZU ZEREN

WIR GIBEN SIEH FREI ER BEISETZ UND
BEZUGS NEHMEN SIEH ER BEISETZ

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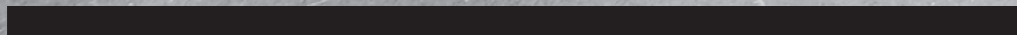
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CORPORATE NEWS

The year 2019 in facts & figures

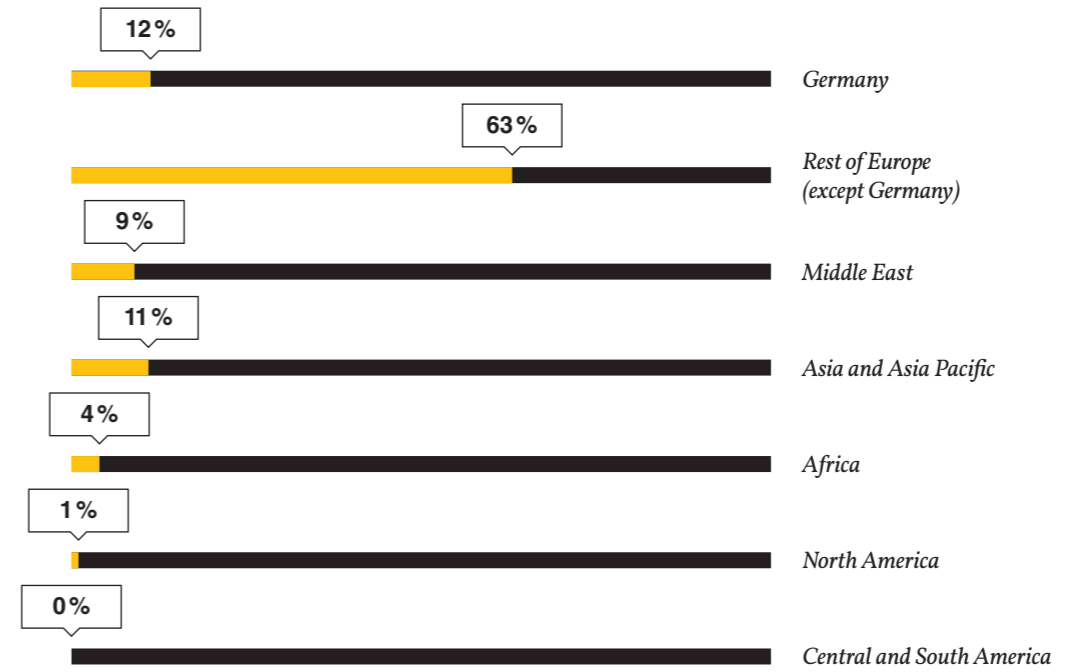
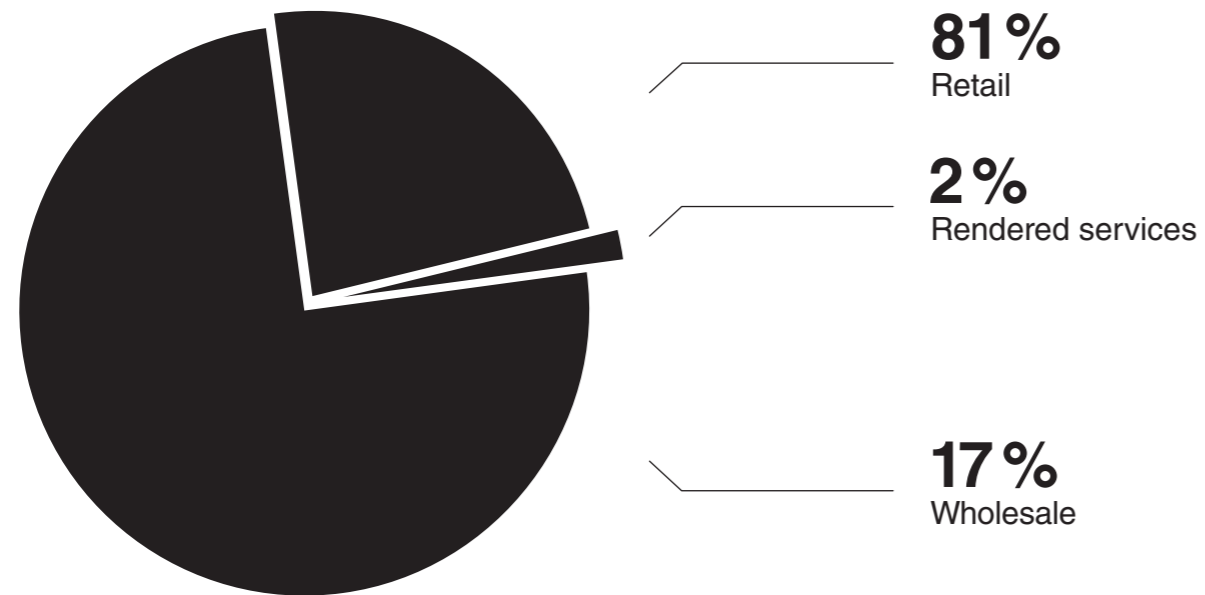




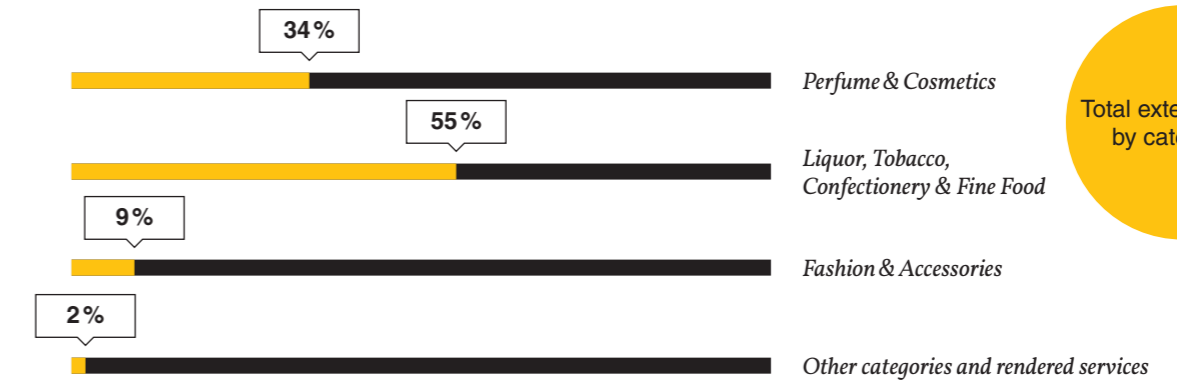
FINANCIAL STATEMENTS

Gebr. Heinemann Group turnover: **4.8 billion €***
+5.3% Δ PY

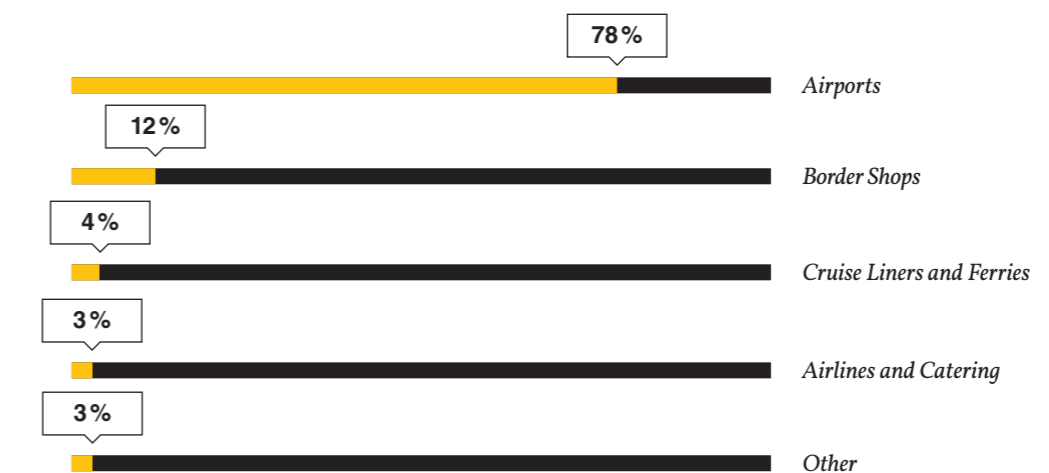
*Preliminary Group turnover of Gebr. Heinemann and affiliates.
 Consolidated Gebr. Heinemann turnover according to HGB: **3.6 billion €**



Total external sales by regions




Total external sales by categories



Total external sales by channels




TENDER WINS 2019

-  **USA**
Location 1: Odyssey of the Seas – Royal Caribbean Cruise Line
Shipping company headquarters: Miami (Florida, USA)
Size: 1,043 sq m
Opening: October 2020
- Location 2:* Wonder of the Seas – Royal Caribbean Cruise Line
Shipping company headquarters: Miami (Florida, USA)
Size: 1,264 sq m
Opening: April 2021
- Location 3:* new Icon Class ship – Royal Caribbean Cruise Line
Shipping company headquarters: Miami (Florida, USA)
Size: 991 sq m
Opening: January 2022
- Location 4:* Mardi Gras – Carnival Cruise Line
Shipping company headquarters: Doral (Florida, USA)
Size: 417 sq m
Opening: October 2020



NEW SUPPLY CONTRACTS 2019

-  **Europe (United Kingdom, Netherlands, Belgium and Germany)**
Location: London, Amsterdam, Brussels, Hanover
Customer/contract partner: TUI Group Airlines (TUI UK, TUI Belgium, TUI Netherlands, TUI Germany)
-  **Paraguay**
Location: Silvio Pettirossi International Airport in Luque
Customer/contract partner: GDF
-  **USA**
Location: Palm Beach
Customer/contract partner: Bahamas Paradise Cruise Line
-  **Vietnam**
Location: Lang Son (on the border with China)
Customer/contract partner: Vneshposyltorg Intertrade Limited (VPT)



EXTENDED SUPPLY CONTRACTS 2019

-  **Norway**
Location 1: Oslo, Color Line
Customer/contract partner: Color Line AS
- Location 2:* Egersund, Fjord Line
Customer/contract partner: Fjord Line AS
-  **Denmark**
Location: Hellerup
Customer/contract partner: Peter Justesen Company A/S
-  **Germany**
Location 1: Geilenkirchen
Customer/contract partner: NATEX Canadian Forces Exchange System Europe
- Location 2:*
 German Federal Armed Forces in Afghanistan, Lithuania and Mali
Customer/contract partner: German Federal Armed Forces rations supply office

EXPANDED SUPPLY CONTRACTS 2019

-  **USA**
Location 1: MSC Virtuosa, MSC Grandiosa
Customer/contract partner: MSC Cruises
- Location 2:* Scarlet Lady – Virgin Cruise Line
Customer/contract partner: Harding Brothers



SHOP OPENINGS 2019

- Germany**
Location: Frankfurt Airport Z-non-Schengen (Saint Laurent Paris)
Size: 69 sq m
Opening: April 2019
- Germany**
Location: Frankfurt Airport B-non-Schengen (Hugo Boss)
Size: 244 sq m
Opening: April 2019
- Germany**
Location: Frankfurt Airport Z-non-Schengen (Gucci)
Size: 103 sq m
Opening: May 2019
- Germany**
Location: Frankfurt Airport B-non-Schengen (Hermès)
Size: 220 sq m
Opening: June 2019
- Netherlands**
Location: Amsterdam Airport Schiphol F-Pier
Size: 110 sq m
Opening: February 2019
- Netherlands**
Location: Amsterdam Airport Schiphol D-Pier
Size: 544 sq m
Opening: July 2019
- USA**
Location: Independence of the Seas – Royal Caribbean Cruise Line
Shipping company headquarters: USA
Size: 548 sq m
Opening: July 2019
- USA**
Location: Sky Princess – Princess Cruise Line
Shipping company headquarters: USA
Size: 115 sq m
Opening: October 2019
- Germany**
Location: Mein Schiff 2 – TUI Cruises
Shipping company headquarters: Germany
Size: 550 sq m
Opening: February 2019
- Germany**
Location: Mein Schiff 4 – TUI Cruises
Shipping company headquarters: Germany
Size: 518 sq m
Opening: May 2019
- Germany**
Location: MS Amera – Phoenix Reisen
Shipping company headquarters: Germany
Size: 90 sq m
Opening: August 2019
- Germany**
Location: MS Hanseatic Nature – Hapag-Lloyd
Shipping company headquarters: Germany
Size: 60 sq m
Opening: April 2019
- Germany**
Location: MS Hanseatic Inspiration – Hapag-Lloyd
Shipping company headquarters: Germany
Size: 60 sq m
Opening: October 2019
- Germany**
Location: AIDAluna
Shipping company headquarters: Germany
Size: 377 sq m
Opening: April 2019
- Germany**
Location: AIDAmira
Shipping company headquarters: Germany
Size: 120 sq m
Opening: December 2019
- Germany**
Location: Hamburg Airport (Hugo Boss Store)
Size: 157 sq m
Opening: December 2019
- Germany**
Location: Hamburg Airport (FAWJ multi-brand store)
Size: 205 sq m
Opening: April 2019
- Germany**
Location: Hamburg Airport (Sunglasses multi-brand store)
Size: 80 sq m
Opening: April 2019



- Turkey**
Location: Istanbul Airport
Size: Total area over 30,000 sq m / 117 shops
Opening: 2019
- Romania**
Location: Vama Veche
Size: 207 sq m
Opening: July 2019
- Romania**
Location: Giurgiu
Size: 248 sq m
Opening: September 2019
- Bulgaria**
Location: Kulata
Size: 700 sq m
Opening: November 2019
- Bulgaria**
Location: Kalotina
Size: 140 sq m
Opening: August 2019
- Macedonia**
Location: Gevgelija
Size: 300 sq m
Opening: July 2019
- Croatia**
Location: Županja
Size: 125 sq m
Opening: April 2019
- Czech Republic**
Location: Mikulov
Size: 600 sq m
Opening: November 2019
- Italy**
Location: Catania
Size: 233 sq m
Opening: March 2019
- Russia**
Location: Moscow Sheremetyevo, Terminals D + E
Size: 373 sq m / 4 shops
Opening: March and October 2019
- Russia**
Location: Yekaterinburg, Samara, Nizhny Novgorod
Size: 431 sq m / 4 shops
Opening: July to October 2019
- Ukraine**
Location: Kyiv Zhuliany Airport
Size: 504 sq m
Opening: April 2019
- Belarus**
Location: various border shops on the borders with Poland, Lithuania and Ukraine
Size: 1,043 sq m / 11 shops
Opening: January to December 2019

EXTENDED CONCESSIONS

- Germany**
Location: TUI Cruises
Shipping company headquarters: Germany
Size: 7 ships, total area approx. 3,700 sq m
Extension until: 2026
- Austria**
Location: Vienna
Size: 3,590 sq m
Extension until: 2030



RE VIEWS

Active worldwide: markets, shops, brands & trends






OPEN

PROSPEROUS BOSPORUS

All shops open at Istanbul Airport on 53,000 sq m total space

Istanbul Airport is a place of many superlatives where travellers can experience a totally new definition of travel retail. It features a thousand brands (including 120 luxury brands) under one roof over 53,000 square metres of commercial space – all at an airport with a capacity of currently up to 90 million passengers a year.

In collaboration with its Turkish joint venture partner Unifree Duty Free, Gebr. Heinemann created a shopping centre at Istanbul Airport which is unrivalled in the world, and which opened in 2019. With the largest investment in its 140-year history and a 25-year contract, Gebr. Heinemann has strengthened its long-term commitment to the Turkish metropolis. The international aviation hub is of great importance to the company.



Richard Hoyer, Vice President EMEA 2 at Gebr. Heinemann, explains: *“Istanbul is the central hub in Turkish Airlines’ network and the airline is investing in it substantially, which means that the number of transfer passengers will grow considerably. As a hub to Asia, the new airport is already drawing many affluent passengers from Asian and Arab countries – including an increasing number who previously travelled via Dubai.”*

SUCCESSFUL START

The design of Istanbul Airport’s Duty Free area is inspired by the course of the Bosphorus. Set across five zones (“villages”) with the thematic focuses Luxury Hill, Family Palace, Fashion Garden, Icon Bay and Style Beach, the design offers a unique mix of brands that covers all price segments and customer needs. *“The architecture of the airport is attractive and impressive,”* says Bernard Schlafstein, Director Sales Near East & Turkey at Gebr. Heinemann. *“The high ceiling and generous space make everything bright and appealing so you feel comfortable and can find your way around easily despite the large number of passengers.”* The ultra-modern architecture inside the terminal features elements typical of the country – for example, there are two bazaars covering more than 3,000 square metres. This also gives travellers to Istanbul Airport a strong sense of place.

Turkish President Recep Tayyip Erdoğan officially opened the new airport in the metropolis on the Bosphorus in late October 2018. Claus Heinemann, co-owner of Gebr. Heinemann, and Chief Operating Officer Raoul Spanger also took part in the ceremony. Because the three-and-a-half-year construction phase was not yet complete, the airport was initially used only for some domestic flights within Turkey and to the Republic of Azerbaijan and North Cyprus. Unifree Duty Free had already temporarily opened a pier shop to serve these passengers.

All 21 Duty Free shops have been open since the beginning of April 2019, when Turkish Airlines completed its move from Atatürk Airport to its new hub and Istanbul Airport became fully operational as the capital's airport. *"The move from our original location at Atatürk Airport to the new airport was the responsibility of ATÜ Duty Free (part of Unifree holding), which had also operated the shops at the previous location,"* explains Bernard Schlafstein. *"ATÜ wound up operations at Atatürk Airport superbly, and Unifree ensured that everything was quickly operational at Istanbul Airport. The collaboration was very smooth."*

Richard Hoyer is pleased with the first few months: *"The 'penetration rate' and 'spend per passenger' are progressing well and we are moving closer to our ambitious goals. Consequently, we are very satisfied with the start at Istanbul Airport. The spend per passenger will continue to increase with the further rise in the proportion of transfer passengers from Asia."*



BENCHMARK IN TRAVEL RETAIL

In collaboration with Unifree Duty Free, Gebr. Heinemann is responsible for retail and centre management at Istanbul Airport. With an innovative model of this magnitude, it is setting a benchmark in travel retail at an airport. Through its management of the centre, the company acts simultaneously as an operator and a landlord: this is an innovative, forward-looking solution for its airport business.

All other shops, including mono-brand and multi-brand boutiques in the Fashion & Accessories/ Watches & Jewellery categories and both bazaars, were launched between April and the end of 2019. Alongside the mono-brand boutiques operated directly by Unifree such as Bottega Veneta, Gucci and Saint Laurent, ATÜ Duty Free is the largest single centre and lease management tenant, with more than 25 shops and marketplaces. The joint venture between ATÜ and Heinemann has stretched over two decades with the presence at various airports in Turkey, Tunisia and Macedonia. At Istanbul ATÜ operates mono-brand boutiques like Hermès, Celine and Fendi as well as Luxury Timepieces, the multi-brand concept for Watches & Jewellery, and the bazaars.

The area operated by Unifree itself covers 33,953 square metres; the area let by the company to 116 brands and other service partners amounts to 20,431 square metres.



LUXURY HILL HAS HIGHEST CUSTOMER FOOTFALL

Affluent Asians are the most important customer group for the Luxury Hill area. This space features a mix of mono-brand luxury boutiques with a multi-brand concept which is unique in travel retail and brings the flair of international department stores to Istanbul Airport. Immediately after passing through security, travellers dive into an exclusive world of Fashion & Accessories and Watches & Jewellery. Brands such as Hermès, Louis Vuitton, Saint Laurent, Celine, Christian Dior and Gucci create a top-class shopping experience, as does multi-brand store Luxury Timepieces, the only luxury watch concept at the airport.

Heinemann was able to attract many of the brands in Luxury Hill to the Turkish market for the first time, and to inspire customers with the extraordinary shop concept.

“Luxury Hill has the highest customer frequency,” notes Richard Hoyer. *“The mono-brand boutiques located here instantly positioned themselves in the top rankings of their total locations worldwide.”*

He adds that the businesses located in the central zones of the departure area generally perform best. *“We also see that in the core Duty Free shops with their fantastic digital façades, and in the bazaars offering products from more than 100 local manufacturers. The bazaars were completely redesigned for Istanbul Airport and are a quantum leap from the previous ones at Atatürk Airport. They are very successful, partly because of their impressive architecture and open design, but also because there’s something here for all travellers; in fact, you can buy something lovely for just four or five euros,”* says the EMEA 2 Vice President. The high-quality local crafts are very popular with both international tourists and Turkish travellers, who buy them as gifts.



Soon to be world's largest airport

From the start of full operation in April 2019 to January 2020, Istanbul Airport recorded an average of 193,000 passengers daily who travelled on 70 airlines to 60 countries. This means there were approximately 55 million travellers in that period. Turkish Airlines was responsible for 80 per cent, or most of the traffic.

"The average passenger stay at Istanbul Airport is between two and three hours, which is less than in Dubai, for example," says Bernard Schlafstein. "The signage is very good, but there are long walking distances. The departure gates are located below the shopping area; you need about ten or fifteen minutes to get there. Also, due to the long taxiways between the terminal and runways, early boarding currently takes place about an hour before take-off. All this reduces the time the passengers stay."

The planned third runway should remedy this.

Further construction phases will follow in the coming years. Following the planned completion of the expansion in 2028, the airport is expected to reach a capacity of 200 million passengers a year. As things currently stand, this would make it the world's largest airport.





SHOPTIMISATION

Four shops shine with brand-new concepts at Hamburg Airport

Constantly searching for ways to offer passengers the best shopping experience: Gebr. Heinemann opened four new and converted shops on the Pier and in the Plaza of Hamburg Airport with fresh brands and modern design.

Offering Hamburg souvenirs, concept store Destination Hamburg has been moved from the Pier to the Airport Plaza next to the large Heinemann Duty Free shop, putting it directly after central security control – an even more prominent position. Right next to this is the new Sunglasses By Heinemann multi-brand store, selling high-quality sunglasses from numerous brand manufacturers. *“We are pleased to have obtained this area to expand our sunglasses range,”* says Jan Richter, Director Purchasing Fashion & Accessories at Gebr. Heinemann. And it was worth it: the multi-brand store, with its luxurious design environment and its interactive touchscreens, has received two prizes in the prestigious Sunglasses Award. An expert jury awarded it the title of Best New Sunglasses Environment. The jury also honoured the touchscreen campaign, developed jointly for Oakley by Gebr. Heinemann and luxury glasses manufacturer Luxottica, as Best Digital Initiative for the Sunglasses Category.



Concept store



Sunglasses store

Using an integrated app, customers can call up personal recommendations for sunglasses and UV filters that are matched to the current weather conditions at their destination, allowing them to try them out.

LUXURY BRANDS IN THE FAWJ MULTI-BRAND STORE

In the third area near to Gate A18 Gebr. Heinemann has opened its new multi-brand store for Fashion & Accessories and Watches & Jewellery with a range of bags, leather goods, jewellery and watches from brands including Longchamp, Coach, See by Chloé, Swarovski, Longines and Breitling in various price ranges. According to Jan Richter, *“We are proud to present the multi-brand concept at our home location in Hamburg. The aim is to create*

an exciting and unusual environment to surprise and inspire customers. This shop is intended to appeal to national and international customers in the premium and luxury segment. The new retail spaces and the modernisations in the existing shops offer all travellers a comprehensive selection under the umbrella of Heinemann Duty Free.”

Anja Fürstenberg, Managing Director of Heinemann Duty Free at Hamburg Airport, adds: *“The shop benefits both from its good position on the way to the South Pier as well as from the large floor space and high quality materials. The interaction with luxury brands generates a high level of attention among our customers.”*



Multi-brand store



Multi-brand store

LOCALISED DESIGN IN NEW HUGO BOSS BOUTIQUE

Following its move within the airport, a new Hugo Boss boutique opened its doors on a floor space of 157 square metres on the south side of Terminal 2, which has a significantly higher visitor rate. The design is a particular highlight with its modern, “local sense” concept and strong digital features. The ceiling is designed to look like a ship’s container and the furniture is reminiscent of tea chests from Hamburg’s historic warehouse district, both of which are characteristic elements of the harbour. Customers are greeted with campaigns such as “Boss loves Hamburg” via digital screens in the shop and in display windows.

Jan Richter is delighted with the shop concept, which was developed together with Hugo Boss and specifically tailored to Hamburg: *“We have a long-standing partnership with Hugo Boss and it’s great to implement this new regional and digital customer approach for the first time. The new boutique is an important component of our exciting new openings and redesigns here in Hamburg and perfectly complements our range.”*





LUXURY GOES FAR

A new level of luxurious boutiques at Frankfurt Airport

With four openings of top international fashion brands, Frankfurt Airport Retail (FAR), the joint venture of Gebr. Heinemann and the airport operating company Fraport, has created new, exclusive highlights.

In April 2019, Saint Laurent Paris celebrated its premiere at a German airport. Spanning an area of 70 square metres, the new boutique, located in non-Schengen concourse Z, presents the entire world of accessories from the French design house. While there is a focus on handbags, passengers will also find jewellery, textile accessories, belts and sunglasses from the luxury brand.



Saint Laurent

Just two months later, this was closely followed by the new Gucci boutique, offering a range of trendy leather goods and textile accessories over an area of 100 square metres. The brand ranks among the world's most renowned and influential fashion brands in the luxury segment and continues to excite especially also younger target groups with its creative designs.

THE EXCEPTIONAL TRIO IS COMPLETE: THREE KERING GROUP LUXURY BRANDS SIDE BY SIDE

The opening of Saint Laurent Paris and Gucci saw the completion of an exceptional trio in Frankfurt Airport's non-Schengen Terminal Z: after the renowned Italian leather goods label Bottega Veneta opened its doors in 2018, FAR's addition of Saint Laurent Paris and Gucci has now brought a total of three Kering Group brands to the airport. All three boutiques are located right next to one another. Jan Richter, Director Purchasing Fashion & Accessories at Gebr. Heinemann, says: "Part of our strategy for the F&A category involves strengthening our relationships with leading luxury brands. The Kering Group is one of our global strategic partners for this." Dirk Mörchen, Managing Director of FAR, adds: "We are therefore particularly delighted that we have now completed the perfect 'trilogy' of Kering brands at Frankfurt Airport thus offering international passengers, who include a large number of Asian travellers with a great affinity for luxury brands, even more top brands at this location."



Gucci



Gucci



Dirk Mörchen and Georg Fuhrmann, Managing Directors FAR



Hermès

HERMÈS BOUTIQUE DOUBLES IN SIZE

In recent months, FAR has expanded its fashion offering in the luxury segment and has reopened one of the airport's two Hermès boutiques in another, larger retail space: measuring more than 200 square metres in size, "Maison" is twice as big as the old boutique. It is located in a prime position behind passport control and right in the centre of a highly frequented area in the non-Schengen area B of Terminal 1. "With the new store concept, we are offering a shopping experience of the highest level. Frankfurt Airport will become even more appealing to lovers of coveted international luxury brands," reports Dirk Mörchen.

Passengers can discover the craftsmanship of the Hermès fashion house, such as ready-to-wear garments for women and men, accessories like the iconic Hermès silk scarves, perfumes, handbags, small leather goods, shoes, jewellery and tableware. In addition to the significantly extended range, the boutique's new "Look & Feel" concept, which includes earthy tones and a refined lighting design, is sure to spread delight. "With our new Hermès Maison we are persistently continuing the brand's long-running success story at this location," states Georg Fuhrmann, Managing Director FAR. The two family-run companies, Hermès and Gebr. Heinemann, have a long-standing, trusting and close relationship. Together with Gebr. Heinemann, the French fashion house opened its first ever airport store at Frankfurt Airport

back in the mid-seventies. "We are proud to continue our successful partnership in Frankfurt," declares Jan Richter. "It is the culmination of global, cross-generational collaboration between two family-run companies. Our shared strategy for success has proven its worth and we wish to continue to grow with Hermès on a global scale."

NEW BOSS SHOP CONCEPT

In April, a new Boss store opened its doors on non-Schengen concourse B in Terminal 1. Travelers can now find the Boss men's and women's collection including all product lines, in addition to accessories and shoes. Jan Richter reports: "We have a long and significant partnership in travel retail with Hugo Boss. This boutique has a new, refreshing shop concept that includes clear segmentation of casual/sportswear and business attire." The traditional brand, which is one of the world's leading brands in the upper premium segment, was already represented at Frankfurt Airport by mono-brand boutiques. The shop of almost 250 square metres opened in 2019 and stands out thanks to a completely new store concept utilising a modern aesthetic and digital media, e.g. screens on the shop façade. Another new design feature is category walls, like the denim wall or the trainers wall.



Hermès



Hermès

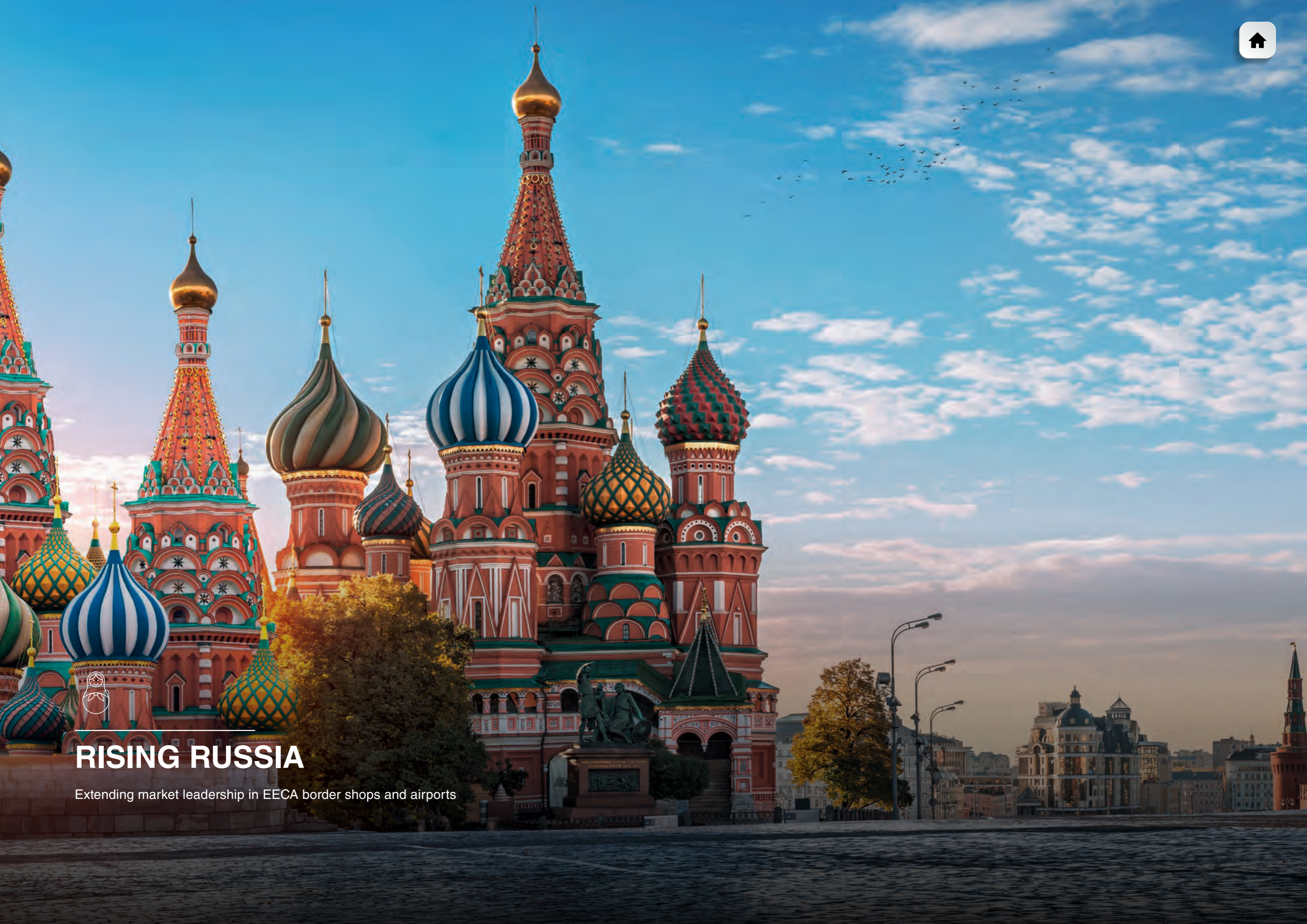


Boss

FAR operates a total of 28 shops at Frankfurt Airport



Boss



RISING RUSSIA

Extending market leadership in EECA border shops and airports

The expansion of the border shop business, the return of Arrival Duty Free and new shops at airports in Russia and Ukraine indicated growth in Eastern Europe for Gebr. Heinemann and its joint venture partners in 2019.

“Our aim is to further expand our market leadership in Russia,” explains Oleg Zhytomyrsky, Director Sales Eastern Europe & Central Asia (EECA) at Gebr. Heinemann. “For this reason, we will keep investing in the quality of airport retail and the border shop sector.” In 2019, this happened against the backdrop of a relatively stable economic situation in the EECA market and a slightly stronger rouble, which boosted Russian travellers’ buying power.

ACQUISITION OF KAPO DUTY FREE

In the summer, Gebr. Heinemann and a local joint venture partner acquired Kapo Duty Free. The company now has 14 border shops on eight borders to five countries in Russia. The leading border shop operator in Russia, Kapo Duty Free was one of Gebr. Heinemann’s distribution customers for over 20 years. “We had a good, long-term partnership with the company. When our customer planned to retire and sell it, we knew straight away that we wanted to buy the company and secure this lucrative business,” says Oleg Zhytomyrsky. Having operated in the Eastern European border shop business for over 20 years, Gebr. Heinemann has achieved a significant economic volume through the acquisition of businesses in Belarus, Georgia and Ukraine. The acquisition of Kapo Duty Free represents another important step in the long-term positioning and further development of the border business. “With Kapo, we achieve retail sales of over 150 million euros in our more than 110 border shops in the EECA market. It’s a profitable and attractive business. The current expansion allows us to serve all travellers along the Russian borders, for example with Finland, Estonia and China. In particular, the locations in the north-east, where the many European tourists enter Russia, provide us with affluent customers. Overall we see huge potential in the border shop business,” says the Sales Director. Torfyanovka and Svetogorsk on the Russia-



Finland border, for example, are among Kapo Duty Free’s most important locations. The flagship store is in Torfyanovka on the Russia-Finland border. The product range focuses on spirits, tobacco and confectionery, perfume and cosmetics as well as local products, depending on the demand at each border. The shops taken over from Kapo Duty Free are now being modernised and brought up to an even higher level of travel retail.

ARRIVAL DUTY FREE: SHOPPING AFTER LANDING IS BACK IN RUSSIA

At the beginning of January 2019, the new Customs Code of the Eurasian Economic Union came into force for Russia, Armenia, Belarus, Kazakhstan and Kyrgyzstan. The new legal regulations also allow for the resumption of Duty Free shopping after passengers land at the airport, which was not possible for many years. The Gebr. Heinemann joint ventures were well prepared for this new start: Arrival Duty Free is an important part of the company’s growth strategy in Russia.

Sheremetyevo Duty Free, a joint venture between Gebr. Heinemann, its local partner Greenway and Moscow’s largest airport, Sheremetyevo International, opened a total of four arrival shops in Terminals D and E in April 2019. Travel Retail Domodedovo (TRD), the joint venture of Gebr. Heinemann and Greenway, launched arrival shops at Yekaterinburg Koltsovo International Airport, in Samara-Kurumoch and in October at Strigino International Airport in Nizhny Novgorod with a combined departure/arrival shop.

Oleg Zhytomyrsky is pleased with the results so far, saying “The new shops are performing above expectation and we will continue to intensify our commitment. Arrivals shopping is still unfamiliar to passengers, so we will be strengthening our marketing in this area. We also intend to open arrival shops at all other Russian airports where



we are present with our partners, such as Novosibirsk and Kazan, by the end of 2020. In addition, we are very interested in all airports and seaports where the new Russian legislation allows Arrival Duty Free.

NEW WALK-THROUGH SHOP IN KYIV ZHULIANY

As part of the Terminal A expansion at Kyiv Zhuliany Airport, Heinemann Duty Free has extended its floor space, opening a new walk-through shop of 600 square metres in May. It is one of the most modern shops in Ukraine with the newest design elements, particularly in the area of FAWJ. Located directly behind passport control, it offers a full range, supplemented by limited collections of well-known brands. Heinemann Duty Free, operated by joint venture BF & GH Travel Retail, has had a presence at Ukraine's second largest airport since 2017. The privately managed international airport, which is mainly used by low-cost carriers, is seeing rapid growth in passenger numbers.

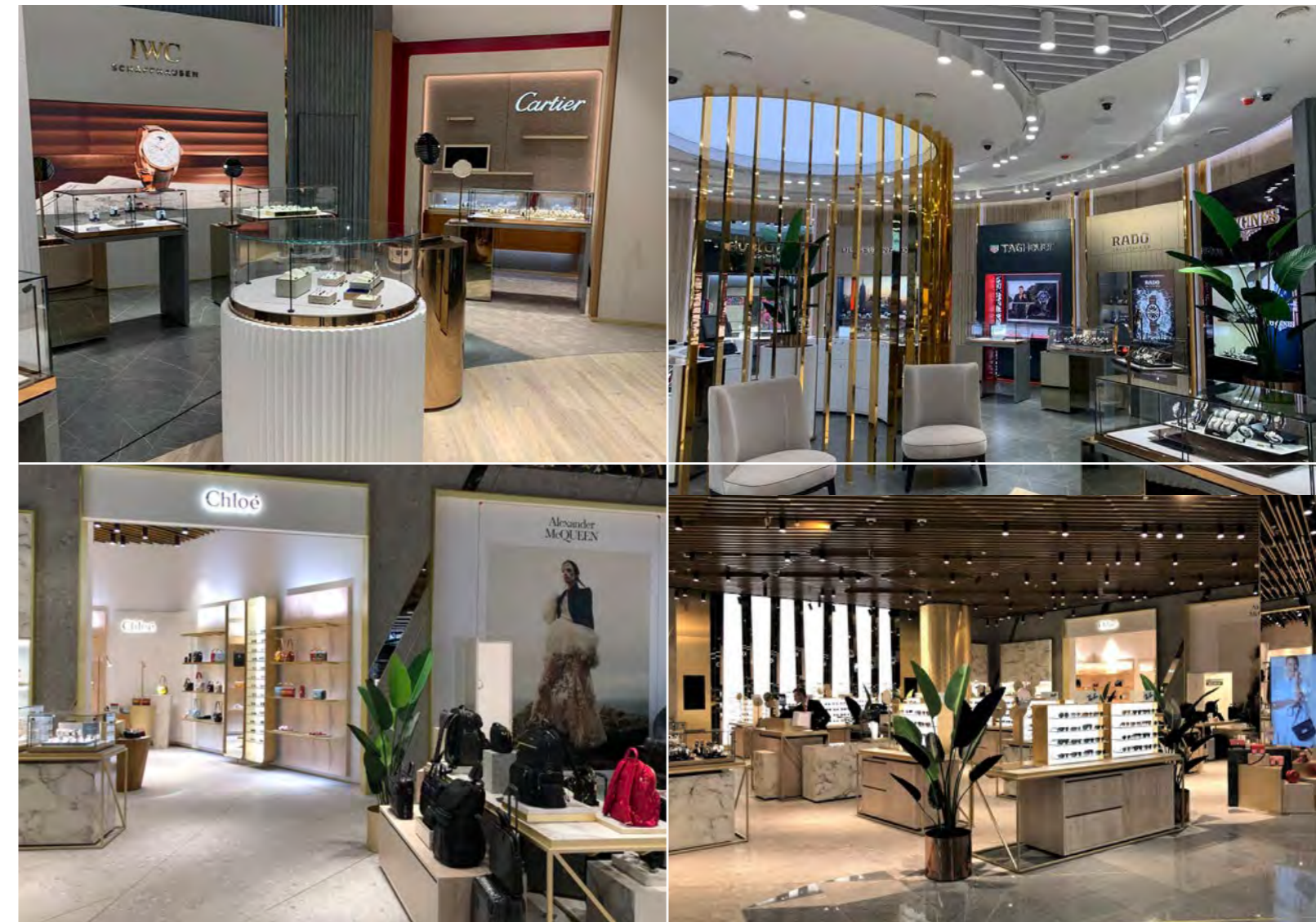


Simon Forde, Artur Grants, Richard Hoyer and Oleg Zhytomyrsky (from left) at Kyiv Zhuliany Airport

FUTURE FLAGSHIP: MOSCOW SHEREMETYEVO TERMINAL C

“Terminal C at Moscow Sheremetyevo Airport is currently our central project in Russia,” says Oleg Zhytomyrsky. *“It will be a spectacular flagship location for our joint venture Sheremetyevo Duty Free.”* The joint venture expanded its outstanding position at Moscow's largest airport in 2018, extending its retail floor space from 6,700 to around 10,700 square metres. The company opened ten new shops (main shop, gate shop, arrival shop, Fashion & Accessories and Watches & Jewellery (FAWJ) boutique, Max Mara, Hugo Boss, Paul & Shark, CK Underwear, Traveller Concept and Kids Shop) in the airport's brand new Terminal B for domestic Aeroflot flights. In Terminal E, all four of the existing shops (main shop, FAWJ Boutique, Swarovski and Kids Shop) were renovated in a four-phase process that was carried out during active operation. They feature completely new, open and clear designs.

Moscow Sheremetyevo is Russia's biggest airport and the base of Aeroflot, the country's largest and fastest growing airline, which has ambitious growth targets. The airport, which was used by over 49.9 million passengers in 2019 and is one of Europe's top ten hubs, is adding to this growth by building three new terminals, which will double its passenger capacity. Terminal B was the first to open in 2018; Terminal C followed in January 2020. The middle of the three terminals is equipped for a capacity of up to 20 million passengers and used for international flights. *“We are combining all our new concepts in Terminal C1, with an exclusive marketplace presence across 5,000 square metres,”* explains Oleg Zhytomyrsky. A high-end shopping experience has



been created for passengers, featuring a core Duty Free shop with a walk-through design, a multi-brand concept for Fashion & Accessories/Watches & Jewellery with the flair of international department stores, several mono-brand luxury boutiques such as Hermès, Gucci and Alexander McQueen (to open by autumn 2020), a luxury concept for Watches & Jewellery, four gate shops and an arrival shop. The Sales Director adds: *“This operation is the largest for Gebr. Heinemann in the region and it keeps growing! We are very excited about this development with our partners and are looking forward to the opening of all shops and boutiques later this year. The new terminal is truly state-of-the-art for the 21st century; it is very modern, customer friendly and equipped with many digital elements – and so are our shops. I am convinced that our partnership with Sheremetyevo Airport will flourish even further and that our mutual business here at Terminal C will be a great success.”*

This expansion secures Moscow Sheremetyevo's place among the top five locations in the Gebr. Heinemann portfolio going forward.





THE FIRST COLOGNES IN COLOGNE

Gebr. Heinemann and Cologne Bonn Airport celebrate their 50th anniversary

Gebr. Heinemann opened its first Duty Free shop at Cologne Bonn Airport 50 years ago as kind of a little kiosk with a service counter.

This was a solid foundation for a forward-looking partnership, and the Hamburg-based family company is still the retail concessionaire at Cologne Bonn Airport today. It now operates five shops with over 100 employees and a total sales floor area of around 1,800 square metres.

“We are very proud of our long-standing and successful partnership with Cologne Bonn Airport. The airport is the cradle of our business in the airport retail sector, because it was here that we dared to make the leap from being a pure wholesaler to operating shops ourselves, which was a new level of trade for us back in 1969,” says Claus Heinemann, co-owner of Gebr. Heinemann. His cousin and co-owner Gunnar Heinemann adds: *“It’s really wonderful to see how business here in Cologne has developed over the last five decades. All the innovations our company has realised in recent years have been successfully implemented here, whether in transitioning from the service counter to the walk-through self-service shop, or from the simple Duty Free logo to our own ‘Heinemann’ retail brand – both the airport and our employees here on site have offered us outstanding support along the way.”* Flughafen Köln/Bonn GmbH CEO Johan Vanneste also offered his congratulations on the anniversary: *“Heinemann is an integral part of our airport family and we share a very long and successful history. The shops have been here at Cologne Bonn Airport since Terminal 1 was built. We have succeeded in building a trusted partnership over 50 years, which is the foundation of our joint success.”*

ANNIVERSARY GIFTS FOR CUSTOMERS

Of course, passengers contribute to the success of Heinemann Duty Free & Travel Value at Cologne Bonn Airport every day, so they were also invited to participate in the anniversary. Under its motto “As attractive as on the first day,” Heinemann surprised its customers in September and October with numerous anniversary campaigns and special offers, including traditional brands such as Toffifee, Gaffel Kölsch and the classic fragrance 4711 Echt Kölnisch Wasser. Heinemann customers enjoyed gifts such as a limited-edition Ritter Sport or a trendy LOQI bag if they made a purchase of over 50 euros.



Torsten Schrank, CFO Cologne Bonn Airport, Gunnar Heinemann and Johan Vanneste, CEO Cologne Bonn Airport (from left)

Travellers participating in the Heinemann & Me loyalty programme celebrated the anniversary with a free Schlumberger Piccolo. Last year, over 12 million passengers took off from and landed at the international commercial airport located south-east of Cologne. More than 30 airlines fly from here to about 140 destinations.



MS SUCCESS

Multi-channel competence helps Gebr. Heinemann to great successes in the Cruises & Ferries sector

The perfect holiday aboard the perfect cruise ship is at the top of many travellers' lists. In 2019 around 30 million people visited their holiday destinations from the sea, while enjoying life on board their luxury liner. According to the Cruise Lines International Association (CLIA) this is an increase of six per cent from the previous year. For passengers, their on-board shopping experience is part of what they remember from a nice holiday, and Gebr. Heinemann is an expert in this area. The Hamburg-based trading company continues to grow in the cruise market as a distributor and retailer. In Europe in 2019, it commissioned new shops on seven ships as retailer and began supplying another two.

As a result, Gebr. Heinemann now operates shops worldwide on board 24 cruise ships belonging to six shipping companies, and supplies another 79 cruise line ships as distributor. The Cruises & Ferries channel is seeing rapid growth and plays an important role in the future development of the travel retail company, which has its origins in the maritime sector. In collaboration with Heinemann Americas, Gebr. Heinemann has established a cruise hub in Miami – the world's most important cruise ship location – to manage global strategy in their cruise segment. Gebr. Heinemann Cruise Liner GmbH Managing Director Kerstin Schepers and her team of 20 at the company's Hamburg headquarters are responsible for the European shipping companies' cruise ships.

NEW SHOPS ON BOARD SEVEN SHIPS

"There's a lot going on in the cruise market in Europe, reflected in our 2019 commissioning of newly built retail shops on seven ships. In the past, we would join an average of one ship per year as retailer," explains Kerstin Schepers.

AIDA CRUISES

AIDA Cruises had for a long time operated all retail areas on board its ships itself, but a call for tender in 2018 provided the opportunity for Gebr. Heinemann to join the AIDA business as retailer. Gebr. Heinemann won the tender in December for two ships, the AIDAluna and AIDAmira. The Hamburg company has already been a long-term partner as distributor and exclusive supplier for the product group Perfume & Cosmetics, supplying the AIDAluna as well as other ships in the fleet. *"We are very pleased that AIDA Cruises have placed their confidence in us by awarding us this important tender,"* says Kerstin Schepers. *"We presented our ideas in December and started operating our shops, with their completely new shop construction in a fresh beach house design, in April 2019. This required an enormous effort because this kind of development usually takes up to a year if there are no common processes in place for retail, as was the case with AIDA Cruises."*

Gebr. Heinemann also became retailer on board the AIDAmira around the end of the year. AIDA Cruises, which is part of the Carnival Corporation and is aimed at the German cruise market, operates a fleet comprising a total of 13 cruise ships.



AIDA, Deck 10, Logo Corner



AIDA, Deck 9, Fashion

TUI CRUISES

Gebr. Heinemann started operating its shops on TUI Cruises' new designer ship 'Mein Schiff 2' in February, and on 'Mein Schiff 4' in May and has since been the exclusive shop operator on all seven ships of the Mein Schiff fleet. The successful ten-year collaboration between the Hamburg shipping company and Gebr. Heinemann was extended until 2026 for all ships. The TUI Cruise fleet has as a total capacity of around 17,800 beds.

HAPAG-LLOYD CRUISES

Hapag-Lloyd's versatile and luxurious expedition ships Hanseatic nature and Hanseatic inspiration sail with a maximum of 230 guests each. Gebr. Heinemann offers their cruise passengers an exclusive selection of Perfume & Cosmetics, Fashion & Accessories, Watches & Jewellery, Confectionery and Functional Clothing across 62 square metres on each of the structurally identical sister ships, which sail to the Arctic, Antarctic and the Amazon regions. The shop is designed according to the destination and reflects the surrounding nature. For example, the ceilings depict typical impressions from the Arctic and Antarctic through colours turquoise and white, as well as a floating ice pattern.



TUI Cruises, Mein Schiff 4, Wohlige Düfte



TUI Cruises, Mein Schiff 4, Schöne Andenken



Hapag-Lloyd Cruises, Hanseatic nature



Hapag-Lloyd Cruises, Hanseatic nature

PHOENIX REISEN

Since August 2019, Gebr. Heinemann has operated a shop covering 90 square metres on the MS Amara of the Phoenix Reisen fleet, which sails with up to 835 passengers (mostly German) from the Mediterranean to the Caribbean. The ship, which they acquired in the summer as the MS Prinsendam from the Dutch Holland America Line, was redesigned and refurbished at Hamburg's Blohm+Voss shipyard. The shop, completely renovated by Gebr. Heinemann, now shines with accents of black marble and bright, modern concrete tones.



Phoenix Reisen, MS Amara

A CRUISE SHIP IS A WORLD IN ITSELF

"The most successful categories in our airport shops are perfume, cosmetics, spirits and tobacco products, while on cruise ships, they are textiles, jewellery and watches. These categories are more consultation-intensive and their purchase is led by emotion," explains Kerstin Schepers. The conditions on cruise ships are excellent for this, because passengers spend an average of between seven and ten days on board. By contrast, the challenges lie in the comparatively small retail and storage areas, which is why Heinemann uses predominantly cross-category concepts for presenting its goods. The on-board programme and catering are also powerful competitors vying for passengers' attention. The solution includes "retailtainment" and "edutainment", i.e. entertainment that connects to a shop's offering, such as fashion shows with passengers as models, tastings, as well as workshops on watches and tying scarves. The Director adds that *"We are not just competing with a domestic market, but with every harbour, which places special demands on pricing and the product range. We need a particularly dynamic range, since the composition of nationalities and target groups on board can change depending on the area in which the ship is sailing."*

SHIPPING COMPANIES BENEFIT FROM AN INTERNATIONAL NETWORK AND THE COMBINATION OF RETAIL AND DISTRIBUTION

Today the management of the retail and distribution business is the responsibility of one body – for Europe it is the Cruise Liner team at the company's headquarters. All necessary operating processes are controlled from here, because the ships don't have their own SAP access or permanent teams on board, in contrast to many retail locations at airports. The Cruise Liner team works closely with the Heinemann shop manager on each ship. Shipping companies increasingly look for and appreciate supply to ships and management of on-board retail coming from a single source. Gebr. Heinemann also has unique competence, efficiency and an international network in this area. Originally launched as a ship's chandler, the maritime business has always been a part of the Hamburg family company's DNA.

"The seasonal range must be planned a year in advance and coordinated to the different target groups. This is very demanding, but we are up to the challenge," says Kerstin Schepers. *"Our customers also benefit from our experience in the multi-channel area; we are familiar with every nationality, can plan a tailored approach for the various target groups and have a large product range. We also use our logistics expertise and global logistics centres to deliver in time to any harbour and always respond rapidly and flexibly."* Its locations in Miami as a global cruise hub as well as in Singapore for the Asia-Pacific region and the Hamburg headquarters for supplying European shipping companies mean Gebr. Heinemann has a global network working in close cooperation.

DIGITALISATION AND INNOVATION: THE FUTURE OF ON-BOARD RETAIL

What does the future of retail on board cruise ships look like? Kerstin Schepers says the fusion of shop and ship is becoming ever more important, creating an overall experience of the voyage for passengers. This may also mean integrating into the food and beverage area or on-board entertainment. Gebr. Heinemann can rely here on existing experience from its airport business. An important requirement of the shipping companies is digitalisation, like in the form of a shopping app, or digital elements in the shop, such as price displays or virtual mirrors for make-up areas. Gebr. Heinemann is very well prepared to develop innovations and be involved in the industry's growth.



Successful partnerships to be continued

Contracts with Color Line and Fjord Line renewed

Whether passengers take mini cruises, attend meetings at sea, make comfortable crossings to holiday destinations, or have a relaxing day trip out to sea on board the ferries of Color Line or Fjord Line, Gebr. Heinemann travels with them. The Hamburg-based company has been supplying both of Norway's largest ferry companies for many years and these successful partnerships have now been renewed.

Color Line is Norway's largest and one of Europe's leading companies for short-haul cruises. Every year, approximately four million passengers enjoy a journey on board one of its seven cruise ships and ferries sailing between Norway, Sweden, Denmark and Germany. Offering shows, shopping and wellness, their mini cruises between Oslo and Kiel are very popular as short breaks. The two-and-a-half-hour ferry journey from Norway's harbour Sandefjord to Strömstad on the west coast of Sweden makes for a good day trip – including a visit to the on-board tax-free shops. 2019 saw the premiere of the MES Color Hybrid, which can call at the Norwegian harbour under electric power, on this route. The Cruises & Ferries department has supplied the shipping company with a comprehensive product range of spirits, tobacco goods and confectionery, as well as perfumes and cosmetics since May 2012. This successful collaboration was renewed for another two years, with the subsequent option of another two years added.

Gebr. Heinemann also has a long-standing partnership with Fjord Line, Norway's second largest shipping company, which is now being renewed until 2023 (optionally until 2026). Four ships travel five routes between Denmark, Norway and Sweden, including the MS Stavangerfjord and the MS Bergensfjord, the first ferries in the world to run exclusively on environmentally friendly liquid gas. The experts at Cruises & Ferries supply their tax-free shops with the right product range for the more than 1.4 million passengers travelling on these ferries annually. *"We are very pleased that both of these long-standing, trusting and productive partnerships are being renewed,"* says Thorsten Repenning, Sales Director Cruises & Ferries at Gebr. Heinemann. *"A unique strength of Gebr. Heinemann is its single-source supply and its precise delivery to each harbour, which our customers in the demanding ferry business appreciate. This is an interesting market for us; one in which we have a lot of expertise and where we intend to continue growing in the future, in particular focusing on Sweden, Finland and Estonia."*

Hub, Hub, Hooray!

Miami continues to grow as strategic cruise hub for Gebr. Heinemann

“Cruises, cruises, cruises” is how Heinemann Americas CEO Nadine Heubel sums up the past year. And no wonder, as Miami, as well as being the location of Heinemann’s American subsidiary, is home to the world’s largest cruise port, which sees around five and a half million passengers pass through every year. The three biggest cruise lines, which together account for 80 per cent of the market, are all based in Florida. Building on this, since summer 2019 Gebr. Heinemann has been pooling its cruise expertise to form the company’s strategic “cruise hub”, which will be managed out of Florida.

“This new concept is based on four pillars,” explains Nadine Heubel. “First, we are handling business development in the cruise sector from here. Second, we are developing international key account management. When we are dealing with ships that travel through different international markets, this allows us to do a better job at speaking in a single ‘Heinemann voice’, both with customers and suppliers.” In the course of this, operational implementation remains the responsibility of the regional teams, while the cruise experts of Heinemann Americas steer the strategic customer relationships. The third pillar is the recruitment of Heinemann shop personnel for the international cruise liners, with the fourth being the on-board marketing and shop design, the strategic elements of which will be developed in Miami. Functioning as Heinemann’s cruise hub has intensified closer cooperation with the other locations such as Heinemann Asia Pacific.

AIRPORT KNOW-HOW ON THE HIGH SEAS

The international cruise market is growing by around six per cent every year – thus the demand for Gebr. Heinemann’s travel retail expertise is also growing. One of the company’s major advantages is its decades of experience operating in international airports. “Airport retailing is several steps ahead of retailing on cruise ships in terms of shop design, innovative product ranges, marketing expertise and employee development,” states the CEO of Heinemann Americas. “Our know-how allows us to offer shipping companies real added value.” As, for instance, on board Royal Caribbean’s Independence of the Seas, where passengers will find an exciting jewellery range called “Providence Gems” and a special fashion collection called “Vineyard Vines.”

The deployment of Carnival Spirit, which has been called to Alaska from Australia for a period of six months provides proof of the seamless cooperation within the cruise hub. Heinemann Americas will refit the shops on board the ship and develop a range tailored to its American passengers. “Collaboration with Heinemann Asia Pacific during this transitional period is going very well,” summarises Nadine Heubel. Heinemann Americas has also found success as a distributor. The company supplies MSC Cruises, the world’s fastest-growing cruise operator, with products in the Perfume & Cosmetics category as well as the LTC range in North America, South America and Asia.

NEW SHIPS, NEW SHOPS

Looking ahead, this coming year will see the launch of three new Royal Caribbean ships for which Heinemann Americas has won the tender. The company will operate shops on board Odyssey of the Seas (2020), Wonder of the Seas (2021) and the first ship in the new Icon Class (2022). Heinemann shops are also in for a grand voyage aboard the Mardi Gras; from the end of 2020 the largest ship in the Carnival Cruise Line will be able to accommodate 5,200 passengers. “We hope that we will also be able to add North and South American airports to our portfolio in future,” adds Nadine Heubel. “In order to do this, we are working with specialists from a government affairs agency, who are helping us to gain a better understanding of this market and its many state-run airports.” Perhaps it will soon be a case of “cruises, cruises, airports”.



Independence of the Seas



Independence of the Seas



Heinemann Americas CEO Nadine Heubel



FASHION *and*
& ACCESSORIES
& WATCHES
and JEWELLERY



Timeless trends for the highest demands



A new gem in travel retail

Luxury Hill at Istanbul Airport is a worldwide benchmark for FAWJ

Located immediately behind security at the heart of Istanbul Airport is Luxury Hill. The collaborative creation of Gebr. Heinemann with its Turkish joint venture partner Unifree Duty Free, along with their joint venture ATÜ Duty Free, is the largest high-end luxury marketplace (Luxury Square) in the global travel retail market. Fashion & Accessories / Watches & Jewellery present a unique combination of mono-brand boutiques and several multi-brand concepts that bring the design and atmosphere of international department stores to the airport, while Luxury Timepieces is a new and exclusive watch and jewellery concept. The combination of the most popular brands from the segments of affordable and high-end luxury makes for unparalleled choice.

THE MAGIC OF WORLD-RENOWNED BRANDS AND ELEGANT SHOP DESIGN

Luxury Hill at Istanbul Airport has recorded outstanding footfall since it opened, with many of the shops exceeding planned targets and expectations from the start. The magic of top world-renowned brands, the terminal's impressive architecture and the elegant shop design are a big draw for international passengers. *"The success of Luxury Hill is owed to the close and efficient collaboration between airport operator IGA, Gebr. Heinemann, Unifree, ATÜ, design studio Plajer + Franz and the brands, to our exchange of ideas about the future of luxury retail at airports, and to the joint realisation of the Luxury Hill concept,"* says Jan Richter, Director Purchasing Fashion & Accessories at Gebr. Heinemann. Travellers from around the world are welcomed with boutiques by Louis Vuitton, Dior, Celine, Loro Piana, Fendi, Prada, Gucci, Saint Laurent Paris, Bottega Veneta and Hermès. Moncler, Etro, Hugo Boss, Ferragamo, Vakko, Michael Kors, Ermenegildo Zegna, Furla and Paul & Shark also have their own shops here. While some brands such as Louis Vuitton, Dior and Prada operate their shops themselves, others such as Gucci, Saint Laurent Paris and Bottega Veneta have handed over responsibility for on-site management to Unifree Duty Free. Other mono-brand boutiques, including those of Hermès, Celine and Fendi, are managed by ATÜ Duty Free.

HAMBURG TEAM RESPONSIBLE FOR FASHION & ACCESSORIES PURCHASING

Fashion & Accessories Purchasing for the boutiques managed by Unifree and ATÜ is the responsibility of Jan Richter and his team at Gebr. Heinemann headquarters. This has its reason, as the Purchasing Director explains: *"We want to expand the collaboration with top luxury brands as global-strategic partnerships, utilising them at Heinemann's important international locations."*

EXCLUSIVE DEPARTMENT STORE DESIGN FOR MULTI-BRAND CONCEPT

The luxury labels' stand-alone mono-brand boutiques surround an 800-square-metre central area known as Luxury Square that brings the design and flair of international department stores to the airport. The multi-brand concept for Fashion & Accessories and Watches & Jewellery was developed by Berlin-based design studio Plajer + Franz together with Gebr. Heinemann's architectural department. The marketplace design features a spectacular transparent furniture concept and offers travellers a shopping experience that invites them to linger. Beautiful materials such as cappuccino marble, brass and white natural stone help provide a high-class ambience. Jan Richter emphasises: *"There is no other multi-brand concept of this size and with this brand mix at any other airport. We were able to persuade all the luxury brands in this space of the value of the furniture concept we had designed and convince them to use it to present themselves. This is unique in international travel retail."*



The product range includes leather accessories, streetwear, sneakers and luxury sunglasses from brands such as Givenchy, Chloé, Loewe, Alexander McQueen, Burberry, Stella McCartney, Off-White, Kenzo, Marc Jacobs, Palm Angels and Alanui. The choice of products available at Luxury Square, which is operated by ATÜ Duty Free, is rounded off by a carefully selected range of elegant watches and jewellery from international traditional brands and manufacturers such as Chopard and Piaget, supplemented by the young and exclusive, Istanbul-based brand Bee Goddess.

LUXURY TIMEPIECES

Welcoming travellers on a generous retail space of 415 square metres that glitters like a diamond, Luxury Timepieces is a new multi-brand concept for watches and jewellery created by Gebr. Heinemann together with its joint venture partner ATÜ Duty Free. The only luxury watch shop at Istanbul Airport makes a strong impact with beautiful marble, wood and stone, presenting 22 brands in high-quality design surroundings. In the words of Olaf Benjamin, Director Purchasing Watches & Jewellery at Gebr. Heinemann: *“We have put together an extraordinary product range of major brands calibrated to this location, including some that are available at just a few airports around the world such as Officine Panerai, Piaget and Jaeger-LeCoultre, while ensuring that our selection offers the right watch models to Asian, local and European customers.”*

The concept proved successful right after it was launched in April 2019. Olaf Benjamin is delighted: *“Luxury Timepieces is run by our partner ATÜ Duty Free with a great local store manager and team, who are superbly competent and have first-rate knowledge of the luxury segment in this new structure.”*



BULGARI BOUTIQUE WITH VIP LOUNGE

The new Bulgari boutique in Luxury Hill is a piece of Rome in the heart of Istanbul radiating Italian glamour since July 2019. At a little over 100 square metres, the boutique's impressive style is created by an open, glittering façade and striking design elements such as marble pillars and a Murano glass chandelier. It also has a VIP lounge, which is a reproduction of the original Elizabeth Taylor Lounge and a first for the Italian company in travel retail. The boutique has made an excellent start and in just a few months has already gained many customers who make a special point of including a visit to the shop in their travel plans. *"The Bulgari boutique at Istanbul Airport is the largest and most successful the brand runs in travel retail,"* says Olaf Benjamin. *"Sales are 80 per cent higher than expected after the first few months. We are very happy about the outstanding start and exceptional customer loyalty. Many travellers have already become regular customers, reserving or ordering jewellery, while the boutique team meets their every need."*



MONTBLANC BOUTIQUE OFFERS LIMITED EDITIONS

International passengers can find sought-after collector's items, limited editions of fine fountain pens and a comprehensive range of high-quality writing implements, watches and leather goods in the Montblanc boutique. Its new store in Luxury Hill has become the brand's strongest within the Gebr. Heinemann portfolio in record time.

CARTIER BOUTIQUE FROM AUTUMN 2020

Another exclusive brand will be rounding off the luxury product range within Watches & Jewellery at Istanbul Airport from autumn 2020: Cartier will open a boutique across 135 square metres. It will offer the complete range of high-quality watches, fine jewellery and the finest leather goods from the French luxury goods group. Olaf Benjamin explains: *"Cartier is very selective in its travel retail locations, and currently has boutiques in airports only in Paris and London, so we are particularly proud of having acquired the brand for Luxury Hill at Istanbul Airport."*



Marketpalace

Terminal C in Moscow Sheremetyevo presents itself as the marketplace for international luxury lovers

Sheremetyevo Duty Free – the joint venture of Sheremetyevo Airport, Greenway and Gebr. Heinemann – opened a main Duty Free walk-through shop of approximately 3,000 square metres and an Arrival shop of around 500 square metres at Moscow Sheremetyevo Airport's new Terminal C in January 2020. Four gate shops will also launch here in the coming months. In addition, a luxury marketplace with a multi-brand concept for the categories of Fashion & Accessories and Watches & Jewellery, a Luxury Timepieces store and mono-brand boutiques of leading international luxury brands will also be established.

"Russia's largest airport, Sheremetyevo Airport, is an important aviation hub for passengers from Asia, the Middle East and Europe. There are many affluent customers here with a taste for luxury brands," says Jan Richter, Director Purchasing Fashion & Accessories at Gebr. Heinemann. *"So we are designing a luxury marketplace for them, which is unique in Russian travel retail."* Hermès, Gucci, Saint Laurent Paris, Alexander McQueen, Chloé, Ferragamo, Montblanc and Bulgari will all have a presence in their own three-wall mono-brand boutiques within the exclusively designed environment.

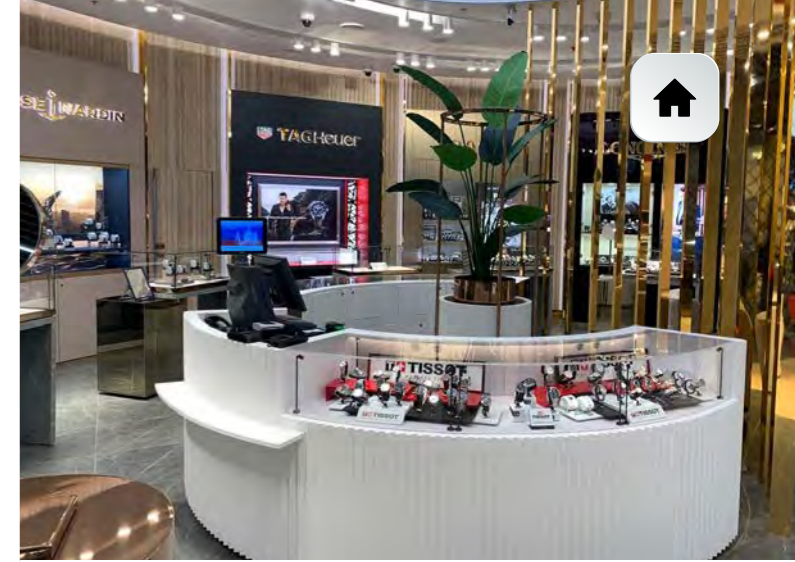
DEPARTMENT STORE CONCEPT

The familiar department store concept, which Gebr. Heinemann developed in collaboration with Berlin-based design studio Plajer + Franz and which celebrated its opening in 2018 at Moscow's Sheremetyevo Terminal E, will also be open to shoppers in Terminal C. Selected materials such as white varnished oak, brass and white marble give the store design an understated sense of luxury. See-through units create transparency and outstanding visibility for all the brands. The product range on this floor space will consist of small and large leather goods, a large sunglasses area as well as premium watches and jewellery.

LUXURY TIMEPIECES

Spread across 150 square metres, the Luxury Timepieces store will attract lovers of luxury watches and fine jewellery with an exquisite selection. Olaf Benjamin, Director Purchasing Watches & Jewellery at Gebr. Heinemann, says: *"Brands that normally open their own boutiques were won over by our high-quality Luxury Timepieces concept and persuaded to display their products in our multi-brand luxury concept store for watches and jewellery. We are very proud of the fantastic range of brands that we have here."* Shaped like a watch mechanism or a ring, the shop creates a flowing transition between each rear wall customised for the individual brands. The unique brand shop furniture dovetails with the bold architectural framework developed by Gebr. Heinemann. Cartier, Omega, Officine Panerai, IWC, Hublot and Longines will all be featured in Luxury Timepieces.

The shops on the retail space in the new Terminal C will be gradually opened over the course of the year. When completed, they will cover about 5,500 square metres. The Terminal will serve Aeroflot's international flights and can process up to 20 million passengers a year, increasing Moscow Sheremetyevo Airport's capacity to 80 million.





PERFUME *and* COSMETICS

✘ *A glance into the future of beauty*

The beauty specialists

Gebr. Heinemann Perfume & Cosmetics buyers successfully launch innovative beauty concepts

The Perfume & Cosmetics category has recorded a successful year with a sharp increase in sales, and is preparing itself for the future by revamping its design and orienting its product range more strongly towards service, experiences and exclusivity. This review reports on the projects and developments of recent months, and looks ahead to innovations.

EXPANDING THE PORTFOLIO WITH LUXURY SKINCARE, MINIS TO FLY, AND CLEAN BEAUTY

Skincare is a popular category worldwide showing significant growth, with a move towards high-end luxury products, which are in particularly strong demand among Chinese travellers. *“The growth in our Luxury Skincare sales is in the double-digit range and therefore we intend to further strengthen the brands that we already represent and to expand our portfolio,”* says Britta Hoffmann, Director Purchasing Perfume & Cosmetics at Gebr. Heinemann. For example, Heinemann brought the Clé de Peau Beauté brand (part of the Shiseido Group) into European travel retail for the first time, presenting it at Istanbul Airport. The product range was also expanded with a large selection of travel-size beauty and care products. These new Minis To Fly are now being launched at more than 50 airport locations worldwide.

The category has also been supplemented with Clean Beauty, which are vegan products manufactured without harmful ingredients or animal testing, meeting customer demand for sustainable consumption.



NICHE FRAGRANCES

In 2019, Niche Fragrances established itself very successfully in the new Istanbul Airport's luxury marketplace. With these distinct, high-quality perfume brands Heinemann appeals to sophisticated travellers, thereby creating another distinguishing feature over the domestic and online competition. The unique fragrances are also available in Moscow Sheremetyevo's new Terminal C.

REGIONALS AND BEAUTY SUPPLEMENTS IN TREND

Regional brands and beauty supplements are among the category's important trends. Britta Hoffmann explains that *“In the case of Regionals, which also make popular souvenirs, we are pursuing two approaches. Firstly, we developed a concept for Copenhagen Airport with various Scandinavian brands under the motto ‘Nordic Skincare’. Secondly, we are presenting individual ‘local heroes’, such as trendy Turkish brand Gülsha at Istanbul Airport and Ahava – Israel’s number one skincare product – in Tel Aviv.”* Beauty supplements, i.e. food supplements that affect complexion from within, are enjoying ever greater demand within the context of conscious nutrition. Heinemann is picking up on this trend also in travel retail, creating new customer experiences with this surprising product range expansion.

BASE PRICE ACTIVITIES

The P&C Purchasing team has further expanded the selection in its base price activities to meet demand among cost-conscious passengers and to clearly position the company against the aggressive pricing of domestic and online trading. This category's sales share in the product group recorded double-digit growth in 2019. *“Alongside perfume in base price activities we have used skincare to create even more product range depth, for example, with products from L’Occitane, Arden and Clinique,”* reports Britta Hoffmann. *“We continue to see major potential here.”*

DESIGN PROJECTS INCLUDE A NEW FURNITURE CONCEPT AND A LIPSTICK BAR

There are also a few surprising new highlights in customer experiences. As Britta Hoffmann explains: *“We have pushed forward more strategic development of the category in cross-departmental projects, developing a new furniture concept that allows even more emotionality and more effective product presentation. We are also presenting an exciting digital innovation for the make-up product group with our new Lipstick Bar.”* The future of the Beauty category at Gebr. Heinemann has already begun with the successful launch of new category concepts and design projects.



The future of furniture

New furniture concept creates more emotion and better storytelling

A new shop furniture concept in the Beauty category is making its debut in the Heinemann Duty Free Shop at Frankfurt Airport in Terminal 1 B East. The shop fittings, developed in an interdisciplinary project between Purchasing, Sales, Design, Marketing and Category Management, are an essential design aspect that is giving Beauty a new face at Heinemann. Following a test phase, the design will also be seen at other locations. Britta Hoffmann, Director Purchasing Perfume & Cosmetics, Bébé Branss, Creative Director Design, Sören Borch, Director Category Management, and Michael Heitmann, Director Marketing, discuss emotionality, sustainability and innovative design in travel retail.

Why is now the right time for a new furniture concept?

Britta Hoffmann: “The Beauty category is more dynamic than ever. There are many new brands and strong online platforms with exciting products and services, leading to a steep rise in customers’ expectations. In recent years we have done much for Perfume & Cosmetics at Heinemann and have grown strongly in the category. Now is our opportunity to surprise our customers with a new overall experience at the airport.”

How does this contribute to the objectives of the new Heinemann Beauty world?

Britta Hoffmann: “We intend to make Heinemann the leading beauty hotspot in travel retail. In order to achieve this we are working on the four strategic pillars: product range, service, digitalisation and design. Our design goal is to give the category a new face, and the furniture concept is a decisive first step in that direction.”

Sören Borch: “The product range will receive even greater emphasis in future. Effectively ‘staging’ the

products is extremely important for our interaction with customers.”

Bébé Branss: “We have created a special level for this staging on the furniture, which we call ‘theatre’. It allows us much stronger visual merchandising and even better communication of brands and themes.”

Are there any other new features?

Sören Borch: “Sustainability and flexibility played a significant role in the design. The furniture is constructed in a modular way, which allows us to adapt them to each shop as required.”

Michael Heitmann: “The new concept is oriented even more to customer needs than it was previously. ‘What is important to them? How can we best entertain them and generate more excitement for the product group?’”

Britta Hoffmann: “It allows better segmentation of the product range and leads to improved orientation for customers. We can highlight travel retail exclusives, sets, gifts, bestsellers and certain products within a brand or product group. Incidentally,



Sören Borch, Michael Heitmann and Britta Hoffmann (top), Bébé Branss (bottom)



we have made the strategic decision not to integrate any digital elements into this furniture. We present digital development in the Perfume & Cosmetics category in special furniture that emphasise it. An example is our new Lipstick Bar.”

What exactly is innovative about the customer experience?

Bébé Branss: “In travel retail, we can now also present the emotionality and storytelling that customers are familiar with in their home markets. More decoration and more communication are possible, which significantly improves our contact with customers.”

Sören Borch: “In the future, we will be able to take up the themes and seasonal campaigns that we display on the shop floor across the new furnishings as well. This also facilitates outstanding orientation for customers. The brands are very visible and can be found more quickly than before.”

Bébé Branss: “Both the transparent, generous design of this modular concept and newly created landmarks such as our ‘carousel’ contribute to the improved orientation. The carousel is a ceiling design element with great visibility even from far away, which can be linked to the furnishings in order to indicate special themes, for example.”

Britta Hoffmann: “Overall, we are arranging a more focused product group onto the new furniture concept and highlighting top sellers and top brands more clearly.”

Sören Borch: “This makes selection easier for customers who have little time at the airport and are looking for a gift. To support this, we can also place other communication media on the new fittings.”

Michael Heitmann: “The combination of design, product range and communication allows us to create a great customer experience that is clearly different from online platforms.”

Who developed the furniture concept and how?

Britta Hoffmann: “From the very beginning it was clear that it would be a holistic, interdisciplinary project and concept that encompasses the needs of customers and the various markets as well as the product range, the brand requirements and communication design. This is why we formed a core team from Purchasing, Sales, Design, Marketing and Category Management that regularly coordinated with the Executive Board on the stages of development.”

Bébé Branss: “Using a pitch process, we looked for a design agency with expertise in the category, ultimately selecting Apanache from Paris, who are specialised in the beauty industry. A prototype was built and tested over several months in the headquarters by various departments. The subsequent fine tuning has now been completed and we will be testing the new furniture concept in our shop at Frankfurt B East from April 2020.”

Were the brand manufacturers involved?

Britta Hoffmann: “We also brought in sparring partners from the industry to help us take into account the future strategies and requirements of the brands. After all, this is the beginning of a new generation of furniture for the Beauty category at Heinemann.”

Bébé Branss: “Our aim was also to achieve better representation of the brands in our own furniture system, which ensures a uniform Heinemann look and presence at all locations. The concept marks the beginning of an alignment towards more transparent shop design and more flexibility, not least in aspects of sustainability.”



Why is the new shop furniture concept being launched first at Frankfurt Airport's Terminal B East?

Sören Borch: "Frankfurt is an important marketplace for us. Our shop in Terminal 1 B East has a small floor space of 120 square metres that sees a lot of sales and many affluent Asian customers, a very important target group for us. We can 'stage' the product range effectively and tie it to emotionality. At the same time, the retail space is located near many brands. It is an ideal test location to see the full effect of the concept. We will be making a decision on adjustments and roll-out after just four weeks. After it is opened, the new furniture concept will also be used in our shop at the new Berlin Brandenburg Airport, covering an area of 600 square metres."

How will it be adapted to other locations?

Bébé Branss: "The concept replaces the previous Perfume & Cosmetic gondolas and is a step in the direction of a completely new generation of shop furniture. It can be adapted to all locations. We can even change the surface in such a way that it dovetails perfectly with the optics of completely different shops such as Oslo or Moscow Sheremetyevo."

Michael Heitmann: "We have designed a modern, efficient and flexible type of furniture that can be adapted to different locations and target groups, whilst always staying true to the business objective of giving the airport marketplace a stronger emotional customer experience."

Following the start in Frankfurt, how will the project continue?

Bébé Branss: "We are currently developing additional furniture modules such as a make-up furniture piece for the Berlin location. In future, it will also be compatible with our proven box-in-box system for brand personalisation. Frankfurt is currently an important step for us to test the new furniture concept while it is in use and to gather experience in all areas. This development represents a new level in our sales approach and the display of our great products, themes and innovations."

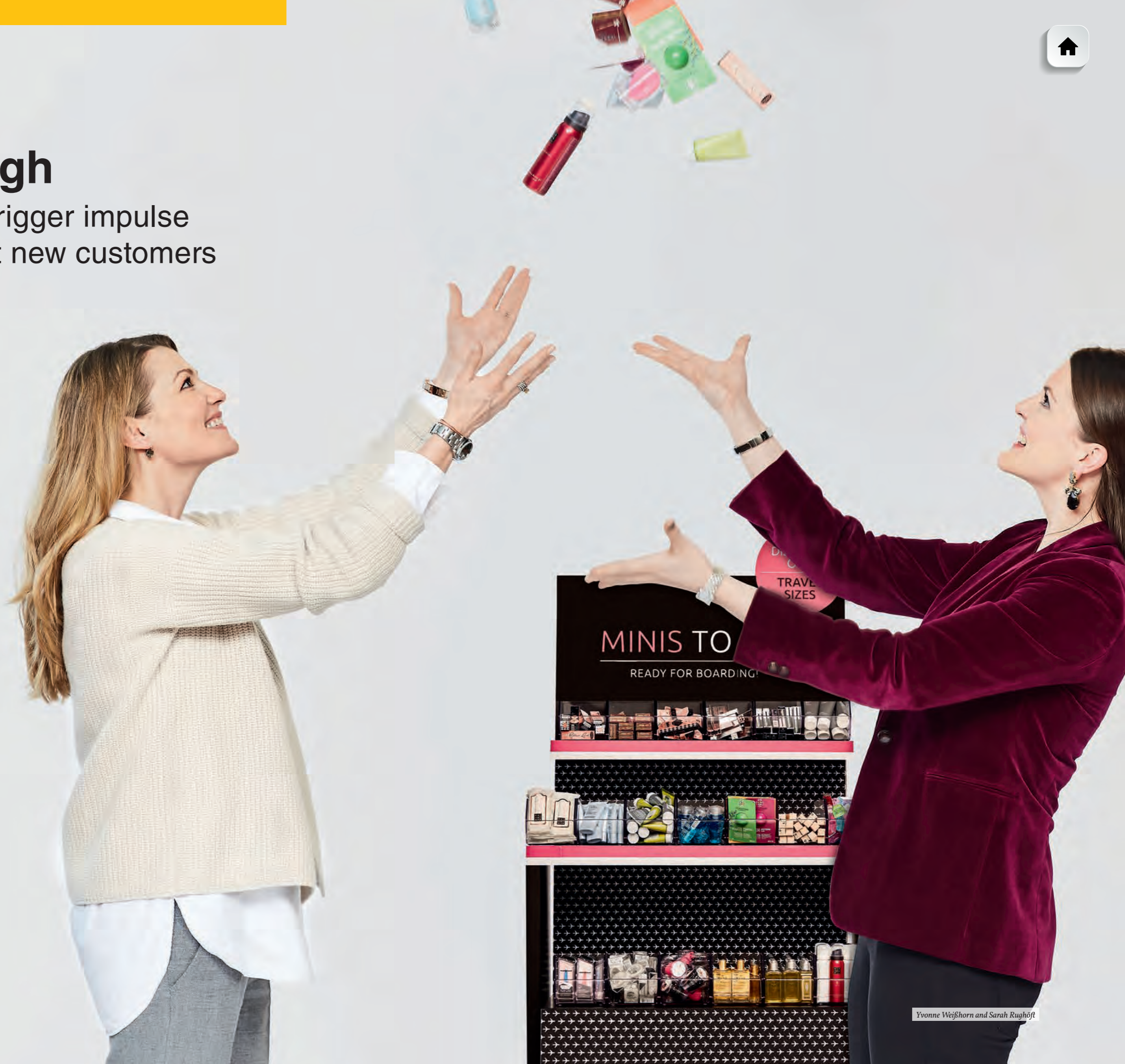




Minis to fly high

Travel size products trigger impulse purchases and attract new customers

Travel size beauty and care products are small, compact favourites for hand luggage. Small-size creams, shampoos and toothpastes are indispensable in domestic retail. Last year Gebr. Heinemann put together, tested and improved a range of small-format products from international brands for skincare and make-up for travel retail. The new Minis To Fly are now being launched globally at over 50 airport locations and are also available to distribution customers. The concept is modular, so it can be precisely tailored to a particular location's customer profile. It first took off in October 2019 in Heinemann shops at Hamburg Airport. The products are presented on cool, black displays with magenta accents and with a pattern of stylised aircraft. The Minis To Fly logo with the "Ready for Boarding – Discover our Travel Sizes" slogan is clearly visible at the top. "It was important for us to create a concept with a distinctive design that serves as a strong guide to our customers," says Yvonne Weißhorn, Project Manager Category Development P&C at Gebr. Heinemann. The trading company had already previously tested a smaller range without any corresponding marketing and, following very successful feedback from travellers and brand manufacturers, developed it into Minis To Fly.



“There’s some hype around the travel sizes,” says Sarah Rughöft, Head of Strategic Buying Perfume & Cosmetics at Gebr. Heinemann. “We saw strong demand even in the first weeks after Minis To Fly were introduced. The new presentation in the shop is very appealing. The concept encourages impulse buying, with prices between 2.50 euros and 29.90 euros. We want to reach the increasing number of passengers of low-cost carriers and those on a smaller budget who can’t afford the international brands in original sizes. And the Minis appeal just as much to customers looking to try out a new brand at a low price or who need something for their hand luggage.”

THE RIGHT PRODUCT FOR EVERY LOCATION

Perfume & Cosmetics Purchasing has put together a comprehensive range of around 120 items in various price ranges that contain not only essential travel products, but also decorative cosmetics and luxury skincare products. These also include brand products available only from Heinemann. Yvonne Weißhorn explains that “The purchasing team structured the range in a modular way so the individual components can be put together in different ways and still maintain a coherent picture. This makes it easy for Category Management to design product ranges for each individual location that are in line with the market, i.e. for a shop in a low-cost carrier terminal as well as for one visited by predominantly affluent passengers.”

“We are very pleased to have acquired, alongside bestsellers such as Advanced Night Repair Serum by Estée Lauder, other trendy brands such as Pixi and Anastasia Beverly Hills,” says Sarah Rughöft. For brand manufacturers, the concept offers an outstanding opportunity to gain new customers through impulse buying, while also giving Gebr. Heinemann the chance to test new brands or brands not yet established in the product range. One of these brands is Omorovicza, luxury skincare from Hungary, which was previously sold only at Budapest Airport. Their bestseller – a facial mist – was included in the Minis To Fly range so that



it could also be tested internationally. Pixi from Great Britain and By Terry from France are two brands that are newly available from Heinemann. The P&C Purchasing team has also developed an exclusive set from a bamboo toothbrush and toothpaste with The Humble, a Swedish manufacturer of sustainably produced dental hygiene products. “We can also track trends, such as Clean Beauty, in this segment, allowing us to see at which locations there is a particularly high degree of customer interest and demand,” adds Sarah Rughöft.

MINIS TO FLY FOR AIRPORT SHOPS AND MINIS TO GO FOR BORDER SHOPS, CRUISES & FERRIES

In the first quarter of 2020, the Minis To Fly concept will be rolled out in over 50 airport shops at international airports with various customer profiles. According to Yvonne Weißhorn, “The Minis product range is available for all Heinemann locations and for all distribution customers. It will be adapted to Minis To Go for our shops on cruise ships and ferries and the border shops, because customers expect it in these areas of the travel retail market just as they do at airports.” The eye-catching concept can be positioned on displays of various sizes as required and flexibly in each shop, for example at the entrance, to draw the attention of those travellers who would otherwise not come in. Located on the retail floor space it can even motivate non-buyers (who browse but don’t actually want to buy anything) walking by to pick something up spontaneously because of the cheap pricing, and maybe even buy something else on their way to the checkout. “It’s also ideal for gate shops, because they are small and therefore limited in the number of brands they offer. The beauty product Minis are a great motivation for a final impulse buy before departure,” explains Yvonne Weißhorn.

OUTLOOK

Purchasing is continuously searching for new products to make the Minis product range dynamic, agile and rapid. The concept, which is particularly in demand among female travellers, is to be expanded with specific items for men to test demand. Marketing activities are also planned, such as offering a beauty bag as a “Gift with Purchase” when buying three products. The development of Minis To Fly is not limited to Perfume & Cosmetics, and in future they could be extended to spirits, snacks and accessories.



Love is in the care

Clean Beauty complements the P&C category

“Is this good for me and the environment?” is a question consumers are asking more and more frequently – also when shopping for skincare and cosmetic products. Gebr. Heinemann’s response is Clean Beauty.



CLEAN BEAUTY

100% VEGAN
CRUELTY FREE



CLEAN BEAUTY

100% VEGAN
CRUELTY FREE



CLEAN BEAUTY

So clean. So good. So you.

CLEAN BEAUTY

100% VEGAN
CRUELTY FREE



The travel retail company has expanded its Perfume & Cosmetics category with a product range of high-performance products that meet customer demand for sensible, sustainable consumption. More and more customers are leading environmentally friendly, healthy lifestyles and changing their purchasing decisions accordingly. Digitalisation means they are well informed and able to find brands and products that share their values. Sarah Rughöft, Head of Strategic Buying Perfume & Cosmetics at Gebr. Heinemann, explains: “We recognised the trend early on and, at the end of 2018, decided to test it immediately at selected locations, and were therefore the first to have launched this kind of concept in travel retail. We tested the product range in our shops in Frankfurt, Copenhagen and Hamburg, where there is a variety of passenger nationalities and customer profiles. This allowed us to analyse how the brands were received by travellers and how interested and informed customers are with regard to sustainability and transparency.”

CLEAR PARAMETERS FOR CUSTOMER CONFIDENCE

Various placings in the shops were also tested, for example on podium areas in Hamburg and Copenhagen, and on a display with a pedestal in Frankfurt. It quickly became clear that many customers are enthusiastic about this topic, and even more so in Copenhagen than in the other test locations – awareness of sustainability and environmental issues is particularly high in Denmark. Following the successful test phase, Gebr. Heinemann decided last summer to summarise what it had learned before another roll-out was started. Sarah Rughöft explains the reasons for the decision: “The first results of the test

were very promising, but we initially wanted to learn from the findings of the prototype phase and make possible adjustments before Clean Beauty was rolled out. The parameters for product range, brands, communication and design have been sharpened for the optimised concept.”

“Clean Beauty stands for our high-performance products that are good for the body and the environment,” says Yvonne Weißhorn, Project Manager Category Development P&C at Gebr. Heinemann. “The articles that we offer in this segment are vegan, are free from damaging ingredients and manufactured without animal testing.” Signets indicating sustainable products are the convention for customer communication in cosmetics, so Gebr. Heinemann is developing its own seal for presenting the requirements that all products in the Clean Beauty segment meet. Yvonne Weißhorn adds that “One of our target groups is younger buyers, such as millennials and Generation Z, who make more conscious purchasing decisions and have a lot of confidence in opinions circulating on social media. We therefore wanted to survey them in advance to find out what they would expect from Clean Beauty, so we invited some trainees from our Hamburg headquarters with varying levels of knowledge about the category to a consultation. This allowed us to gain important insights into the desires of the target group, which have been included in the development of the new category.”

STORYTELLING AND INFORMATION WITH ADDED VALUE

Attention also needs to be given to the level of knowledge employees in the Heinemann shops have about the new subcategory. As customers are already well-informed through the internet, talking to staff must above all provide information with genuine added value. Storytelling is also an

essential aspect. “Many of the brands that we offer within Clean Beauty are young independent brands that are born of conviction and as a result of their founders’ personal needs. There are great stories behind them, which we want to communicate at the POS; this is why storytelling is important in sales,” states Sarah Rughöft.

INTERNATIONAL AND REGIONAL BRANDS THAT FIT THE LOCATION

Customer profile and location have particular significance for Clean Beauty. While the topic today has less relevance in Russia or China, for example, consumers in Scandinavia place more value on sustainability and environmental compatibility. “We put together our range in a way that is oriented to the location,” explains Yvonne Weißhorn. “It consists of both internationally known brands as well as locally relevant brands to meet customers’ expectations. In future we also want to offer somewhat cheaper brands like Daytox, so we can reach the corresponding target groups, for example at locations with a high proportion of low-cost carrier passengers.”





In the area of skincare, Heinemann is launching its Clean Beauty range including brands like Dr. Barbara Sturm from Germany and L:A Bruket from Sweden, Ecooking from Denmark and REN from Great Britain. *“A subcategory within Clean Beauty will be haircare,”* says Sarah Rughöft. *“For this we are offering products by the US brand Briogeo.”*

The price structure for Clean Beauty will range from 20 to 200 euros. The roll-out of the concept in a new design, with new communication and an adjusted product range, is planned for the first quarter of 2020.



Lipstick turned hipstick

Gebr. Heinemann Lipstick Bar turns testing into digital fun

Smartphones, apps, social media and YouTube tutorials are taken for granted by digital natives, i.e. younger target groups like millennials and Generation Z. They expect the same digital services from their shopping experience in stationary retail. Gebr. Heinemann's LookLab at Copenhagen Airport already has a separate area in the shop presenting the growth category make-up in an innovative, creative and interactive way. In a cross-divisional project the company has pushed forward strategic further development of its digital shopping experience by launching the Lipstick Bar. Assortment Manager P&C Joana Gonçalves, Project Manager Digital Innovation Daniela Schmidt, and Project Manager Category Development P&C Yvonne Weißhorn report on the new development that makes Gebr. Heinemann a pioneer in travel retail.

How important is lipstick for the P&C category?

Joana Gonçalves: "Lipsticks are the trend subcategory within Make-up. With a share of 22 per cent, they are our top items in this segment. Lipstick and mascara are the very first beauty products women buy, and the ones they always carry with them. The variety of colours and textures make these articles very attractive and important impulse purchases within the Beauty category."

Yvonne Weißhorn: "The industry recently launched new lipstick lines, and digital media such as Instagram mean that its presence on the market is also now much greater than it was two to three years ago."

The LookLab was Gebr. Heinemann's first major digital project for make-up. What did you find out from this project that has gone into shaping the Lipstick Bar?

Daniela Schmidt: "The LookLab is about appropriately addressing a younger target group, including with younger brands, alternative design and lots of digital elements. One of these was the Magic Mirror, which allows customers to try out total virtual make-overs. What we found, though, was that customers preferred to test different colours in detail, and lipstick is perfect for this. We also learned from our colleagues in Copenhagen that although customers are interested, they don't want to try out new lipstick colours in the shop because they already have make-up on or are reluctant to actually apply it. Recognising how a digital solution could help here, we started reorienting the original application of the Magic Mirror from colour and product range variety to lipstick."

How important is digitalisation for the industry and customer experience?

Yvonne Weißhorn: "The LookLab is focused on smartphone-friendly digital natives. Brand manufacturers in the beauty industry already offer them digital solutions, but the Magic Mirror made us a pioneer in retail. Digital elements are important to this target group, which is why we continued developing the Magic Mirror further."

Daniela Schmidt: "We understand the need to offer digital natives – our customers of the future – a shopping experience that fits in seamlessly with their day-to-day electronic media usage."



The Lipstick Bar project team (from left): Daniela Schmidt, Joana Gonçalves, Michael Heins, Sarah Rughöft and Yvonne Weißhorn

How does the Lipstick Bar work?

Daniela Schmidt: "It is an application on a tablet that generates an augmented reality. It films the customer's face while the programmed algorithm recognises the shape, placing an invisible virtual mask over it and applying the selected lipstick colour to the mask. The image moves in real time with the person in front of the camera. The Lipstick Bar is designed to inspire customers to try out new colours and products, so the tablet navigation is colour-focused. Lipsticks of various textures and hues, from berry to nude and from matt to gloss, have been included in the app. The products shown in the app are placed next to the tablet. When a customer selects a colour, a light signal indicates the shelf location of the real article, allowing them to see it and to try it out."

How was the furniture developed?

Daniela Schmidt: "Based on the LookLab's Magic Mirror and its findings, we looked at which products and colour selections were interesting, how varied the range needs to be, and which brands to display on a Lipstick Bar. This was all done in close collaboration with our colleagues in Copenhagen and with Strategic Purchasing, Category Management and Digital Innovation at Hamburg headquarters. We then developed an application with an external partner, and had some of our own employees with various facial features test it. A prototype was then installed in Copenhagen in April 2019. We analysed how the tool is used and surveyed customers to find out how we can make the design even more eye-catching. The main feedback was that the colour concept and combination of merchandise and tablet was not well understood, so we developed an entirely new furniture piece together with Visual Merchandising, Architecture and Retail Design."

Joana Gonçalves: “The Lipstick Bar is a free-standing piece of furniture with a tablet, intuitive control, optimal lighting and suitable product placement. There is a strong connection between digital experience and physical merchandise. Everything is recognisable at a glance and the communication is very clear. This is an important aspect because passengers have little time and this helps them find a colour more quickly.”

Daniela Schmidt: “Our tests have also shown that customers especially appreciate the wide range of colours. Each customer clicks an average of 15 colours on the tablet. They linger and try out the colours.”

Yvonne Weißhorn: “It’s a great development and the digital shopping experience adds value for our customers. Previously, only major brand manufacturers have offered anything comparable. We are displaying a product selection from a range of various brands. This combination of merchandise and digitalisation makes us a pioneer in travel retail.”

At which retail sites can the Lipstick Bar be found and with which brands?

Joana Gonçalves: “The improved prototype was tested in autumn 2019 in Copenhagen and Oslo and will be used in the next phase from April 2020 onwards in our shop at Frankfurt Airport Terminal B East. The Lipstick Bar includes brands Yves Saint Laurent, Armani, Estée Lauder, Lancôme and Urban Decay, plus Mac and Too Faced, depending on location. Our product ranges follow trends and demand, and are updated accordingly.”

What strategic objective is associated with digitalisation in the Perfume & Cosmetics category, including going forward?

Yvonne Weißhorn: “Today, the worldwide proportion of millennials already amounts to over 30 per cent of the population and their buying behaviour is characterised by digitality. Many of them are no longer familiar with traditional Duty Free shopping. In order to reach them we need to address them with innovation.”

Joana Gonçalves: “Copenhagen was selected as a location for the LookLab and the Lipstick Bar prototypes because a particularly high number of young passengers pass through the airport.”

Daniela Schmidt: “Our work focuses on rapidly developing more innovative solutions for Perfume & Cosmetics. We currently have a lot of interest in skincare and perfume, for example. We understand the importance of digitalisation!”





LIQUOR, TOBACCO, CONFECTION- ERY *and* FINE FOOD

✕ *The latest trends from the world of culinary delights*



A taste of tomorrow

In-house fair “Taste Gallery” presents new products and an outlook for the LTCF market

Every September, the trends in Gebr. Heinemann’s LTCF product range for the upcoming year are displayed here for the first time, shortly before the TFWA World Exhibition in Cannes. The in-house trade fair for the various categories combines the presentation of product innovations, new brands, development potential and product groups with visual merchandising recommendations. The Purchasing department spends two days presenting it all to 300 colleagues and guests from various departments of the headquarters, the numerous retail sites, and Gebr. Heinemann’s subsidiaries and international joint venture partners. Also in attendance are selected suppliers who have developed Heinemann Exclusives and are presenting these for the first time.

“The in-house exhibition is one of our most important events,” says Rüdiger Stelkens, Director Purchasing LTCF at Gebr. Heinemann. “We offer an outstanding platform for getting to know the products and for talking about the different product groups, trends and developments. Alongside this knowledge transfer, we see the exhibition as a networking event that allows direct, simultaneous exchange between departments such as Sales or Purchasing and category managers, sales managers and suppliers.”

WORLDS OF INDULGENCE AND 1,500 PRODUCTS

Under its motto “Welcome to the Taste Gallery”, the 2019 event, at which 1,500 new products were displayed, focused on how the product groups develop in terms of their product ranges and how they can be presented at the point of sale. Karoline Schlick, Head of Buying Delicatessen & Food at Gebr. Heinemann, explains that “In the Fine Food category in particular, we have created inspiration for worlds of indulgence, and how they can be designed for our customers in our shops. Offering the right products and emotional presentation communicated ideas for the look and feel as well as for a coherent combination of the product ranges to the audience. We have also provided suggestions on how the category can be turned into an experience for customers over the coming months. We are looking forward to the roll-out of the delicatessen product group and the further implementation of the Fine Food concept.”

In the salty snacks category, the product group is to be strengthened with new brands and an innovative item selection to meet the growing



The LTCF Purchasing team organised the Taste Gallery

customer need for salty snacks. The trend within Europe for salty snacks is growing particularly strongly – over ten per cent faster than other categories – so Gebr. Heinemann is expanding its product range. There is now room here for new taste experiences, such as sparkling wine chips, pretzel bites and guaranteed successes such as paprika chips in a new design.

PRESENTATION OF THE SPIRITS CATEGORY

In spirits, focus was on the trending categories of gin and Asian spirits. Special products such as those from the Vanished Distillery Caperdonich and a Chivas Regal 13YO Bourbon Cask exclusively produced for Gebr. Heinemann by Pernod Ricard also received much attention. In addition, Jägermeister used the special opportunity to present their brand-new Jägermeister Cold Brew, which is a global travel retail exclusive at Gebr. Heinemann.



FRENCH WINE EMBASSY

The AdVini group provided in-depth and unusual insights into the world of wine as part of its “French Wine Embassy” event. The brands and growers managed by the traditional firm focus all their wine production expertise on the best terroirs in France and abroad. *“The wine category is growing, but wine is such a complex topic and we wanted to provide our colleagues from Sales and Category Management with more specialist knowledge,”* says Sven Thiele, Head of Buying Wines & Champagne, Beer & Soft Drinks at Gebr. Heinemann. *“AdVini has taken the lead on establishing a complex promotion alongside Champagne Taittinger and Gérard Bertrand. Every stand represented a French wine region such as Burgundy, Champagne or Bordeaux and was manned by a special advisor. Information was available about typical grape varieties and wine. They also gave virtual tours of wine cellars and a vineyard – these were very much in demand.”*



CONFECTIONERY TRENDS IN 2020: COOKIES AND PREMIUM CHOCOLATE

The brand manufacturers displaying their new products at the 2019 in-house exhibition also included Belgian chocolatier Pierre Marcolini, whose exquisite chocolate and praline creations will be available at Heinemann from April 2020. *“Premium chocolate with a high cocoa content is strongly growing in the chocolate category, which is why we are expanding the selection of brands,”* explains Anne Keller, Head of Buying Confectionery, Fine Food & Regional Food at Gebr. Heinemann. *“In our shops, these products draw a particular customer group so we place the chocolates on their dedicated furniture and with special merchandising.”* Cookies are another trend in confectionery. The segment covers the sweet combination of biscuits and chocolate and demand is growing strongly in Germany. Heinemann is bringing the segment into travel retail with new articles from Oreo, Kelsen, Milka and Cadbury.



THE TOBACCO CATEGORY

In the tobacco category it is all about the trends in cigars/cigarillos and next-generation products. The market for cigars and cigarillos is gaining more importance due to increasing demand among young adults. Cigar manufacturer Davidoff displayed its innovations at the exhibition, in line with the current trends of exclusivity, short smokes and variety. Short smokes were also included in the presentation of new cigarillos from brands Café Crème and Toscano.

Innovations in the area of vaping and oral nicotine delivery were presented under next-generation products. In order to be able to offer customers the new products in an attractive manner and in line with market needs, the Purchasing department is developing location-specific strategies and new shop fittings concepts in collaboration with Category Management.



Since it was established ten years ago, the in-house exhibition has developed into a real trend barometer for LTCF at Gebr. Heinemann in the lead-up to TFWA in Cannes. Planning for the 2020 event has already started.

Glamsterdam

Newly designed Exquisite Shop attracts connoisseurs from all over the world

The completely redesigned Exquisite Shop at Amsterdam's Schiphol Airport greets travellers with an exclusive selection of the finest wines, spirits and cigars, as well as innovative services providing a new level of customer experience.

The Exquisite Shop, operated by Schiphol Airport Retail – the joint venture between Gebr. Heinemann and Royal Schiphol Group – resembles a modern interpretation of the classic aesthetic with a light, urban design across 136 square metres, and now particularly focuses on a younger target group. *“Especially the wine and spirits category is attracting more and more young customers prepared to invest in high-quality products. Many of them are simply looking for the unparalleled taste of a rare cognac, a fine champagne or a particular vintage whiskey,”* says Simon Asmus, Managing Director of Schiphol Airport Retail. *“But particularly at the high end, a growing number of young collectors is entering the market, chasing rarities and the latest limited editions that they can't find anywhere else.”*

The redesigned shop therefore now offers a product portfolio that also stocks rarities and unusual products alongside special editions of well-known brands. The team, led by both shop managers Edwin de Vries and Rick Hoogenstad, collaborates closely with the LTCF Purchasing department of Gebr. Heinemann in order to meet Exquisite's customers' needs, many of whom travel via the Amsterdam airport just to visit the shop.



LIMITED PRODUCTS DRAW AFICIONADOS AND COLLECTORS

Laura Kramer, Head of Buying Spirits at Gebr. Heinemann, is aware of the growing demand for high-end luxury spirits: *“We have sold many high-priced spirits this year. These are usually extremely limited products that make high demands of the Purchasing team as we need to use all of our expert knowledge of the global market and brand manufacturers to discover them and obtain permission to sell them in our shops. Their placement is often associated with special conditions set by the suppliers concerning dwell times and type of presentation. This segment contains exclusively individual listings. Committed and knowledgeable employees, such as our colleagues in the Exquisite Shop in Amsterdam, who are very familiar with their customers and their preferences, are particularly important for sales. Our sales in the last few months have included two 35-year-old Japanese Hibiki whiskeys and a rare Macallan 72 Years Old.”*



INSPIRATIONAL AND INTERACTIVE AROMA TABLE

Alongside the selection of high-end products and the fresh design concept, another of the Exquisite Shop's surprise attractions is its Aroma Table. Made of marble and brass, it has special trumpet-shaped diffusers that release the fine core flavour of each wine and spirit advertised when a small bulb is squeezed. The plants, fruits and herbs used as ingredients are presented in glass jars and guide customers through the various taste profiles. The products presented on the Aroma Table are changed every three months to allow a high degree of flexibility and staging of new experiences for customers. *"The Aroma Table is a real showstopper,"* says Laura Kramer. *"It changes the customers' perceptions, allowing them to discover spirits on a sensory level. It also makes for a perfect introduction to a sales conversation."*

Another eye-catching feature of the Exquisite Shop is the "flying bottle" furniture: illuminated glass cabinets in which a bottle appears to float in the air. The attention-grabbing installation amazes customers and leaves a lasting impression of the product displayed.

The redesigned shop surprises its customers and draws in connoisseurs from around the world using these kinds of emotional and interactive elements alongside its extraordinary range. Chinese travellers make up the majority of customers here, followed by passengers from Great Britain, the US, as well as a growing number from India. Overall, around 70 million passengers use Amsterdam's Schiphol Airport each year, making the international aviation hub from and to the Netherlands an important market for Gebr. Heinemann.

ROLL-OUT OF LUXURY CONCEPT: SPIRITS AND AROMA TABLE

"The great success of the Exquisite Shop has led us to include high-end luxury spirits in our strategy for the category and in 2020 we will be placing them in the suitable context of luxury marketplace and corresponding passenger structure, such as at Frankfurt Airport, Istanbul Airport and Moscow Sheremetyevo," says Rüdiger Stelkens, Director Purchasing LTCF at Gebr. Heinemann, looking ahead. He adds that *"We will also be presenting the Aroma Table, which is being very well received by our customers in Amsterdam, in the new Terminal C in Moscow Sheremetyevo, as well as in our shop in Frankfurt B West, opening at the end of the year."* The surprise shopping experience for customers will once again clearly differentiate Heinemann from the competition.





Win-win situation

Gebr. Heinemann wins two awards at the prestigious Drinks International Travel Retail Awards



Every year, trade magazine Drinks International gives awards for excellent services related to spirits in travel retail at specialist trade fair TFWA. An independent jury awards prizes to both suppliers (supplier awards) and retailers (operator awards). In 2019, one of these sought-after operator awards – Drinks Buyer of the Year – went to Timo Petry, Buyer for Spirits and Wines at Gebr. Heinemann.

Another award – Airport Drinks Retailer of the Year (Multiple Location) – went to Gebr. Heinemann for its design of an exciting and successful shopping experience in this category at various international locations.

Rolled masterpieces

Gebr. Heinemann celebrates the art of cigar-making with expertise and innovation

Gebr. Heinemann's Habanos-certified specialist outlets at Frankfurt Airport and Amsterdam's Schiphol Airport, as well as its ten walk-in humidors at Istanbul Airport, six of which are also certified by Habanos, present luxurious highlights for the category Cigars in travel retail. It's a big draw for aficionados, who are looking for a unique, high-class selection that includes the rare and much sought-after Limitadas.

"Because they are a high-cost, untreated product, it is extremely important that cigars receive careful and sensitive handling – there are not many suitable outlets. One that is suitable is global travel retail, which is why we invested

heavily in this category, presenting a specialist profile with our expertise and our special shops," says Niels Altmann. As Head of Buying Tobacco at Gebr. Heinemann, he is responsible for sourcing cigars for the Hamburg company's global locations. He is aware that *"There is persistent and enormous demand for Cuban cigars. Being a natural product, its availability is limited and is also subject to fluctuations, for example crop failures. We are able to secure an outstanding selection and availability for our customers as a result of the certifications we have obtained from top cigar manufacturer Habanos."*



FRANKFURT AND AMSTERDAM ARE "HABANOS SPECIALISTS"

Two shops at the airports of Frankfurt and Amsterdam now bear the seal of "Habanos Specialist". The Duty Free shop at Frankfurt Airport is the first, and so far only, German airport location with this distinction. *"We are proud to meet the high standards of Habanos as selected partner in its international network of specialists. The seal is a clear symbol of excellence for our customers and reflects the passion, expertise and commitment with which we sell high-quality tobacco products in our shops,"* says Dirk Mörchen, Managing Director of Frankfurt Airport Retail (FAR), the joint venture between Gebr. Heinemann and airport operator Frankfurt Airport. The walk-in humidor with the seal is located in Terminal 2, non-Schengen. The strongest customer group for Cuban cigars are travellers from Southeast Asia. The quality seal means that passengers at Frankfurt Airport can now enjoy a broad product range, excellent service and much greater availability. Niels Altmann says: *"Our sales of cigars at Frankfurt Airport have seen double-figure growth since our verification as a Habanos Specialist."*

HABANOS SPECIALIST STATUS MEANS PREFERENTIAL PURCHASE RIGHTS AND SPECIAL EDITIONS

Habanos presents the seal to retailers who set themselves apart from the competition with a particularly large selection of Cuban cigars in an outstanding context. The certification requires that various parameters be met, including the presence of an exclusive shop with suitable humidor and specially trained employees. Over fifty per cent of the shop's premium cigars must be from Habanos, and the remaining product range must complement these as well as include top sellers from the respective country. Habanos rewards its certified retailers with advantages such as special training courses and preferential purchase of new products, rarities and special editions such as the Limitadas.

EXQUISITE BOUTIQUE AT SCHIPHOL AIRPORT SELLS COHIBA 50 ANIVERSARIO HUMIDOR FOR 379,000 EUROS

The humidor in the Exquisite Shop at Amsterdam's Schiphol Airport has been certified as a Habanos Specialist since February 2019. The boutique specialised in the sale of high-quality spirits and cigars, is operated by Schiphol Airport Retail, the joint venture between Gebr. Heinemann and Royal Schiphol Group. *"The seal also allows us access to extraordinarily exclusive products, a notable example being two Cohiba 50 Aniversario humidors from a premium special edition issued on the occasion of the 50th anniversary of Cohiba. Each humidor contains fifty individually numbered Habanos, one of which we sold for 379,000 euros in the Exquisite Boutique in December 2019,"* reports Niels Altmann.



The luxury humidor is lined with Cuban tobacco leaves coated in 24 carat gold and the cabinet is finished in various fine woods. In addition to the cigars, the humidor contains a selection of accessories especially designed for the anniversary. The temperature and humidity within the humidor can also be tracked directly on a smartphone app. According to Rüdiger Stelkens, Director Purchasing LTCF at Gebr. Heinemann, *"The humidor is a perfect example of a powerful product that promotes innovation, luxury and distinctiveness in travel retail."*



TEN WALK-IN HUMIDORS AND A SPECIAL CUBANA EDITION AT ISTANBUL AIRPORT

The newly opened Istanbul Airport is a marketplace for high-end and premium luxury products, and with ten walk-in humidors offering a large selection of high-class cigars it is certain to become a magnet for cigar lovers. Together with its Turkish joint venture partner Unifree Duty Free, Gebr. Heinemann is setting new standards for the category in travel retail here with two designated Casa del Habano shops, bearing the most high-profile seal awarded by the Cuban cigar manufacturer, for travellers to experience. The shops offer customers 23 La Casa del Habano editions and 16 Limitadas, Anejados, travel retail exclusives as well as regional cigar brands. One speciality is the “La Gloria Cubana Unifree Edition” developed in-house jointly by Gebr. Heinemann, Unifree Duty Free and Habanos, of which only 6,000 have been made and which are available exclusively here. The second Cohiba 50 Aniversario humidor is also on sale in this sophisticated context. The range at the airport of the Turkish capital is completed by two Habanos Specialists and two Habanos Points, as well as two Davidoff House of Geneva humidors and two multi-brand shops with a large selection of international cigar brands.

CROSS-CATEGORY ACTIVITIES PLANNED

“The trend in the category Cigars is going in the direction of rarities that are of particular interest to customers from Russia, China and India,” according to Niels Altmann. Gebr. Heinemann Purchasing is also planning cross-category promotions with high-class rum and cognac ranges precisely coordinated to the cigar range for affluent gourmet aficionados.



New brew

Young craft breweries have fans all over the world

Something has been brewing at Heinemann over the recent months as craft beer supplements the LTCF product range with exciting local and international brands and lots of bottled creativity.

With the skilled brewing techniques involved and the additions of special aromatic hops, brew seasonings and unconventional ingredients such as sea salt, vanilla and blueberries, craft beer is rocking the beer scene with high-quality, unique beers. Some breweries originally launched as local microbreweries are now enjoying popularity outside their home cities and beyond their national borders. *“Craft beer is an innovative and trendy lifestyle product that slots perfectly into our product range,”* says Rüdiger Stelkens, Director Purchasing LTCF at Gebr. Heinemann. *“We have quickly brought this trend into our own shops and we also supply ferry lines, military customers, border shops and diplomatic shops.”*

Sven Thiele, Head of Buying Wine & Champagne, Beer & Soft Drinks, explains how the trend has developed in the Heinemann range: *“Norway is our most important market for beer, a country that has been a leader for years both in terms of the numbers of small breweries and demand for locally brewed beer. We had already taken new breweries into our product range at airports a while ago, and we have also had craft beer in our shops in Amsterdam and Berlin for some time. Our product range is being extended with ever more brands, both as a regional range as well as for roll-out at international locations.”*



BREWDOG – FROM SCOTLAND ALL AROUND THE WORLD

BrewDog was founded in Scotland in 2007 when two friends James Watt and Martin Dickie launched their unconventionally-brewed Punk IPA. Originally based on a crowdfunding model, it has since grown rapidly into a corporate group with four breweries in Scotland, Australia and the US, also establishing its own bars from Reykjavik to Brisbane. *“BrewDog could be described as the spearhead of the international craft beer movement,”* according to Sebastian Bredahl, Buyer responsible for the category. *“The now global recognition of the name and the brand’s broad distribution creates synergies in its international presence in travel retail for our locations and product ranges.”*



MIKKELLER, THE SUCCESS STORY FROM COPENHAGEN

The market leader among the Scandinavian craft beer brands hails from Copenhagen and is a nationwide success story. Mikkel Borg Bjergsø now exports his traditionally-brewed beer to fifty countries, operates bars and restaurants across the world and is known as one of the most innovative and advanced brewers. Fans of special beers can find a wide selection of different types at Tax Free Heinemann at Copenhagen Airport and at Tax Free Norway, the shops operated by Travel Retail Norway, the joint venture between Gebr. Heinemann and Norse Trade. The selection includes the “Beer Geek Breakfast”, the stout flavoured with coffee, oats and chocolate that gained the brewery its international breakthrough.



GERMAN AVIATION BEER FROM THE RÜGEN ISLAND BREWERY

The Heinemann Exclusive German Aviation Beer was launched at the Berlin airports and at Hamburg Airport, and is now set to take off internationally. “The connoisseur beers brewed at the island of Rügen are available in travel retail exclusively from Heinemann,” says Sebastian Bredahl. “The brand Rügener Insel-Brauerei is unique and stands for premium quality, which is just right for us because our aim is to keep surprising our customers with special products.” The German Aviation Beer four-pack includes various beers, including a Double India Pale Ale and a Bière Brut. Each one is presented in a natural paper wrapping printed with various sketched aviation-themed scenes which were specially designed, along with the carriers, for Gebr. Heinemann. In addition to this exclusive variety, Heinemann customers can also find other editions in the craft beer range from the successful brewer based on the German Baltic Sea island. The Rügen Island Brewery (Rügener Insel-Brauerei) has been brewing rare beers since 2015, i.e. less well-known, forgotten or even self-made beer styles with open fermentation and bottle ageing. Their creations have already garnered many top international awards.



SCHOPPE BRÄU, BORN IN KREUZBERG

They are called Berlin Ale, XPA and Berliner Schnauze and they were born in Kreuzberg, the Berlin neighbourhood where traditional brewery Schoppe Bräu has been brewing since 2001. The elaborately illustrated labels show very eye-catching images of the capital and make each bottle a sparkling souvenir. The Berlin-based craft beer brewer and Gebr. Heinemann have put together a special edition six-pack for passengers at Schönefeld and Tegel airports.



In 2020, passengers at Copenhagen Airport and in Arrivals at Istanbul Airport can also get inspired by the special beers from the far north of Germany. The craft beer scene is international and the trend, with its great variety, is at home all around the world, which is perfect for the travel retail market.

Raising the bar

Heinemann launches Tony's Chokolonly in global travel retail

Following a successful first year at Amsterdam's Schiphol Airport, Gebr. Heinemann launched Tony's Chokolonly into global travel retail in April 2019. Recognisable under its slogan "Crazy about chocolate, serious about people", the Dutch chocolate brand is now on sale at many Heinemann Duty Free shops and is also available to the company's distribution customers. The brand appeals to chocolate lovers worldwide with its unusual flavours, colourful packaging of recycled, FSC-certified paper in modern design and its fair-trade certification. Particularly important is the Tony's Chokolonly commitment to fair, sustainable cocoa production without the use of child or slave labour, their mission to make it standard for chocolate to be produced 100 per cent slave-free being the driving force behind the brand.

TRAVEL RETAIL EXCLUSIVES FOR GEBR. HEINEMANN

Tony's Chokolonly is the Dutch domestic retail market leader and it celebrated its entry into travel retail at Amsterdam's Schiphol Airport in the spring of 2018. International travellers were tempted by flavours like milk caramel sea salt, dark milk pretzel toffee and dark almond sea salt, giving the brand an outstanding start at the airport. One year later, in April 2019, their international launch with new products followed. "When we brought Tony's Chokolonly into travel retail, in only three months we had jointly developed an exclusive product range available only from us and our distribution customers, and which differs from the domestically available products," says Anne Keller, Head of Buying Confectionery, Fine Food & Regional Food at Gebr. Heinemann. The range includes seven different 300g bars and three Tiny Tony's Pouch-Packs. "In order to make all chocolate worldwide slave-free, it is an absolute must to also be successful in one of world's biggest channels: Duty Free Travel Retail. We are happy to have Gebr. Heinemann as our launching partner and to be taking the next step in our mission towards hundred per cent slave-free chocolate with them," says Henk Jan Beltman, Chief Chocolate Officer at Tony's Chokolonly.

The company is a pioneer in the industry in the Netherlands and is able to track the cocoa beans' journey along the entire production chain, from the farm to the chocolate bar in environmentally-friendly packaging. The impact company is investing in long-term partnerships with farmers' cooperatives in

West Africa to whom it pays a higher price, and helps them professionalise through agricultural knowledge and training.

COMBINATION OF QUALITY, SUSTAINABILITY AND COMMERCIAL SUCCESS

"We are pleased that we can now offer Tony's Chokolonly at many of our international locations and we are also pleased that the brand has decided to take its first step in travel retail with us," according to Anne Keller. "The company's speed and flexibility in developing its exclusive products also impressed us. The brand, with its combination of quality, sustainability and commercial success, also fits in very well with our aspiration to further expand our LTCF portfolio along these lines."





Product range to be expanded

Snacks and bio-certified products complement choice for customers

Consumer awareness of sustainably produced food and healthy eating is increasing continuously and Gebr. Heinemann is offering an attractive selection of products throughout the LTCF category that takes this into account. This includes, for example, Healthy Snacks and a range of bio-certified products, such as items from Amari, Starbrook, Ronnefeldt, Foodspring and Art of Oil. The handling of organic products is subject to strict control according to the EU-Eco-regulation. In the area of confectionery and food, the company may handle organically produced wines, oils, vinegar and spices. The Gebr. Heinemann logistics centres in Hamburg-Allermöhe and Erlensee near Frankfurt have the necessary DE-ÖKO-006 organic certification, and handling these special goods is a standard process for these experienced logistics facilities. These are therefore the best prerequisites for expanding the product range with sustainably produced, organic items and creating an even broader travel retail selection for customers.



Cracking taste

Al Rifai pop-up promotion brings the great taste of nuts and kernels to life

When Lebanese nut retailing company Al Rifai launched its “Fly” concept as a worldwide premiere in Frankfurt Airport’s Terminal Z Main non-Schengen between April and July 2019, its promotion created a sensation and a new taste experience in travel retail. Under the title “Flies you nuts”, Al Rifai and Frankfurt Airport Retail, the joint venture between Gebr. Heinemann and airport operator Fraport, presented exclusive product innovations in a new packaging design with a colour-coding system across a stage covering 20 square metres. With each colour on the packaging representing a signature flavour or speciality mixture, passengers were invited to discover and try out the traditional brand’s range of nuts and kernels.

“It is important to bring the delicatessen category to life, and the joint pop-up promotion with Al Rifai is an outstanding example of this. It is a sign of the development in the premium segment,” says Karoline Schlick, Head of Buying Delicatessen & Food at Gebr. Heinemann. *“Al Rifai is one of the top ten brands in our category Fine Food. We are very satisfied with the excellent quality of the products and with the readiness of the brand to develop innovative travel retail concepts such as ‘Fly’ for and with Gebr. Heinemann. It is great validation of our joint commitment, which we intend to build on in 2020.”*

PREMIUM NUTS AND AUTHENTIC DELICATESSEN IN INNOVATIVE AND RECYCLABLE PACKAGING

The large, open stage in the Heinemann Duty Free shop drew the interest of international travellers with its attractive packaging design and broad selection of premium nuts, kernels and authentic delicatessen such as Baklava. All items are offered in a microwavable, recyclable tray, because when heated the nuts release all of their delicate aroma. The innovative packaging was especially designed

for the “Fly” concept and the promotion developed in close collaboration between Al Rifai and Fine Food Purchasing at Gebr. Heinemann. The pop-up stage was equipped with a special hot-food table and tasting area so that travellers could enjoy the product to the full.

Summarising, Karoline Schlick says: *“Presented on its attention-grabbing stage this promotion created a point of interest at Heinemann Duty Free that surprised travellers. It’s something they don’t expect to see at an airport. Our product ranges are intended to create experiences that meet customer needs while offering an inspiring selection focusing on gift items and Al Rifai is the perfect fit.”*

The plan is to bring the “Fly” concept to other retail sites in 2020.





Catching eyes and conquering hearts

Promotion highlights

The requirements of the market have a powerful momentum and customer expectations are high, so the aim of Gebr. Heinemann's Activity Management is to captivate, delight and inspire those customers. In 2019, Katja Diehr (Head of Activity Management P&C/FAWJ), Ann-Kathrin Furer (Head of Activity Management LTCF) and their teams, again collaborating with the international brand manufacturers, developed amazing promotions that ensured an unforgettable shopping experience in global travel retail. The key elements included entertainment, exclusivity, personalisation, individual service, sensory experiences through tasting and testing and – not least – gift giving, because everyone likes a little present. The right mix of price, promotion and communication offers passengers added value, attracts new customers, increases footfall – and makes travellers simply happy.



Camel – Let's Paint Your Masterpiece

Imagine a stage designed like a piece of modern artwork, giving creative travellers the opportunity to paint their own. In March, the Camel category stage in Heinemann Duty Free Z Main non-Schengen in Frankfurt invited passengers to paint their own masterpiece using virtual reality in an attention-grabbing and interactive promotion. The campaign was accompanied by GWPs such as cotton carrier bags, ashtrays and portable speakers.



Veuve Clicquot – Colorama

In May, Moët Hennessy Global Travel Retail and Frankfurt Airport Retail, the joint venture between Gebr. Heinemann and Fraport, launched Veuve Clicquot's Colorama collection with a spectacular pop-up installation, in a world exclusive avant premiere for travel retail. The pop-up store, specially designed for Frankfurt Airport, was eye-catching in the brand's characteristic bright yellow and soft pink, and was offering, among other items, limited edition Clicquot Pencil and Clicquot Pencil Rosé, pencil-shaped coolers each containing a bottle of Veuve Clicquot. Travellers could also try flavoured popcorn that highlighted the champagne's tasting notes and also received exclusive GWPs.





Anthon Berg – The Generous Call

A pink telephone box in British style was the eye-catching centrepiece of Anthon Berg's emotional promotion "The Generous Call" in the Tax Free Heinemann shop at Copenhagen Airport, launched in time for Mother's Day in Denmark (12 May). "Call someone you love and get free chocolate" was the tempting message. Promoters encouraged passengers to call somebody they loved from the phone box. The phone call was courtesy of Anthon Berg, and travellers who made a call received chocolate from the Danish confectionery manufacturer.



Cointreau – Le Cocktail Show

In April, Rémy Cointreau Global Travel Retail (GTR) and Gebr. Heinemann celebrated the 170th birthday of the world's best-known orange liqueur in the Heinemann Tax Free shop at Copenhagen Airport with a pop-up piano cocktail bar, a first for travel retail. The piano keys were connected to bottles containing ingredients for Cointreau cocktails, pouring them into glasses through tubes when a key was hit, thus turning the pianist into a musical mixologist. While the pianist was entertaining the travellers and serving them non-shaken cocktails, a barkeeper offered tastings of Cointreau Fizz and other cocktails.





Dior – Beach Club

In July and August, the Dior Beach Club at Istanbul Airport created a fantastic holiday feeling with the chance to take part in a photo shoot by the swimming pool, send colourful postcards and discover summer make-up and perfume between the float and the bar. The elaborate promotion's cheerful, summery design with illuminated letters and rear walls made it visible from far away. "Spray Girls" on roller skates also handed out perfume blotters featuring ice cream designs around the Terminal.



Chanel – Take A New Chance

The wheel of fortune in Chanel's promotion "Take a New Chance" at Copenhagen Airport in May and June allowed participants to win instant prizes including a rickshaw drive to their departure gate. Other attractive prizes included hand massages, a make-up service and miniatures from the Chanel Chance range. The Chance fragrances from the French luxury brand were presented across more than 130 square metres and at three locations in the Tax Free Heinemann shop. Digital screens drew customers' attention to the promotion, a global exclusive at Heinemann.





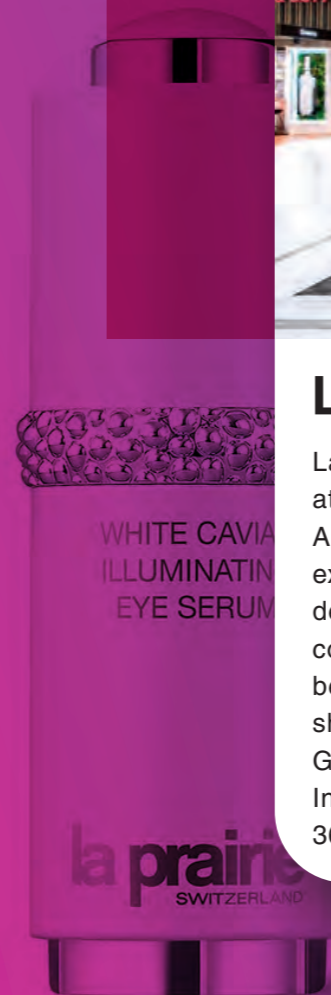
Coty – Gift Factory

Gebr. Heinemann's Activity Management developed the Coty Gift Factory together with perfume and cosmetics group Coty. The Perfume & Cosmetics areas in the Heinemann shops at Hamburg Airport Plaza and in Frankfurt Airport's A+ Schengen area were turned into colourful service stations for wrapping the fine fragrances for the multi-brand promotion, which included products from Gucci, Lacoste, Marc Jacobs, Chloé, Tiffany, CK and Hugo Boss. Customers were able to put together various boxes, ribbons and tags to create their own perfect gift packaging.



La Prairie – The Art of Luxury

La Prairie and Heinemann Tax & Duty Free surprised passengers at their pop-up area in Departures Mega B at Sydney International Airport between April and October 2019 with a unique skincare experience themed "The Art of Luxury". In a separate, specially designed beauty suite within the pop-up space, customers could book a free beauty treatment, massage or makeover before departure with every purchase, either online or in the shop. Advanced reservations could be made via the websites of Gebr. Heinemann and La Prairie. Gebr. Heinemann and Sydney International Airport supported the successful promotion with a 360-degree campaign.





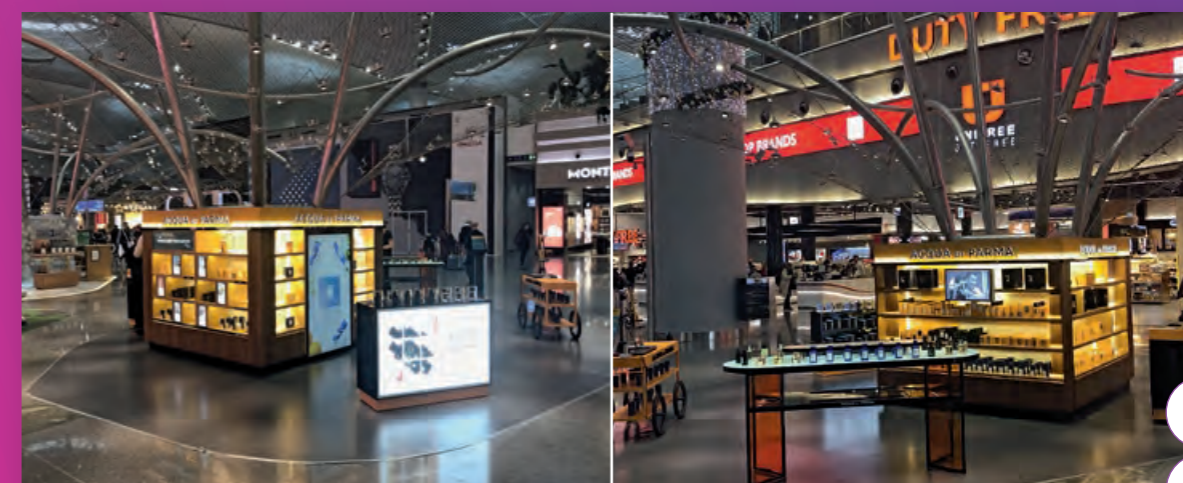
Personalise Your Toblerone

During April and May, customers at Istanbul Airport were able to put their own name or an individual message on an extra-large (360g) Toblerone, personalising the iconic triangular Swiss chocolate bar however they wished. Mondelez World Travel Retail (WTR), Gebr. Heinemann and Unifree Duty Free designed an attention-grabbing pop-up area for the global launch of the digital sleeve printer for Toblerone. It also offered a special photo area and a selection of Toblerone with "Istanbul" destination sleeves as the perfect souvenir.



American Whiskey

For one of the main Duty Free shops in Istanbul Airport's departures area, Brown-Forman Global Travel Retail specially developed and designed a fully personalised experience space for American Whiskey across more than 40 square metres, telling Jack Daniel's brand history in videos and product information. Choosing from a wide range from Jack Daniel's, Woodford Reserve and other brands, travellers can select, taste and smell whiskeys that had been aged in different ways.



Acqua di Parma

Acqua di Parma is making its debut in Turkish travel retail in cooperation with Gebr. Heinemann and Unifree Duty Free, receiving travellers until September 2020 in an elegant pop-up boutique in Italian style, with an appearance that changes with every new launch. Customers at Istanbul Airport can discover a broad selection of fine fragrances, including Travel Exclusives, and can personalise the iconic Acqua di Parma boxes with their initials.



COLLECTOR'S ITEMS

More and more customers collect points with the Heineemann & Me loyalty programme

"Winning customers, establishing good relationships and making shopping with us a real experience – that is our mission here at Gebr. Heinemann," declares Anja Zettel, Head of Brand & Customer Communication. "The international bonus programme 'Heinemann & Me' shows that we have been successful in this mission, recording a 65 per cent increase in members last year alone! We now have more than 830,000 participants from 50 nations worldwide. They can now make use of the benefits offered by their membership in six countries, at 25 airports, on board 14 ships and in our online shop," reports Anja Zettel.

LOYALTY PAYS

"All members benefit from the 'Collect Me' and 'Surprise Me' loyalty mechanisms, special offers, sales campaigns, special services as well as partner privileges," explains Mai Lan Chauvet, Marketing Manager CRM. "We offer the customers a complete experience on their journey, regardless of whether they are flying for business or pleasure, are on a cruise, whether they prefer paper or digital communication, whether they want to order their products from home or hope to find a little inspiration by taking a look around our shops."

HEI NORWAY – TAX FREE & ME

The international nature of the programme was further reinforced in 2019 following expansion into Norway with the launch of "Tax Free & Me". Since September, passengers in Oslo, Bergen, Trondheim, Stavanger and Kristiansand have been able to benefit from the advantages offered by the loyalty programme. The shops at the Norwegian airports are operated by Travel Retail Norway (TRN), a joint venture of Gebr. Heinemann, under the name "Tax Free Norway". The customer loyalty programme is also called "Tax Free & Me – a Heinemann & Me Member". In order to meet the special requirements of the Norwegian locations, TRN also worked closely with the airport operator Avinor. *"Our Norwegian customers enjoy the same benefits as 'Heinemann & Me' members,"* explains Josephine Otto, Marketing Manager CRM. Only alcoholic drinks are not discounted.



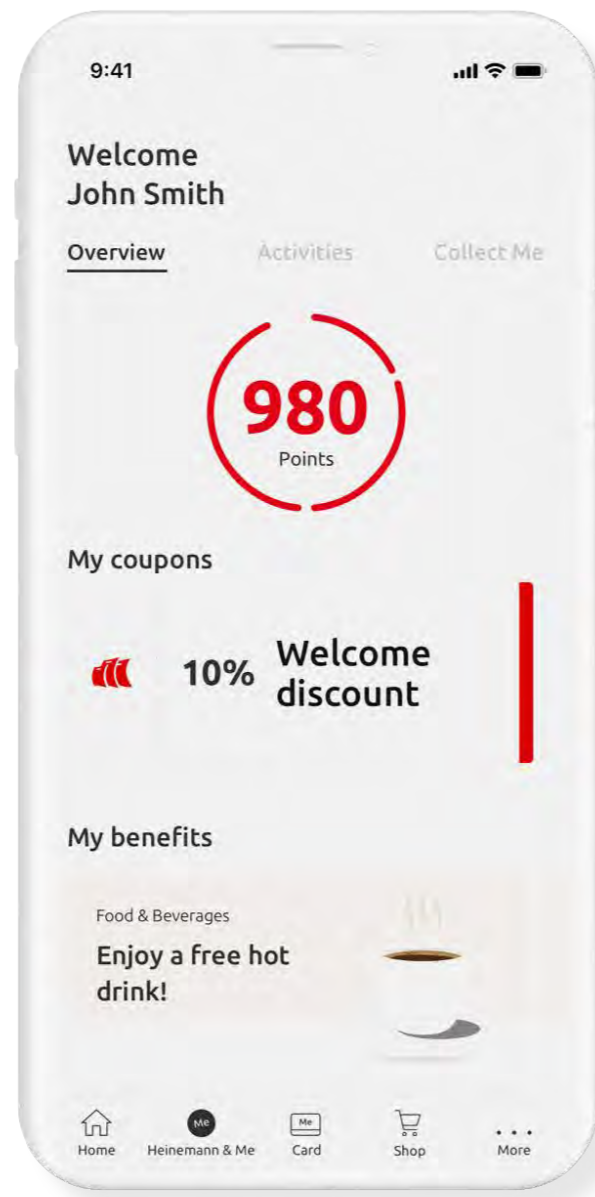
Feel VIP
with HEINEMANN
& ME

NORWEGIANS ARE ENTHUSIASTIC

"The programme there is doing very well," reports Josephine Otto. "We recorded 22,000 new members in the first three months alone. Compared to other countries, the activity rate and average spend are very high. The Scandinavian country is an extremely relevant market for us. Norwegians are very loyal customers and our programme allows us to better exploit this enormous potential. We identify our customers, learn from them, increase turnover and create added value for our company, the location and not least of all for the airport itself."

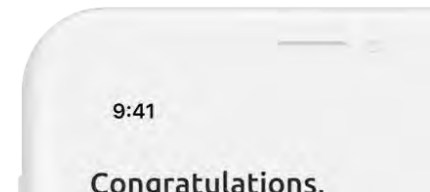
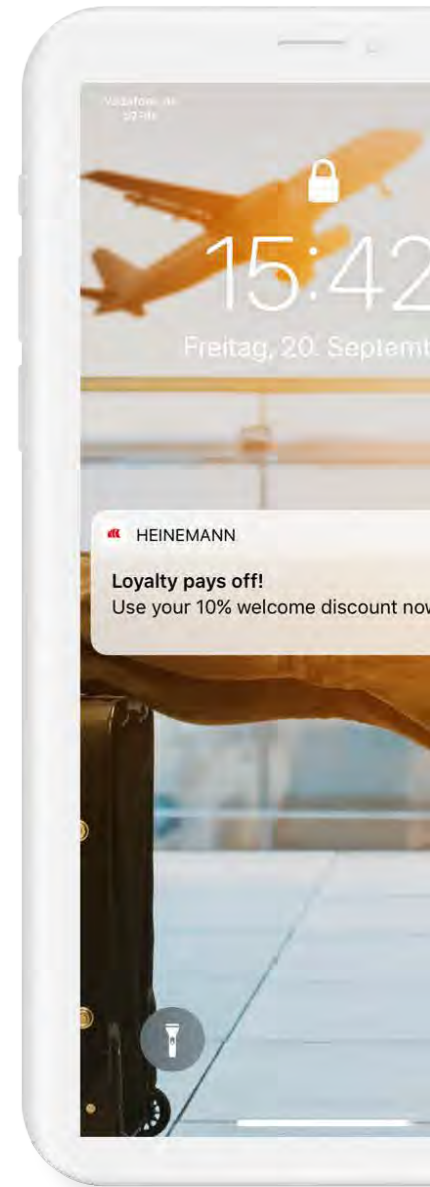
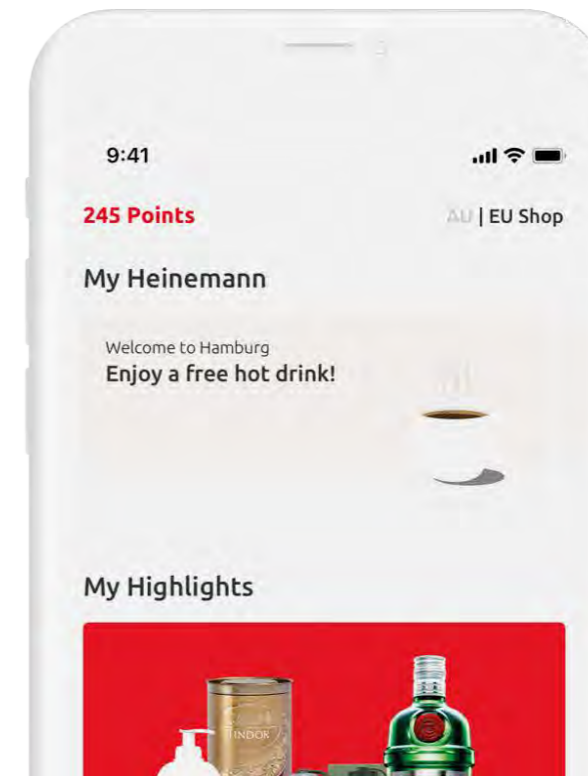
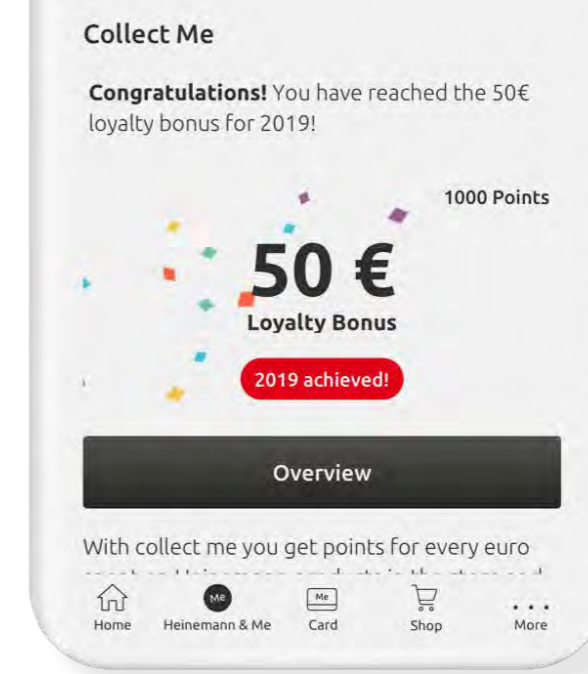
RELAUNCHING THE APP

Whether with coupons, exclusive offers, service information or current points balance, the Heinemann app lets customers quickly access all these benefits. *"In 2019 we redesigned the app again to make it more convenient for users to manage their membership. We will use this channel in future to inform customers about offers that are relevant to them when they are already at the airport or on their way there,"* summarises Anja Zettel. *"Our programme is very customer-oriented, its members can choose between a classic customer card, the app or a mobile wallet pass."*



FOCUS FOR 2020

"For 2020, we will continue to focus on membership growth, digitalisation and personalisation," concludes Anja Zettel. The trend towards ever-increasing individualisation continues: in 2019 Gebr. Heinemann invested heavily in technology for personalised communication such as SAP CRM and the marketing cloud, so that the communications sent can be gradually made more personal. Another goal is the internationalisation of the programme: as such, 2020 will also see the inclusion of Moscow Sheremetyevo Airport in Russia.





40 years

Gisela Raths, Head Office, since 2nd January 1979

Ursula Fucik, Berlin-Schönefeld, since 16th April 1979

Kay Spanger, Head Office, since 1st September 1979

35 years

Heike Glang, Frankfurt, since 19th January 1984

Thorsten Mahnke, Hamburg-Allermöhe, since 1st May 1984

Petra Cordt, Hamburg-Allermöhe, since 1st June 1984

Heike Schlunski, Frankfurt, since 15th June 1984

Stefan Köllner, Hamburg-Allermöhe, since 9th July 1984

Stephan van Groningen, Head Office, since 1st August 1984

Carsten Schröder, Head Office, since 1st November 1984



**3,880 YEARS AT
GEBR. HEINEMANN**

Here's to our long-time employees!



25 years

30 years

Claudia Engelken, Head Office, since 1st January 1989
Matthias Lührs, Head Office, since 1st February 1989
Bettina Gerber, Frankfurt, since 2nd March 1989
Manuela Fischer, Berlin-Tegel, since 1st April 1989
Jutta Häuser, Frankfurt, since 1st April 1989
Sabine Heymanns, Frankfurt, since 1st April 1989
Salvador Parra Parra, Frankfurt, since 7th April 1989
Carmen Kabatek-Wiegand, Frankfurt, since 1st June 1989
Raoul Spanger, Head Office, since 1st June 1989
Frank Reising, Erlensee, since 1st August 1989
Ute Kückler, Frankfurt, since 1st September 1989
Kerstin Schneider, Frankfurt, since 1st October 1989
Marion Zeitz, Frankfurt, since 1st October 1989
Sylvia Lerche, Frankfurt, since 1st December 1989
Stephan Tasch, Frankfurt, since 1st December 1989

Harald Francos-Hohmann, Frankfurt, since 1st January 1994
Rosanna Greiner, Hamburg, since 1st January 1994
Birgit Henzgen, Head Office, since 1st January 1994
Peter Vogel, Head Office, since 20th January 1994
Vera Katzmarski, Head Office, since 1st February 1994
Yvonne Weißhorn, Head Office, since 1st February 1994
Petra Zortul-Cornelsen, Hamburg, since 1st February 1994
Jan Czernewitz, Hamburg-Allermöhe, since 1st May 1994
Kader Koc, Frankfurt, since 1st May 1994
Ruza Holidej, Hamburg-Allermöhe, since 16th May 1994
Michael Goepel, Head Office, since 1st June 1994
Petra Aberle, Cologne, since 13th June 1994
Olga Dragan, Frankfurt, since 15th June 1994
Alexandra Eulberg, Frankfurt, since 1st July 1994
Johanna Fornoff-Verkaik, Frankfurt, since 1st July 1994
Günther Keil, Hamburg-Allermöhe, since 1st July 1994
Marco Krischik, Erlensee, since 1st July 1994
Heidi Neumann, Frankfurt, since 1st July 1994
Sabine Thomsen, Head Office, since 1st July 1994
Inger Friedrich, Head Office, since 1st August 1994
Marion Hofstetter-Yalcin, Frankfurt, since 1st August 1994
Adriane Steidte, Frankfurt, since 1st August 1994
Evelyn Roß, Frankfurt, since 15th August 1994
Detlef Görs, Hamburg-Allermöhe, since 1st September 1994
Karina Becker-Lienemann, Frankfurt, since 1st October 1994
Berenice Fröhlich, Frankfurt, since 1st October 1994
Monina Magistrado, Frankfurt, since 1st October 1994
Thomas Schmerr, Frankfurt, since 1st October 1994
Andrea Seibert, Frankfurt, since 1st October 1994
Elena Siamlidou, Frankfurt, since 1st October 1994
Matthias Stahl, Head Office, since 1st October 1994
Yvonne Gerhardt, Hamburg, since 15th October 1994
Andrea White, Frankfurt, since 1st November 1994
Enikő Hegyesi, Frankfurt, since 15th November 1994
Nikolina Condic-Cvijic, Frankfurt, since 1st December 1994
Kay Ossenkop, Hamburg-Allermöhe, since 1st December 1994
Robert Singer, Erlensee, since 12th December 1994
Yilmaz Alp, Hamburg-Allermöhe, since 13th December 1994

20 years

Armin Großkopf, Frankfurt, since 1st January 1999
 Oliva Iser, Frankfurt, since 1st January 1999
 Ankica Markovic, Erlensee, since 1st January 1999
 Eleni Oloktsidou, Erlensee, since 1st January 1999
 Manuela Reichel, Head Office, since 1st January 1999
 Bernd Bremer, Hanover, since 3rd January 1999
 Suna Keskin, Hanover, since 1st February 1999
 Jennifer Lichtenauer, Head Office, since 8th February 1999
 Jessica Jaschke, Berlin-Tegel, since 25th February 1999
 Natalia Kühnrich-Filippowa, Berlin-Tegel, since 25th February 1999
 Frank Scholz, Berlin-Tegel, since 25th February 1999
 Uta Seehaber, Berlin-Tegel, since 25th February 1999
 Berrin Turan-Cam, Berlin-Tegel, since 25th February 1999
 Jeannette Wahnelt, Berlin-Tegel, since 25th February 1999
 Jeanette Haid, Frankfurt, since 1st March 1999
 Silke Wittke, Hamburg, since 1st March 1999
 Pai Dee Ewertz, Frankfurt, since 1st April 1999
 Thordis Bartzén, Head Office, since 1st May 1999
 Suzana Jelavic, Head Office, since 3rd May 1999
 Filomena Siems, Hamburg, since 3rd May 1999
 Ronny Seidel, Berlin-Tegel, since 18th May 1999
 Johann Brose, Hamburg-Allermöhe, since 1st June 1999
 Andy Luttermann, Hamburg-Allermöhe, since 1st June 1999
 Belgin Deniz, Frankfurt, since 1st July 1999
 Pia Köppen, Cologne, since 1st July 1999
 Wolfgang Mayer, Hamburg-Allermöhe, since 1st July 1999

Renate Müller, Head Office, since 1st July 1999
 Kacha Tchankvetadze, Erlensee, since 12th July 1999
 Mandica Bauer, Frankfurt, since 15th July 1999
 Thomas Friedl, Head Office, since 1st August 1999
 Verena Wiesehügel, Head Office, since 1st August 1999
 Christine Brehmer, Head Office, since 1st September 1999
 Drita Peters, Head Office, since 16th September 1999
 Gökhan Gök, Hamburg-Allermöhe, since 1st October 1999
 Christoph Stump, Head Office, since 1st October 1999
 Kristina Baumann, Head Office, since 27th October 1999
 Aynur Alp, Head Office, since 1st November 1999
 Alexandra Donat, Frankfurt, since 1st November 1999
 Sylvia Wells, Frankfurt, since 1st November 1999
 Susanne Wendler, Frankfurt, since 1st November 1999
 Thomas Prediger, Hamburg-Allermöhe, since 8th November 1999
 Deniz Berker, Frankfurt, since 15th November 1999
 Kathrin Raschnewski, Berlin-Tegel, since 15th November 1999
 Salih Adibelli, Hamburg-Allermöhe, since 1st December 1999
 Andreas Bruhn, Hamburg-Allermöhe, since 1st December 1999
 Sandra Burger, Frankfurt, since 1st December 1999
 Carsten Karkutsch, Hamburg-Allermöhe, since 1st December 1999
 Birgit Schweiker, Frankfurt, since 1st December 1999
 Sandra Zimmermann, Frankfurt, since 1st December 1999
 Christine Hill, Frankfurt, since 15th December 1999
 Britta Marcks, Head Office, since 20th December 1999

Klaus Croll, Head Office, since 1st January 2004
 Oliver Kreft, Head Office, since 1st January 2004
 Thomas Marwede, Head Office, since 1st January 2004
 Bertram Nibbe, Head Office, since 1st January 2004
 Horst Saathoff, Hamburg-Allermöhe, since 1st January 2004
 Katja Stein, Hamburg-Allermöhe, since 1st January 2004
 Ines Walter, Head Office, since 1st January 2004
 Cengiz Fidan, Hamburg-Allermöhe, since 1st February 2004
 Christian Köhn, Hamburg-Allermöhe, since 1st February 2004
 Julica Vollmer, Head Office, since 1st February 2004
 Isabell Engel, Hamburg, since 16th February 2004
 Sonja Harenkamp, Cologne, since 1st March 2004
 Maria-Elisabeth Aßmann, Hahn, since 15th March 2004
 Beata Neubauer, Hamburg-Allermöhe, since 1st April 2004
 Abdoulaye Magassa, Hamburg-Allermöhe, since 16th April 2004
 Stefanie Balko, Head Office, since 1st May 2004
 Gbocho Dominique Chie, Hamburg-Allermöhe, since 1st May 2004
 Emsad Mahmic, Hamburg-Allermöhe, since 1st May 2004
 Hakan Gök, Hamburg-Allermöhe, since 3rd May 2004
 Yekaterina Lyapkina, Hamburg-Allermöhe, since 3rd May 2004
 Regina Müller, Hamburg-Allermöhe, since 3rd May 2004
 Jens Mennenga, Hamburg-Allermöhe, since 4th May 2004
 Klaus Puro, Hamburg-Allermöhe, since 4th May 2004
 Helene Zourlantonis, Frankfurt, since 16th May 2004
 Jasmin Viola Rößler, Hamburg-Allermöhe, since 19th May 2004
 Jörg Karsten Dobbeck, Berlin-Schönefeld, since 1st June 2004
 Andreas Hahn, Hamburg-Allermöhe, since 1st June 2004
 Renata Knezevic Cedano De Leon, Frankfurt, since 1st June 2004
 Janina Stiel, Head Office, since 1st June 2004
 Thomas Jendraszyk, Hamburg-Allermöhe, since 4th June 2004
 Marcus Stübs, Hamburg-Allermöhe, since 4th June 2004
 Monika Winkelmann, Hamburg-Allermöhe, since 7th June 2004
 Anette Horn, Hanover, since 9th June 2004
 Timo Breu, Head Office, since 22nd June 2004
 Adisa Gohl, Frankfurt, since 29th June 2004
 Malte Bronisz, Head Office, since 1st July 2004
 Nicole Fath, Frankfurt, since 1st July 2004
 Christian Schmidt, Head Office, since 1st July 2004

Christine Zaske, Head Office, since 15th July 2004
 Nadine Bauß, Head Office, since 1st August 2004
 Jason Greer, Frankfurt, since 1st August 2004
 Rene Jürgens, Hamburg-Allermöhe, since 1st August 2004
 Steven Kieselmann, Hamburg-Allermöhe, since 1st August 2004
 Tanja Meyer, Hamburg, since 1st August 2004
 Claudia Maria Roth, Hahn, since 1st August 2004
 Andre Steinhagen, Hamburg-Allermöhe, since 1st August 2004
 Daniela Wutzke, Frankfurt, since 1st August 2004
 Andrey Dedyurin, Erlensee, since 16th August 2004
 Stephanie Boyle, Hamburg-Allermöhe, since 1st September 2004
 Ursula König, Cologne, since 1st September 2004
 Ole Loschwitz, Hamburg-Allermöhe, since 1st September 2004
 Manfred Dieter Mayer, Frankfurt, since 1st September 2004
 Gabriela du Mesnil, Head Office, since 1st September 2004
 Barbara Janicka-Isio, Hamburg-Allermöhe, since 15th September 2004
 Gabriele Andree-Jansz, Frankfurt, since 1st October 2004
 Mansour Bouzar, Hamburg-Allermöhe, since 1st October 2004
 Yvonne Helm, Hamburg-Allermöhe, since 1st October 2004
 Melanie Klein, Frankfurt, since 1st October 2004
 Svenja Mischke, Hamburg-Allermöhe, since 1st October 2004
 Helene Geringer, Cologne, since 18th October 2004
 Komla Kpetigo, Hamburg-Allermöhe, since 18th October 2004
 Martin Thiede, Hamburg-Allermöhe, since 18th October 2004
 Peter Heitmann, Hamburg-Allermöhe, since 1st November 2004
 Verena Heuck, Head Office, since 1st November 2004
 Andreas Rämmer, Cologne, since 1st November 2004
 Laura Gewinner, Frankfurt, since 15th November 2004
 Bernhard Dienefeld, Erlensee, since 23rd November 2004
 Cornelia Schab, Frankfurt, since 29th November 2004
 Sabine Bormann-Melzer, Frankfurt, since 1st December 2004
 Timo Petry, Head Office, since 1st December 2004
 Ines Weber, Berlin-Tegel, since 1st December 2004
 Thomas Appel, Hamburg-Allermöhe, since 6th December 2004
 Juliane Hilgert, Hahn, since 8th December 2004



15 years



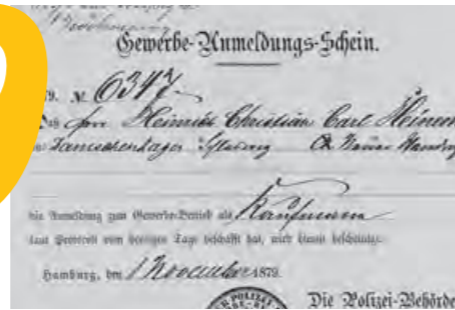
140 YEARS OF GEBR. HEINEMANN

A family success story

Modern by tradition, and the only family-owned company among the global players in international travel retail, Gebr. Heinemann celebrated its 140th birthday in 2019. Passionate about trade, long-term partnerships, family values and always ready to innovate, Gebr. Heinemann will continue to be family-led and independent in the future. This journey through time shows how it all started in 1879 in Hamburg and how it has developed up until 2019.

1879

The start of a long and successful journey: Gebr. Heinemann is founded by Carl and Heinrich Heinemann.



The two Heinemann generations that follow cope with difficult times by expanding the activities of the family-owned company.

1911



Icelandic Airlines becomes Gebr. Heinemann's first airline customer, followed later by Lufthansa.

1953



Launch of the first Duty Free counter at a German airport, in Frankfurt – state-operated and supplied by Gebr. Heinemann.

1958



Gebr. Heinemann acquires the first concessions for Duty Free shops at Cologne Bonn Airport.

1969



The company's first shops open at Frankfurt Airport, a retail site that is key to Gebr. Heinemann's success.

1972



Claus and Gunnar Heinemann, the fourth Heinemann generation, join the company in its one-hundredth year of existence and expand the activities of Gebr. Heinemann on the international travel retail market.

1979



Gebr. Heinemann introduces "Travel Value" in the entire European market.

1999



The securing of continuous concessions for Duty Free shops at the major European airports in the 2000s leads to construction of a logistics centre in Hamburg-Allermöhe to increase warehouse capacity.

2003



Unveiling of own "Heinemann Duty Free" retail brand identity.

2008



Launch in Asia, acquisition of first concessions for licensed brand boutiques, establishment of a subsidiary in Singapore.

2009



Since November 2013, Gebr. Heinemann has been represented in Miami by its subsidiary Heinemann Americas and operates from there as a retail and distribution partner.

2013



In order to keep pace with the company's global expansion, a further logistics centre is built in Erlensee (near Frankfurt).

2014



1. The latest success at Sydney Airport consolidates Gebr. Heinemann's position as one of the leading players in the travel retail market.

2. Together with Unifree Duty Free, Gebr. Heinemann is awarded a 25-year concession for the new Istanbul Airport. The company, acting as Center Manager at an airport for the first time, is responsible for operating and leasing a total of 53,000 square metres of commercial space.

2015



Gebr. Heinemann opens the biggest Arrival Duty Free shop worldwide in Oslo (4,000 square metres) and starts operations in the new extension of its Hamburg headquarters (K5).

2016



The joint venture of the family-run companies Gebr. Heinemann and James Richardson wins the concession for Ben Gurion Airport in Tel Aviv.

2017



1. Gebr. Heinemann opens eight confectionery shops at Hong Kong International Airport.

2. Gunnar's son Max Heinemann becomes CEO of Gebr. Heinemann. The company is now jointly managed by the fourth and fifth generations.



2018

2019



Gebr. Heinemann celebrates 140 years in business. Today the company supplies 1,000 customers in over 100 countries and operates over 340 Heinemann Duty Free & Travel Value shops, licensed fashion boutiques and concept stores at 74 airports in 28 countries, as well as border shops and shops aboard cruise ships. Gebr. Heinemann employs 8,000 members of staff worldwide.



IN SIGHTS

Behind the scenes: from entrepreneurial responsibility to logistic efficiency





SHAPING THE FUTURE AT A HISTORICAL VENUE

Strategy Day 2019 at the Museum for Hamburg History



STRATEGY DAY 2019

SHAPING THE FUTURE

In early September, Gebr. Heinemann welcomed guests to the glass-covered courtyard of the Museum for Hamburg History for Strategy Day 2019, which focused on sustainable strategies for the future of global travel retail. Fusing traditional and modern architecture, the event location offered an impressive, and almost symbolic, context for Strategy Day, held in the year of Gebr. Heinemann's 140th birthday. The company presented 350 guests with insights into its various divisions and invited discussion on new ideas for the industry.



With inspiring and interactive presentations, the representatives of the brand manufacturers in attendance were encouraged to develop collaborative ideas with Gebr. Heinemann – and to invest in them as well. *“To motivate and retain our customers we are focusing more closely than ever on exclusive products, special promotions and cross-category activities,”* said Kay Spanger, CCO of Gebr. Heinemann. *“We provide our suppliers with many options for heightening their company profiles so they can generate growth. In return for this offer to our partners we anticipate their creative support and financial commitment, and look forward to outstanding product ranges and first-rate, globally applicable purchasing conditions.”*

TOPIC OVERVIEW

After a welcome address and an introduction from CEO Max Heinemann, Kay Spanger provided insights into the new organisational structure and the previous year's business development, as well as current innovative products, under the central theme of Global Strategy. This was followed by presentations by Vice Presidents Florian Seidel (EMEA 1), Richard Hoyer (EMEA 2), Nadine Heubel (VP/CEO Heinemann Americas) and Marvin von Plato (VP/CEO Heinemann Asia Pacific) on the developments in their respective markets. All VPs presented the international suppliers in attendance with interesting opportunities to gain important market shares.



In their “Category Vision,” the four Purchasing Directors Britta Hoffmann, Rüdiger Stelkens, Olaf Benjamin and Jan Richter provided insights into the challenges, trends and success factors within their divisions. Sören Borch, Director Category Management, outlined the further development of the “Heinemann & Me” customer loyalty programme, among other topics. He asked the audience to vote on a theme for Heinemann’s own campaign for the autumn of 2020 in an interactive smartphone survey.



The department heads for Activity Management, Ann-Kathrin Furer (LTCF) and Katja Diehr (P&C and FAWJ), presented last year’s global promotion highlights.



FIRST INTERACTIVE PANEL DISCUSSION ON THE TOPIC OF SUSTAINABILITY

An interactive panel discussion with suppliers was part of Strategy Day for the first time. In keeping with the motto “Think and Rethink”, Kay Spanger and Dr Jennifer Cords (Director Corporate Affairs at Gebr. Heinemann) discussed the topic of sustainability in the travel retail sector with industry representatives from the categories of Perfume & Cosmetics, Confectionery, Spirits, Tobacco and Accessories. Panel members Gemma Bateson (JTI), Timiko Cranwell (Pernod Ricard), Henk Jan Beltman (Tony’s Chocolonely), Vincent Boinay (L’Oréal) and Enrico Destro (Luxottica) discussed sustainability criteria for new products with Gebr. Heinemann representatives. A further topic was consumers’ high expectations for corporate responsibility, with panellists explaining how their companies meet those needs and demands. For example, Luxottica is increasingly repurposing innovative materials such as used fishing nets so they don’t end up in the oceans. A number of Pernod Ricard’s wine production facilities are already climate-neutral, and Tony’s Chocolonely is committed to slave-free chocolate production.

At the end of the discussion round, Kay Spanger referred to the Code of Ethics for suppliers to Gebr. Heinemann, which also formulates environmental and social compliance standards.

NETWORKING OVER “LOCAL FOOD & GLOBAL DRINKS”

In addition to the comprehensive insights and presentations by Gebr. Heinemann, Strategy Day has established itself as an important industry event for information exchange and networking. The 2019 meeting concluded with animated discussions between hosts and guests over a catered dinner. This year’s theme was “Local Food & Global Drinks”, and the event was supported by Tony’s Chocolonely, Al Rifai Nuts, Reypenaer, Robert Weil, Cointreau, Gin Sul, Bergwild and Sipsmith, among others. Among the drinks tasted were spirits in line with the Japanese trend such as Chivas Mizunara and Haku Japanese Vodka, as well as the world’s first alcohol-free distilled “spirit”, Seedlip. Guests enjoyed sampling the product range that delights Heinemann customers around the world.





CR-EATIVE

Corporate responsibility requires new ideas and constant rethinking of the familiar



Think and Rethink – and doing the right thing. Corporate Responsibility (CR) is a journey



Svenja Fischer and Dr Jennifer Cords

Corporate responsibility plays an important role in shaping the future. And the journey towards sustainability implies being ready to constantly ask new and critical questions. In 2019 Gebr. Heinemann published its third CR report entitled “Think and Rethink”, focussing on the global family company’s initiatives in commercial, workplace and environmental areas. In an interview, Dr Jennifer Cords, Director Corporate Affairs, and Svenja Fischer, Team Leader CR, report on the development of corporate responsibility at Gebr. Heinemann.

Is “Think and Rethink” the formula for corporate responsibility at Gebr. Heinemann?

Dr Jennifer Cords: “The title of our third CR report describes our own Gebr. Heinemann way of corporate responsibility. We are pleased with what we have already achieved, while at the same time being aware that this is only the beginning. We must never stop asking ourselves what we can do even better in order to carve a safe and successful path towards greater sustainability in travel retail.”

Svenja Fischer: “Sustainable management and a long-term focus are part of the DNA of the family company Gebr. Heinemann. The CR reports therefore also reflect how the topic has been evolving from within. The first report in 2015 was inspired by an approach from Human Resources to report on our already long-standing commit-

ment to people and corporate responsibility. The focus of that particular report was still very localised. The second report published in 2017 had an international focus on the company’s global activities and included many more facts and figures that were relevant from a social perspective as well as from a business and economic point of view. Its intention was likewise to position the company clearly in the market with regard to corporate responsibility. While sensitivity to the topic had continued to grow both internally and externally our communication activities created awareness for corporate responsibility, and we were able to bring the topic to project status. Today, a fully dedicated CR team is at work at our headquarters.”

What role does communication generally play in corporate responsibility?

Dr Jennifer Cords: “Communication is an important part of corporate responsibility, because the success of sustainability initiatives requires an exchange of information and good networking between all areas of the company: for example, with Purchasing for the feedback and close relationship with our suppliers, with Sales for direct communication with the various retail sites, or with Logistics, our greatest sphere of influence for reducing emissions. Working with all stakeholders in the industry and associations is also very important. We need target group-oriented communication of this important topic both internally and externally. As a retailer, we understand ourselves as ‘influencers’ within our value chain.”

Svenja Fischer: “For the third CR report published in 2019, we rethought the whole ‘project’ once again. We specifically examined which spheres of activity are important to Gebr. Heinemann with regard to the environment, people and profitability. And we looked at how active the company already is in these areas and what the next steps should be.”





Dr Jennifer Cords: “In many manufacturing companies, sustainability topics originate in the supply chain and its management of waste and recyclables, while in others a reporting duty is followed. At Gebr. Heinemann we have deepened our understanding of the topic on our own initiative because thinking long-term is part of our corporate identity and our desire to continue to exist for the next generations. Furthermore, social changes are becoming transparent in the consumer behaviour among travellers who visit our shops and we are extremely aware of this also in relation to the topic of sustainability. As a Duty Free company we have a very high level of awareness of what is happening in the world.”

Could Gebr. Heinemann’s CR strategy therefore be described as consistent in the sense of “doing the right thing”?

Svenja Fischer: “In sustainability, there is always a ‘but’. In other words, it is unlikely that a company can ever attain all its aspirations. For instance, when looking for environmentally friendly alternatives to disposable plastic bags, shopping behaviour in the travel retail market is not comparable to shopping behaviour in domestic retail. Various international demands and prerequisites conflict with each other, which is why we view this special topic holistically. This begins with the environmental performance assessment of the production process, such as the timber processing for paper bags. And the topic ranges from product characteristics – whether, for example, the product is



watertight, sturdy and flexible whilst being attractive – to the downstream processes and the question of whether the product can be recycled or whether it can be composted, since recycling systems are not globally harmonised. Not least, we consider the costs. We understand how complex it is to operate in a global world and ask ourselves the critical questions of various interest groups. It is important to give honest answers and to learn. We are prepared to repeatedly ensure that our measures and overarching sustainability targets are feasible.”

Gebr. Heinemann joined the United Nations Global Compact (UNGC) two years ago. Why?

Svenja Fischer: “As an internationally successful company, joining the United Nations Global Compact was a logical consequence of acknowledging our global corporate responsibility. The obligation to report helps us enormously in illuminating internal processes that concern the ten universal sustainability principles of the UNGC for human rights, labour standards, environment and corruption prevention. The first progress report classified Gebr. Heinemann as a ‘Learner’. Although we will certainly never stop learning, we are working towards the next level, the ‘Active’ status.”

What are the specific measures in relation to this?

Svenja Fischer: “We are currently defining in a CR Compass those Sustainable Development Goals (SDGs) of the United Nations to which we can make a positive contribution as a Duty Free retailer. An important foundation for this is anchoring the ten principles in the Code of Ethics, which we are currently establishing. Another specific measure is a human rights risk analysis, which we are carrying out together with colleagues from Heinemann Australia in Sydney and from the headquarters, and in the process we collect the necessary data along the supply chain. The Modern Slavery Act already exists in Australia and is obligatory for companies operating there. Every large company must know the human rights risks in its supply chain and disclose how it tackles them. Ultimately, we can create a heat map that shows us where we need to expand our dialogue. Incidentally, we note that many manufacturers have already made very good progress on similar projects, which can serve as an inspiration to us. Gebr. Heinemann’s Duty Free shops are a window to the world and give us influence. Therefore, it is our responsibility to define environmental and social standards, take a stand and take our customers along with us.”



Why has Gebr. Heinemann joined the Eco-lighthouse certification in Norway?

Dr Jennifer Cords: *“This regional initiative was an important step for our Norwegian sites to document their sustainability commitment. We supported this project in the best possible way because we are aware that the Scandinavian countries in particular are trendsetters for sustainable standards. We would like to thank our international suppliers for their support of this regional initiative. They have looked into their production down to the last detail to provide us with the necessary data.”*

Svenja Fischer: *“We are also looking into opportunities in terms of data management because we would like all locations to benefit from the data collected here on environmental certifications, such as ISO 14001 or on the use of micro-plastics.”*

Dr Jennifer Cords: *“In Norway, politics have a huge influence on industry and on consumer protection, and this has led to, among other things, a mandatory sugar reduction in many foods. Gebr. Heinemann believes in responsible shoppers who can make their own choices. Therefore, we want to offer alternatives in our product range, such as Healthy Snacks and Clean Beauty. With our wide range portfolio we support the freedom of choice of all international passengers.”*

At the beginning of the new decade, what does corporate responsibility mean for Gebr. Heinemann?

Svenja Fischer: *“We want to increase our colleagues’ awareness of their own capacity for acting sustainably and we are identifying potential areas of action that build on this. For example, we can work jointly on our vision to be both the first choice in the travel retail market as an independent family-owned company, while at the same time making the best ecological and social decisions.”*

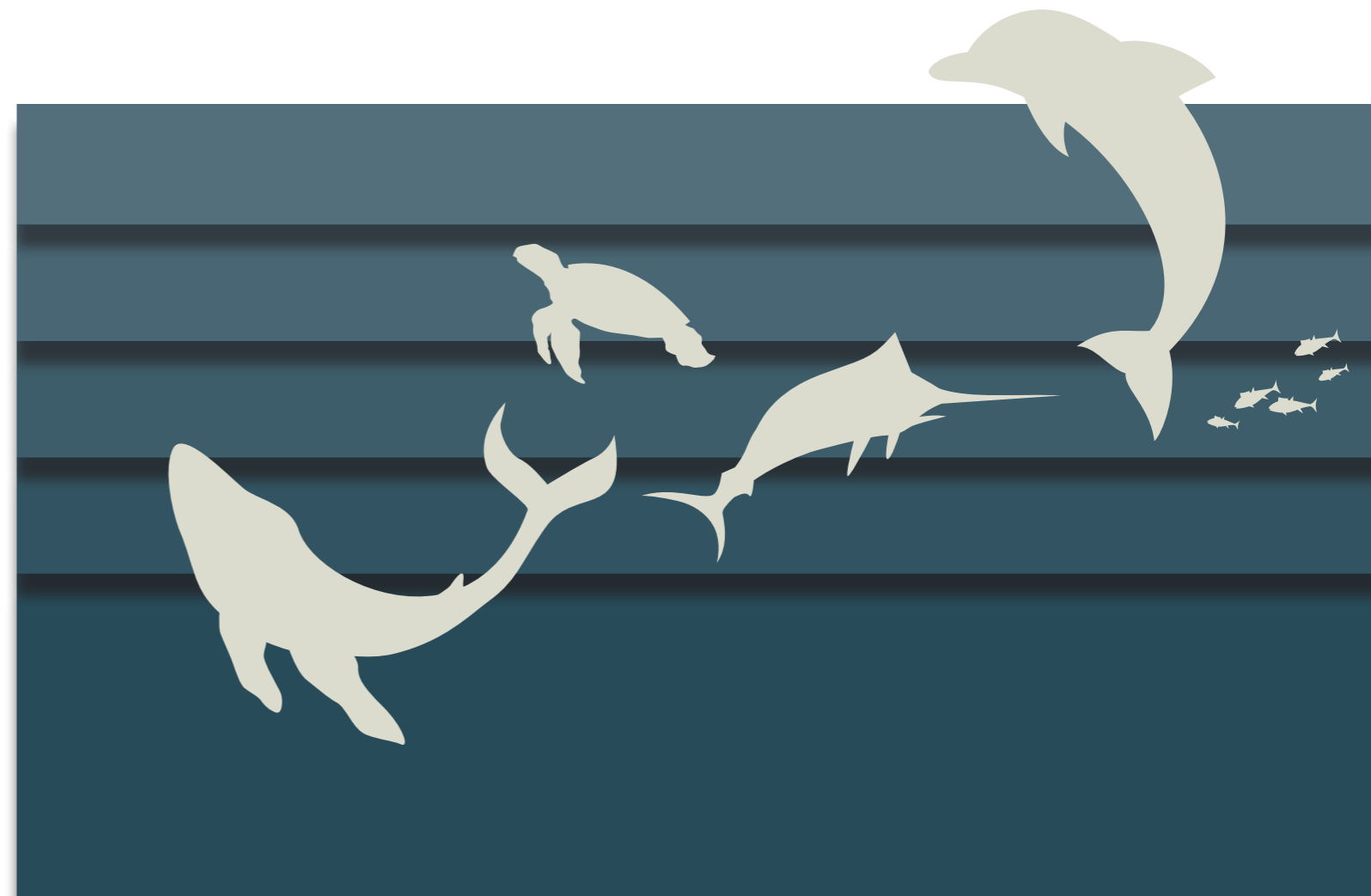
Dr Jennifer Cords: *“Establishing awareness within a company will generate sustainable action. We have established Corporate Responsibility as a centre of competence in the Hamburg headquarters and regard ourselves as a service point for all departments, locations and companies. The topic has a global dynamic and Gebr. Heinemann is strongly committed to shaping the future of sustainable travel retail.”*



Bag for good

Reducing single-use plastic bags while raising money for OceanCare

Customers asking for a disposable plastic bag at Tax Free Heinemann in Copenhagen Airport and at Heinemann Duty Free in Budapest will now have to pay a fee between 30 and 40 cents. One hundred per cent of the proceeds go to the marine protection organisation OceanCare, which invests this contribution – from the start of the cooperation in 2017 until the end of 2019 a total of around 500,000 euros – in the rescue of marine animals and in environmental education as well as other projects. In their collaboration Gebr. Heinemann and OceanCare are pursuing the joint goal of promoting the considerate use of resources and reducing the consumption of plastic bags. Since the successful pilot phase at 14 German and Austrian Heinemann sites, further retail locations are gradually added each year. The idea is very well received by customers: in 2017, the first year of the cooperation, more than 70 per cent of plastic bags were reduced and a further 15 per cent more until the end of 2019.





United Nations Global Compact

Global initiative for
responsible governance

Gebr. Heinemann's guiding policy is to "shape the future of sustainable travel retail" and this is why the company joined the United Nations Global Compact in 2018, undertaking to publish an annual progress report. The UN Global Compact is the largest and most important initiative worldwide for responsible governance. It pursues the vision of an inclusive and sustainable global economy on the basis of ten universal principles relating to human rights, labour standards, environment and corruption prevention, as well as Sustainable Development Goals (SDG).

WE SUPPORT



Eco-lighthouse certification

Environmental management in Norway

The Eco-lighthouse certification is Norway's most widespread environmental management system. Participating companies can improve their environmental performance, monitor their environmental impacts and prove their commitment to corporate responsibility with simple-to-implement, specific, relevant and profitable measures. The certification system integrates environmental management as well as internal and external environmental measures into the Norwegian regulations for systematic health, environmental and security activities in companies. All Norwegian locations of Travel Retail Norway, the joint venture between Gebr. Heinemann and Norse Trade, are certified and are working on a recertification.





GROW WITH THE FLOW

Expertise and innovative spirit – the success
of Logistics is based on many factors

Process ownership in logistics always lies with Gebr. Heinemann

Systemised maintenance predictions ensure reliable operation

The reach of Gebr. Heinemann's global logistics could not be wider: a varied range of products extending from toys to perfume, to wine and cigars, a customer base ranging from one to 100 years old and including every imaginable nationality, sales channels from airports to aeroplanes and border shops, to cruise ships constantly on the move between ports. Sophisticated customs, ordering, picking and supply systems, the use of large machinery and innovative digital solutions all represent key components of a successful logistics service. But what needs to be done to keep everything running like a well-oiled machine?



"Technology and maintenance are the backbone of our logistics. All the necessary expertise is already within our own company. Of course, we don't carry out all maintenance and repair work ourselves, but we know exactly what needs to be done and how it needs to be done," explains Marco Rebohm, Director Logistics. Its 800 employees include proven experts in customs, technology, engineering, operations and IT. His credo: *"Ownership of any process always lies with Gebr. Heinemann. We look for suitable partners and suppliers to perform set work packages, such as those involving maintenance and overhauling, in cooperation with our excellently trained employees. This is where our expertise comes into play, lessening the time constraints on our own employees and freeing up their capacities for optimisation-related matters."*

WHY IS IT SO IMPORTANT TO GEBR. HEINEMANN TO LIMIT ITS EMPLOYEES' WORKLOAD?

"As both our logistics centres in Hamburg-Allermöhe and Erlensee near Frankfurt operate at high capacity during the week, the maintenance windows are almost always relegated to the weekends. To prevent our own technicians from having to work regularly on Saturdays and Sundays, which would keep them from spending time with their families, we hire external partners for maintenance tasks. Developing and planning the solution and managing activities are also our responsibility. Having work performed by partners grants us a great deal of variability," states Marco Rebohm. In this regard, the expertise of long-standing employees within the company is immensely valuable: *"Our knowledge is based on our many years of work. The wealth of experience that our colleagues have amassed is tremendous."* The importance of real people when it comes to finding solutions to unforeseen events recently became evident in Erlensee: a system came to a standstill because of an electrical failure that arose in an area that was difficult to localise. The expert technician immediately went to work to obtain a clear overview of the situation and look for faults – 90 minutes later the fault had been found and the defective electrical component changed. Marco Rebohm knows why this was possible: *"The colleagues know what to do and where to look. They are able to read our systems."*

TAILOR-MADE INNOVATIONS FOR THE GLOBAL TRAVEL RETAIL MARKET

Based on this wealth of practical experience and the involvement of its own engineers, Gebr. Heinemann has also developed tailor-made innovations for the global travel retail market. Henri Assaker, mechanical engineer and employee of Gebr. Heinemann since 2013, recognises the power of his company's own innovations: *"It is certainly unusual for a trading company to push for its own technological developments. We have only really seen this in the automotive and aviation sectors. But we aim to develop innovations that are tailored to our special Duty Free logistics."*

Predictive maintenance, like is carried out in aeronautical engineering companies for capital- and labour-intensive jet engines for example, is a key area. Just as predictive maintenance programmes in the aviation industry can prevent a plane being grounded for overhaul work on the engine, Gebr. Heinemann also uses technical parameters such as operating time, workload and temperatures to determine the optimum time for



maintenance. *“The data is all stored in the memory of the machines, but extracting, combining and interpreting it is an art. This also enables us to access the manufacturers’ historical data, so the technical history of even new machines is of great importance to our technicians. This allows us to create reliable plans and technical concepts from the very beginning.”* Finally, predictions for the future must be made during phases of growth, such as during the integration of additional delivery locations like newly acquired airports or distribution customers. The systematised maintenance predictions allow the company to respond successfully to the growth generated through sales. Another focus of the engineers is the overhaul of energy management through the introduction of automated, systemic software. The aim is to ensure sustainable implementation of energy-optimising projects.

THE LOGISTICS CHAIN: ALL THE WAY FROM THE TILL TO THE TRANSPORT CONTROL SYSTEM

The importance of the interaction between Sales, Order Management and Logistics is made clear by the fixed lead times, such as those at Oslo Airport’s shops. The analysis of the scanner checkouts must be transmitted to Hamburg-Allermöhe by 6 a.m. Logistics then has six hours to prepare the order and pick lists, and assemble up to 130 palettes. 95 per cent of the goods portfolio is put together using an automated process, with the remaining 5 per cent being processed manually. At exactly midday, the six loaded lorries leave the logistics centre and board the Puttgarden to Rødby ferry. From there, they travel through Sweden by road before crossing over into Norway. The vehicles will finally arrive at the Norwegian capital’s airport during the night. Right on time, of course. But Gebr. Heinemann’s logistics chain goes even further: at the airport, its own engineers have set up a driverless transport system between the incoming goods department and the shops, covering a distance of 500 metres. The key feature: a digital reservation between the palette vehicle and the lift is made as soon as the vehicle is ready for departure. After it has been made, the lift can no longer be accessed by anyone else. This coordination has increased the flow of materials in Oslo by 30 per cent. The source of the idea for the driverless transport system was in fact Henri Assaker – which, following the successful completion of the project in Oslo, led him back to the Hamburg-based logistics centre.

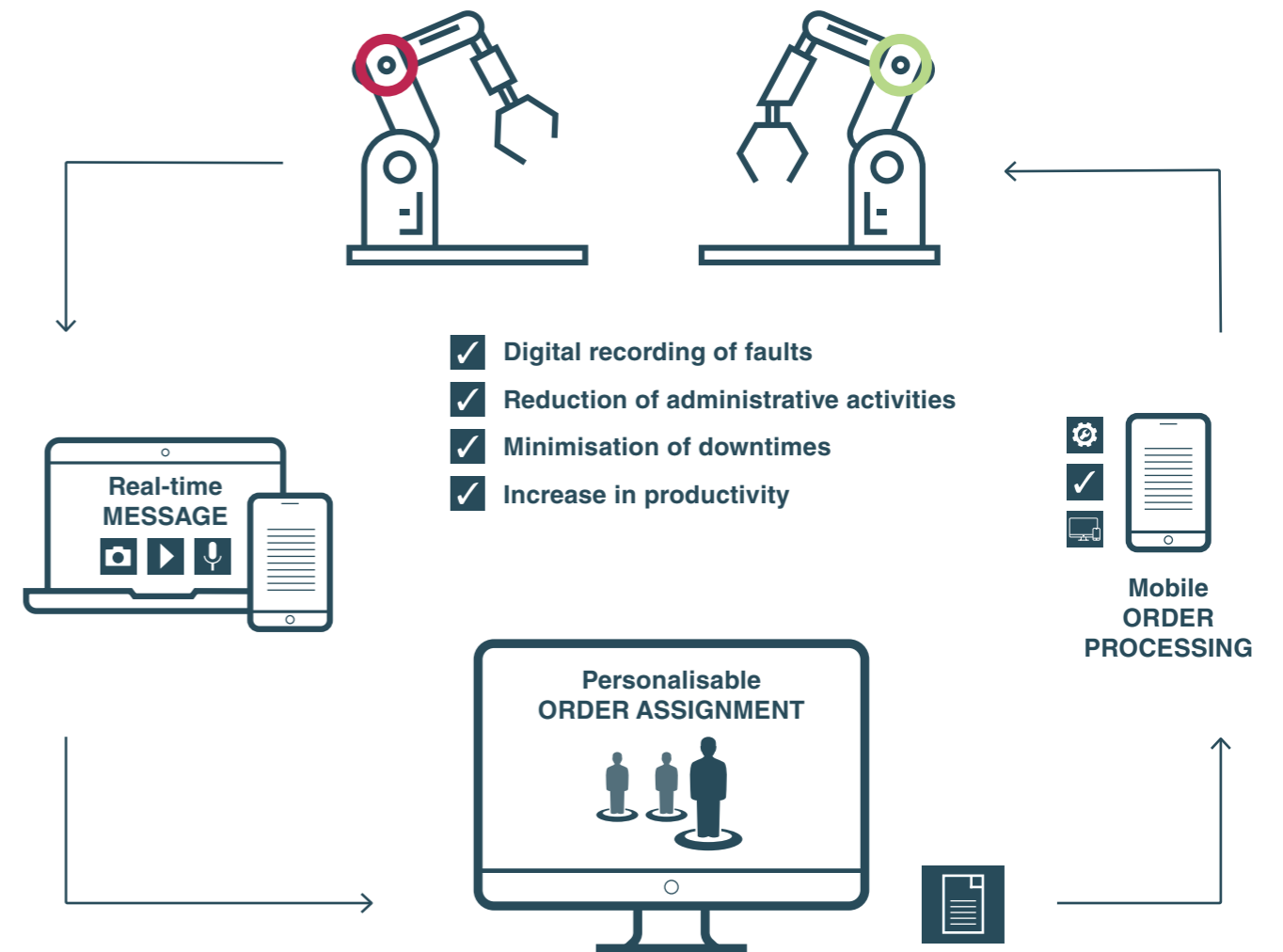
TIME ANALYSIS FOR GLOBALLY OPTIMISED WORK PROCESSES

Seeking out and adopting the best technologies and methods from other sectors is the driving force behind the team surrounding Head of Technology Henri Assaker. This also includes the recently introduced methods time management (MTM). This involves carrying out time studies in order to ascertain the productivity of processes and increase this productivity using planned times and target times. At the same time, it is ensured that employees are not overworked. Processes are standardised and saved



in the system, leading to effective employee planning and optimal costs. This works on a global scale, because as well as simply having a workflow stored in the system, it is binding for all logistics centres, whether Allermöhe or Erlensee, Miami or Singapore. In order to ensure that these studies are professionally undertaken and implemented, all engineers working in Heinemann logistics are MTM-certified.

Always open to new things – or simply curious: whether it is futuristic augmented reality glasses or the newly acquired patent for the automated heat-sealing of palettes that “joins” the film to the wooden palette, the logistics experts at Gebr. Heinemann always have something new in their sights. *“Our next step will be to analyse optimal airport logistics from the delivery of goods to the shop shelves. Our engineers and technicians finally have a full overview of the entire logistics chain. As specialists in the travel retail market, we want to continually look for new ways of doing things and develop new solutions,”* says Marco Rebohm on the goals of Heinemann’s logistics specialists.





*Hearty
Heinemann*



**AT GEBR. HEINEMANN MANY
EMPLOYEES SHARE THEIR DESIRE
TO HELP THE LESS FORTUNATE**

Campaigning for people in need is part of the company culture at Gebr. Heinemann. This is demonstrated by the selection of donation and charity campaigns throughout the year.



SUPPORTING THE LITTLE ONES

As part of a campaign across Hungary, Heinemann employees at Budapest Airport supported a daycare centre by collecting donations of books, games, toys, clothing and shoes for a facility in one of the country's poorest regions. Often times, people do not have enough of what is most needed. Some families do not own a television either. The Heinemann team has also donated a flatscreen television to the kindergarten so that children can watch cartoons as well as educational videos.



A BEAR BRINGS JOY

Always a welcome face, Freddy the Teddy was for sale in the Heinemann shops at airports in Bologna in northern Italy and Catania at the end of the year. Profits from the sales of the limited edition stuffed bear were donated by both locations to facilities involved with child welfare. Catania donated 3,500 euros to the Mother and Baby Unit at the Garibaldi Hospital, while 7,500 euros were collected in Bologna for Association Dynamo Camp Onlus, an organisation offering recreational therapies for chronically ill children and their families. Both organisations also received 50 teddies.





OF COURSE WE'LL DO IT!

Fruit trees were planted for the creative garden in Hamburg-Wilhelmsburg and a new platform for beehives built. This was made possible by nine managers from Head Office, including owner Gunnar Heinemann, swapping their desks for shovels and screwdrivers during the Hamburg corporate campaign day “Wi mook dat” (“we’ll do it”). Gebr. Heinemann attended for the sixth time, supporting the creative garden for a second time. The nature-like garden invites children and their parents, as well as daycare groups, to visit regularly in order to learn how to work in a garden and to experience nature through the rhythm of the seasons.



IMAGES OF DISPLACEMENT

20-year-old Afghan Mehdi Ghorbani processes his own refugee experience in his pictures. At the beginning

of the year, an exhibition of his work in front of the canteen at Gebr. Heinemann’s Hamburg headquarters was facilitated by two employees who knew the young artist from their involvement with refugee aid. The drawings exhibited at Gebr. Heinemann were available for purchase by employees, and the proceeds went to Ghorbani. The pictures were selected with the help of owners Claus and Gunnar Heinemann.





A MATTER OF HONOUR

This year, Claus and Gunnar Heinemann received an award from Wings of Help – an organisation that works with airlines, logistics companies and other global companies – for their global social commitment to providing immediate disaster relief and to facilitating medical emergency transport. Gebr. Heinemann has been supporting Wings of Help for many years. Receiving the award, Claus Heinemann said *“A special thank you is due to all our employees, whose personal commitment is an essential part of our company culture.”* Gunnar Heinemann added that *“Our employees are strongly committed at a local level. We are very proud of this. It is thus all the more important to us that the partnership with Wings of Help gives us all an international opportunity to help people in need spontaneously, across borders and without bureaucracy.”*



A PLACE FOR LEARNING

The Hamburg project Mamas lies is designed to offer German lessons to refugee mothers, while their children are

looked after nearby. This work is done voluntarily by older women, as the refugees often put greater trust in them. To do this work they use one of three rooms made available to Flüchtlingshilfe HafenCity (a refugee aid organisation) free of charge by Gebr. Heinemann. But there's even more support: Gebr. Heinemann employees donate children's books to the Mamas library and a former employee volunteers directly with the project.

EVERY THURSDAY

Hilfspunkt (“Point of Help”) is an association that organises various activities for people in need in Hamburg. Every Thursday evening, four employees from headquarters are responsible for serving meals prepared by the Gebr. Heinemann canteen as well as for the bingo game that follows. There are also regular item donations, which they bring with them and distribute. Around 140 Gebr. Heinemann employees volunteer every year. In addition, the company bears the rental, water and electricity costs for the rooms at Hilfspunkt in Hammerbrook, Hamburg.





OUT LOOKS

Preparing and shaping the future that begins today



CROSS-CHANNEL AND CROSS-CONTINENT

Using synergies from the global organisational structure for the expansion in Asia Pacific

Full of synergy – Gebr. Heinemann is using the synergies of its global organisation to identify new growth areas in the Asia-Pacific region.

“Even though they cannot travel at the moment due to the effects of Covid-19, Asians are, and will continue to be, enthusiastic air travellers. We are therefore convinced that their global mobility will rebound strongly after the end of the pandemic and that travel retail will remain an important part of the travel experience in Asia Pacific,” says Rajshree Dugar, Director of Corporate Strategy and Business Development at Heinemann Asia Pacific.

As Heinemann Asia Pacific looks forward to the full resumption of international travel and the industry’s revitalisation, the management team is identifying and pursuing key strategic priorities for sustainable expansion. The long-term structural growth prospects and economic resilience of the Asia-Pacific region are expected to continue, fueled by an expanding middle class and increasingly sophisticated consumer base, particularly in developing markets.

OBJECTIVES FOR FURTHER GROWTH

With Heinemann Asia Pacific now being an established player in the region with retail locations across Australia, Malaysia, Hong Kong and on board cruise liners, as well as an extensive distribution business, the company has identified its objectives for further growth. Rajshree Dugar explains: *“We will keep focusing on our existing markets and maintaining local partnerships. Furthermore, we will increase our focus on developing markets, such as India as well as Vietnam and the ever rising number of Chinese passengers. One of our core business model pillars is of course wholesale and there we will concentrate on our existing partners and expand our business.”* She goes on to say: *“We look into every opportunity and project in minute details. Naturally, there are challenges too, mainly linked to dynamics in political situations in the region which have an impact on travel patterns and spend behavior. However, there is great potential and we will continue to monitor different markets with a view to expand. This is in line with our strategy of achieving long-term profitable and sustainable growth.”*



SYNERGY OF THE GLOBAL ORGANISATION

The synergy of Heinemann’s global organisation is also a driving factor for future development. One example is the cruise channel. The cruise business is a focus area not only for the company in Asia Pacific, but also internationally. Heinemann has various global presences serving this channel with Miami being the group’s cruise hub. Heinemann in Asia Pacific and Heinemann Americas are working closely in a global partnership, also pooling the group’s extensive expertise in airport retail, distribution and logistics and bringing it to the cruise channel.



*Rajshree Dugar,
Director Corporate Strategy and Business Development
at Heinemann Asia Pacific*

Strategic Partner – Human Resources helps to develop a future-ready organisation at Heinemann Asia Pacific.

Growing the business means investing in people growth – having become a fully-established and recognised operator in the travel retail market in Asia Pacific, Heinemann placed a strong emphasis in 2019 on further developing its organisational structure to support sustainable growth. As the team is spread across various sites in Hong Kong, Malaysia, Australia and Singapore, a regional approach is required to create consistency and alignment across the organisation. Furthermore, in order to evolve and support the business and people agenda in the best possible way, Human Resources needs to become a strategic partner in helping to create a future-ready organisation. *“We are focusing on the sustainability of our activities and expanding them,”* says Marvin von Plato, CEO of Heinemann Asia Pacific. *“We are doing this always with the objective of generating profitable growth for the entire company and for our staff, each of whom should be able to follow a clear career path. To ensure this, and to achieve the best possible results, we have created the new position of Associate Director, Human Resources in Singapore.”*

At the beginning of 2020, Che Lewer, formerly Head of Human Resources at Heinemann Australia, joined the regional team as Associate Director, Human Resources at Heinemann Asia Pacific. According to her, it is imperative that *“We have our finger on the pulse and are proactive and innovative in our approach to ensure that we are agile and can manage organisational changes effectively whilst building future capabilities and competence to support business and people growth simultaneously. As a business, we want to enable career growth and individual progression locally, regionally and globally. Among our planned projects are the strengthening of global collaboration across all channels, i.e. Retail, Distribution and Cruise, as well as enhancing our employer brand, our employee value proposition and in turn attracting talent, enhancing retention and increasing staff engagement.”*

GETTING READY FOR THE FUTURE

At the start of 2019, Heinemann Asia Pacific further streamlined its ways of working to promote efficiencies in its business and enable further collaboration and career development within the region. This involved a transition within the business, whereby the Purchasing function would relocate from Sydney to Singapore from a macro level, strengthening the company's position in the market, its ways of working and further developing the team within the region. Change management and effective



communication supported the transitional period, whereby processes were identified and mapped locally and regionally. Knowledge transfer was important to ensure that the business and staff were supported in the best possible way. This is a challenging task that is still underway.

What does Heinemann Asia Pacific need in order to grow internally and be future-ready? *“It is about identifying key objectives and understanding what the region requires now and in the future,”* responds Che Lewer. *“And it is about understanding our people and their aspirations and ensuring that we have the right people in the right areas of our business as well as growing our talent. Moreover, it is about establishing clear processes as well as clear accountabilities and effectively transferring knowledge and cascading information to our people. Creating consistency and alignment across the region is key to ensure that we are effectively driving our people agenda and taking it to the next level.”* She goes on to say: *“We want to be an Employer of Choice and this requires us being able to bring our people on the journey in order to support our whispering talents as well as our leaders leading others.”*

Talent mapping, i.e. enabling career development and individual progression, is an essential part of this process. *“Understanding our key risk roles and planning for succession and business expansion is crucial. Moreover, creating a robust learning and development approach will further support and promote in building technical and leadership skills and capabilities from a Corporate, Retail, Distribution and Cruise perspective,”* she adds.



Che Lewer,
Associate Director Human Resources
at Heinemann Asia Pacific



A TRULY INTERNATIONAL WORKPLACE

In her role as Associate Director Human Resources, based in Singapore she works closely with her Human Resources colleagues in Asia, Australia, America and Europe. Regular meetings, open communication and exchanges of best practices and expertise form the basis of this close collaboration. In 2020, employer branding is a focus from a global perspective, whereas talent attraction, recruitment, engagement and management are the focus for Heinemann in Asia Pacific.

Che Lewer concludes by saying: *“I am proud to be part of the Heinemann family and to be in a position where I can drive our people agenda regionally. Establishing the Human Resources function as a trusted strategic and commercial business partner is important in order to enable future business and people developments and in turn support Heinemann’s expansion in Asia Pacific.”*



BRAND AMBASSADORS

Developing a relevant communication strategy for a global employer brand is all about people

How does an international player like Gebr. Heinemann develop a successful employer brand and position it on the global market? An initial approach has been found by the HR department in the company's own employees. In joint workshops with participants from the broadest range of specialist areas, including managers, those aspects and facets that in particular characterise Gebr. Heinemann as an employer were singled out. The insights and learning gained offered the best foundation for defining the new employer brand and its values. In a second step, a communication concept was developed that could be used to appropriately convey the employer brand in an exciting way. Gebr. Heinemann employees have appeared as brand ambassadors in the Gebr. Heinemann & You campaign, which is now being rolled out worldwide and gradually implemented in all relevant markets.

ATTRACTING TALENTED PEOPLE AND DIFFERENTIATING FROM THE COMPETITION

"A successful employer brand needs to be authentic and make each target group aware of the brand benefits they can expect," explains Corinna Bug, Head of HR Marketing & Talent Acquisition. *"Following on from the workshops with the employees and managers, it was important to identify, from among all the characteristics that describe us, those characteristics which are particularly relevant for our target groups in the labour market and those which differentiate us from the competition. Our campaign, in which our own employees appear as brand ambassadors, aims to enliven and make vivid our values, providing an authentic and credible insight into our company and our day-to-day work."*

Dr Wolfgang Thiele, Global Director HR, explains: *"The employer brand indicates to applicants the values the employer stands for and what makes that employer unique. The core of our employer brand is precisely formulated in our employer value proposition, 'Appreciation of people, Commitment to excellence', which accurately describes Gebr. Heinemann and which also makes us different from the rest."*

THE WORLDWIDE ROLL-OUT HAS BEGUN

"The external and internal roll-out is now taking place worldwide at all relevant Gebr. Heinemann locations," explains HR Marketing Manager Christina Poultoirtzidou. *"The employer brand is being used along the entire candidate journey, whether at job fairs, trade fairs, in job advertisements, on banners, or in future on a newly designed career website. All potential applicants will see the employer brand, so the positive image of our company we want to present to future employees is anchored in a uniform appearance across all channels, allowing us to increase awareness of Gebr. Heinemann as an international player and attractive employer, while boosting our profile in the market,"* she adds. *"While the employer brand has already been implemented in many markets and at many touchpoints, the process is continually in motion since there are always more opportunities for including the employer brand and its values in day-to-day business. It's great to see the enthusiasm at all of the locations, and how each of them is putting their own stamp on the campaign."*



ONE APPROACH, ONE BRAND, ONE PRESENCE, WORLDWIDE

"The employer brand has an international effect," emphasises Dr Wolfgang Thiele. *"Looking extensively into the various contexts and target groups in our markets, we have learned what terms may need to be adjusted linguistically to make our core message work globally, taking into account the particular features of each location when localising our message. We never adjust the core of our brand though, which remains the same around the world."*

Janina Stucke, Head of HR Partners Global at Gebr. Heinemann, adds: *"Our international locations have been very pleased to be able to implement for themselves the fresh employer brand and associated campaign. Between November and January, our employee Marieke Michels travelled throughout the Asia-Pacific region, as well as to Vienna and Budapest, to present our employer brand at our locations, and to support our colleagues in the local roll-out. The enthusiasm for the campaign was so great in Asia that employees there decided to become local brand ambassadors themselves."*

Tugce Karakaya

Sales Team Leader Perfume & Cosmetics at Hamburg Airport

"In my job I come into contact with different cultures and ways of thinking every day. I am learning how to approach others openly and to improve my sensitivity for international customers. The atmosphere at Gebr. Heinemann is very dynamic, allowing me to develop constantly. I enjoyed the photoshoot and I welcome the opportunity the campaign affords to take my enthusiasm for the company out into the world."

Folke Thiele

Floor Manager Inbound/Outbound at Allermöhe logistics centre

"Even during my training programme at Gebr. Heinemann I was very impressed by the international work and the sophisticated, perfectly coordinated logistics processes. By being part of this campaign I have the opportunity to contribute to making Gebr. Heinemann even better known as an employer, particularly in the logistics industry."

Pamela Bergmeyer

Head of Buying Perfume & Cosmetics

"I've worked at Gebr. Heinemann for 13 years and have found each year to be different. There are always new challenging projects, for example new joint ventures or the opening of new retail spaces. We have acquired many first-class brands in recent years that have expanded our expertise in Perfume & Cosmetics, and this has been a varied and very interesting experience. I enjoy getting involved as a brand ambassador for Gebr. Heinemann. I like the fact that we treat each other with appreciation and respect. We also look to create harmony between employees, not only on a professional but also on a personal level."





THE RIGHT MINDS IN THE RIGHT MARKETS

Global careers help Gebr. Heinemann to move potential
where it flourishes best



“Gebr. Heinemann’s global growth offers an incredible range of opportunities. We have employees with important skills and valuable expertise all around the world,” according to Janina Stucke, Head of HR Partners Global. *“Our task is to make sure that this potential is directed to the right places in the company.”* Human Resources has therefore made a priority of fostering global careers, creating new support schemes.

In 2018, the Internal Global Job Market was introduced, which provides employees with information about global career options and allows them to apply for international vacancies. *“This creates greater transparency around global development opportunities. However, to be able to fill these roles in the best way possible, we also need to know which employees are suitably qualified and internationally mobile,”* says Janina Stucke. So last year, her department created the Global Career Pool, which contains profiles of employees who have shown promise based on their performance, as well as potential and motivation for a global career path.

INTERNATIONAL CAREERS FACILITATE KNOW-HOW TRANSFER

“The transparency created around global vacancies on the one hand, and the globally mobile high-potential employees on the other, allowed us to significantly increase the number of international career moves last year. Global careers at Gebr. Heinemann make a fundamental contribution to worldwide know-how transfer and thus to our company’s long-term success and growth,” Dr Wolfgang Thiele is pleased to report. The Career Pool is an outstanding instrument for building long-term enthusiasm for Gebr. Heinemann among employees. It also opens a recruiting channel for locations not yet well known in the local labour market. *“Ultimately, both parties benefit equally,”* says Janina Stucke. *“While our colleagues benefit from great development opportunities, the company benefits from highly motivated employees who are interculturally aware and globally connected.”*



Süsra Taymaz from Istanbul

Senior HR Partner Global at Gebr. Heinemann (previously at ATÜ Duty Free), responsible for the regions of Central & Southern Europe, the Americas, Near East & Turkey.

“I am really happy to be able to gain my first international professional experience here in Hamburg. Gebr. Heinemann offers me the opportunity to use my expertise in various countries around the world. The implementation of global personnel projects which impact business results at various locations will make a crucial contribution to my professional development. I happily accept the initial challenges posed by the culture and the new company knowing I have the support of my colleagues. The opportunity I have been given has demonstrated to me once again how much Gebr. Heinemann supports global careers within the group, a fact I and many other colleagues find forward-looking.”



Mark Bardosi from Miami

International Key Account Manager for Royal Caribbean Cruises at Heinemann Americas. Before moving to Miami with his family, Mark Bardosi worked for Gebr. Heinemann at Budapest Airport as Head of Sales.

“While still working in Budapest last June, I was already involved in the transfer of a cruise ship to Heinemann Americas. The support I got from my team in Budapest during this period and the work we did together were extraordinary! The opportunity to work at a global level now is a fantastic chance to develop professionally, learn about new cultures and experience how different ideas can contribute to the company goals. The cruise industry is an extremely dynamic field where we need to be ahead of the trends. This requires in-depth knowledge as well as expertise all around, which I am focusing on building as fast as possible.”





ESPACE VOYAGEUR

The future vision of travel retail

With global mobility currently being restricted, the Duty Free industry is facing a challenging year. It is not yet foreseeable how lasting the effects on the travel retail market will be. Reason enough for an expert discussion with Gebr. Heinemann owners Claus and Gunnar Heinemann, Secretary General of the German Travel Retail association Dr Christian Breitzke, Gebr. Heinemann Director Corporate Affairs Dr Jennifer Cords and communication and aviation expert Cord Schellenberg.

The global travel retail market directly reflects the risks and advantages of an internationally networked society. While an economic upturn will positively affect worldwide air traffic, other external factors such as strikes, terrorist threats, the global outbreak of diseases like Covid-19 and geopolitical developments will negatively impact how people travel. Gebr. Heinemann understands these mechanisms and will use all its commercial experience to ensure that the company finds the necessary balance going forward. *“Our industry is volatile, but we know how to deal with challenges in our market and we are always thinking beyond current events. We combine 140 years of experience with being 100 percent family-owned, which enables us to make the necessary decisions quickly and flexibly. We are beholden to no one apart from the company itself, our employees and our partners. Our company has already proven to be very successful in overcoming many challenges in difficult times,”* explains Claus Heinemann.

The company is focused on the common future and on the joint long-term goals of Gebr. Heinemann, landlords and brand suppliers. *“We think in terms of generations, not in terms of quarters, and we aim to achieve something that benefits all market participants. Despite the current challenges of the coronavirus pandemic, Duty Free*

as a business model has a great future ahead of it, but it must be practised consistently. It is therefore important for us to work together with those stakeholders who support our business model,” explains Dr Jennifer Cords, Director Corporate Affairs.



Dr Jennifer Cords and Claus Heinemann

ETRC LABELLING PLATFORM FOR TRANSPARENT LABELLING

Travel Retail is a highly controlled market environment acting on a daily basis under strict customs control. This is why one core future topic is the creation of regulations fit for the travel retail market within the European Union. Gebr. Heinemann is pursuing the idea of an “Espace Voyageur”, i.e. standard regulations for the sale of goods to travellers behind boarding pass checkpoints. Manufacturers would benefit from simplified but tailored legislation for travel retail products. Instead of a plethora of regulations for labelling (e.g. food) in each country, there could, for example, be standard regulations that are valid for all EU member states at airports and on ferries. In this context, Gebr. Heinemann is advocating strongly for digital product labelling that allows travellers to scan the barcode on confectionery, spirits and perfume & cosmetics using their smartphone. Useful product information such as ingredients, allergens and nutritional value would then be immediately displayed in several languages. The labelling platform of the European Travel Retail Confederation (ETRC) is the industry-specific response to challenges presented by the EU directive relating to food information for consumers, which was originally developed for the domestic market. Gebr. Heinemann expects this digital off-pack solution to create more transparency for customers and lower costs for the Duty Free industry.



REGULATIONS BENEFITING TRAVELLERS AND INDUSTRY

Because boarding pass checkpoints make the travel retail market both clearly defined as well as small in relation to the domestic market, it also needs the right regulation that takes into account the interests of both industry and travellers. The Espace Voyageur model ideally meets the needs of both. “*The industry must advocate for this pioneering model in Brussels to make it a reality. The EU Commission is interested in our market and should also be interested in not having to make exceptions all the time. The rules originate from Brussels and not from the individual member states,*” says Dr Christian Breitzke, Secretary General of the German Travel Retail Association.

For Cord Schellenberg, who has been advising Gebr. Heinemann as a communications expert for more than 20 years, it is clear that “*Travellers want travel retail. They appreciate the privilege of shopping differently at airports or on board ships. It has been part of the travel experience for over half a century and policymakers would be well advised to strengthen this special marketplace with its international flair.*”

More must be done in future to convince the EU Commission of the unique nature and commercial distinctiveness of the global travel market. The whole travel retail industry would benefit in the long term from practical implementation at airports and on ferries within the European Union.



Dr Christian Breitzke



Cord Schellenberg





Gunnar Heinemann

“The appeal of Duty Free is greater than ever because Duty Free has not only been a shopping window for the industry for decades, but also a test market for brands. Whenever a new product is launched in this market, its reception by the core target group is rapidly apparent. Travellers experience outstanding brands up close, which is also why they appreciate shopping at airports or on board ships. Duty Free and Travel Value will in future remain an important component of travel in Europe,” believes Gunnar Heinemann. And going forward it will stay the origin on which Gebr. Heinemann successfully continues its entrepreneurial work into its fifth generation.

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ABOUT THIS REPORT

The current Annual Report provides information about the Gebr. Heinemann 2019 financial year. In the sections entitled Corporate News, Reviews, Insights and Outlooks, we report on the family-owned company's global activities, key financial figures and corporate responsibility initiatives.

The Annual Report, which is published in English and German, is part of Gebr. Heinemann's corporate media publications and is geared towards employees, customers, suppliers, business partners and journalists.

Since the editorial deadline of the current publication was in April 2020, it contains some information from the first two quarters of 2020. Personnel numbers generally refer to an average of full- and part-time employees.

Contingent upon the spread of coronavirus and its unforeseeable effects on global travel, the information was correct at the editorial deadline.

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