



DUTY FREE PHILIPPINES CORPORATION

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ACCOMPLISHMENT HIGHLIGHTS FOR FY 2018 and 1st Quarter FY 2019

Duty Free Philippines Corporation is an attached agency of the Department of Tourism under Republic Act No. 9593 otherwise known as the Tourism Act of 2009. It is a body corporate to operate the duty and tax free merchandising system in the Philippines to augment the service facilities for tourists and to generate foreign exchange and revenue for the government.

With a revitalized corporate mission and vision under its new management, Duty Free Philippines Corporation (DFPC) embarked on the streamlining, strengthening and restructuring efforts to expand business growth and improve productivity, and efficiency.

Guided by its Mission that in the service of Philippine tourism, DFPC is committed to make duty and tax free goods and local goods available to international travelers and Balikbayans, by operating and/or franchising retail outlets in international points of entry and other major tourism areas, DFPC is now more committed to provide the highest quality of service, improve its value to its business partners, stakeholders and clients by adhering to effective and efficient Quality Management Systems that are compliant with global standards and legal requirements. DFPC is continuously empowering the performance of its personnel with a well - balanced work environment characterized by integrity, teamwork, professionalism and excellence.

ENHANCE THE DFPC BRAND AS A STANDARD OF QUALITY AND SUSTAINABLE SHOPPING EXPERIENCE

As the tourism industry continues to surge in the Philippines, DFPC is in a prime position to take on the increasing influx of travelers. The need to redefine the shopping experience of its target market led to the launching of new stores in Mactan-Cebu International Airport Terminal 2, NAIA Terminal 3 Landside, and Duty Free Philippines LUXE in SM Mall of Asia Complex. Moreover, the agency has seen an advantage to bring in popular local street concepts to the airport terminals. These paved the way for DFPC to showcase premium export quality local products in our stores to give our foreign visitors a sense of place of Filipino culture.

As of December 31, 2018, DFPC is operating the tax and duty free stores located at the following:

- a. Fiestamall, Paranaque City;
- b. Ninoy Aquino International Airport (NAIA) Terminal 1 – Arrival and Departure, Pasay City;

- c. NAIA Terminal II – Arrival and Departure, Pasay City
- d. NAIA Terminal III – Arrival and Departure City, Pasay City
- e. Mactan International Airport – Arrival and Departure Lapu-lapu City, Cebu;
- f. Davao International Airport – Arrival and Visitors Center, Davao City;
- g. Kalibo International Airport – Arrival and Departure, Kalibo, Aklan;
- h. Clark International Airport – Pre-Departure and Arrival Area, Clark Freeport Zone
- i. Iloilo International Airport – Arrival Area, Cabatuan, Iloilo; and
- j. New Bacolod (Silay) International Airport – Arrival Area, Bacolod City.

GO LOKAL stores, an initiative of the Department of Trade and Industry, are retail concept stores displaying quality and innovative Philippine products and crafts, have been a staple in all DFPC outlets.

MARAHUYO, a boutique in DFPC Luxe carefully curated by top Filipino stylist, *Budji Layug*, in collaboration with DTI, will cater to a wide selection of premium Filipino local products to international travelers. Local artisans will be given more traction to foreign, regular and returning Filipino travelers. This will be implemented through partnerships and collaboration with other key Government Agencies. DFPC perceives it as an effective vehicle to promote Filipino creativity and love of country.

Duty Free Philippines Corporation will put up an outlet store in Hilton Clark Sun Valley Resort in Clark Freeport Zone, Pampanga as it continues to boost its presence in major tourism and trade destinations to tap the increasing number of foreign tourists and expatriates in the country.

Further, the development of our online shopping website is on the process and is set to launch by the 4th quarter of this year.

The opening of the said new stores strongly supports DFPC's goal of boosting Philippine Tourism and impact to the country's socio-economic development. Additionally, such are manifested to further enhance the corporation's travel retail presence to augment the country's revenue and continually support tourism sectoral programs and projects of the government.

MARKETING PROGRAMS

DFPC has enhanced its marketing strategy to strengthen brand awareness and product visibility. Part of DFPC's corrective measures is to diversify the mix of brands available

in the airport to attract a larger portion of travelers and to discover ways to provide a more unique commercial experience. Corollary to this, DFPC continues to employ measures that will strengthen its financial viability and sustainability.

For advertising and promotions and social media mileage, DFPC has created its Social Media Unit to enhance DFPC public awareness, consequently, achieving a more market focused messaging and platforms in all publicity and promotion materials. Awareness of what the Corporation is, its function and contribution to the Tourism industry has also been prioritized.

Tactical advertising support was also allocated to market teams to complement DFPC visibility, and finance joint advertising promotions with travel agents, airlines, out of home ads, digital and social marketing sites.

This year, DFPC will also embark on a market research and brand audit activity through a third party service provider. DFPC will be implementing a Marketing/ Media Plan in close coordination with DOT and TPB to further increase awareness and convince target markets to turn intentions to actual purchase in our stores.

ACHIEVE CONTINUOUS GROWTH AND SUSTAINABILITY AND TO CONTRIBUTE TO TOURISM PROGRAMS AND PROJECTS

Improvements in retail operations will continue to be undertaken. DFP Stores at NAIA Terminals 1 and 2 have undergone major renovations. Fiestamall, DFPC's flagship store, will have its facelift on the 3rd quarter of 2019. The renovation will offer a better in-house experience for the customers and travelers.

As an effect of the revitalized corporate vision and mission, the agency has recorded a total net sale of \$ 217.89M in 2018 as compared to \$213.56M in 2017. A \$4.33M increase in the net sales is notable. This is attributable to the opening of additional stores, intensified social media campaigns, continued development of the online shopping platform and cost cutting measures to attain financial sustainability. Sales at the DFP LUXE outlet will be additionally boosted once the store commences its grand launching in late October. Corollary to this, DFPC's recent agreement with WeChat Pay and Alipay, which serve as cashless online payment systems favored by Chinese tourists, will support sales catch-up plans for this year.

Store operations, however, has been difficult to sustain in the provincial international airports due to the limited space to be leased resulting to a narrow product mix. DFPC is looking for solutions to address customer needs and expectations which can greatly affect dramatic sales in all DFP stores.

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The management of DFPC is employing all necessary measures and substantives to increase the sales, revenue, and improve its performance. Moreover, enhancing the Quality Management System of the agency is also the one of the key priorities of the management. Lastly, DFPC is confident to build a team of highly motivated, competent and productive employees for a better Duty Free Philippines Corporation.

PERSONNEL AND HUMAN RESOURCES DEVELOPMENT

DFPC is in the process of reorganization and has hired a former CSC-CSI Executive Director to conduct all the necessary steps and requirements of the Governance Commission on Good Governance (GCG) on reorganization. The consultant is in the process of crafting the proposed Organizational Structure through a participatory action research workshop aimed at assessing the degree of appreciation and understanding of employees on DFPC programs and services as well as their perceived capability to deliver an end product.

The Strategic Performance Management System (SPMS) has also been conducted in four (4) sessions with an action research activity with Division Managers to walk them through organizational performance using their performance commitments as jumping board.

Other trainings, seminars and workshops were also held during the latter part of 2018 till mid-2019 aimed on how to best represent the organization through proper appearance and behavior within and beyond the workplace.

MANAGEMENT INFORMATION SYSTEMS

A responsive Management Information System, the Power BI- Business Intelligence Tool that will provide data visualization was rolled out to provide analyses for management as: Market Basket Analysis, Footprint Traffic Top Sellers, Top contributors and categories.

The Digital Marketing Support was also provided by the DFPC MIS Department on the following areas: Kiosk, Digital Signage and People pointer, electronic catalogue and electronic shopping list which are all needed in DFPC's operations.

AX ERS (Enterprise Retail Solution) is an end to end integrated retail solution with features as logistics, finance, POS retail, merchandising and others.

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