cdf 中免集团
CHINA DUTY FREE

2024~2025

CDFG Consumption Whitepaper

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Foreword

As a state-owned enterprise under central administration with a full domestic duty-free operational license, China Duty Free Group Co., Ltd. (hereinafter referred to as “CDFG”) has established a leading industry advantage. By leveraging its extensive customer base, omnichannel layout, and robust global supply chain partnerships, CDFG ranked first globally in the industry for three consecutive years from 2020 to 2022.

With accelerating consumer transformations—such as the rise of “Guochao” (China Chic), the emergence of the silver economy, the release of potential in lower-tier markets, structural adjustments in the luxury sector, and omnichannel integration—CDFG is actively responding to government initiatives. The Group is converting policy dividends into growth momentum, adhering to its philosophy of “Integrity in Operation, Excellence in Service”. By focusing on a high-quality development path, CDFG continues to strengthen its core advantages. It remains customer-centric, dedicated to meeting consumer demand for a quality lifestyle, and aims to build a brand perception of “YOUR WORLD OF DELIGHT” while striving to become a world-class digital and intelligent travel retail operator.

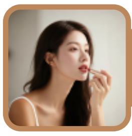
In 2025, on the cusp of the conclusion of the “14th Five-Year Plan” and the commencement of the “15th Five-Year Plan”, CDFG is releasing the CDFG Consumer White Paper. This report shares CDFG’ s user consumption trends with the industry to foster the development of the duty-free and travel retail market ecosystem and boost the confidence of brands, capital markets, and consumers.

Executive Summary

In 2024, the global duty-free and travel retail market experienced a significant recovery, with its scale returning to pre-2020 levels. Asia-Pacific and Europe remained the main markets, while Europe, Africa, and the Middle East led in growth. Airport, inflight, and ferry channels showed outstanding growth, and core categories such as Perfumes & Cosmetics and Wines & Spirits performed steadily.

In the Chinese market, industry concentration continued to increase, with CDFG solidifying its leading position with a 78.7% market share. Market expansion was driven by the optimization of Hainan’ s offshore duty-free policy, the advancement of downtown duty-free shop policy, and growth in domestic and international tourism, as well as increased inbound consumption. In 2024, CDFG’ s user base exceeded 100 million (a YoY increase of over 25%), with a substantial rise in spending by foreign users. As of June 2025, CDFG’ s membership surpassed 45 million, exhibiting structural characteristics where “Women Dominate The User Base, While Men Lead In High-End Spending”, alongside a “Dual-Track Trend of A Large Youth Base And High-Luxury Consumption by Mature Customers”.

Based on in-depth customer research, CDFG has segmented its core customers into nine major archetypes, ranked by sales contribution: The Self-Care Connoisseurs, The Luxury Lifestyle Connoisseurs, The Aspiring Upgraders, The Spirits Aficionados, The Tech Adventurers, The Trend-Driven Stylists, The Senior Quality Seekers, The Performance Athletes, and The Foreign Travelers. Each segment displays distinct consumption characteristics and preferences.


The Self-Care Connoisseurs


The Luxury Lifestyle Connoisseurs

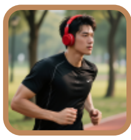

The Aspiring Upgraders


The Spirits Aficionados


The Tech Adventurers


The Trend-Driven Stylists


The Senior Quality Seekers


The Performance Athletes

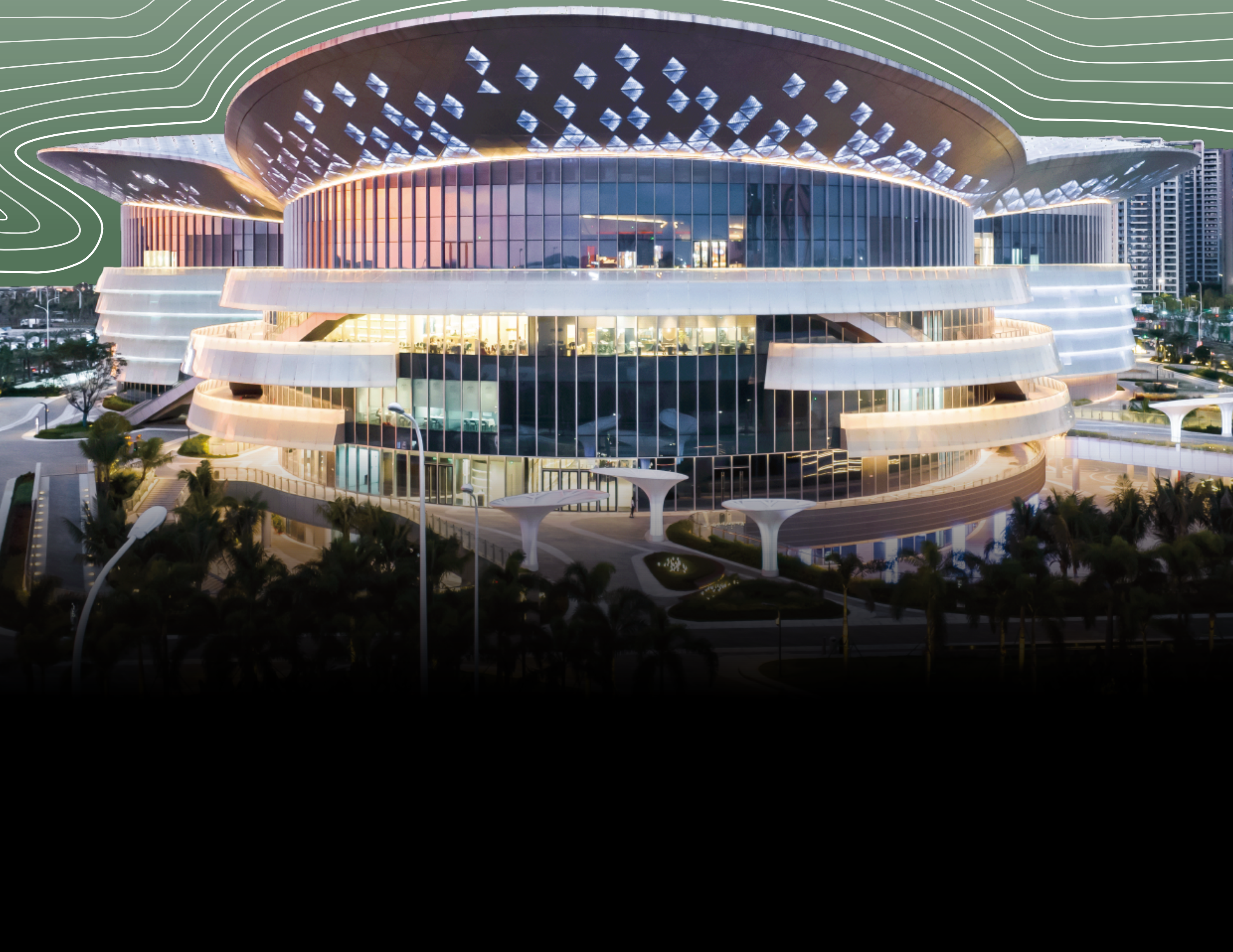

The Foreign Travelers

In terms of category consumption, Perfumes & Cosmetics remained stable, Wines & Spirits grew by over 20% (led by whisky), and ultra-high-end Luxury Goods priced over RMB 100,000 saw an increase of over 40%. CDFG has established a product matrix of over 360,000 SKUs across all categories, including Fashion & Accessories, Perfumes & Cosmetics, and Liquor & Tobacco. In 2024, the Group successfully introduced over 200 new brands and exclusively launched over 500 globally limited-edition products across 19 collections, continuously enhancing its merchandise competitiveness.

China is projected to become the world’ s largest duty-free market by 2025. In the future, CDFG will advance seven key strategies, transforming into a lifestyle platform and guiding the industry toward continued innovation and growth.

01

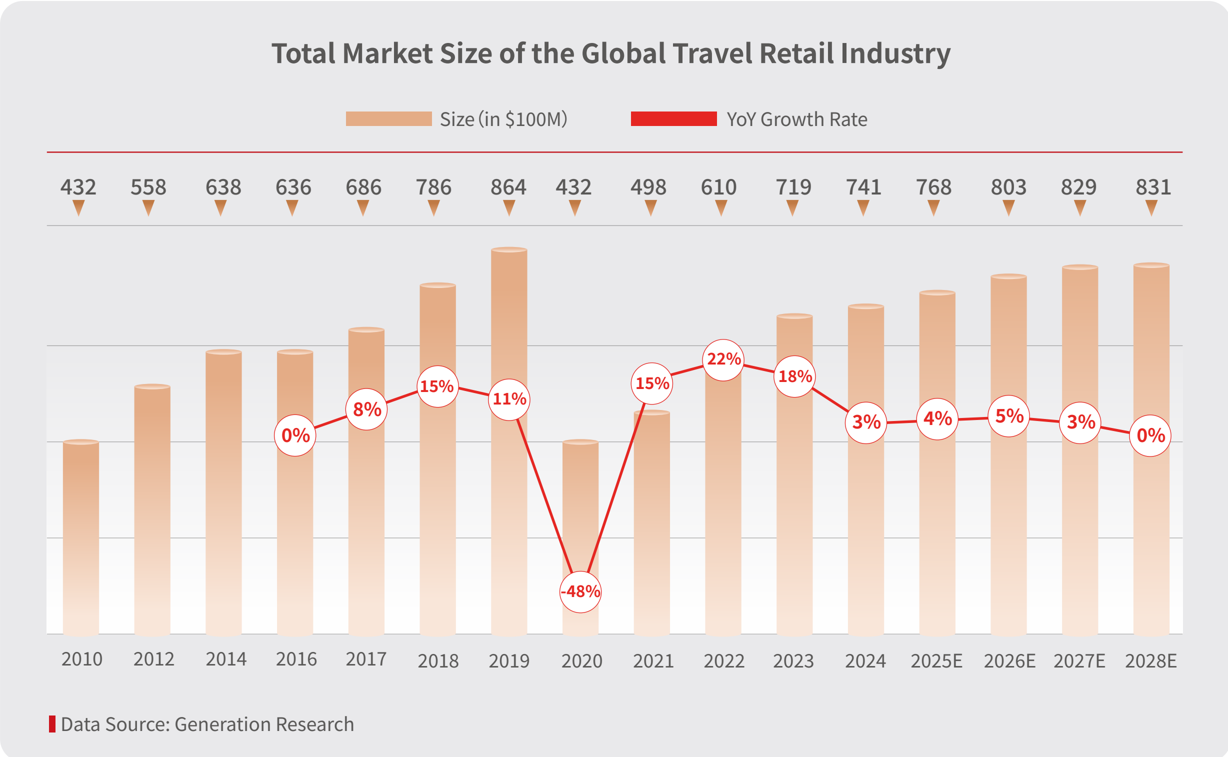
Global Duty-Free and Travel Retail Market Competitive Landscape



PART 1
Global Duty-Free and Travel Retail Market CompetitiveLandscape

1.1 Global Duty-Free and Travel Retail Market Size and Growth Drivers

The global duty-free and travel retail market continued to grow in 2024-2025, gradually recovering to pre-2020 levels. In 2024, the global duty-free and travel retail market reached a size of $74.13 billion, representing a year-over-year (YoY) increase of 3% in USD terms and a recovery to 85.8% of its 2019 level.



The growth of the global travel retail market is driven by a combination of factors, including the recovery of international tourism, policy support and market liberalization, the development of emerging markets, and digital transformation.

1. **The recovery of international tourism is the core driver of growth in the duty-free and travel retail market.** Although global tourist arrivals saw a sharp decline in 2022, global international passenger traffic had recovered to 2019 levels by 2024.

2. **Government policy support and market liberalization have promoted the development of the global duty-free and travel retail market.** For example, in 2024, Hainan' s offshore duty-free policy was enhanced by optimizing pickup methods and upgrading services to improve market performance and the consumer experience. The issuance of consumption vouchers and marketing innovations helped stimulate shopping potential. To attract spending from foreign travelers in China, the country introduced facilitated policies for tax refunds on departure and is actively promoting the implementation of "Buy and Refund Now".

3. **Key regions and emerging markets are major drivers of growth for the global duty-free and travel retail market.** In 2024, Asia-Pacific and Europe remained the world' s most important duty-free markets, with rapid growth in emerging markets like the Middle East and Africa also making a significant contribution.

4. **Digital transformation is a key growth engine for the duty-free and travel retail industry.** With the

rapiddevelopment of e-commerce, online business has become a new growth point. Furthermore, enhancing the digital shopping experience through data analytics and customer insights, as well as leveraging advanced technologies like AI and AR, are key strategies for future growth.

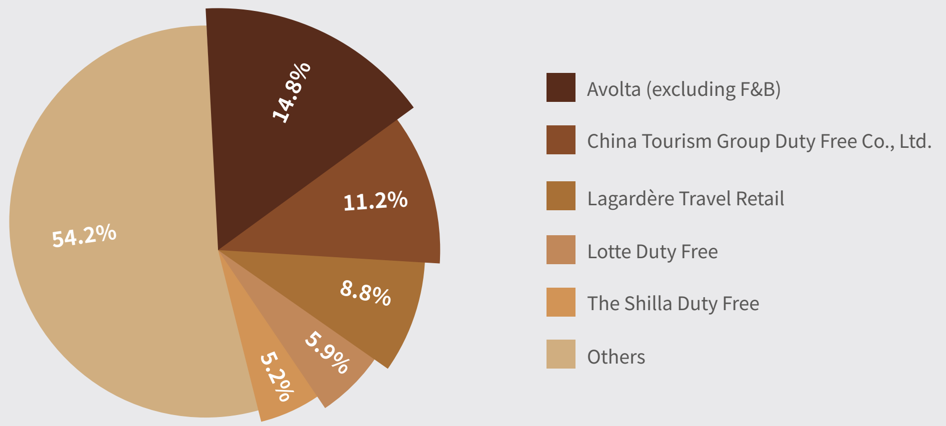
5. **Personalized services and immersive shopping experiences are driving the transformation of duty-free shops toward an "Experiential" retail model.** Tourists have high expectations and strong demand for duty-free consumption: High-Net-Worth (HNW) consumers maintain high spending power on luxury brands; some consumers' demand for personalized services and immersive shopping experiences is also increasing, pushing duty-free shops to adopt an "Experiential" retail model. In China, the shopping potential of foreign tourists is gradually being unlocked.

6. **Green, low-carbon, and environmental protection initiatives are driving the industry's sustainable development.** Many international brands and retailers have begun to prioritize environmental and social responsibility issues, adopting greener and more low-carbon approaches in product design, supply chain management, and other areas.

1.2 Global Duty-Free and Travel Retail Market Competitive Landscape

In 2024-2025, the global duty-free and travel retail market is characterized by intense competition, primarily concentrated in the three core regions of Asia-Pacific, Europe, and North America. Leading market players include Avolta, China Tourism Group Duty Free Co., Ltd., Lagardère Travel Retail, Lotte Duty Free, The Shilla Duty Free, Heinemann, and Shinsegae Duty Free. Among them, Avolta and China Tourism Group Duty Free Co., Ltd. (the listed entity of CDFG) hold leading market positions, with market shares of 14.8% and 11.2% respectively in 2024.

2024 Global Duty-Free and Travel Retail Market Sales Share



Source: The Moodie Davitt Report

Figure: cdf Beauty in Citygate Outlets

Key Strategic Initiatives for 2024-2025

Avolta

Diversified Strategic Layout:

- Expansion into emerging markets, such as Saudi Arabia and Tunisia
- Enlarging Asia-Pacific footprint by acquiring Free Duty and winning the duty-free contract at Medan Kuala Namu International Airport in Indonesia
- Focusing on the Chinese market through a joint venture with Wuhan Tianhe International Airport and a strategic partnership with Alibaba

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Omnichannel Ecosystem Strategy:

- Deepening the integration of culture, commerce, sports, tourism, and health through Hainan' s innovative "Duty-Free+" model
- Achieving high revenue growth at Beijing and Shanghai airport shops
- Accelerating the layout of overseas businesses in Singapore Changi Airport, Hong Kong International Airport, Tokyo' s Ginza district, etc.
- Establishing a network of 12 downtown duty-free shops in mainland China
- Promoting the globalization of Chinese brands through the "Guochao Going Global" initiative
- Enhancing the 45-million-member system and digital operations

Lagardère TRAVEL RETAIL

Business Expansion and F&B-Retail Integration Strategy:

- Acquisition of Tastes on the Fly
- Market expansion and steady growth in Europe, the Middle East, and the US
- Significant growth in food & beverage business
- Expansion of shop network and upgrading of concepts

LOTTE DUTY FREE

High-Profit, High-Experience Travel Retail Model:

- Focusing on HNW customers and local consumers
- Optimizing core shops
- Renewing the Liquor & Tobacco duty-free concession at Singapore Changi Airport
- Expanding with 12 new shops in locations including Australia, Guam, and Indonesia

THE SHILLA duty free

High-End Strategic Transformation:

- Deepening partnerships with leading luxury brands
- Optimizing shop image and product assortment
- Upgrading the membership system to attract local HNW customers with exclusive products, bonus points, etc.
- Optimizing the supply chain by streamlining inefficient SKUs and focusing on high-profit categories like luxury goods, watches, and jewelry

Data Source: Source: Public market data, compiled by Data100

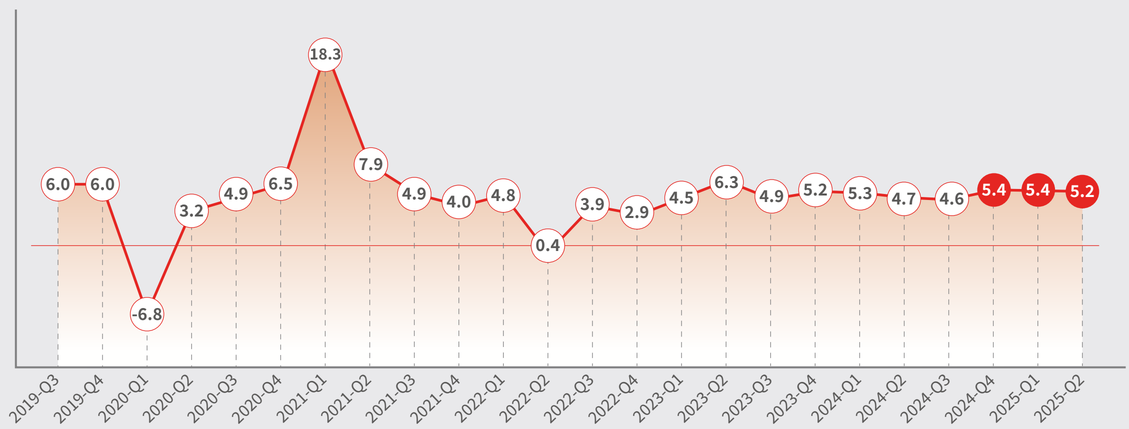
1.3 China's Duty-Free and Travel Retail Market Development Landscape

1.3.1 Development Potential of China's Duty-Free and Travel Retail Industry

China's economy is stabilizing after a period of fluctuation, with consumer confidence gradually recovering amidst volatility.

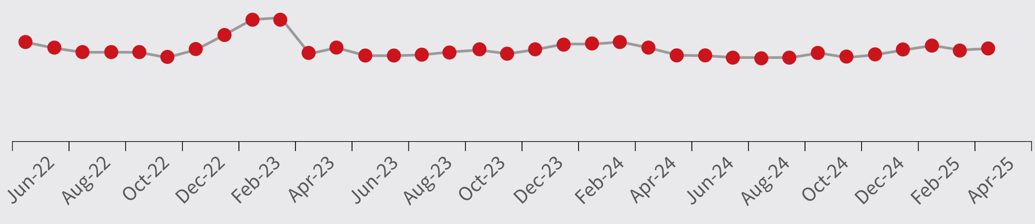
Based on an analysis of national GDP trends from 2023-2025, China's economy is showing a steady recovery after a period of adjustment. Driven by the sustained release of policy effects and expanding domestic demand, the Consumer Confidence Index has remained stable, creating a favorable macroeconomic environment for the duty-free and travel retail industry.

2019-2025Q2 National GDP Growth Rate (%)



Source: National Bureau of Statistics, compiled by Data100

2024-2025Q2 National Consumer Confidence Index



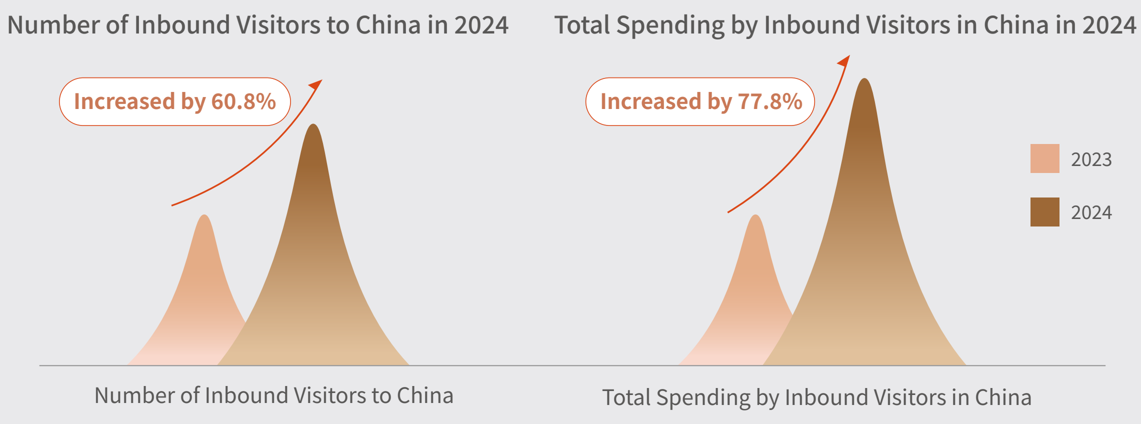
Source: National Bureau of Statistics, compiled by Data100

In 2024-2025, the domestic and outbound tourism markets continued to maintain steady growth.

China's outbound tourism market continues to recover, with 146 million outbound trips in 2024. Traditional destinations like Japan, South Korea, and Southeast Asia remain popular, while emerging niche destinations such as Da Lat, Vietnam, and Penang, Malaysia, are gaining traction. The 2025 Chinese New Year market saw further recovery, showing a simultaneous rebound in both short-haul and long-haul travel.

In 2024, cross-border consumption by foreign travelers continued to rise, with a significant YoY increase in inbound spending.

Benefiting from policies such as visa-free entry and payment facilitation, the number of inbound tourists to China increased by 60.8% YoY in 2024, reaching 131.9 million, with total spending rising by 77.8% to $94.2 billion. The number of foreign tourists visiting China is expected to continue climbing in 2025. (Source: National Bureau of Statistics)



Data Source: National Bureau of Statistics

In 2024, Hainan’ s offshore duty-free and downtown duty-free shop policies drove the development of the duty-free and travel retail industry.

Hainan’ s offshore duty-free program enhanced the shopping experience by adding new pickup methods such as “Mail Delivery”, “Island Pickup Upon Return”, “Pickup on Guarantee”, and “Buy and Go”. These were complemented by stimulus measures like consumption vouchers and the active promotion of innovative marketing collaborations, accelerating the “Duty-Free+” industrial integration. Meanwhile, downtown duty-free policies have encouraged market players to vigorously pursue innovation and continuously optimize the consumer experience. China’ s duty-free and travel retail industry is currently in a period of policy dividends with vast market potential.

Figure: cdf Haikou International Duty Free City

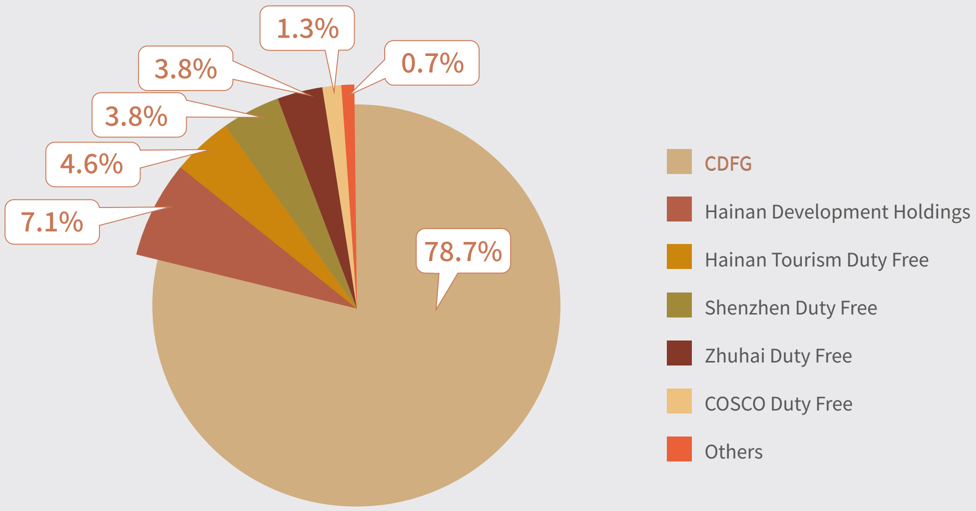
1.3.2 Structure and Performance of China’s Duty-Free and Travel Retail Market

In China, companies engaged in duty-free-focused travel retail include CDFG, Hainan Development Holdings, Hainan Tourism Duty Free, Zhuhai Duty Free, Shenzhen Duty Free, COSCO Duty Free, and Wangfujing Duty Free. These participants compete for market share by expanding their duty-free shop networks, increasing product variety, and improving service quality.

China’s duty-free and travel retail market is highly concentrated, with CDFG holding a dominant position.

In 2024, CDFG’s market share was 78.7%, followed by Hainan Development Holdings (7.1%), Hainan Tourism Duty Free (4.6%), Shenzhen Duty Free (3.8%), and Zhuhai Duty Free (3.8%).

2024 China Duty-Free and Travel Retail Market Share



Source: Public market data, compiled by Data100

China’s downtown duty-free stores are rapidly expanding and will create a complementary, synergistic effect with airport duty-free stores.

China’s downtown duty-free sector is in a period of policy dividends with vast market potential. The competitive landscape is characterized as “One Superpower, Many Strong Players”, with CDFG at the core, supplemented by other state-owned and joint-venture enterprises. The establishment of downtown duty-free shops helps boost consumption vitality in host cities, accelerates their development into international consumption centers, and effectively encourages the repatriation of overseas spending by Chinese nationals while also promoting domestic consumption by foreign visitors. Furthermore, downtown and airport duty-free shops differ in their customer base management, geographical coverage, and shopping windows. Through strategies of differentiated development, policy coordination, and consumption repatriation, they form acomplementary relationship, creating a comprehensive duty-free shopping ecosystem that offers travelers diverse purchasing options.

Figure: Shenzhen Downtown Duty Free Shop

Currently, CDFG operates 12 downtown duty-free shops in mainland China, covering key consumer cities and holding a dominant position in the downtown duty-free market. CDFG will upgrade its downtown duty-free model based on a business philosophy of “Duty-Free + Duty-Paid”, “Imported + Domestic”, and “Offline + Online”. It will also add tax refund services for departing travelers, reshaping the commercial value of downtown duty-free with a “Duty-Free DNA × Guochao Going Global” approach. This will create new, high-quality retail scenes and continuously provide consumers with service experiences that offer greater value and satisfaction.

1.4 CDFG’ s Advantages

Industry Leadership: Continuously Guiding Market Direction as a Duty-Free Industry Pioneer

By actively participating in the formulation and refinement of industry standards, CDFG consistently promotes the standardized development of the duty-free market. Its benchmark effect has gained wide recognition from global peers, highlighting its industry leadership. Data-driven decision-making has become one of CDFG’ s core competencies. Leveraging advanced big data analytics, the Group deeply mines market trends and consumer needs to provide precise and timely decision support for all departments. By integrating resources across the upstream and downstream industry chain, CDFG has established strategic partnerships with key brands, creating a value ecosystem of shared resources and continuously enhancing business synergies.

Omnichannel Layout Advantage: Building a Global Sales Network to Create Differentiated Brand Competitiveness

CDFG has built a global omnichannel retail network covering both duty-free and duty-paid businesses, creating a differentiated competitive advantage. It is the duty-free operator with the most diverse range of shop types and the largest number of retail outlets in a single country worldwide.

In 2024, CDFG secured operating rights for 10 new duty-free projects at airports and ports. It also opened boutiques and duty-free counters in locations such as Singapore Changi Airport, Hong Kong International Airport, and Tokyo’ s Ginza district, launched a downtown duty-free shop in Sri Lanka, and simultaneously advanced the layout of 12 downtown duty-free shops in mainland China, creating a comprehensive channel advantage. At the same time, through its omnichannel membership system, CDFG integrates online and offlineconsumption scenarios, achieving a seamless connection across multiple channels, including airport duty-free, downtown shops, and cross-border e-commerce.

CDFG’ s Global Omnichannel Retail Network

In 2024, CDFG opened boutiques and duty-free counters in locations including Singapore Changi Airport, Hong Kong International Airport, Tokyo’ s Ginza, and Sri Lanka.

In August 2024, it successfully secured the operating rights for six downtown duty-free stores in Shenzhen, Guangzhou, Xi’ an, Fuzhou, Chengdu, and Tianjin, bringing the total number of downtown duty-free stores operated by CDFG to 12.

Core Supply Chain Advantage: Leveraging a Global Supply Chain to Achieve a Full-Category Brand Matrix

1500+

Total Number of Partnered Renowned International Brands

360000+

Total Number of SKUs

200+

New Renowned International & Domestic Brands Introduced Within the Year

500+

Number of Limited-Edition Products from 19 Exclusive Series Launched Within the Year

CDFG has built a world-leading supply chain system, establishing deep collaborations with over 1,500 top-tier international brands to form a product matrix of more than 360,000 SKUs across all categories, including

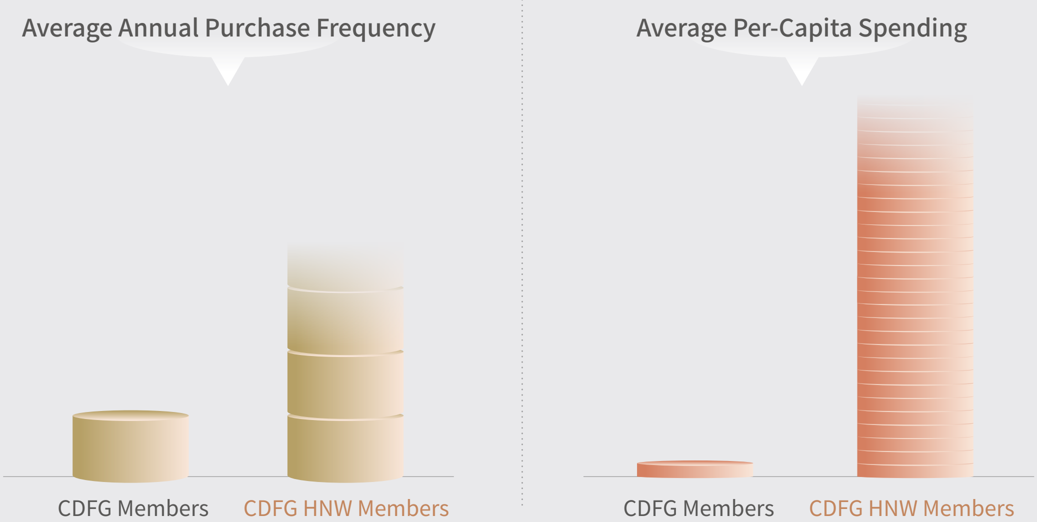
Fashion & Accessories, Perfumes & Cosmetics, and Liquor & Tobacco. In 2024, CDFG successfully introduced over 200 new brands and exclusively launched more than 500 globally limited-edition products across 19 collections, strengthening its merchandise competitiveness. Through a combined strategy of “High-End Imports + Popular Domestic Products”, CDFG continuously enriches its product categories, achieves synergy between online and offline merchandise, and comprehensively meets the needs of different customer segments, thereby consolidating its market-leading position.

Member Value Management: Enhancing Customer Loyalty through Precision Operations on a Vast Customer Base

Based on its 45-million-member base, CDFG has built a tiered member value management system, achieving dual-track growth driven by both High-Net-Worth (HNW) customers and new customer segments. Leveraging big data technology, CDFG has created a precision marketing system to provide differentiated services to members at different tiers. While basic members enjoy standard benefits, HNW members receive value-added services such as dedicated customer support. As a result, the average annual purchase frequency of HNW members is over 3 times the overall member average, and their average per-capita spending is over 30 times the overall member average, fully unlocking the consumption potential of this high-end core customer segment.

The average annual purchase frequency of HNW members is over **3** times the overall member average.

The average per-capita spending of HNW members is over **30** times the overall member average.



Source: CDFG Internal Statistical Data

Note: HNW (High-Net-Worth) members are defined as those with cumulative spending of over RMB 100,000 in the past year, with over 70% of spending in the Fashion & Accessories category.

Commitment to Long-Term Value: Empowering Business Ecosystem Development through the Dual-Wheel Drive of Capital and Technology

China Tourism Group Duty Free Co., Ltd. (the listed entity of CDFG), through its “Capital + Technology” dual-wheel drive ecosystem strategy, has achieved significant results in optimizing its governance structure, enhancing information disclosure transparency, and implementing sustainable development practices. The Company has received an “A” (Excellent) rating for information disclosure from the Shanghai Stock Exchange for nine consecutive years and has been honored as a “Model Enterprise for Corporate Governance of State-Owned Enterprises”, demonstrating its benchmark status in the industry for transparency and governance. Additionally, the Group' s inclusion in the "Top 100 ESG Pioneers of Central SOEs Index" and its recognition for "Best Practices in Sustainable Development" reflect its forward-thinking approach of deeply integrating ESG principles into its strategy, providing a solid governance foundation for the development of its business ecosystem.

Figure: Xinhai Harbour, Haikou City, Hainan

02

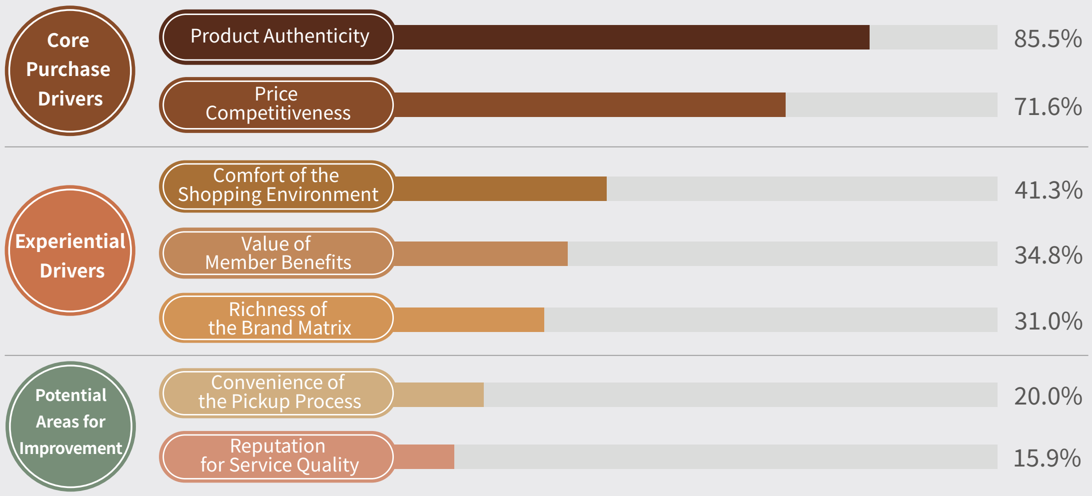
A Panoramic Insight into CDFG Consumers

PART 2
A Panoramic Insight into CDFG Consumers

2.1 CDFG User Purchase Drivers

The consumption decision-making mechanism of CDFG users exhibits a clear tiered structure. Based on consumer behavior survey data, purchase motivations can be segmented into three key dimensions.

CDFG User Purchase Drivers



Source: 2025 CDFG Member Consumption Demand Survey

The first dimension consists of core purchase drivers, primarily encompassing two key factors: product authenticity and price competitiveness. Consumers' high emphasis on product authenticity reflects their strong demand for quality assurance in duty-free goods. CDFG has established a significant competitive advantage in this area, leveraging its official duty-free license and brand credibility. Meanwhile, the price advantage resulting from duty-free policies creates clear market differentiation. This value proposition has become a key factor in maintaining customer loyalty.

The second dimension comprises experiential drivers, including the comfort of the shopping environment, the value of member benefits, and the richness of the brand matrix. While these factors are of secondary influence, they reflect the diverse needs of modern consumers regarding the shopping experience. CDFG has already established a certain advantage in this dimension by creating high-end duty-free commercial spaces and refining its membership system, and is continuously optimizing and upgrading these aspects.

The third dimension covers potential areas for improvement, primarily related to the convenience of the pickup process and the reputation for service quality. Although these two metrics currently have a relatively lower impact, they are critical touchpoints in the consumer experience. Optimizing them will directly enhance customer satisfaction and repurchase intent. Through initiatives such as a digitalized pickup system and professional service training, CDFG is poised to transform these potential opportunities into new competitive advantages.

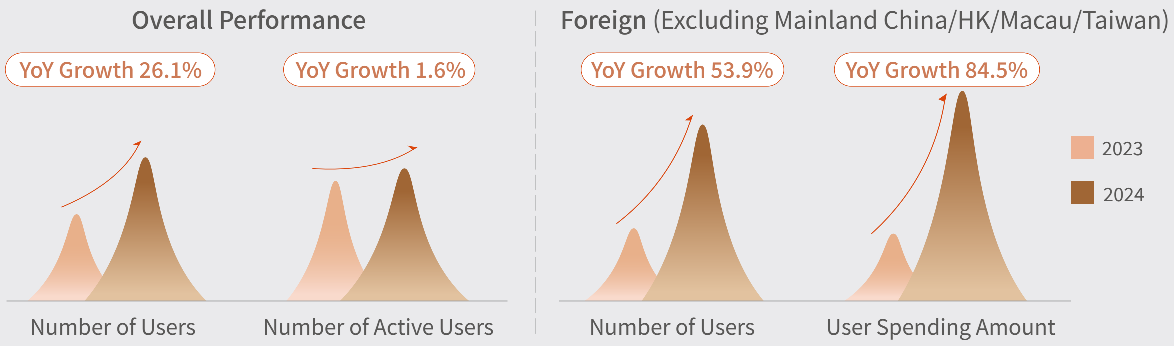
While solidifying its core competitive advantages, CDFG will build a more multi-dimensional competitive advantage system by enhancing experiential factors and optimizing service touchpoints.

2.2 CDFG Consumer Scale and Structure

2.2.1 CDFG User Base: Scale, Growth Trends, and Structure

Benefiting from policy dividends such as the offshore duty-free policy, tourism recovery, and national subsidies, as well as CDFG' s marketing and channel optimization, the CDFG user base has achieved breakthrough growth. In 2024, the total user base reached 104 million, a YoY increase of 26.1%. Foreign users showed particularly outstanding performance, with the number of users growing by 53.9% and their spending increasing by 84.5%.

CDFG User Base and Growth Trends



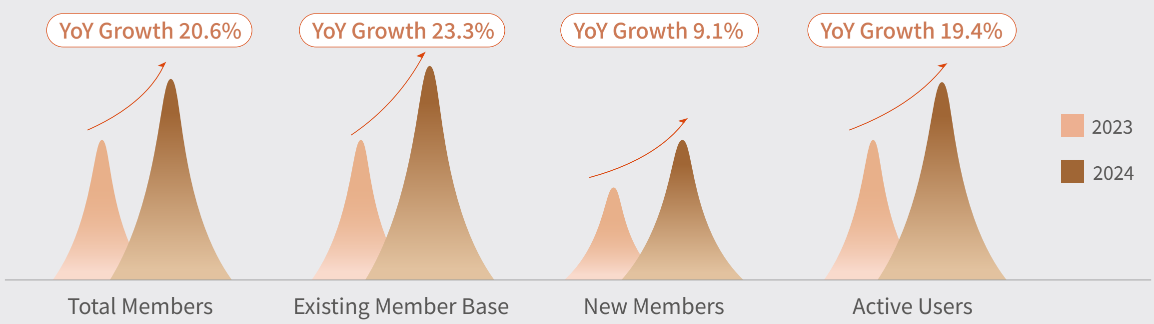
Source: CDFG Internal Statistical Data

2.2.2 CDFG Membership: Scale, Growth Trends, and Structure

Membership Growth Trend

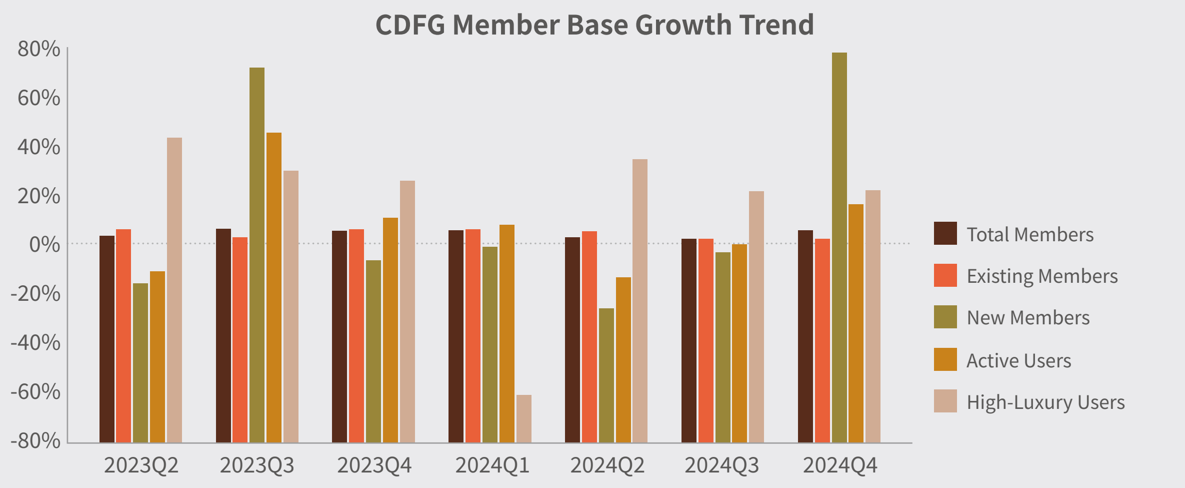
The total number of members shows a continuous growth trend, with significant YoY growth and steady QoQ growth. The existing member base is expanding concurrently. The YoY increase in the number of active members is particularly prominent, while their proportion of the overall membership remains stable.

Member Base Growth Trend



Source: CDFG Internal Statistical Data

The number of active users shows significant YoY growth and maintains a stable proportion of the existing user base. The proportion of high-luxury users showed a rebound in Q4 2024, achieving steady QoQ growth.



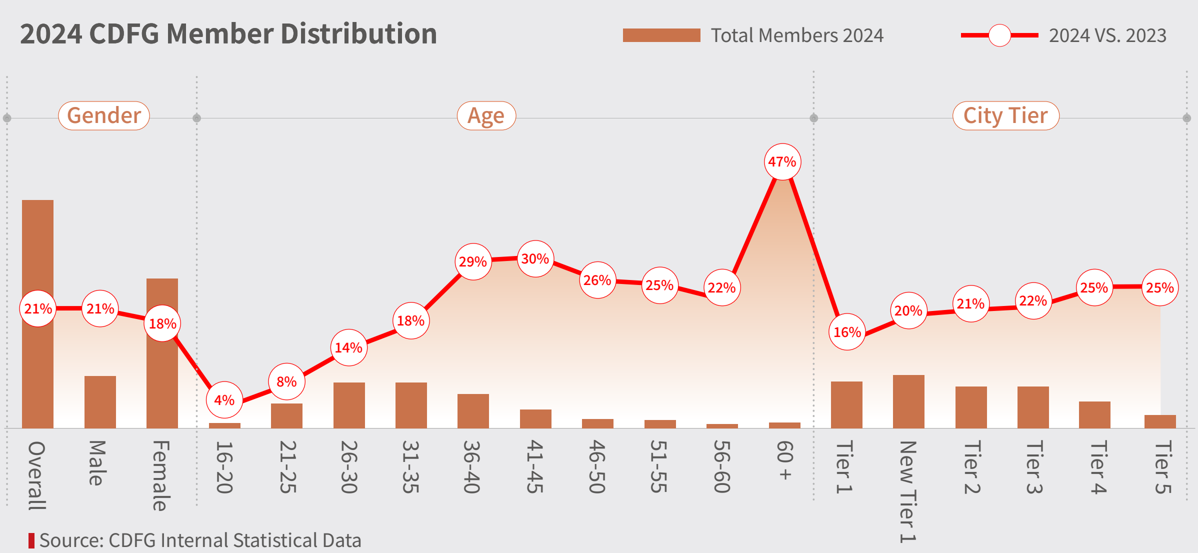
Source: CDFG Internal Statistical Data

Overall Membership Structure Characteristics

Gender Composition: Female members continue to be the majority, but the growth rate of male members exceeds the average.

Age Distribution: Members aged 26-35 constitute the largest segment, followed by the 36-40 age group. The growth rate for members over 35 is fast. Notably, the YoY growth rate for Silver Generation members (60+) is the most significant.

Geographic Distribution: Tier 1 and New Tier 1 cities have a clear advantage in member numbers, while growth in lower-tier cities is significant.

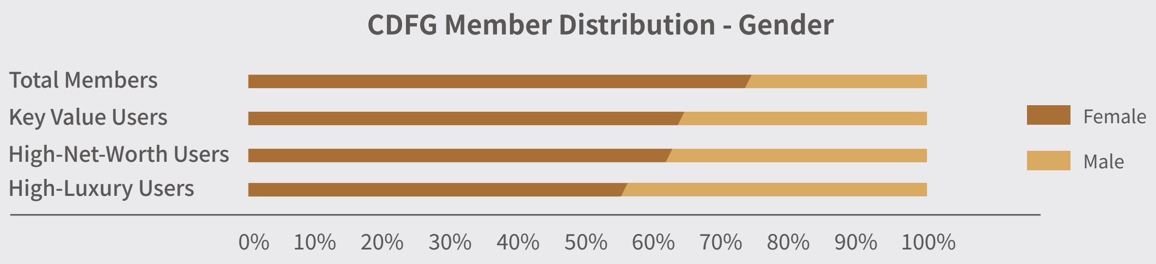


Source: CDFG Internal Statistical Data

Member Value Analysis

Women Dominate the User Base, while Men Lead in High-End Spending

Among CDFG members, women account for a high of 74%, while men make up only 26%, showing a significant disparity. Although women have an absolute majority in numbers, the proportion of men among HNW and high-luxury users is generally higher than their overall share of the membership. This is particularly prominent in the high-end consumer segment, indicating that while the male member base is smaller, their willingness to upgrade their consumption and their propensity for high-end goods are more pronounced.



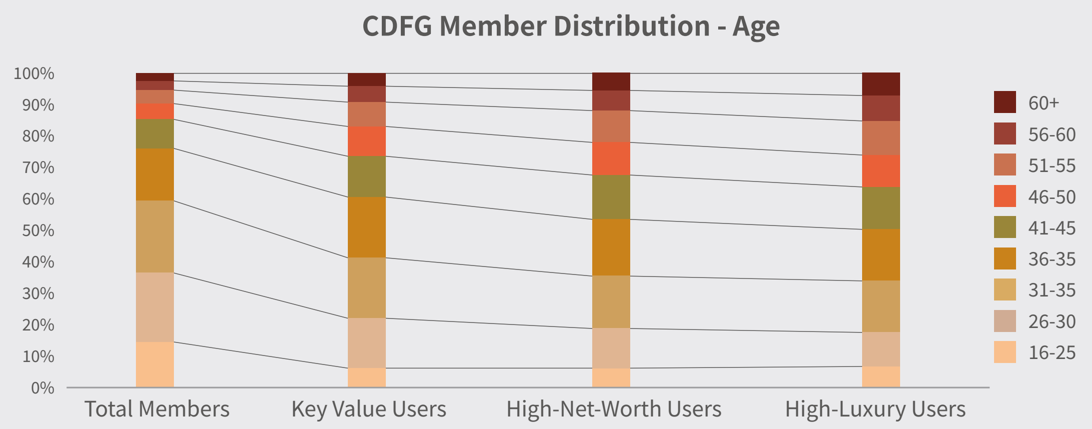
Source: CDFG Internal Statistical Data

Note:

- Key Value Users: Members with cumulative spending of over RMB 50,000 in the past year.
- High-Net-Worth Users: Members with cumulative spending of over RMB 100,000 in the past year, with over 70% of spending in the Fashion & Accessories category.
- High-Luxury Users: Members who have purchased a single item worth over RMB 100,000 in the past year.

A Dual Track of "A Large Youth Base" and "High-Luxury Consumption by Mature Customers" Coexists Among CDFG Members

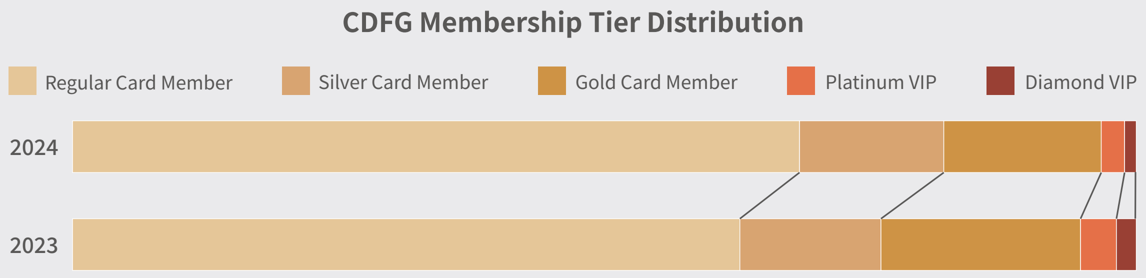
The age distribution of the CDFG member base forms an inverted U-shape, primarily concentrated between the ages of 26 and 35. However, members with higher spending power are mainly concentrated in the 40+ age group.



Source: CDFG Internal Statistical Data

Membership Tier Development: Rapid Growth of Regular Active Members Shows High Potential for Duty-Free Consumption

The membership structure showed significant changes from 2023 to 2024. The share of Regular Card members increased from 63% to 68%, a 5-percentage-point rise, reflecting the growing mass-market appeal of duty-free consumption. The share of Silver Card members remained stable at 13%, indicating steady development in the mid-range consumer market.

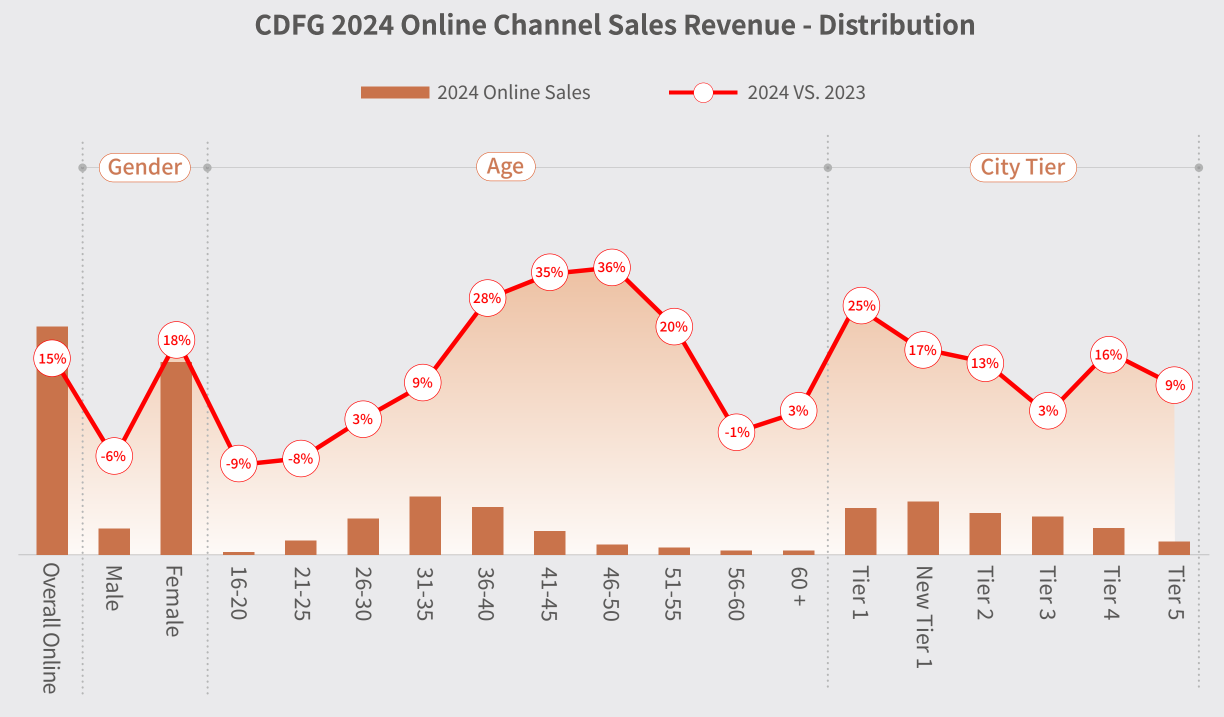


Source: CDFG Internal Statistical Data

Member Consumption Behavior Characteristics

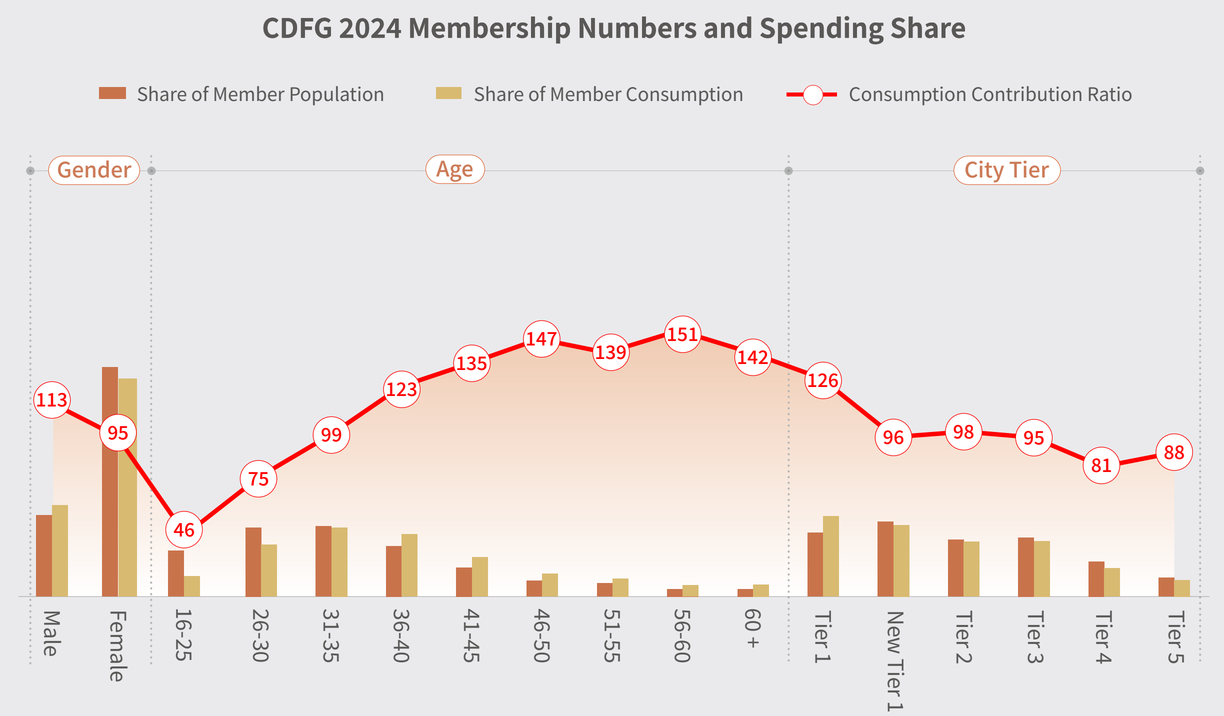
Sales Channel Distribution

In 2024, sales revenue from online channels increased significantly. This rapid growth was primarily driven by a substantial increase in female members aged 36-55 from higher-tier cities.



Source: CDFG Internal Statistical Data

Consumer Segment Characteristics



Source: CDFG Internal Statistical Data

1. Significant "Scale-Value" Structural Difference by Gender

Female members form the absolute majority, but male members contribute a higher share of spending.

2. Significant Differentiation in Consumption Efficiency by Age

High-Potential Youth Segment: Those aged 16-30 exhibit "High Numbers, Low Spending" characteristics, requiring the cultivation of consumption habits.

Core Monetization Group: The 31-35 age group' s size contributes a corresponding share of sales, while the 36-45 age group has a higher consumption density.

Mature Long-Tail Group: The 46+ age group shows an excellent consumption-to-population ratio, with a distinct advantage in average transaction value.

3. Disparity in Consumption Power Across City Tiers

Tier 1 cities demonstrate the strongest monetization capability. Lower-tier cities market show consumption resilience, with the spending contribution of members from Tier 3 and Tier 5 cities being on par with their share of the member base.

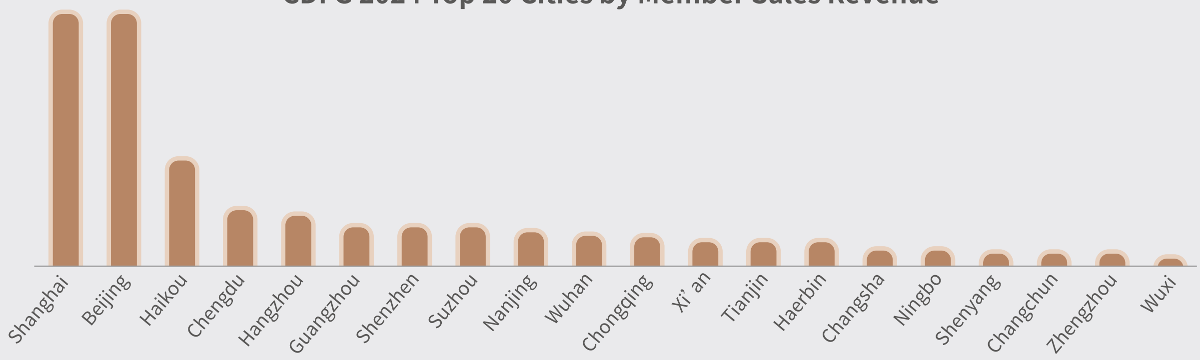
4. Top 20 Cities by Member Sales Revenue

Strong Correlation with Regional Economy: The list includes all four Tier 1 cities and the vast majority of New Tier 1 cities, indicating a strong positive correlation between duty-free consumption and a city' s economic development level. Shanghai and Beijing rank first and second, confirming their core status as international consumption centers.

Strategic Fulcrum Effect of Hainan: Haikou, as the only non-major economic center to rank in the top three, highlights the policy dividends of the Hainan Free Trade Port and the unique advantages of its offshore duty-free market.

Structural Highlight in Northeast China: The collective presence of Harbin, Shenyang, and Changchun from Northeast China on the list reflects the strong appeal of Hainan' s consumption offerings to members from this region.

CDFG 2024 Top 20 Cities by Member Sales Revenue

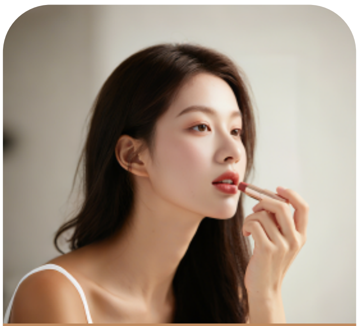


Source: CDFG Internal Statistical Data

Figure: The "Global Delight Season" event at the CDF Haikou International Duty Free City.

2.3 Core CDFG Member Segment Persona

Based on dimensions such as spending contribution, category preference, age, and geography, CDFG has segmented its valuable and distinctive core customers into nine typical archetypes. Ranked by sales contribution, they are: The Self-Care Connoisseurs, The Luxury Lifestyle Connoisseurs, The Aspiring Upgraders, The Spirits Aficionados, The Tech Adventurers, The Trend-Driven Stylists, The Senior Quality Seekers, The Performance Athletes, and The Foreign Travelers. These core segments exhibit significant consumption potential and commercial value. The differentiated consumption behaviors and category preferences of each group provide a data-driven foundation for precision marketing.



The Self-Care Connoisseurs
A High-Level Consumption Philosophy of Inner Exploration

The Luxury Lifestyle Connoisseurs
The Taste Economics of a Top-Tier Consumer Generation

The Aspiring Upgraders
A Consumption Guide to Balancing Pragmatism and Quality

The Spirits Aficionados
A Connoisseur Segment Blending Rationality and Taste

The Tech Adventurers
A Profile of the Digital Age' s Leading-Edge Consumers

The Trend-Driven Stylists
A Profile of Urban Trendsetters

The Senior Quality Seekers
A Golden Consumer Generation of Rational Elegance

The Performance Athletes
A Profile of Consumption Driven by Professionalism

The Foreign Travelers
The Consumption Log of an Eastern Culture Explorer

2.3.1 The Self-Care Connoisseurs: A High-Level Consumption Philosophy of Inner Exploration

The Self-Care Connoisseurs

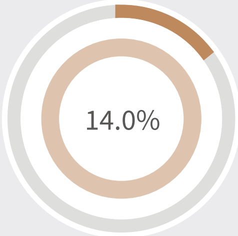
A High-Level Consumption Philosophy of Inner Exploration

Gold, Platinum, and Diamond Card members (excluding those classified as The Luxury Lifestyle Connoisseurs), aged 31-45, who have high standards for quality of life.

The Self-Care Connoisseurs do not merely use consumption to construct an external identity; they view it as a lifestyle of introspection and self-alignment. Their consumption behavior reflects a deep focus on inner experience. They build a unique life aesthetic amidst a complex market, epitomizing the modern, highly educated, high-income group’s pursuit of spiritual enrichment and self-identity.

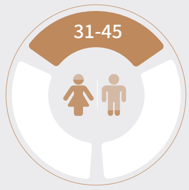
Segment Percentage

The proportion of members



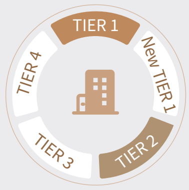
Key Attributes

Age/Gender



Primarily women, concentrated in the 31-45 age group

City Distribution

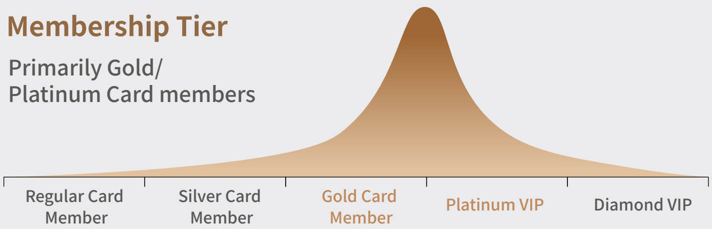


Tier 1 and Tier 2 cities

Consumption Behavior

Membership Tier

Primarily Gold/ Platinum Card members



Category Preferences

- **High-end Skincare** (e.g., Estée Lauder, La Mer, Helena Rubinstein),
- **Electronics** (e.g., Apple),
- **Luxury Goods & Accessories** (e.g., Gucci, Burberry).

Consumption Characteristics

- **Benchmark for Quality Consumption:** Annual purchases of 4-10 orders, with annual spending concentrated in the RMB 5,000-50,000.
- **Core Consumers of High-End Skincare:** Skincare contributes over half of their total spending.
- **Omni-Scene Quality Lifestyle:** Cross-category consumption of high-premium goods such as electronics, leather goods, and wines & spirits.

Lifestyle/Consumption Outlook

- **Quality First:** Willing to pay a 30% premium for quality of life; spend an average of 38 hours per month on personal grooming and image management.
- **Driven by Emotional Value:** 63% build their identity through consumption; 58% view shopping as a form of self-reward.
- **Extension of Care to the Family:** From “Pleasing Self” to “Pleasing The Family”, they value family-friendly services like childcare.

Engagement Strategy

- **Exclusive Services:** High-end skincare SPAs (e.g., La Mer luxury treatments), family-friendly facilities in VIP Lounges.
- **Scene Integration:** Online replenishment (via smart push notifications) + offline experiences (tech-powered skincare workshops).
- **Emotional Marketing:** Launch member events themed “Tech Skincare + Emotional Value” to increase repurchase rates.

Persona Positioning: The Urban Elite Pursuer of Quality

As a high-value segment in the Chinese consumer market, The Self-Care Connoisseurs form the core spending power of urban elites aged 31-45 and are mostly CDFG' s Gold and Platinum Card members. This group of highly educated, high-income consumers is mainly concentrated in Tier 1 and Tier 2 cities and is characterized by a distinct quality-oriented lifestyle. Data shows this segment demonstrates exceptionally strong purchasing power in personal care and high-end consumer goods, with consumption behavior characterized by "High Frequency, High Transaction Value, and Strong Brand Loyalty".

Gold and Platinum Card Members

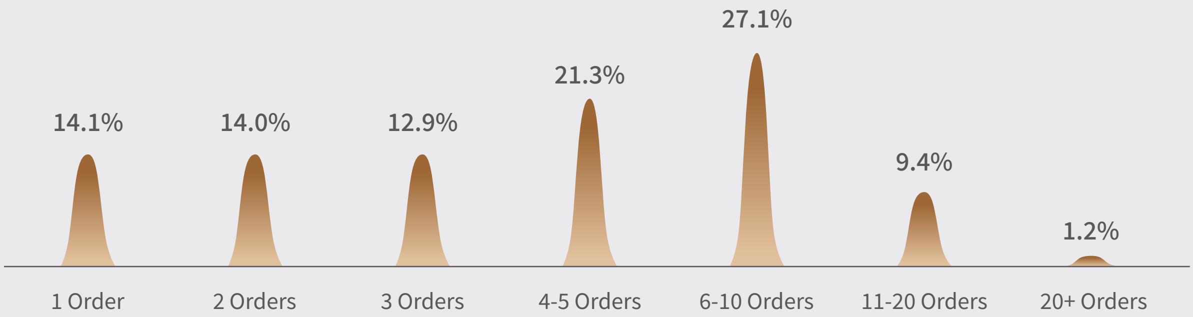
In the personal care and high-end consumer goods sectors

High frequency, high transaction value, and strong brand loyalty

Consumption Profile: A Steady Rhythm of Quality Spending

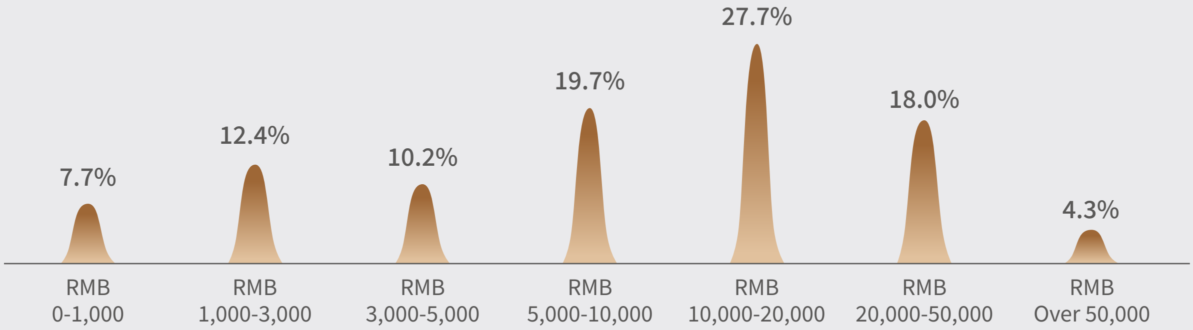
In terms of purchase frequency, The Self-Care Connoisseurs exhibit a healthy, normal distribution curve for their duty-free and travel retail orders, with 4-10 orders being the most common, indicating a mature and regular consumption cycle. In terms of annual spending, the RMB 5,000-50,000 range constitutes their main spending bracket, confirming their "High-End, Quality-Focused" consumption positioning.

Number of Orders by The Self-Care Connoisseurs



Source: CDFG Internal Statistical Data

Total Spending by The Self-Care Connoisseurs



Source: CDFG Internal Statistical Data

This group' s consumption behavior shows a significant pursuit of quality of life, emphasizing a balance between brand and value. Their scope of consumption extends beyond personal needs to family-oriented scenarios, primarily including hair care products, liquor, food & health supplements, and general household goods.

Brand Preferences: A Refined Taste Dominated by Luxury Skincare

The Self-Care Connoisseurs have a very strong purchasing preference for luxury skincare brands. At the same time, this segment also demonstrates prominent high-end, cross-category spending on items like Electronic Devices, Leather Goods, Watches & Jewelry, and Wines & Spirits (e.g., wine, whisky), indicating a comprehensive pursuit of quality. Their brand preferences confirm this group' s "Strive For Excellence" consumption philosophy—they seek product efficacy while also valuing the identity and emotional connection that brands provide.

Lifestyle: A Quality Life Centered on Details

The Self-Care Connoisseurs focus on self-perception and inner experience, pursuing high-quality life enjoyment. Their lives are full of ritual and an attention to detail. Their consumption choices exhibit distinct characteristics: from custom fragrances to high-end beauty devices, from organic and healthy foods to artfully designed home goods, they holistically embody a persistent pursuit of life aesthetics. This is not merely simple shopping; it is an aesthetic practice of achieving spiritual self-alignment through material consumption.

Consumer Psychology: Identity and Self-Reward

Constructing social identity through luxury consumption

High-end consumption as an important form of self-reward

An in-depth analysis of their purchase motivations reveals two core drivers: first, constructing social identity through luxury consumption, and second, using high-end spending as an important form of self-reward. This psychological trait makes them loyal to classic luxury brands while remaining open to innovative technology products.

This can be observed in the extension of The Self-Care Connoisseurs' consumption scenarios from "Purely Personal Care" to "Social Self-Rewards": Perfumes & Cosmetics remain the most frequently purchased category, while the Wines & Spirits category has grown significantly, reflecting this shift.

From "Pleasing Self " to "Pleasing the Family": CDFG Unlocks a New Blue Ocean in High-End Consumption with Emotional Value

Targeting The Self-Care Connoisseurs' pursuit of quality of life and emotional value, CDFG has partnered with high-end skincare brands in core channels like Hainan' s offshore duty-free shops to launch exclusive events like "Tech Skincare + Emotional Value" through its membership system. High-quality members who have participated in these exclusive, customized brand services have shown a 70%-80% increase in their repurchase rate.

As the consumption scope of The Self-Care Connoisseurs extends from personal needs to family scenarios, CDFG has set up family-friendly facilities like childcare in its VIP lounges. This creates an omni-scene service matrix of "Personal Care + Family Care", extending category demand into the family consumption context. For example, offering 3 hours of professional childcare for children aged 5-12 with activities like reading and games, and taking note of details like a child' s allergens. This operational model, which deeply integrates high-end skincare with emotional value, precisely targets the modern female consumer' s demand to "Be Beautiful And Have Peace of Mind".

Figure: The CDF Haikou International Duty Free City

2.3.2 The Luxury Lifestyle Connoisseurs: The Taste Economics of a Top-Tier Consumer Generation

The Luxury Lifestyle Connoisseurs

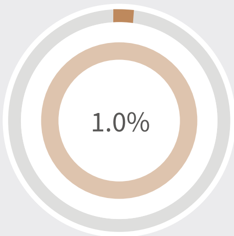
The Taste Economics of a Top-Tier Consumer Generation

Platinum and Diamond Card members with annual spending of RMB 50,000 or more, and single SKU purchases of RMB 10,000 or more, who pursue a quality lifestyle and self-expression.

The Luxury Lifestyle Connoisseurs represent a philosophy of rational luxury consumption—grounded in stable financial strength, they pursue a quality lifestyle without indulging in blind extravagance. This segment exhibits a composed and affluent attitude toward life, with a life satisfaction level significantly higher than the general public. When they consume, they value brand substance but place even greater importance on the perfect alignment of a product with their lifestyle. They redefine luxury with a discerning eye, transforming consumption into an art of enhancing life quality.

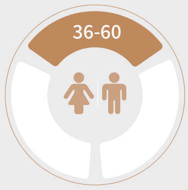
Segment Percentage

The proportion of members



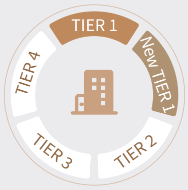
Key Attributes

Age/Gender



Primarily aged 36-60, with a balanced gender ratio

City Distribution

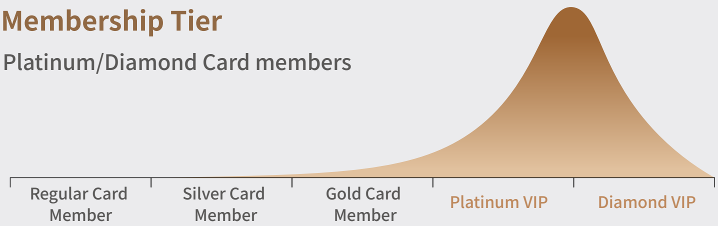


Mainly concentrated in Tier 1 and New Tier 1 cities

Consumption Behavior

Membership Tier

Platinum/Diamond Card members



Category Preferences

Watches & Jewelry (e.g., Cartier, Longines), **Luxury Goods** (e.g., Gucci, Prada), **High-End Wines & Spirits.**

Consumption Characteristics

- **Top-Tier Spending Power:** 6+ orders annually, with annual spending concentrated in the RMB 50,000-100,000 range; a high proportion of users spend over RMB 100,000.
- **Dominated by Watches & Jewelry,This category accounts for over half of their spending.**
- **High-End Across All Categories:** Simultaneously covers luxury leather goods, high-end skincare, and technology products.

Lifestyle/Consumption Outlook

- **Rational Luxury:** Value the alignment of brand and lifestyle, not blind extravagance.
- **Peer Group Recognition:** Reinforce social identity through high-luxury consumption.
- **Stable Preferences:** High brand repurchase rate, with a particular fondness for Cartier and Van Cleef & Arpels.

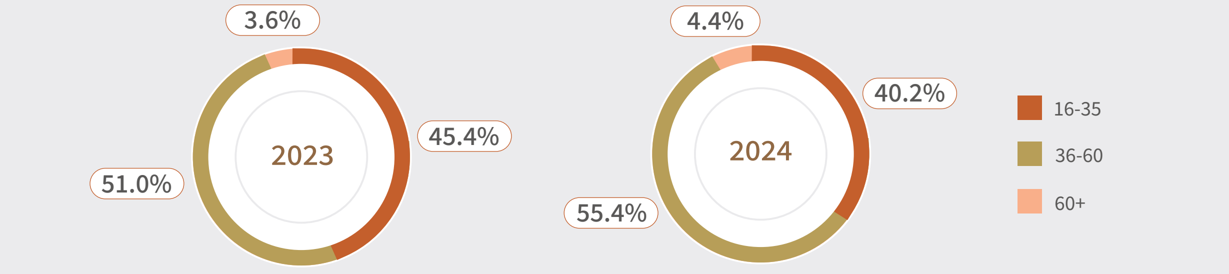
Engagement Strategy

- **Exclusive Benefits:** High-end jewelry appreciation events, exclusive charter flight and hotel packages.
- **Scarce Supply:** Introduce limited-edition and collaboration items, reinforcing the narrative of craftsmanship (e.g., bespoke handmade watches).
- **Peer Group Marketing:** Deepen customer stickiness through “Private Salons + 1-On-1 Service From Top Sales Associates”.

Persona Positioning: The Consumption Upgrade of the Nouveau Riche

The Luxury Lifestyle Connoisseurs represent one of the most powerful purchasing groups in the Chinese consumer market. This group of highly educated urban elites, aged 36-60, is primarily concentrated in the core commercial districts of Tier 1, 2, and 3 cities. This urban elite group is gradually "Maturing", expanding into the 36+ age demographic.

Age Structure of The Luxury Lifestyle Connoisseurs



Source: CDFG Internal Statistical Data

Unlike typical high-income groups, they not only possess formidable spending power but have also formed a unique high-end consumption philosophy—viewing brand consumption as a vital extension of their quality of life.

Consumption Profile: A High-End Consumption Trajectory

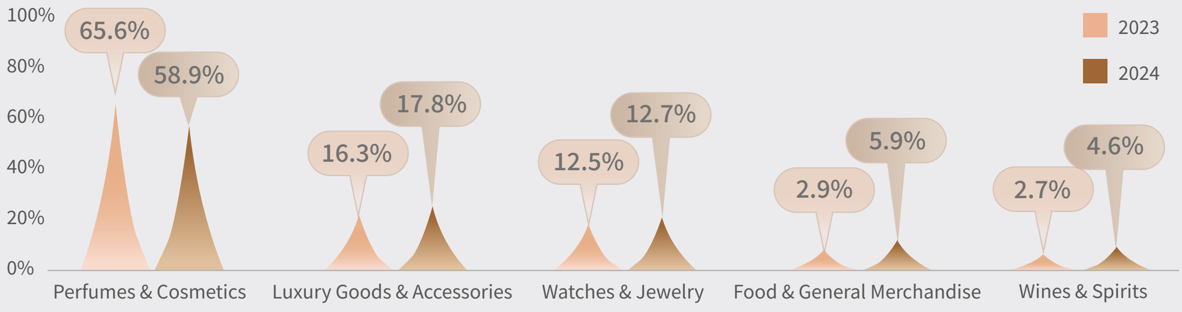
The Luxury Lifestyle Connoisseurs exhibit a "Dual-High" consumption pattern, characterized by both high frequency and high spending. They are CDFG's most important Platinum and Diamond Card members, with an annual purchase frequency for duty-free and travel retail goods concentrated at 6-10 orders, and even 10+ orders. Their annual spending is predominantly in the RMB 50,000-100,000 range, with 12.8% of these high-luxury users spending over RMB 100,000. This consumption model reflects their high-end, stable purchasing power and their continuous investment in a quality lifestyle, demonstrating true luxury spending capability.

Category Preferences: Loyal Devotees of Luxury Goods

Luxury Goods & Accessories and Watches & Jewelry are the most favored consumption categories for The Luxury Lifestyle Connoisseurs, with many top luxury brands earning their stable patronage.

At the same time, their consumption **categories are "Diversifying", with spending on both luxury and daily goods rising.** While Luxury Goods & Accessories and Watches & Jewelry continue to lead, the share of daily high-end consumption, such as Food & General Merchandise and Wines & Spirits, is increasing, showing a demand expansion from single categories to multiple ones. In terms of brand purchase frequency, The Luxury Lifestyle Connoisseurs maintain a strong demand for high-end skincare and high-end electronics. Their high propensity for cross-category luxury consumption constitutes a unique lifestyle signature.

Preferred Categories for The Luxury Lifestyle Connoisseurs



Source: CDFG Internal Statistical Data

Life Philosophy: The Composed Luxury Consumer

Contrary to popular belief, The Luxury Lifestyle Connoisseurs are not a group of reckless spenders. Their consumption behavior is built on a stable economic foundation and clear value judgments. Survey data shows that this segment' s life satisfaction index is above average. They enjoy their current state of life and experience relatively little anxiety and worry, reflecting a composed and affluent attitude. While they value brands, their purchasing decisions focus more on how well a product fits their personal lifestyle. This rational approach to luxury is a typical characteristic of the new generation of HNW consumers.

The New Paradigm of "Rational Luxury": CDFG Leverages Scarcity + Exclusivity to Engage a Key Value Segment

As an HNW segment, The Luxury Lifestyle Connoisseurs' core consumption areas are Watches & Jewelry and Luxury Goods & Accessories, exhibiting a "High Frequency + High Average Transaction Value" dual-high characteristic. The pinnacle members within this segment have a higher willingness to consume in "Private + Exclusive" settings. CDFG collaborates with top luxury brands to host Very Important Client (VIC) private events, enhancing loyalty through intimate salons and providing superior experiences with 1-on-1 service from top sales associates. For example, CDFG co-hosts "High Jewelry Private Appreciation Events" with brands, which effectively promotes consumption upgrades in high-end jewelry and deepens brand partnerships. To strengthen this advantage, CDFG specially introduces scarce items such as first-launch, limited-edition, and collaboration products from high-end brands. It deepens connections through a narrative of craftsmanship, exclusive experiences, and shared values, precisely attracting The Luxury Lifestyle Connoisseurs who seek uniqueness.

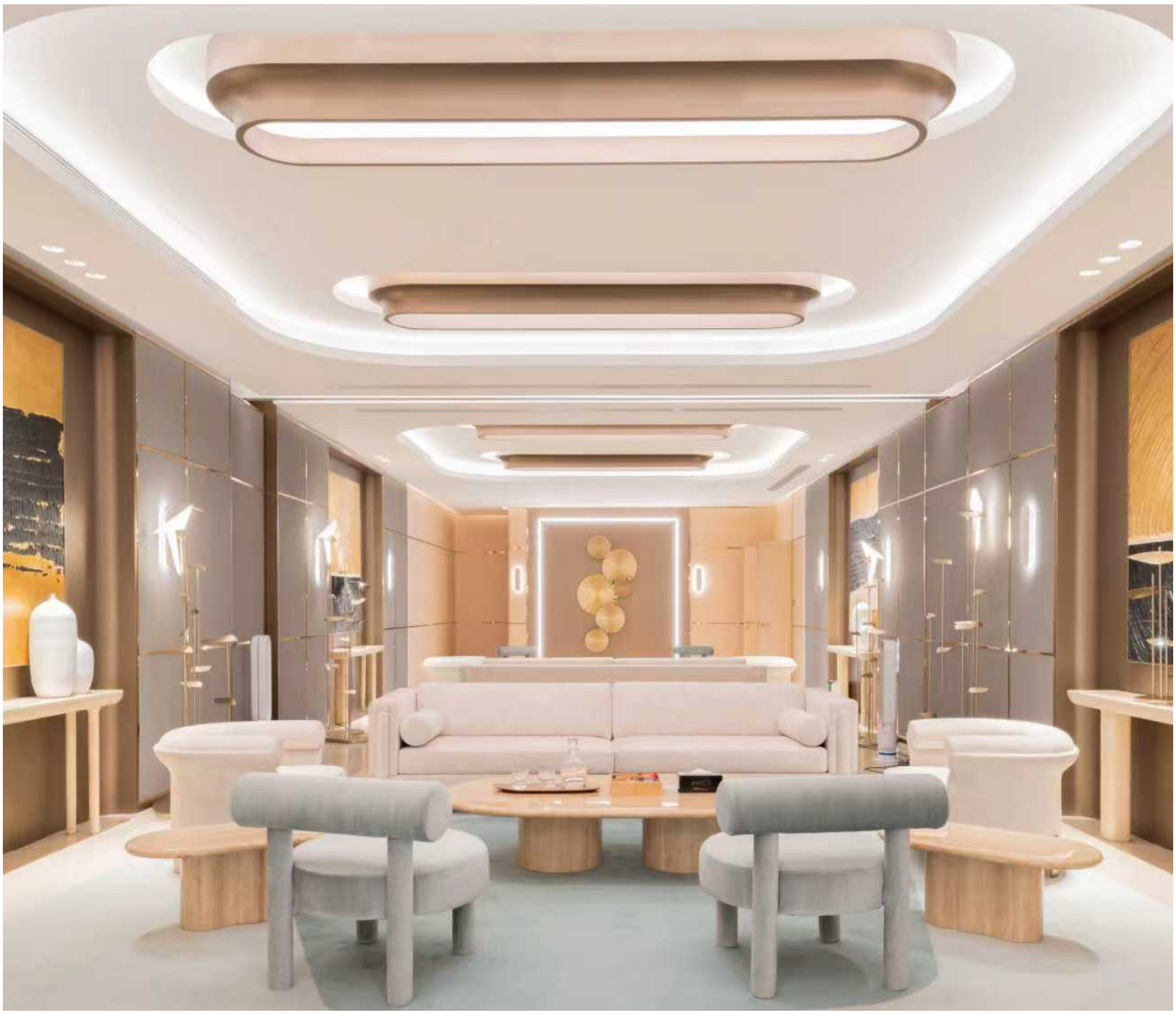


Figure: The VIP Customer Service Center at the CDF Haikou International Duty Free City

2.3.3 The Aspiring Upgraders: A Consumption Guide to Balancing Pragmatism and Quality

The Aspiring Upgraders

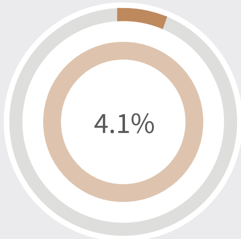
A Consumption Guide to Balancing Pragmatism and Quality

Members from Tier 3, 4, and 5 cities with total annual spending of RMB 8,000 or more.

The Aspiring Upgraders represent the vanguard of quality consumption in China' s lower-tier markets. Rooted in small and medium-sized cities, they reshape their consumption choices with a unique "Pragmatic Quality-Ism". This group exhibits a stable preference for mid-to-high-end brands in durable categories like electronics and skincare, seeking both practical, long-lasting value and a moderate form of status expression. Due to limited local access to high-end retail channels, they show a strong reliance on duty-free channels, using a discerning eye to find the perfect balance between traditional pragmatism and quality upgrades.

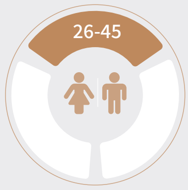
Segment Percentage

The proportion of members



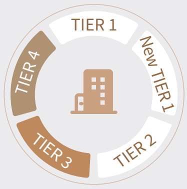
Key Attributes

Age/Gender



Primarily aged 26-45, with a balanced gender ratio.

City Distribution

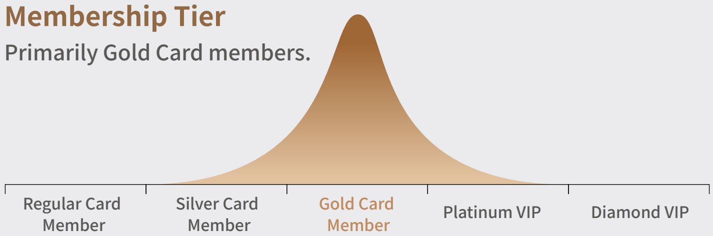


Tier 3 and Tier 4 cities.

Consumption Behavior

Membership Tier

Primarily Gold Card members.



Category Preferences

Mid-to-high-end beauty (e.g., Estée Lauder, Lancôme), **durable electronics** (e.g., Apple), **watches** (e.g., Longines).

Consumption Characteristics

- **High-Frequency, High-Quality Consumption:** 4-10 orders annually, with annual spending in the RMB 8,000-30,000 range.
- **Rational Consumption Structure:** Balances daily skincare with durable electronics, while also considering accessible luxury gifts.
- **Strong Channel Dependence:** Highly reliant on duty-free channels to acquire quality goods.

Lifestyle/Consumption Outlook

- **Conservative Upgrading:** Selectively pursuing quality within a traditional lifestyle framework.
- **Pragmatism:** Focuses on product durability, with high brand loyalty.
- **Family-Oriented:** Consumption decisions cover both personal and family needs.

Engagement Strategy

- **Experience Optimization:** Lower the barrier to purchase with beauty trial areas and digital experience counters.
- **Smart Services:** Use big data to send replenishment reminders and birthday offers.
- **Accessible Luxury Penetration:** Develop "Mid-To-High-End Beauty + Electronics" product bundles.

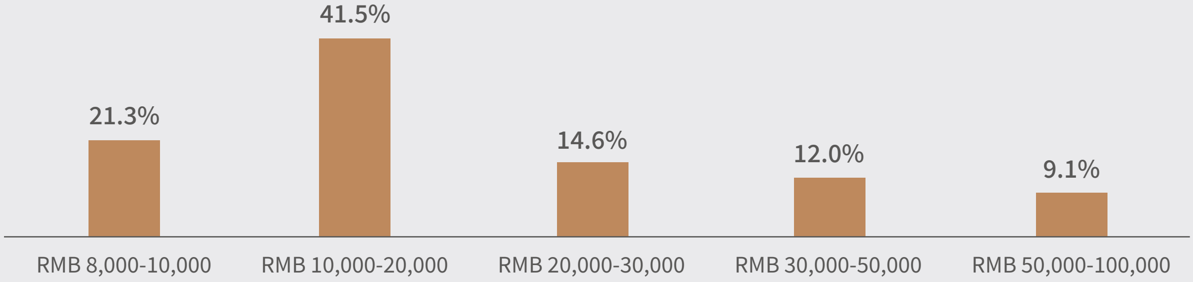
Persona Positioning: The Core Strength of Lower-Tier Markets

The Aspiring Upgraders are primarily composed of high-spending, middle-to-high-income consumers from Tier 3, 4, and 5 cities. They are concentrated between the ages of 26-45 (67.3%), with a large number of sole proprietors, private business owners, and freelancers. Although this group resides in smaller cities, their pursuit of a quality lifestyle is on par with that of their big-city counterparts. They show a stable preference for mid-to-high-end brands in specific categories, satisfying practical needs while also achieving a degree of status expression, which displays a unique consumption and life posture.

Consumption Profile: A Balanced and Focused Spending Model

Due to the lack of high-end, quality retail channels in lower-tier cities, The Aspiring Upgraders have a relatively high number of annual orders for duty-free and travel retail goods, primarily concentrated at 6-10 orders. The primary annual spending range is RMB 8,000-20,000.

Annual Spending Distribution of The Aspiring Upgraders



Source: CDFG Internal Statistical Data

They demonstrate a high willingness to spend in key categories such as Skincare, Electronics, Leather Goods, and Watches & Jewelry. Notably, their consumption is not a blind pursuit of high prices, but rather a selective investment in specific brands within specific domains, forming a “Focused Breakthrough, Overall Balance” spending structure.

Category Preferences: Precise Positioning in Mid-to-High-End, with a Dual Logic of Practicality and Gifting

The consumption behavior of The Aspiring Upgraders shows clear scenario differentiation. High-end skincare and makeup brands are purchased most frequently, reflecting their daily needs in these areas. High-end digital electronics are the brands they spend the most on, indicating that The Aspiring Upgraders view the duty-free platform as a reliable channel for purchasing durable electronics. At the same time, the prominent share of consumers purchasing high-end brand bags, jewelry, and watches suggests considerations of status expression or gifting.

They adopt differentiated consumption strategies for different categories, neither blindly pursuing luxury nor completely settling for low-cost options. This consumption model continues traditional pragmatic values while enhancing life’ s quality through selective upgrades, forming a unique “Pragmatic Quality-Ism”.

Precise Supply + Scene Activation: CDFG Engages High-Value Customers in Lower-Tier Markets

Targeting The Aspiring Upgraders’ characteristics of high-frequency, high-quality, rational, focused, and channel-dependent consumption, CDFG has developed a highly targeted operational plan. In merchandising strategy, it selects mid-to-high-end beauty and electronics as core categories, supplemented by accessible luxury accessories, to meet both daily quality needs and social scenarios. In customer experience, it creates professional beauty trial areas and digital product experience counters to reduce the pressure of purchase decisions through immersive interaction. In customer retention, it leverages big data analytics to provide personalized services, such as smart push notifications for skincare replenishment and exclusive birthday benefits, effectively increasing user stickiness and repurchase rates.

2.3.4 The Spirits Aficionados: A Connoisseur Segment Blending Rationality and Taste

The Spirits Aficionados

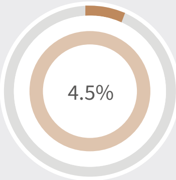
A Connoisseur Segment Blending Rationality and Taste

Members who prefer the Wines & Spirits category, have the highest purchase frequency or single transaction amount in the Wines & Spirits category, or whose spending share on Wines & Spirits is above the median.

The Spirits Aficionados are a typical group of mid-to-high-end beverage connoisseurs who view wine and spirits culture as a perfect fusion of social value and personal taste. This segment is dominated by businessmen. Their consumption scenarios range from casual drinkers enjoying a daily tipple to high-end collectors focused on investment. They place special importance on the authenticity and scarcity value of Wines & Spirits. This group is particularly prominent in Tier 1 and Tier 3 cities, reflecting both the high-end trend in Tier 1 cities and the deep-rooted beverage culture in Tier 3 cities.

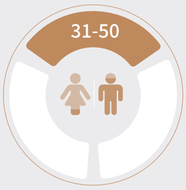
Segment Percentage

The proportion of members



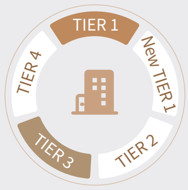
Key Attributes

Age/Gender



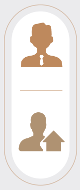
Primarily men, aged 31-50

City Distribution



Prominent in Tier 1 and Tier 3 cities

Occupation

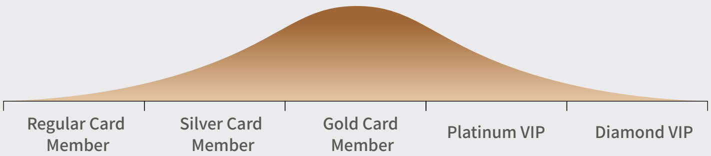


Core groups are corporate managers and sole proprietors

Consumption Behavior

Membership Tier

A balanced, mid-heavy distribution



Category Preferences

Whisky, brandy, baijiu.

Consumption Characteristics

- **Dual-Track Consumption Structure:** Daily drinking + high-end collecting.
- **Concentration on Leading Brands:** Dominated by brands like Martell, Hennessy, and Moutai.
- **Diversified Scenarios:** Driven by business, gifting, and collecting needs.

Lifestyle/Consumption Outlook

- **Pursuit of Quality:** Strong demand for authenticity guarantees.
- **Rational Consumption:** Balances value for money with uniqueness.
- **Peer Group Influence:** Demand for limited editions is significantly higher than average.

Engagement Strategy

- **Product Mix:** A dual-track layout of "High-End Imports + Guochao Baijiu".
- **Experiential Marketing:** Malt & More Whisky by CDF + Tasting-by-The-Glass services.
- **Channel Strategy:**
  - Hainan shops: High-end selections + cultural experiences
  - Airport shops: Travel-size bottles + quick pickup
  - Integrated Online-Offline Operations

Persona Positioning: The Quality Lifestyler Dominated by Business Elites

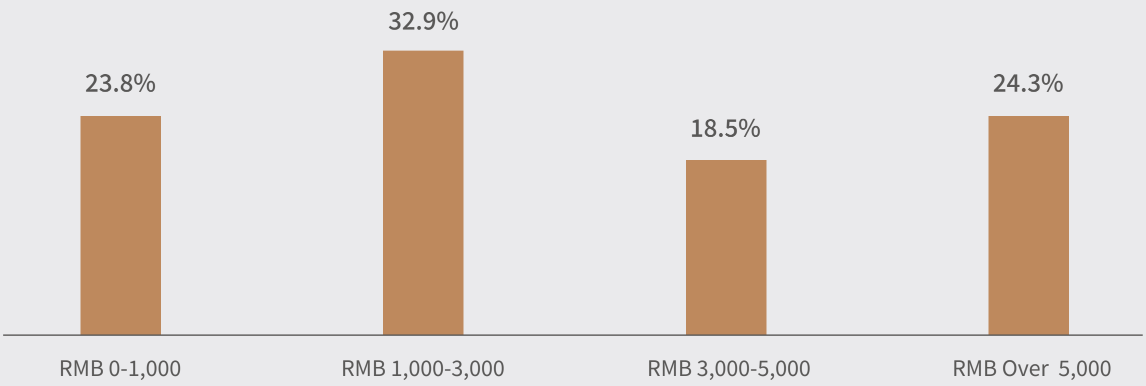
The core of The Spirits Aficionados segment is men aged 31-50. The Spirits Aficionados are concentrated in Tier 1 to Tier 3 cities, with a particularly high share in Tier 1 and Tier 3 cities. This reflects the alignment of high spending power with the high-end trend in Wines & Spirits in Tier 1 cities, as well as the “Coffee by Day, Alcohol by Night” consumption trend among younger groups. The prominence in Tier 3 cities is influenced by regional beverage culture. Professionally, the proportion of business professionals is significantly higher than the overall average, with corporate managers accounting for 21.9% and sole proprietors for 14.2%.

This group views beverage consumption as a dual expression of business networking and personal taste. They exhibit a “Spindle-Shaped” spending structure: at one end are Regular Card members making 1-2 purchases a year on selections under RMB 1,000, and at the other are Gold Card and higher-tier members with high-frequency daily drinking needs (4-10 orders a year) or a passion for investing in and collecting rare bottles.

Consumption Profile: A Dual-Track Beverage Consumption Ecosystem

The Spirits Aficionados show clear spending stratification. In terms of total spending on Wines & Spirits, low-end spending (under RMB 1,000) accounts for 23.8%, mid-range spending (RMB 1,000-3,000) for 32.9%, and high-end spending (over RMB 5,000) for 24.3%, creating a complementary structure.

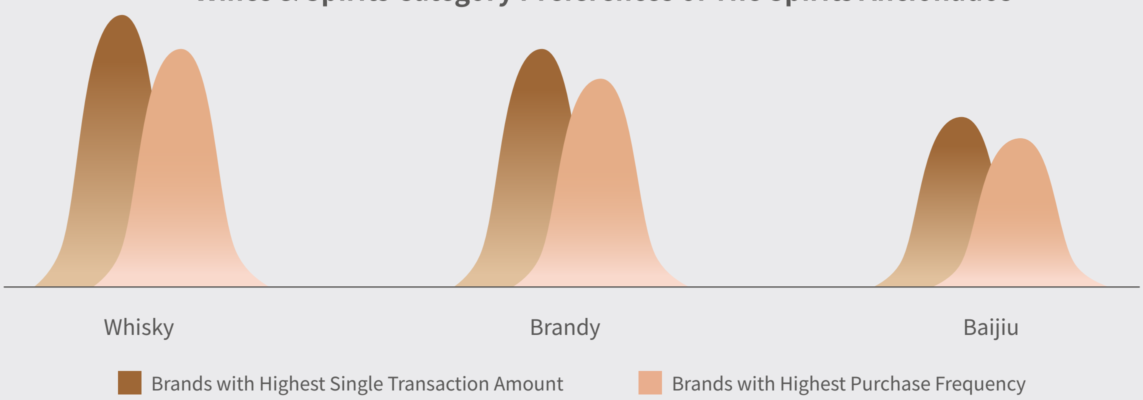
Annual Spending Distribution on Wines & Spirits for The Spirits Aficionados



Source: CDFG Internal Statistical Data

Category selection shows a “Tripod” pattern: whisky, brandy, and baijiu rank as the top three, together forming the core consumption matrix. This structure meets the needs of daily food pairing, is suitable for business banquets, and also caters to collecting and investment value, forming a complete consumption ecosystem.

Wines & Spirits Category Preferences of The Spirits Aficionados



Source: CDFG Internal Statistical Data

Brand Mindset: A Balance of Pragmatism and Brand Loyalty

For mature Spirits Aficionados, purchasing decisions are driven by both rational and emotional factors. On one hand, they emphasize value and practicality; on the other, they pursue a quality lifestyle with a mature and stable consumption outlook.

For younger Spirits Aficionados, unique styles and novel products are more appealing. This includes emerging brands, mixed drinks, and trendy concepts like "Tipsy", "A Little Tipple", Moutai-flavored ice cream, and "Sauce-Fragrance" lattes. Among female Spirits Aficionados, there is growing demand for fruit wines, low-alcohol beverages, and healthier options. They also have a demand for Perfumes & Cosmetics. CDFG integrates low-alcohol flavored beverages (e.g., fruit wines, ready-to-drink cocktails) with the Perfumes & Cosmetics category in a cross-category approach, designing "Beauty + A Little Tipple" themed promotions.

Lifestyle Paradigm: A Multi-Dimensional Consumption Philosophy for a Quality Life

The lifestyle of The Spirits Aficionados is characterized by a balance of "Internal And External Cultivation". They value social connections and time with friends and family, while also focusing on quality of life, health, and personal well-being. This trait gives rise to diverse consumption scenarios: gifting needs, business presents, and collecting/investing behavior are all key purchase drivers. Their decision-making process is highly professional, with 88.8% citing product authenticity as a core requirement. Their sensitivity to limited editions is also significantly higher than the general public's.

Channel Selection: An Experience-Driven, Omni-Scene Consumption Logic

Offline channels are absolutely dominant (offline orders account for 78.5% of sales, and repeat purchasers with 2+ orders account for 51.0%). They can meet immediate needs, offer a rich variety of high-end products and leading brands, and provide experiences—especially in Hainan shops like the Malt & More Whisky by CDF. For these reasons, The Spirits Aficionados are willing to spend 1-2 hours on in-depth browsing and selection. The low penetration of online channels confirms the "Irreplaceable Experience" characteristic of high-end beverage consumption.

High-End Focus + Experience Upgrade: CDFG's Multi-Faceted Operational Strategy for Wines & Spirits

CDFG has built a tripartite operational model for Wines & Spirits based on a "High-End Focus + Experiential Approach + Membership System".

Through a dual-track layout of "International Famous Liquors + Guochao Baijiu", it introduces scarce imported products like duty-free exclusives while also creating experiential spaces for domestic baijiu, such as dedicated boutiques. Its original collaboration products and whisky culture IP projects (the "Malt & More Whisky by CDF" won a 2025 Icons of Whisky award) not only enhance brand premium but also lower the barrier to entry for high-end Wines & Spirits consumption through scene-based marketing, creating a differentiated competitive advantage.

In its marketing strategy, CDFG focuses on exclusive member benefits and immersive experiences. It offers The Spirits Aficionados priority access to limited-edition bottles and private tasting events to enhance loyalty. At the same time, it boosts purchase frequency through holiday gift set marketing (e.g., Mid-Autumn Festival baijiu sets + double points) and offline events (e.g., the "Starry Wish Night" New Year's Eve event at the duty-free mall). The Malt & More Whisky by CDF's Tasting-by-The-Glass service and interactive experience zones further transform Wines & Spirits consumption from a transaction into a cultural experience, attracting both seasoned enthusiasts and novice users.

In its channel strategy, CDFG implements precise, scene-specific supply: Hainan offshore shops focus on high-end duty-free spirits to meet tourists' "Travel + Collect" needs; airport shops offer small, portable sizes (e.g., 50ml baijiu) suitable for the immediate consumption needs of business travelers; downtown duty-free shops are piloting tax refunds on Wines & Spirits for departing foreign tourists to tap into an incremental market. Online, cross-border e-commerce supplements sales with duty-paid Wines & Spirits, but the core strategy still relies on driving traffic from offline experiences, creating a closed loop of "Offline Immersive Experience - Online Repurchase".

Overall, with a core focus on "Scarce Products + Scene-Based Experiences + Omnichannel Synergy", CDFG leverages its membership system and HNW customer management to solidify its competitive advantage in the high-end beverage market.

2.3.5 The Tech Adventurers: A Profile of the Digital Age's Leading-Edge Consumers

The Tech Adventurers

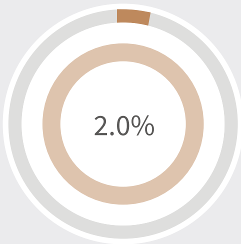
A Profile of the Digital Age's Leading-Edge Consumers

Members who prefer Electronics & Tech Products, have the highest purchase frequency or single transaction amount in these categories, or whose spending share on them is above the median.

The Tech Adventurers have a keen interest in technology, viewing it as a vital part of their life and work, and demonstrate strong spending power on consumer electronics. They select high-value products based on rational evaluation, paying attention to performance specs while also enjoying the fun of technology, and continuously lead consumer trends in tech products.

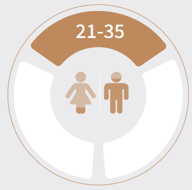
Segment Percentage

The proportion of members



Key Attributes

Age/Gender

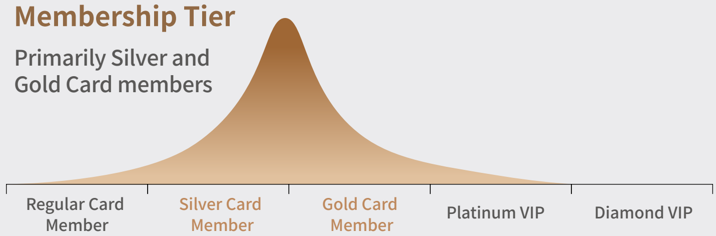


Primarily men, concentrated in the 21-35 age group

Consumption Behavior

Membership Tier

Primarily Silver and Gold Card members



Category Preferences

Digital products (e.g., Apple, Huawei), **cutting-edge home appliances** (e.g., Dyson), **professional imaging** (e.g., Leica).

Consumption Characteristics

- **Dominated by Tech Consumption:** Digital product spending is significant, with annual spending concentrated in the RMB 5,000-20,000 range.
- **Leading Brand Effect:** Apple holds the top spot, but they remain open to professional brands like Huawei and Leica.
- **Diverse Scene Coverage:** Spans from core digital products to niche areas like health tech and professional imaging.

Lifestyle/Consumption Outlook

- **Geek Spirit:** Constructing a personalized lifestyle through tech products.
- **Rational Exploration:** Value-conscious, but willing to pay a premium for technological innovation.
- **Peer Group Influence:** Rely on recommendations from professional KOLs, not traditional advertising.

Engagement Strategy

- **New Product Launches:** Partnering with Apple and Huawei to launch duty-free exclusive tech products.
- **Experiential Marketing:** Creating a "Cutting-Edge Tech Zone" to enhance functional demonstrations.
- **Empowered by Guochao:** Introducing AI products from brands like DJI and iFLYTEK.

Persona Positioning: The Young Elite' s Pursuit of Technology

The Tech Adventurers segment is predominantly composed of highly educated men aged 21-35, living mostly in Tier 1, 2, and 3 cities. They have a keen interest in tech products and technology, see it as a vital part of their life and work, and demonstrate strong spending power and a pursuit of a quality lifestyle. They are trendsetters in technology.

Consumption Profile: Focused on Digital, with Diverse Choices

The Tech Adventurers are primarily Silver and Gold Card members. Their number of orders for duty-free and travel retail goods is concentrated at 1-3 annually, with yearly spending mainly in the RMB 5,000-20,000 range. Digital products and home electronics are their core spending areas, especially smartphones and computers, where purchase frequency and single transaction amounts are significantly higher than in other categories. This indicates a high willingness to invest in tech products and high standards for performance and functionality.

The Tech Adventurers show diverse brand preferences in their consumption choices. Apple dominates due to its complete ecosystem and product innovation, creating a significant leading-brand effect. Meanwhile, brands like Huawei and Philips maintain a stable appeal in their respective niches, while professional brands like Dyson, Samsung, and Leica attract specific groups with their unique technological features. This consumption structure reflects both loyalty to core tech brands and an open-minded exploration of emerging technologies, such as AI products from iFLYTEK, and vertical categories, like gaming devices from Nintendo. Notably, the coexistence of diverse brands—from audio equipment like Bose and Harman/Kardon, to health tech like breo and SKG, to professional imaging like Leica—highlights The Tech Adventurers' composite consumption philosophy of "Scene-Based + Professionalized + Personalized". They value the quality assurance of core products while also seeking professional experiences in niche areas and aspiring to build a unique lifestyle through differentiated products.

Lifestyle and Consumption Philosophy: Rational Exploration, Passionate Experience

The Tech Adventurers prioritize personal development and growth, see work as an important part of life, and are adept at acquiring and analyzing information, giving them a deep understanding of various aspects of life. They use technology to enhance their quality of life and express their individuality and self-worth. They seek value for money, are skilled at comparing and choosing, and are full of interest in novel products and eager to try them. Their purchasing decisions rely on objective information like professional reviews, demonstrating rationality and expertise. They maintain a clear-headed approach while still enjoying the pleasure that technology brings.

Guochao Tech + Duty-Free Benefits: CDFG Creates a Consumption Magnet for Global Tech Adventurers

Targeting The Tech Adventurers segment, CDFG has continuously strengthened its appeal through a "New Product Launches + Cutting-Edge Tech Experiences" strategy, achieving significant success in its electronics category operations. With the rise of "Guochao Going Global" and domestic product trends, Chinese brands are accelerating their internationalization through global duty-free channels. Powered by AI technology and price advantages, they are successfully capturing market share, with some even emerging as domestic alternatives for home appliances. Driven by policy, CDFG fully leverages the advantages of the duty-free channel. On one hand, it uses the price advantage from VAT exemption to precisely target differentiated customer segments. On the other hand, it collaborates with leading brands on new product launch strategies. By scientifically coordinating inventory allocation (balancing the needs of high-tier members and individual customers) and strengthening marketing promotion, it has successfully built a unique competitive advantage for tech products in the duty-free channel.

Figure: A glimpse of customers shopping for products from renowned tech brands

2.3.6 The Trend-Driven Stylists: A Profile of Urban Trendsetters

The Trend-Driven Stylists

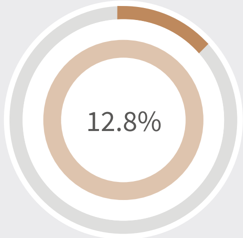
A Profile of Urban Trendsetters

Members aged 16-30 who prefer the Perfumes & Cosmetics category, have the highest purchase frequency in perfume, makeup, and cosmetic tools, and are Regular, Silver, or Gold Card members. They are easily influenced ("Seeded") by social/short-video media, enjoy spending money to try trendy ("Pulling Weeds") products, and like aesthetically pleasing items.

The Trend-Driven Stylists are the bellwethers of young urban consumption. Led by Gen Z, they view consumption as a dual expression of personality and taste. Their purchasing decisions are easily influenced by social media platforms. They seek immediate gratification from aesthetically pleasing products, build identity through unique items like limited editions and collaborations, yet also maintain an emotional connection to classic brands, finding a curious balance between "Impulse Buying" and "Brand Loyalty".

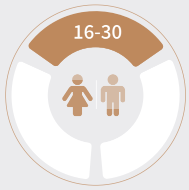
Segment Percentage

The proportion of members



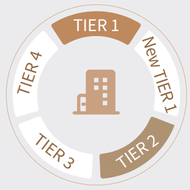
Key Attributes

Age/Gender



Aged 16-30, overwhelmingly female.

City Distribution



Concentrated in Tier 1 and Tier 2 cities.

Consumption Behavior

Membership Tier

Primarily Regular Card members

Spending Power

Lower annual spending, often around RMB 2,000, with a high share of spending on color cosmetics.

Category Preferences

Major international beauty brands (e.g., YSL, NARS, Tom Ford), **trendy accessories.**

Consumption Characteristics

- **Impulse Consumption:** 1-3 orders per year, socially driven; decisions are easily influenced by KOLs on social media.
- **Aesthetics Economy:** High conversion rate for aesthetically pleasing products and collaborations.
- **Online Dominance:** Highly reliant on online channels.

Lifestyle/Consumption Outlook

- **Identity Expression:** Reinforcing personal trendsetter status through consumption.
- **Instant Gratification:** Preference for "Social Currency" like limited editions and celebrity-endorsed items.
- **Entertainment-Oriented:** Keen on experiential consumption like visiting influencer check-in spots and attending concerts.

Engagement Strategy

- **Viral Social Sharing:** "Check-in" spots for Xiaohongshu, celebrity pop-up events.
- **Limited-Edition Incentives:** Launching duty-free exclusive cosmetic collaborations.
- **Culture-Tourism Integration:** Planning immersive "Shopping + Sightseeing" experiences.

Persona Positioning: The New Wave of Urban Fashion

As a new force in urban consumption, The Trend-Driven Stylists aged 21-30 epitomize the consumer traits of Gen Z. This young group from Tier 1 and Tier 2 cities possesses both a pursuit of quality and a sensitivity to trends. Their consumption behavior has distinct characteristics: a preference for entertainment-oriented consumption (gaming/staying at home/visiting influencer spots) and a tendency to make impulse purchases triggered by aesthetically pleasing goods. Consumption data shows that in the fashion domain, this group exhibits typical characteristics of "Impulse Buying, Mid-To-Low Price Points, and Strong Brand Orientation".

Consumption Profile: Dominated by Beauty, with a Focused Category Structure

In terms of purchase frequency, The Trend-Driven Stylists exhibit an impulse-buy rhythm during travel or study periods, with the number of annual orders for duty-free and travel retail goods concentrated at 1-3. Among them, 78.5% have made online purchases, showing a high propensity for online shopping. In terms of category consumption, Perfumes & Cosmetics is this group' s core spending area, with an increasing focus. Among these, color cosmetics are the most prominent. In other categories, entry-level bags, electronics, jewelry, and fashion apparel are also items that The Trend-Driven Stylists are keen to buy.

Brand Landscape: A Refined Taste Dominated by Major International Beauty Brands

Brand selection shows a clear concentration on top brands, with international brands being popular among The Trend-Driven Stylists. Outside of Perfumes & Cosmetics, a minority Trend-Driven Stylists with higher spending power show a preference for entry-level items from high-luxury brands. This brand preference confirms the group' s "Refined" consumption philosophy—they seek product quality while also valuing the identity that brands provide.

Lifestyle: An Experience Economy Driven by Socializing

The lives of The Trend-Driven Stylists are full of vitality and creativity; they see consumption as a key expression of their lifestyle. Data shows that 75% of this group' s purchasing decisions are influenced by social media, exhibiting a typical "Socially Driven" characteristic. They actively participate in various trendy events and strengthen their personal image by consuming well-designed products. Celebrity endorsements and collaborations with virtual idols often spark their purchasing enthusiasm.

Consumer Psychology: Identity and Self-Expression

An in-depth analysis of their purchase motivations reveals two core drivers: first, building social identity through brand consumption, and second, achieving personal expression through product design. This psychological trait makes them loyal to classic brands (e.g., star products from classic Perfumes & Cosmetics brands) while also maintaining a high level of enthusiasm for unique items like limited editions and collaborations.

Viral Social Sharing + Scene-Based Marketing: CDFG Unlocks New Momentum in Youth Consumption

Targeting The Trend-Driven Stylists' enthusiasm for social sharing, trend-chasing, preference for aesthetics, and susceptibility to the influencer economy, CDFG uses a dual-engine drive of "Viral Social Sharing + Limited Editions". For example, it sets up "Check-In" spots for Xiaohongshu in airport shops and plans innovative interactive formats like sunset markets, Guochao innovation events, anime-themed pop-ups, public declarations of love on a big screen, and concerts by star singers. This allows customers to have immersive experiences and visit "Check-In" sights while shopping, achieving an integration of retail with culture and tourism. Through these initiatives, the conversion rate for young consumers has increased by 5%.

Figure: The first Disney Pop-Up Shop in Sanya

2.3.7 The Senior Quality Seekers: A Golden Consumer Generation of Rational Elegance

The Senior Quality Seekers

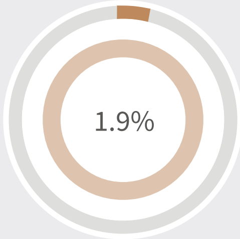
A Golden Consumer Generation of Rational Elegance

Members aged 60 and above.

The Senior Quality Seekers represent the quality-upgrading force in China's new senior consumer market. With their steady spending power and a "Rational Upgrade" consumption philosophy, they are reshaping the senior market. This group integrates life wisdom into their consumption choices. They maintain traditional prudence while pursuing effective quality, interpreting a life aesthetic of "Quality over Quantity" through a balance of wellness rituals, family joy, and self-care.

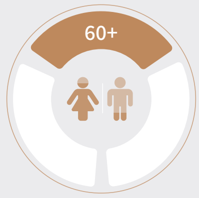
Segment Percentage

The proportion of members



Key Attributes

Age/Gender

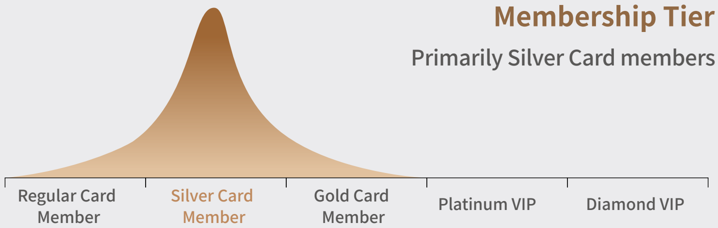


60+ years old, primarily female.

Consumption Behavior

Membership Tier

Primarily Silver Card members



Category Preferences

- **Anti-aging skincare** (e.g., Estée Lauder Re-Nutriv series).
- **Health supplements** (e.g., Swisse).
- **Wellness-oriented spirits** (e.g., Moutai, Wuliangye).

Consumption Characteristics

- **Rational Upgrade Consumption:** 1-2 orders annually, with yearly spending concentrated in the RMB 3,000-8,000 range.
- **Dominated by Health Consumption, Pursuing Quality of Life:** High spending share on health categories, while also consuming spirits and luggage, reflecting a balanced philosophy of "Health + Moderate Indulgence".
- **Preference for Offline, Brick-and-Mortar Shopping.**

Lifestyle/Consumption Outlook

- **Quality of Life:** Pursuing a balance of "Health + Moderate Indulgence".
- **Trust Economy:** Brand loyalty is 20-30% higher than that of younger people.
- **Family Care:** 30% of spending is on gifts for children/grandchildren.

Engagement Strategy

- **Exclusive Services:** Establishing a "Silver-Haired Channel" (separate checkout + rest area).
- **Wellness Sets:** Launching "Anti-Aging Skincare + Health Supplements" bundles.
- **Cultural Empowerment:** Collaborating with time-honored brands like Tong Ren Tang.

Persona Positioning: The Consumption Upgrade of Urban Seniors

Unlike traditional senior consumer groups, contemporary Senior Quality Seekers are mainly composed of retired or near-retired consumers, concentrated in the 60+ age group and primarily residing in Tier 1 and Tier 2 cities. This group has stable pension income and accumulated assets, with spending power at the upper-middle level in urban areas. Notably, they retain the cautious traits of traditional consumption while also demonstrating a clear pursuit of a quality lifestyle, forming a unique “Rational Upgrade” consumption model.

Consumption Profile: Emphasizing Both Regularity and Quality

The consumption behavior of The Senior Quality Seekers exhibits a prominent planned characteristic. Their annual purchase frequency is stable at 1-2 orders, with yearly spending concentrated between RMB 3,000 and RMB 8,000. This consumption rhythm reflects both the regularity of retired life and their “Quality over Quantity” consumption philosophy.

In their category choices, they show a clear preference for health management and anti-aging products, favoring mid-to-high-end brands with proven efficacy. Health management is the most important consumption scenario for The Senior Quality Seekers. This group’s spending share on health supplements and anti-aging products is significantly higher than other segments, and anti-aging lines from skincare brands also enjoy their stable patronage. Notably, while pursuing health, they still maintain a level of moderate indulgence. Nearly 30% of The Senior Quality Seekers also choose to purchase spirits and luggage/leather goods.

Decision-Making Path: Driven by Both Experience and Word-of-Mouth

The Senior Quality Seekers exhibit high loyalty in their brand choices. This stability stems from both long-term consumption habits and a rational assessment of a product’s effectiveness. This group adheres to a “Pragmatic” principle in their consumption decisions. While focusing on value, they rely on their own user experience as well as recommendations from friends and family, forming a unique dual decision-making mechanism of “Brand Experience + Social Word-of-Mouth”. This model allows them to remain rational in an information-overloaded market but also creates a high barrier for new brands to penetrate. Actual results and interpersonal communication become the key factors influencing their consumption choices.

Wellness + Exclusive Services: CDFG Taps into the New Blue Ocean of the Silver Economy

To meet the demand of The Senior Quality Seekers for wellness, quality, and a comfortable consumption experience, CDFG provides exclusive services and product combinations for this customer segment. For example, the CDFG Sanya International Duty Free Shopping Complex has launched a “Select Channel” for customers over 60, featuring separate checkouts, dedicated consultants, and a rest area. It is complemented by customized wellness product sets, such as an Estée Lauder Re-Nutriv series + Swisse Liver Detox supplement bundle, and products from traditional cultural brands like China Tea and Tong Ren Tang. After launching exclusive custom products and establishing the dedicated channel for seniors at the Sanya shop, the average transaction value for The Senior Quality Seekers surpassed RMB 10,000.

Figure: CDFG enters the new blue ocean of the silver economy, creating a new benchmark for wellness consumption.

2.3.8 The Performance Athletes: A Profile of Consumption Driven by Professionalism

The Performance Athletes

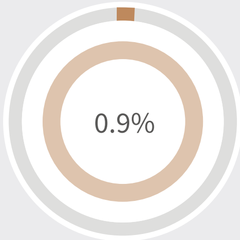
A Profile of Consumption Driven by Professionalism

Members whose most frequently purchased brands or brands with the highest single transaction amount are primarily professional sports gear brands, or whose spending share on them is above the median. Examples of sports gear brands include Arc' teryx, Descente, Lululemon, etc.

The Performance Athletes are the professional leaders of urban sports consumption. With a core of urban elites aged 26-45, they view sports gear as a deep integration of performance and lifestyle. They can precisely match their gear to different sports scenarios, creating a virtuous cycle of "Technology-Driven Consumption Upgrades". This group's ultimate pursuit of gear functionality continuously drives the high-end development of the professional sports consumption market.

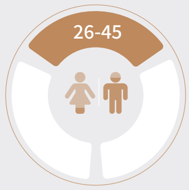
Segment Percentage

The proportion of members



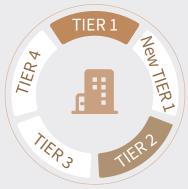
Key Attributes

Age/Gender



Primarily men, concentrated in the 26-45 age group.

City Distribution

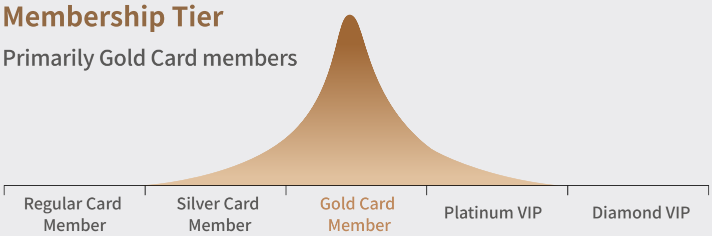


Concentrated in Tier 1 and Tier 2 cities.

Consumption Behavior

Membership Tier

Primarily Gold Card members



Category Preferences

- **Professional sportswear** (e.g., Arc' teryx, Descente, On Running).
- **Sports technology products** (e.g., Garmin).

Consumption Characteristics

- **High Investment in Pro Gear:** Professional sports gear accounts for half of their spending, with Arc' teryx leading the way.
- **Steady Consumption Rhythm:** Primarily 4-10 orders annually, with yearly spending in the RMB 5,000-20,000 range.
- **Scene-Based Consumption:** Precisely matching gear to different sports needs like trail running and mountaineering.

Lifestyle/Consumption Outlook

- **Professionalism:** Viewing sports as a lifestyle.
- **Performance First:** Willing to pay a premium for professional technology.
- **Peer Group Recognition:** Value hands-on testing and word-of-mouth.

Engagement Strategy

- **Scene-Based Experience:** Setting up interactive installations for popular sports.
- **Tech Empowerment:** Introducing AR virtual try-on technology.
- **Guochao Collaboration:** Hosting "Guochao × Sports" themed galas.

Persona Positioning: The Rise of Urban Sports Elites

As an important part of the new urban consumer force, The Performance Athletes are mainly composed of sports-loving consumers aged 26-45, concentrated in Tier 1 and Tier 2 cities. This group exhibits a distinct "Professionalism" in their consumption. They not only view sports as a means of health management but also as an expression of their lifestyle. Compared to average consumers, they have higher requirements for the professionalism and functionality of their sports gear. Their consumption behavior shows strong spending power on sports and a preference for high-end professional brands.

Consumption Profile: A Perfect Combination of High Frequency and High Professionalism

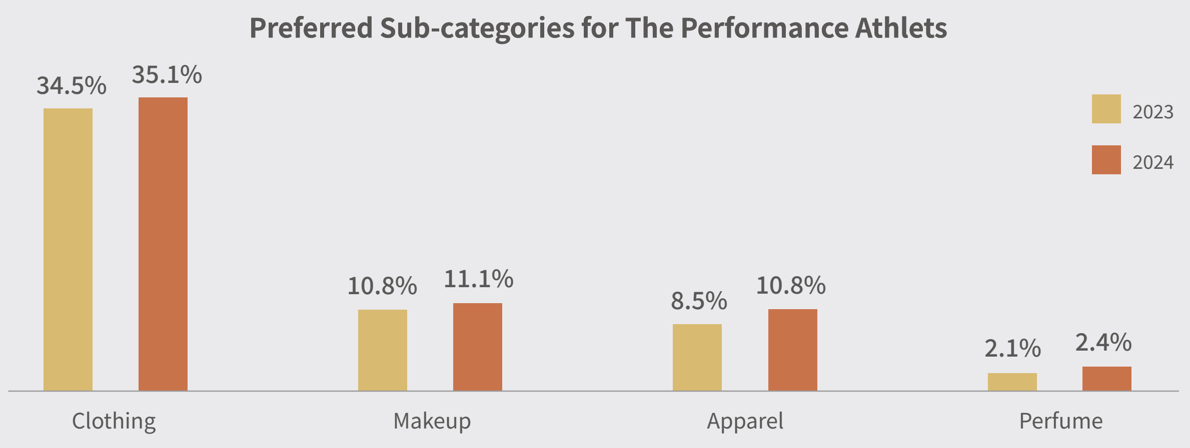
Data analysis shows that The Performance Athletes exhibit a relatively even consumption rhythm, with the annual number of orders for duty-free and travel retail goods peaking prominently in the 4-10 order range. In terms of spending, the expenditures of The Performance Athletes are mainly concentrated in the RMB 5,000-20,000 range. They have a strong willingness to spend on sports gear and tech products. For nearly 50% of The Performance Athletes shopping on the CDFG platform, professional sports gear was the item with their highest single transaction amount. Likewise, The Performance Athletes purchase professional sports gear brands most frequently, reflecting their high investment and high frequency in pro gear. This consumption model reflects both a sustained passion for sports and a consumption philosophy that pursues ultimate performance.

Consumer Mindset: A Professionalism Centered on Specs

The Performance Athletes exhibit professionalized decision-making characteristics. They can accurately identify the technical differences in gear materials (e.g., carbon fiber grades vs. composite fabric performance), create scientific gear combinations based on different sports scenarios (e.g., trail running, road cycling, high-altitude mountaineering) and individual needs (e.g., arch type, exercise intensity), and actively use professional tech products to quantify and improve their performance. This consumption behavior, based on professional knowledge, effectively drives this group' s continuous gear upgrades within the RMB 5,000-20,000 price range, creating a virtuous cycle of "Technical Understanding - Professional Consumption - Experience Upgrade".

Demand Trends: Strengthened Demand for Sports-Related Categories, Balanced with Beauty and Daily Consumption

The share of sports-related categories like apparel and clothing is rising, while beauty categories like makeup and perfume remain stable. Demand shows a composite characteristic of "Sports Gear + Daily Consumption". Among preferred sub-categories, apparel (sports-related) increased from 8.5% to 10.8%, and clothing (basic sportswear) from 34.5% to 35.1%, reflecting the continuous strengthening of core demand for sports gear. At the same time, makeup' s share rose from 10.8% to 11.1%, and perfume from 2.1% to 2.4%, indicating that beyond professional gear, The Performance Athletes still pay attention to daily consumption needs like beauty products.



Source: CDFG Internal Statistical Data

Scene Revolution + Guochao Empowerment: CDFG Reconstructs the Sports Consumption Ecosystem

Targeting The Performance Athletes’ passion for fitness and outdoor activities and their prominent demand for professional sports gear, CDFG drives conversion by creating professional scenes. Responding to the trend of professionalization and experientialism in sports consumption, it has launched a series of precise operational initiatives. At the same time, it is further deepening its layout of Guochao sports brands, partnering with the Jinjiang municipal government to create a “Guochao × Sports” gala. The event brings together brands like Xtep and Fila, integrating traditional cultural elements with modern technology through innovative formats like a tech-focused runway show and an intelligent interactive zone (featuring AR try-ons and motion sensor tests). Paired with targeted promotional strategies, this both satisfies consumers’ need for cultural identity and highlights the functional advantages of the products.

These initiatives reflect CDFG’s precise grasp of sports consumption trends: shifting from product sales to a multi-faceted operation of “Scene-Based Experience + Cultural Value”. It builds emotional connections through immersive interaction, strengthens brand identity with Guochao elements, and continuously unlocks the unique value of the duty-free channel.

2.3.9 The Foreign Travelers: The Consumption Log of an Eastern Culture Explorer

The Foreign Travelers

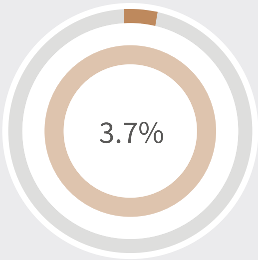
The Consumption Log of an Eastern Culture Explorer

Consumers from countries other than Mainland China/HK/Macau/Taiwan who have made a purchase at CDFG in the past year.

The Foreign Travelers are explorers of cultural consumption, seeking the perfect combination of price advantage and local character. These travelers view duty-free shopping as a key memory of their journey. They carefully select distinctive souvenirs like silk embroidery for friends and family and are also curious about Guochao tech products. They expect a one-stop solution for their diverse needs—from professional shopping assistance to convenient payment and tax refunds, from major international brands to local cultural and creative products. They savor authentic Chinese flavor through their shopping experience.

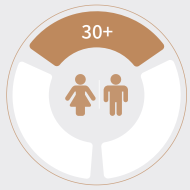
Segment Percentage

The proportion of members



Key Attributes

Age/Gender



30+ years old, balanced gender ratio.

Regions of Origin

Southeast Asia, Europe, Americas, etc.

Consumption Behavior

Travel Context

More independent travelers.

Spending Power

Annual spending concentrated in the RMB 5,000-20,000 range.

Category Preferences

- **Chinese specialty goods** (e.g., silk, tea).
- **Guochao tech** (e.g., Huawei, DJI).
- **Major international brands** (e.g., Cartier, Gucci).

Consumption Characteristics

- **Dual Purchase Motivation:** Balancing price advantage with local character.
- **Scene-Based Shopping:** A trinity of travel souvenirs, gifts for friends
- and family, and cultural experience.

Lifestyle/Consumption Outlook

- **Experience First:** Integrating shopping into travel memories.
- **Pragmatism:** Balancing needs for personal use and gifting.
- **Cultural Curiosity:** Favoring narratives of traditional craftsmanship.

Engagement Strategy

- **Cultural Integration:** Setting up exhibition zones for intangible cultural heritage.
- **Service Upgrade:** A “Buy and Refund Now” tax refund channel.
- **Precise Outreach:** A multilingual membership push notification system.

Persona Profile: The “China Experience” Seeker Who Prefers Independent Travel

The number of The Foreign Travelers and their spending increased YoY by 53.9% and 84.5%, respectively. Key countries of origin include the UAE, South Korea, Malaysia, Afghanistan, Sri Lanka, Russia, Vietnam, Thailand, the US, Australia, Singapore, Canada, and Japan. This group is primarily a mature segment aged 30 and above, traveling mainly for tourism and business. Tourists visit China an average of 1-2 times per year, staying for about 1-2 weeks. They prefer independent travel and are familiar with and willing to visit Tier 1 and New Tier 1 cities. The backgrounds of these travelers are diverse, including foreign tourists, expatriates on business trips to China, and long-term residents in China. Their consumption behavior and shopping scenarios in China are influenced by a variety of factors, including cultural experiences, shopping needs, and personal interests.

Purchase Motivation: A Dual Attraction of Price Advantage and Local Character

The consumption behavior of The Foreign Travelers in duty-free shops is primarily driven by price discounts and product quality assurance. They pay close attention to promotional activities, especially in duty-free shops in Tier 1 cities, and also prefer a one-stop shopping experience. They have high expectations for product variety, staff attitude, and professional assistance. They tend to purchase items with local character, such as ethnic clothing, shoes and hats, local cultural and creative products, silk embroidery, Chinese pastries, local specialties, and health tonics. Additionally, The Foreign Travelers show a strong interest in Guochao brand products.

Scene Preference: Chinese Memories in a Suitcase

The shopping scenarios for The Foreign Travelers are mostly travel-oriented. They usually travel with family or friends and stay for about 1-2 weeks. When shopping, they buy items as keepsakes for themselves, purchase local specialty products, and buy gifts for relatives and friends. The main reasons they choose downtown duty-free shops are convenience of location, favorable prices, frequent discounts, a comfortable environment, ease of finding products, and the availability of local specialty goods. The Foreign Travelers value one-stop shopping, a comfortable shopping environment, the availability of samples, and the presence of local specialty brands/cultural and creative gifts. Besides favorable prices, they consider professional shopping assistance, after-sales service, and local cultural and creative products to be important attractions of duty-free shops.

Decoding Pain Points: Service Gaps in Cultural Consumption

The main barriers for The Foreign Travelers when choosing a duty-free shop include distance, high prices with insufficient promotions, a lack of product variety, and concerns about product quality and the availability of local specialty items. They expect duty-free shops to offer a wider selection of brands, including both major international and Guochao brands, and also hope for more products with local character and cultural experiences. Furthermore, The Foreign Travelers expect duty-free shops to provide multilingual services, international payment options, a convenient tax refund process, and efficient logistics services to enhance the shopping experience.

Cultural Gravity + Duty-Free Benefits: CDFG Creates a “Chinese Shopping Memory” for The Foreign Travelers

The consumption behavior of The Foreign Travelers combines rationality with cultural curiosity—they value duty-free price advantages while also being keen to seek out “Chinese symbols” like silk embroidery and Guochao tech. CDFG has keenly captured this group’s dual needs. It enhances its “Price + Culture” competitiveness by optimizing the mix of major international brands and local specialty goods. Addressing the high demand for professional service from international customers, it staffs key shops with multilingual shopping assistants, optimizes international payment flows, and has even streamlined the tax refund process to “Buy and Refund Now”.

Notably, the consumption scenarios for these travelers are highly dependent on creating travel memories. They often travel with friends and family, and their shopping purposes include personal use, collecting, and gifting. Therefore, CDFG’s product displays emphasize a “Travel-Friendly” attribute—for example, by centrally showcasing local cultural and creative products and portable Chinese souvenirs, accompanied by sample distribution to enhance the experience. To address pain points like “Low Perception of Promotions” and “Inconvenient Logistics”, CDFG uses its membership system to send targeted coupons (e.g., spend-and-save) and offer services like dedicated car service for members, leveraging precision operations to unlock the repurchase potential of foreign customers. This strategy, which balances commercial efficiency with cultural resonance, is becoming a key differentiating advantage in attracting The Foreign Travelers.

Figure: Foreign customers’ shopping experience at the CDF Guangzhou Downtown Duty Free Store

03

Duty-Free and Travel Retail Category Trends and Growth Engines

PART 3
Duty-Free and Travel Retail Category Trends and Growth Engines

3.1 Overall Trend Analysis of CDFG' s Duty-Free and Travel Retail Categories

3.1.1 Consumption Trends and Emerging Market Insights for Duty-Free and Travel Retail Categories

1	2	3	4
Consumption Upgrade and Value Restructuring	The Rise of Guochao	The Rise of the Experience Economy	The Channel Integration Revolution

Consumption Upgrade and Value Restructuring: A Paradigm Shift from Material to Meaningful Consumption

Basic Needs → Functional Needs → Identity Needs → Emotional Needs

Duty-free consumption is undergoing a profound transformation, following parallel paths of diversification and personalization. On one hand, consumption boundaries are continuously expanding, extending from traditional luxury goods and cosmetics to emerging categories like wellness, collectible toys, and outdoor sports. This signifies that duty-free shopping has evolved from a simple transaction into a multi-dimensional expression of lifestyle. On the other hand, consumer demand for scarcity and uniqueness has given rise to a new value assessment system. Limited-edition items and customized sets have not only become status symbols but are also imbued with emotional value and social significance. The essence of this transformation is a deep-seated change in consumption motives. Consumers are no longer satisfied with product functionality alone; they now seek the cultural substance and social capital behind the products and are willing to pay a premium for uniqueness.

The Rise of "Guochao (China Chic)": The Value Restructuring of Domestic Brands

Through product innovation and cross-industry collaborations, domestic Chinese brands have achieved a breakthrough in brand premium in tourism retail market. The enthusiasm of young consumer groups for "Guochao" products is changing the long-standing dominance of international brands in tourism retail market, creating new points of value growth.

The Rise of the Experience Economy: The Transformation of Shopping Scenarios into Content

Experiential elements like immersive displays and art installations are upgrading duty-free shopping from a transactional activity to a form of content consumption. This shift requires operators to transform from being mere merchandise suppliers into providers of lifestyle content.

The Channel Integration Revolution: Digital Reshaping of the Duty-Free Shopping Experience

The boundaries between online and offline channels are dissolving. Innovative initiatives such as the application of AR/VR technology and online-exclusive SKUs are building a new consumption loop of "Online Ordering + Offline Experience". This integration not only enhances conversion efficiency but also redefines the spatio-temporal dimensions of duty-free shopping.

Figure: The CDF Haikou International Duty Free City

3.1.2 A Panoramic Analysis of CDFG's Strategic Layout for Duty-Free and Travel Retail Products

As an industry leader, CDFG continuously strengthens its market competitiveness through a diversified channel layout and the diversified development of its categories and brands. The Group's operating categories cover major segments such as Fashion & Accessories, Perfumes & Cosmetics, Tobacco, and Wines & Spirits, with over 360,000 SKUs. It has established long-term cooperative relationships with more than 1,500 renowned global brands.

360,000+

SKUs Offered

1,500+

Partnered Renowned Global Brands

1 Category Expansion Strategy: Building an Omni-Scene Duty-Free Ecosystem

CDFG continues to deepen its category segmentation strategy, extending from traditional duty-free goods to all lifestyle scenarios. In its product mix, it actively introduces emerging categories such as fragrances, high-end skincare, and smart wearables, while also developing its presence in high-end markets like gold jewelry and lab-grown diamonds. To enhance its differentiated competitive advantage, CDFG focuses on developing personalized, custom, first-launch, and limited-edition products tailored to the characteristics of different channels and regions, and enriches its product matrix through cross-industry collaborations.

2 Private Label Strategy: Building a Full-Chain R&D System

In its private label development, CDFG has formulated a systematic growth path. Using categories like health supplements and food as an entry point, it is gradually building a full-chain capability covering R&D,

production, and sales. By establishing an Innovation and Development Research Center and a dedicated support fund, CDFG continues to strengthen its R&D investment and engages in deep collaboration with professional institutions. At the same time, it actively promotes co-branded collaborations between its private labels and well-known enterprises, effectively enhancing its brand premium.

3 Internationalization Strategy: A Dual-Wheel Drive of Policy and Market

CDFG innovatively combines tax refund policies with its “Guochao Going Global” strategy. On one hand, it optimizes the tax refund business process. On the other, it fully utilizes the policy advantages of its downtown shop channel to build an internationalization platform for domestic brands. In its overseas market expansion, the Group implements a precise tiered strategy, focusing on cultivating advantageous categories like Guochao beauty and sports & leisure to enhance its global competitiveness through a differentiated layout.

4 Ecosystem-Based Operational Strategy: Building a Diverse Commercial Ecosystem

CDFG is focused on creating a multi-dimensional business model of “Duty-Free + Duty-Paid + Experience”. By optimizing its product structure and strengthening supply chain cooperation, it continuously enriches its supply of high-quality goods. In channel development, it promotes synergistic growth between online and offline to increase consumer repurchase rates. The ultimate goal is to build a global lifestyle platform encompassing merchandise retail, brand incubation, and scene-based experiences, thereby achieving a closed-loop commercial value chain.

3.1.3 Market Size and Growth Performance of CDFG’ s Duty-Free and Travel Retail Categories

Category Performance: Beauty Dominates, Hard Luxury Holds Ground, Wines & Spirits Break Through

The performance of core categories in CDFG’ s member consumption in 2024 shows structural differences:

Absolute Dominance of Perfumes & Cosmetics

With over half of the sales share, this category is far ahead, confirming the status of beauty and skincare as the core pillar of duty-free retail.

A Duopoly in Hard Luxury

Watches & Jewelry and Luxury Goods & Accessories together form the second tier, demonstrating the significant strategic value of the high-end hard luxury category.

The Long-Tail Value of Wines & Spirits and Food & General Merchandise

Although their share is limited, as high-margin supplementary categories, Wines & Spirits and Food & General Merchandise hold special value in increasing average transaction value.

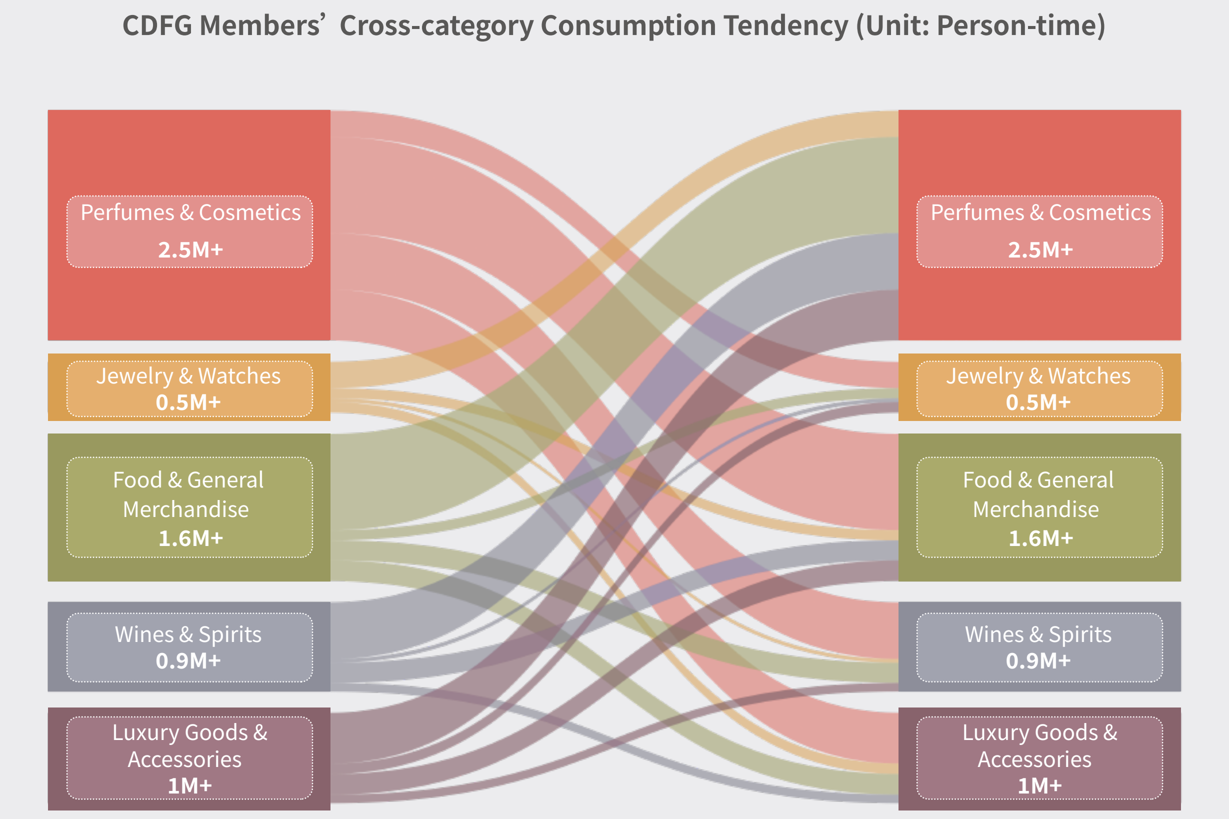
Cross-Category Consumption Performance: From a Singular Demand for Perfumes & Cosmetics to a Full-Category Penetration of Diverse Luxury

CDFG member consumption behavior shows a clear differentiation in category characteristics. Consumers of basic categories (Perfumes & Cosmetics, Wines & Spirits) are more inclined to purchase a single category, while buyers of high-value goods (Watches & Jewelry, Luxury Goods & Accessories) generally have broader cross-category demands.

Share of Members by Single-Category vs. Cross-Category Purchasing

Source: CDFG Internal Statistical Data

CDFG members' cross-category consumption shows a diversification trend. The combination of basic and high-value categories presents enormous potential. As the business foundation, Perfumes & Cosmetics holds an absolute dominant position. Its combined consumption with Food & General Merchandise, Wines & Spirits, and Luxury Goods & Accessories is prominent, and the synergistic effects are noteworthy. As consumer demands continue to upgrade and the duty-free market becomes increasingly diversified, CDFG is constantly optimizing its product categories and enriching its product matrix. This has led to increased member loyalty, a gradual rise in the number of duty-free categories purchased, and a growing phenomenon of cross-category consumption.



Source: CDFG Internal Statistical Data

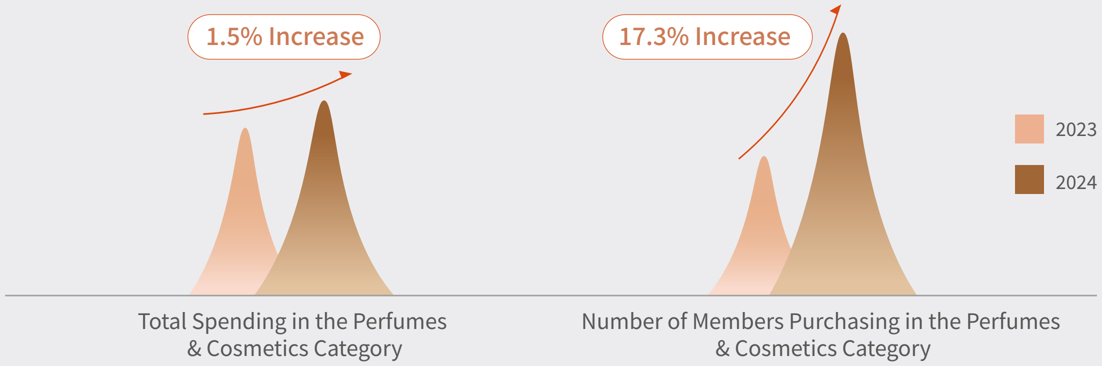
Figure: Shoppers in a Perfumes & Cosmetics store

3.2 In-Depth Analysis of Key Duty-Free Categories

3.2.1 Perfumes & Cosmetics Category

Overall Trend: Steady Growth in the Perfumes & Cosmetics Market with Continuous Expansion of the Consumer Base

In 2024, sales revenue for the Perfumes & Cosmetics category showed a steady growth trend, with total spending achieving a stable YoY increase of 1.5% compared to 2023. This growth was primarily driven by the expansion of the consumer base, with the number of members purchasing Perfumes & Cosmetics increasing by 17.3%, indicating a continuous rise in market penetration.

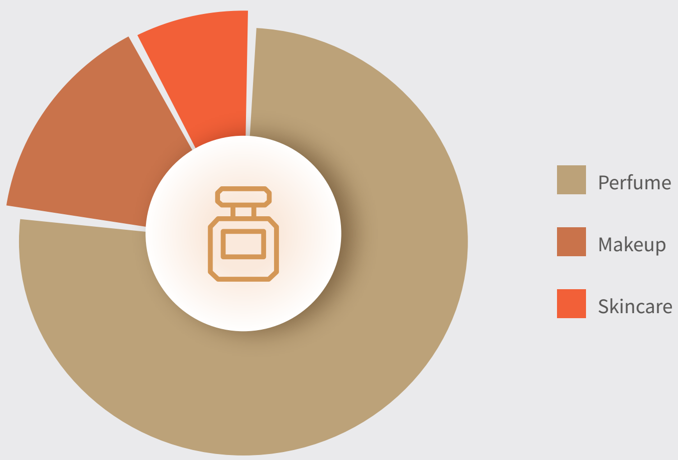


Source: CDFG Internal Statistical Data

Category Distribution: Skincare Dominates but Growth Slows; Makeup and Perfume Show Impressive Growth

Skincare holds a stable, dominant position in the Perfumes & Cosmetics category, while spending on makeup and perfume each grew by nearly 10%. The growth driver for the Perfume category was primarily offline channels like airports, especially The Foreign Travelers (e.g., consumers from Japan, South Korea, Europe, and the Americas) and mature male customers aged 36-50. The growth in the Makeup category was mainly driven by the 16-40 age group, with the introduction and addition of domestic Chinese brands attracting young consumers aged 16-30.

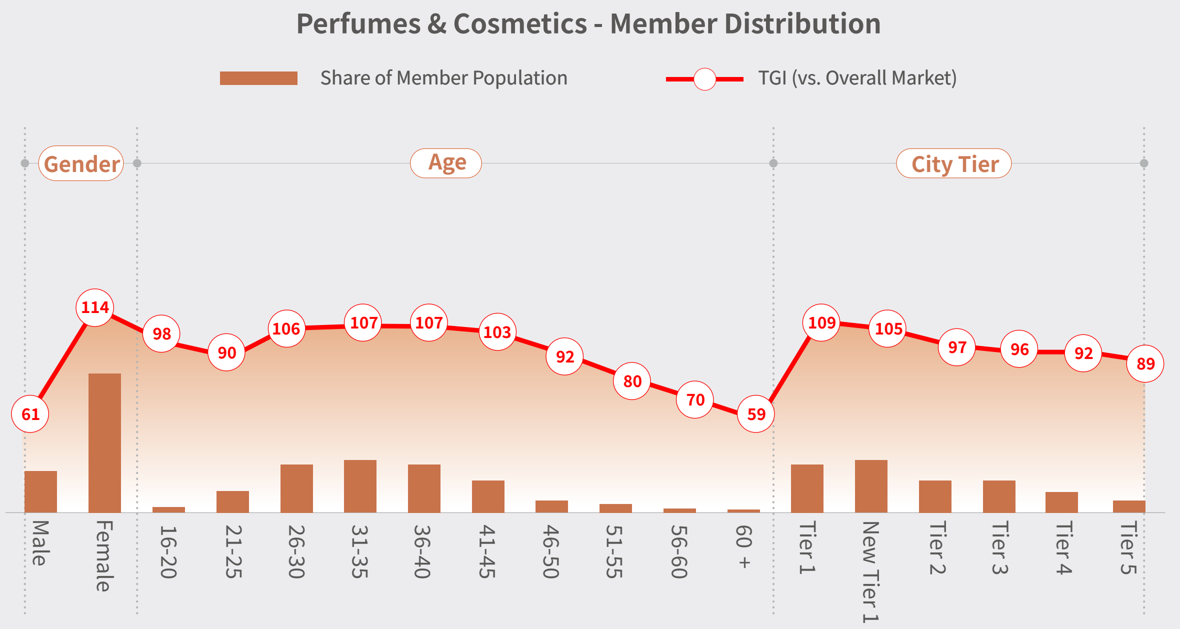
Perfumes & Cosmetics - Sales Proportion by Category



Source: CDFG Internal Statistical Data

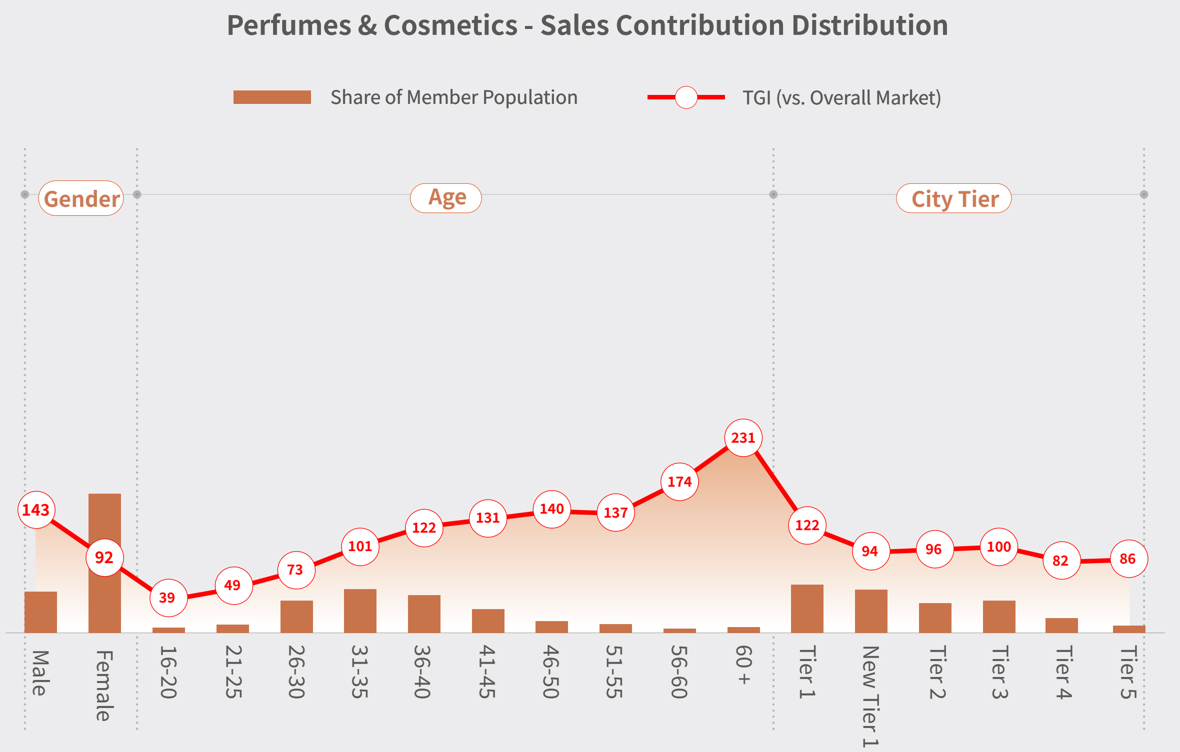
Customer Structure: Male Consumers Show Strong Spending Power; Higher-Tier Cities Remain Core Markets

In terms of consumer characteristics, women aged 26-40 are the core consumer group. Notably, although male consumers account for a smaller share of the population, they demonstrate stronger spending power. Geographically, Tier 1 and New Tier 1 cities contribute the majority of sales revenue.



Source: CDFG Internal Statistical Data

*Note: The Target Group Index (TGI) indicates the difference between the characteristics of a group and the overall average.



Source: CDFG Internal Statistical Data

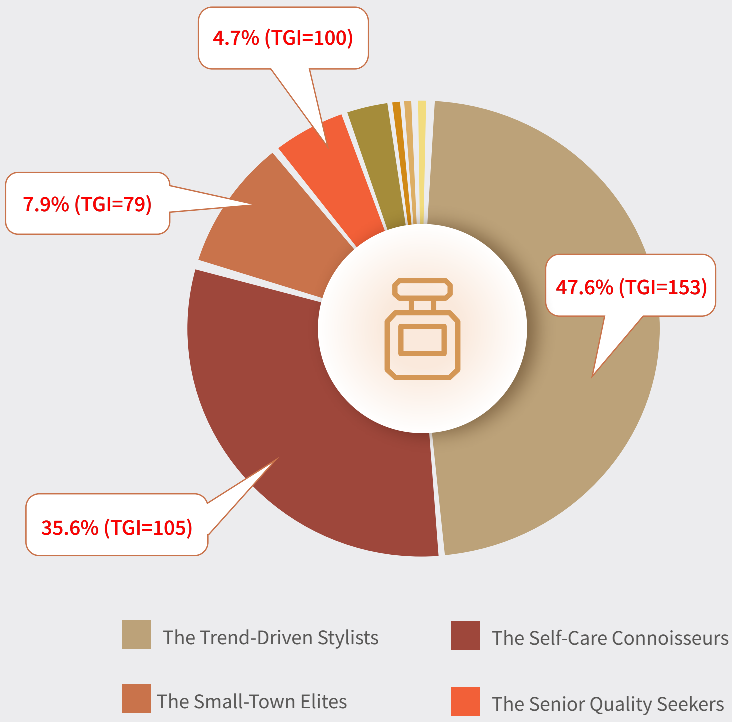
*Note: Consumption Contribution Ratio = (Spending Share / Population Share) × 100. A value > 100 indicates a disproportionately high contribution.

Segment Distribution: The Trend-Driven Stylists Dominate the Market; The Self-Care Connoisseurs Show Prominent Value

The Trend-Driven Stylists Account for Half the Market: Perfumes & Cosmetics are the dominant category for The Trend-Driven Stylists, who favor star products from international brands. Their consumption is characterized by youthfulness, trend-driven purchasing, and a high value placed on aesthetics.

The Self-Care Connoisseurs Have Both Scale and Quality: The Self-Care Connoisseurs are the "Rational Middle Class" of Perfumes & Cosmetics consumption. Their demand for high-end skincare forms a stable foundation for the Perfumes & Cosmetics category, reflecting steady demand for premium personal care and self-rewarding consumption.

Segments with Highest Spending Share on Perfumes & Cosmetics - Customer Distribution



Source: CDFG Internal Statistical Data

*Note: The Target Group Index (TGI) indicates the difference between the characteristics of a group and the overall average.

Engagement Strategy: Deepening Omnichannel Membership—Exclusive Offline Customization + Precise Online Operations

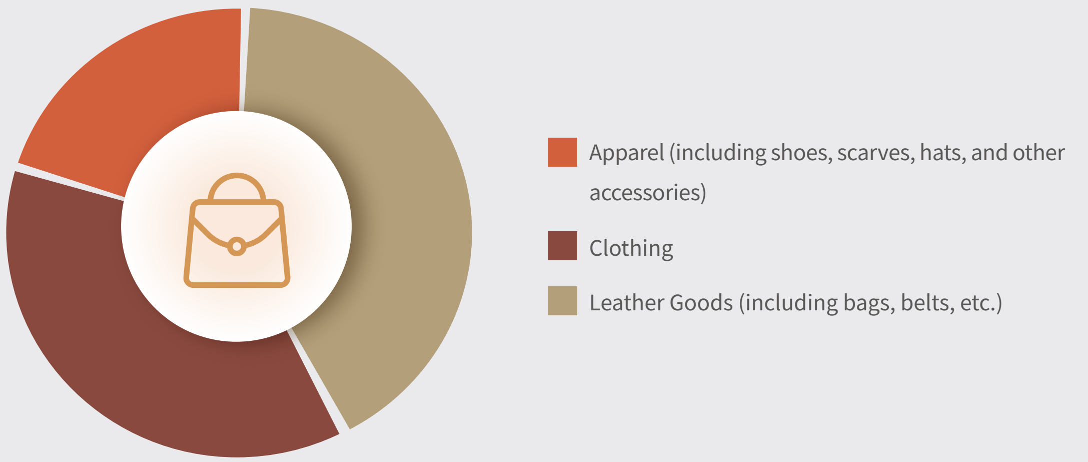
CDFG is actively promoting deep synergy between its membership system and merchandise strategy to build a differentiated omnichannel service ecosystem. In offline channels, the Group enhances the high-end experience through two core strategies. First, it co-develops exclusive, customized skincare solutions with luxury beauty brands and designs a differentiated benefits system. In particular, it offers high-tier members pre-sale access to scarce products and priority purchase rights for limited first-launch items, effectively increasing member loyalty and repurchase rates. In online channels, it leverages big data analytics to implement precise, tiered member operations, enhancing conversion efficiency through personalized recommendations and exclusive offers, thereby creating a closed loop between online and offline services.

3.2.2 Luxury Goods & Accessories

Overall Trend: Luxury Market Growth Slows; 2024 Sees Adjustments in Consumption Scale and Customer Base

In 2024, the Luxury Goods & Accessories category showed a clear overall trend of consumption contraction. Total spending and the number of members decreased, indicating a weakening of overall market demand for luxury goods. By sub-category, Leather Goods (including bags, belts, etc.) had the highest share, followed by Apparel.

Luxury Goods & Accessories - Sales Proportion by Category

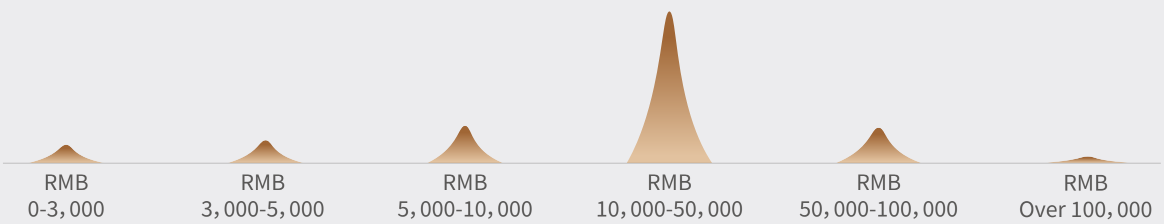


Source: CDFG Internal Statistical Data

Diversified Consumption Structure: Significant Growth in the Ultra-High-End Market; Stable Demand in the Accessible Luxury Segment

The Luxury Goods & Accessories market exhibits clear consumption diversification. The basic spending range (under RMB 10,000) maintained steady growth, with both spending and member numbers increasing. The core price band (RMB 10,000-50,000) continued to contribute the main market share. High-end products (RMB 50,000-100,000) also showed stable market performance. The sales share of the ultra-high-end segment (over RMB 100,000) doubled, demonstrating the strong spending power of HNW customers and forming a diverse consumption landscape parallel to the mass market.

Sales Share of Luxury Goods & Accessories by Price Range



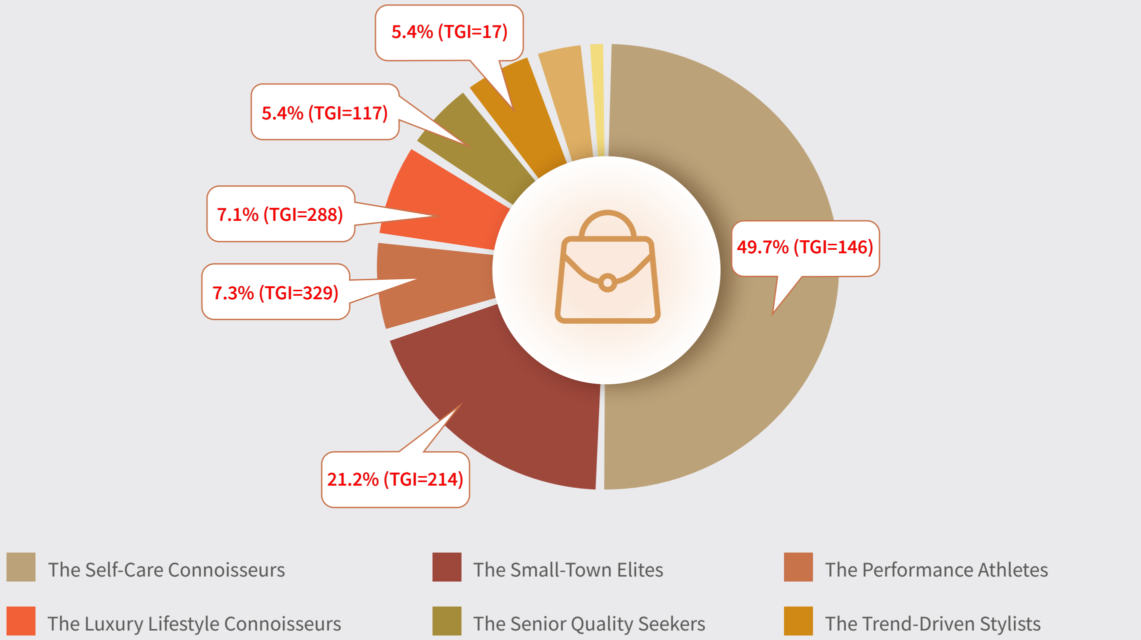
Source: CDFG Internal Statistical Data

In terms of consumer characteristics, male consumers are more active in the Apparel category, while women prefer to purchase Leather Goods and other Apparel. By age, Gen Z (16-25) prefers youth-oriented brands, designs, and items popular on social media. The 26-45 age group is the core accessible luxury segment, opting more for classic brands. The mature 45+ segment dominates ultra-high-end consumption over RMB 50,000.

Segment Distribution: The Self-Care Connoisseurs Lead in Scale; The Aspiring Upgraders Show Strong Spending Power; The Luxury Lifestyle Connoisseurs Demonstrate High Value

Dual Champions of Scale and Quality: With a 49.7% share of spending, The Self-Care Connoisseurs form the market' s foundation, indicating a trend of mass-market premiumization.
Explosion in Lower-Tier Markets: The Aspiring Upgraders account for 21.2%, demonstrating both scale and quality.
High-Value Niche Segments: The spending share of The Performance Athletes and The Luxury Lifestyle Connoisseurs on Luxury Goods & Accessories is far above the overall average, showing strong spending power and extremely high value density. The Senior Quality Seekers also pursue a quality lifestyle.

Segments with Highest Spending Share on Luxury Goods & Accessories - Customer Distribution



Source: CDFG Internal Statistical Data
*Note: The Target Group Index (TGI) indicates the difference between the characteristics of a group and the overall average.

Engagement Strategy: Precise Tiered Operations + Agile Supply Chain Restructuring + Omnichannel Experience Upgrade

Exclusive Services for HNW Clients: CDFG builds a "Shopping + Experience + Travel" full-journey exclusive benefits system for HNW clients, continuously enhancing their exclusive experience and loyalty. This includes differentiated services like personal shopping assistance, new product viewings, and dedicated car service, as well as innovative value-added benefits like flight reimbursement and luxury goods care. For example, VIC private events offer 1-on-1 shopping assistance from top sales associates, and in the summer of 2024, HNW members from 56 cities were offered round-trip flight reimbursements, hotel accommodations, and shopping discounts in Hainan.
Rapid Trend Response Mechanism: Establishing a rapid response system combining a buyer team with social media monitoring. Through a multi-brand shop model, the new arrival cycle for trendy brands is shortened to

3-4 months, with a focus on collaborations and designer collections.

Precise Matching of Generational Needs: Developing digital experiences like AR try-ons and exclusive social media offers for Gen Z, designing membership advancement plans for Gen Y, and providing personal shopping services for the 41-60 age group to precisely match generational needs.

Digital Content Matrix: Building a three-tiered content matrix of “Brand Ambassadors + Professional Buyers + KOCs”. Product details are shared on WeChat, styling tips are promoted on Xiaohongshu, and scenarios are created on Douyin, achieving precise, platform-based outreach.

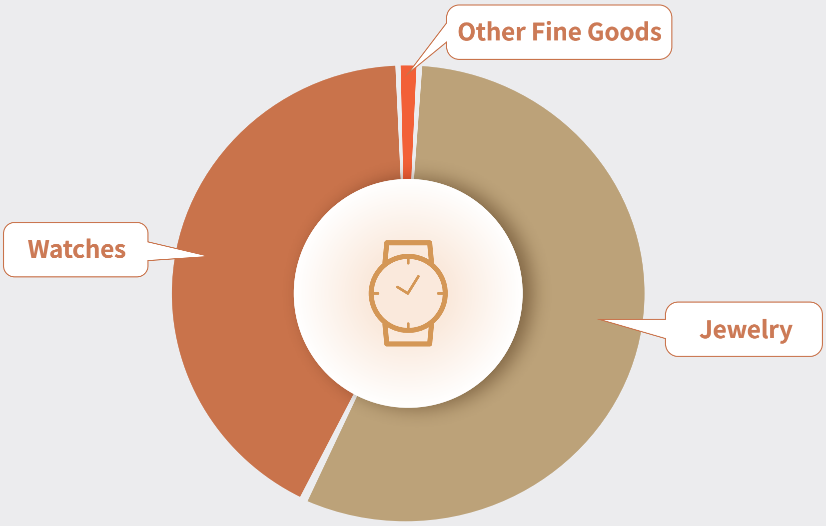
3.2.3 Watches & Jewelry

In 2024, the Chinese market for Watches & Jewelry showed a state of structural adjustment.

Significant Category Differentiation: YoY Growth in Jewelry; Watch Demand Shows Strong Regional Characteristics

Jewelry and watches constitute the main market share. Among these, decorative gold and jewelry products mainly attract young women aged 16-30 in Tier 1, New Tier 1, and Tier 2 cities, with consumption concentrated in the low-to-mid price range. The watch category, however, is more prominent among male customers aged 36+ in Tier 3 to Tier 5 cities.

Watches & Jewelry Sales Share by Sub-Category



Source: CDFG Internal Statistical Data

Customer Structure: Resilient Mature Customers, Youthful Consumption Upgrade, Growth in Lower-Tier Markets

High-income mature customers show significant counter-cyclical characteristics. The 26-45 age group contributes 70% of consumption volume, while high-income customers aged 46+ demonstrate stronger spending power.

Youthful consumption is upgrading, shifting from an investment logic to a focus on wearability value. The consumption upgrade driven by younger customers has spurred a shift from weight-based gold to fixed-price gold, reflecting an attitude of upgrading consumption—moving from an investment logic to a focus on design and wearability.

Women dominate in scale, while men lead in high-end spending. By gender, the share of female customers is higher, but male consumers are prominent in high-ticket items like complicated watches, with their share of spending in the over-RMB-50,000 range being significantly higher than the overall average.

By city tier, the dividend from lower-tier markets is being released. The city-tier distribution shows a typical pattern of "Offline Dominance, Online Supplementation, and Regional Sinking". Tier 1 and New Tier 1 cities remain the main consumption hubs, but the growth potential of Tier 3 and 4 cities is gradually being unlocked, with a nearly 25% YoY increase in new members in 2024.

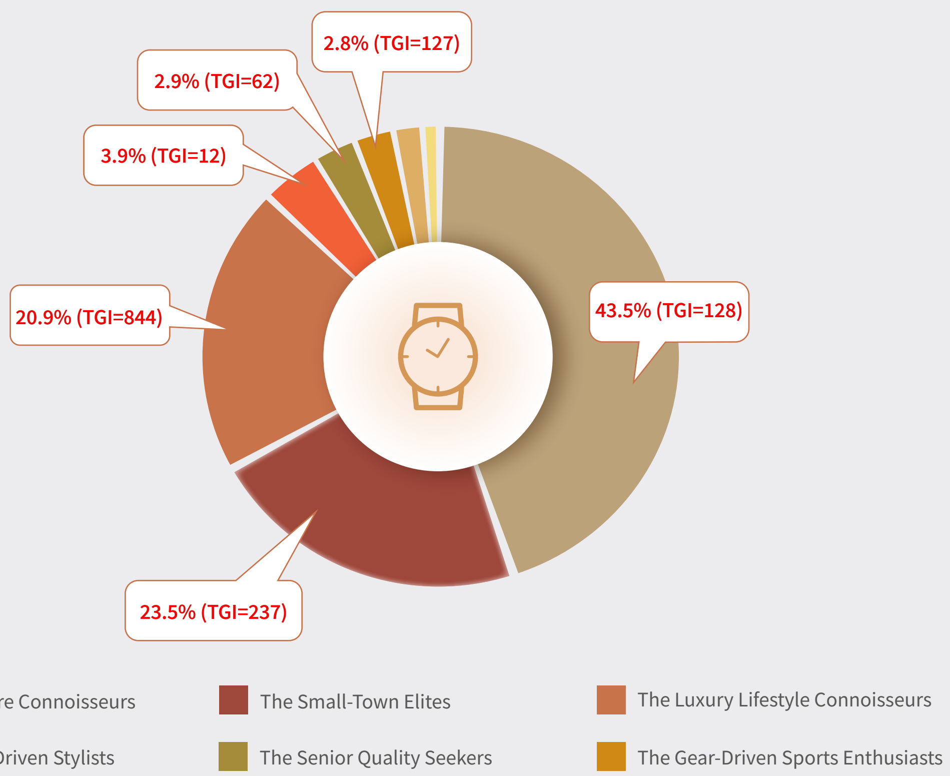
Segment Distribution: The Self-Care Connoisseurs Lead in Scale; The Luxury Lifestyle Connoisseurs Have the Highest Value Density

Leader in Scale: The Self-Care Connoisseurs are the largest segment at 43.5%, reflecting a trend of mass-market premiumization. Daily accessible luxury collections are developed based on this group' s preferences.

Rise of Lower-Tier Markets: The Aspiring Upgraders account for 23.5%, demonstrating both scale and quality and becoming a third force. Products with "Conspicuous Value" should be designed for The Aspiring Upgraders to achieve a targeted breakthrough.

Ultra-High-Value Segment: The Luxury Lifestyle Connoisseurs, at 20.9%, show extremely high value density, with astounding premium-paying capability. Considering their performance is far above the overall average, "Collectible-Grade + Limited-Edition + Custom Service" offerings are more attractive to them.

Segments with Highest Spending Share on Watches & Jewelry - Customer Distribution



Source: CDFG Internal Statistical Data

*Note: The Target Group Index (TGI) indicates the difference between the characteristics of a group and the overall average.

Engagement Strategy: A Trio of Leading-Brand Focus, Category Optimization, and Craftsmanship Innovation

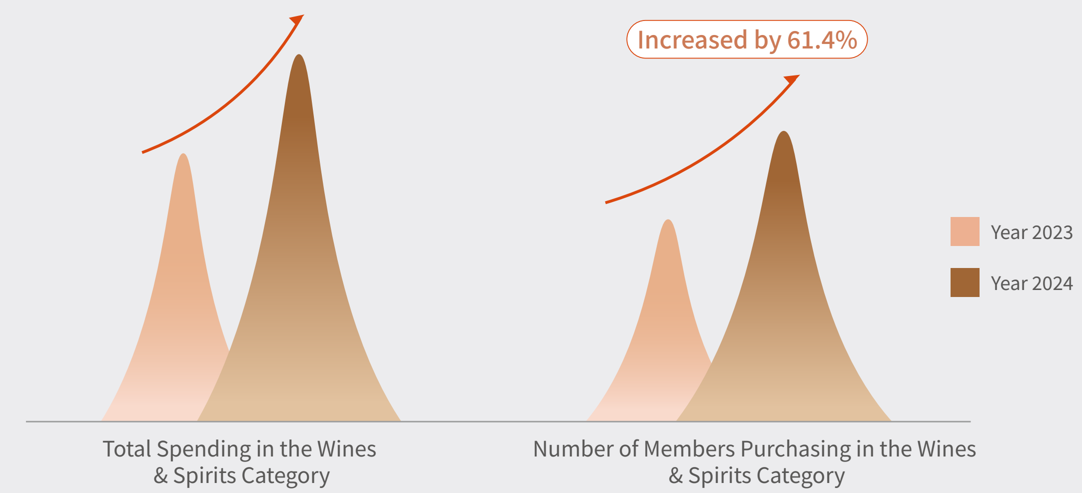
In its product strategy, CDFG shows three main trends: continuously strengthening the core competitiveness of leading brands, with the top 20% of brands contributing 80% of sales; focusing on developing sub-categories with strong market demand, such as bridal jewelry like rings and wedding bands; and actively promoting craftsmanship innovation, with products like ancient-style gold, which offers both decorative and investment value, gaining increasing consumer favor.

Figure: The CDF Haikou International Duty Free City

3.2.4 Wines & Spirits Category

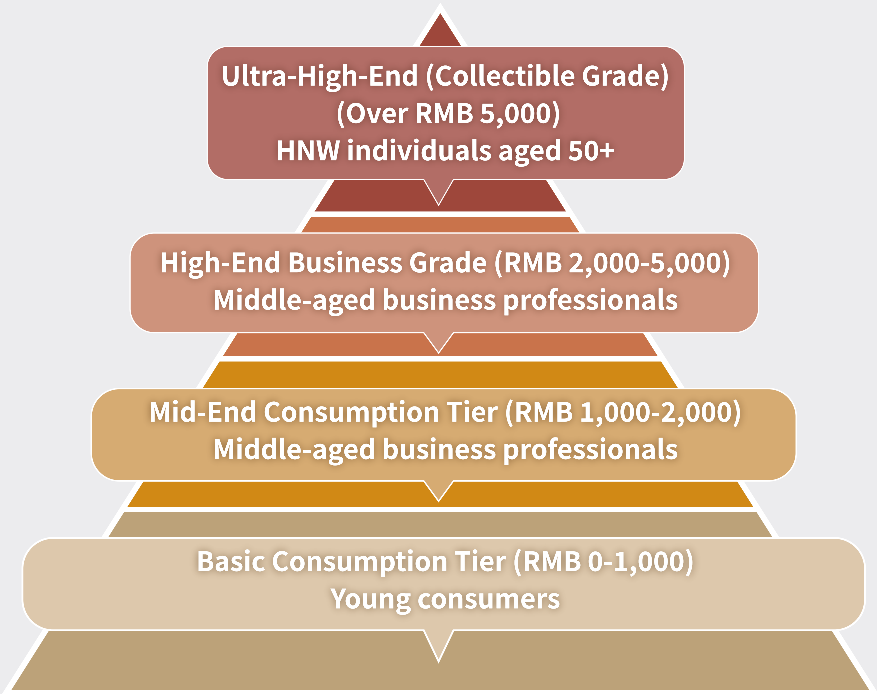
Overall Trend: Market Expansion and Upgrading in Wines & Spirits, with Significant Consumption Stratification

In 2024, the Wines & Spirits market showed a prominent trend of parallel scale expansion and structural upgrading. Market activity continued to rise, with rapid growth in total spending and the number of members.



Source: CDFG Internal Statistical Data

Category Differentiation: Market Shows a Typical “Pyramid” Structure, with Whisky Leading



In terms of consumption stratification, the market presents a typical “Pyramid” structure. The basic consumption tier (RMB 0-1,000) is dominated by young consumers aged 18-35, whose consumption behavior is clearly scene-driven. The mid-to-high-end tier (RMB 1,000-5,000) is led by middle-aged business professionals. The ultra-high-end collectible grade (over RMB 5,000) is concentrated among HNW individuals aged 51+, who are particularly prominent in the over-RMB-20,000 range. The Whisky category holds a stable top position in spirits, with double-digit YoY percentage growth, confirming strong demand in the high-end segment.

Customer Structure: Men Dominate Spirits; Potential of Low-Alcohol Beverages for Women is Being Unlocked

Female customers, however, show different characteristics. Although their share of overall beverage consumption is low, they have a clear preference for low-alcohol categories like wine and fruit wine, with an annual growth rate of 98%. **By creating “Healthy Tipple” scenarios and bundling promotions with beauty products, their consumption potential can be further unlocked.**

In customer engagement, gender-differentiated strategies are particularly important.
Male consumers hold absolute dominance in the spirits market, especially in high-end brand consumption. For this group, scene-based marketing like “Business Gift Sets” can be strengthened.

Generational Strategy: Scene-Based Operations are Key

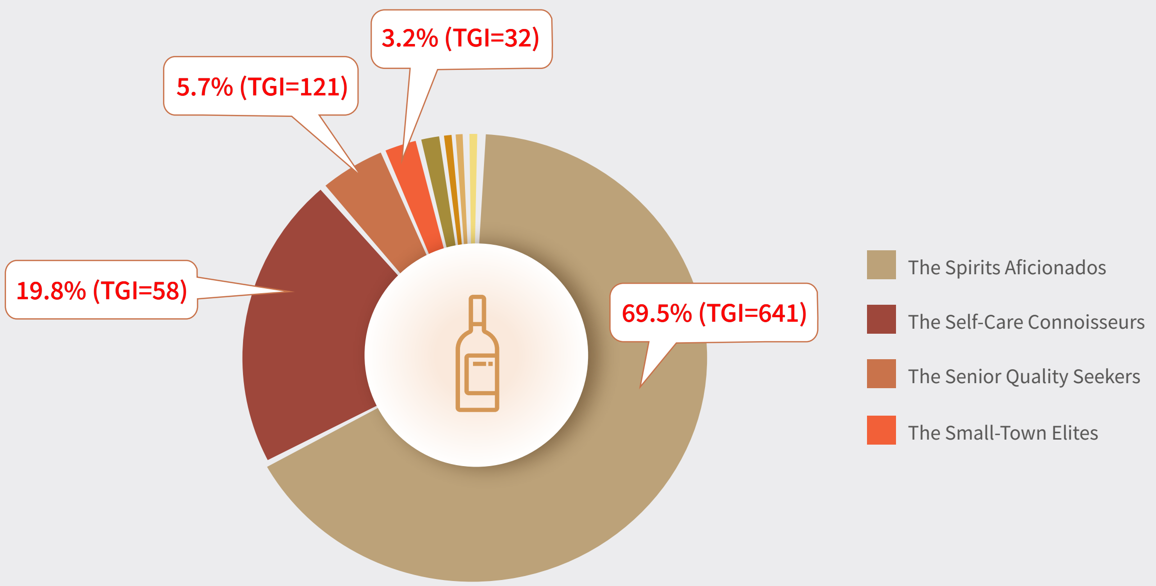
Strategies based on age also show significant differences.

Younger groups (16-25)	The middle-aged group (36-50)	The senior group (51+)
Younger groups are highly receptive to mixable spirits like vodka and liqueurs, and their social appeal can be enhanced through innovative formats like co-branding with trendy labels and mixology tutorials.	The middle-aged group as the main consumer force, has stable demand for business banquets (baijiu) and quality consumption (whisky).	The senior group has a prominent demand for luxury spirits like whisky and brandy, with the highestaverage transaction value of any age group.

Segment Distribution: The Spirits Aficionados are a Significant Group; The Senior Quality Seekers Show Category Loyalty

The Spirits Aficionados are a significant segment, accounting for 69.5% and dominating the mass and high-end Wines & Spirits markets. The Self-Care Connoisseurs who purchase Wines & Spirits constitute a sizable user base. The Senior Quality Seekers show a degree of loyalty to Wines & Spirits products.

Segments with Highest Spending Share on Wines & Spirits - Customer Distribution



Source: CDFG Internal Statistical Data

*Note: The Target Group Index (TGI) indicates the difference between the characteristics of a group and the overall average.

Channel Performance: Strong Offline Rebound, Stable Online Performance

The consumption channels for the Wines & Spirits market show differentiated development, with online and offline forming a complementary pattern. Hainan duty-free shops focus on high-end wines and limited-edition whiskys, online channels are suitable for promoting affordable wines, and airport channels develop "Travel Exclusive" product combinations.

Offline Channel	Dimension	Online Channel
Business professionals and middle-aged/senior consumers	Core Customers	Young consumers
High-end baijiu, collectible-grade whisky, etc.	Advantaged Categories	Craft beer, imported wine, etc.
Product authenticity Immersive consumption experience Convenience of immediate gratification	Core Value	Convenient purchasing process Rich supply of long-tail products
Strengthening high-end product experience services(e.g., tasting zones, professional assistants)	Operational Focus	Optimizing product mix and pricing strategyIncreasing conversion rate and average transaction value
Digital management tools to optimize inventory and customer relations	Technology Application	Precision marketing and big data analytics
Increasing customer stickiness through scene-based experiences	Development Strategy	Building an efficient digital marketing system

Engagement Strategy: Structural Opportunities and Challenges

Overall, the development of the beverage market in 2024 shows multi-dimensional structural characteristics. Future competition will revolve around three core areas: first, the scramble for limited-edition products in the high-end market; second, scene-based penetration of the young consumer segment; and third, deep mining of female consumption potential.

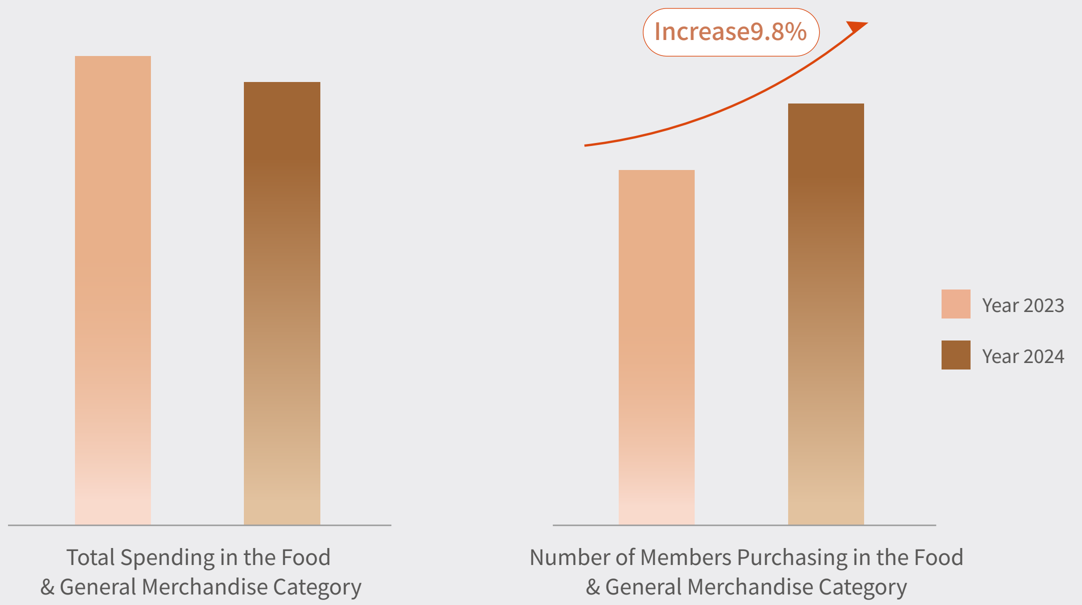
With its leading position in advantageous categories like whisky (winning the "2024 Travel Retailer of the Year for Whisky" award) and its forward-looking overseas layout, CDFG has seized the strategic initiative in this industry transformation. Through precise customer segmentation, differentiated merchandise strategies, and an optimized channel layout, it is poised to capture a larger share of the continuously growing market.

Figure: The Malt & More Whisky by CDF at the CDF Haikou International Duty Free City

3.2.5 Food & General Merchandise

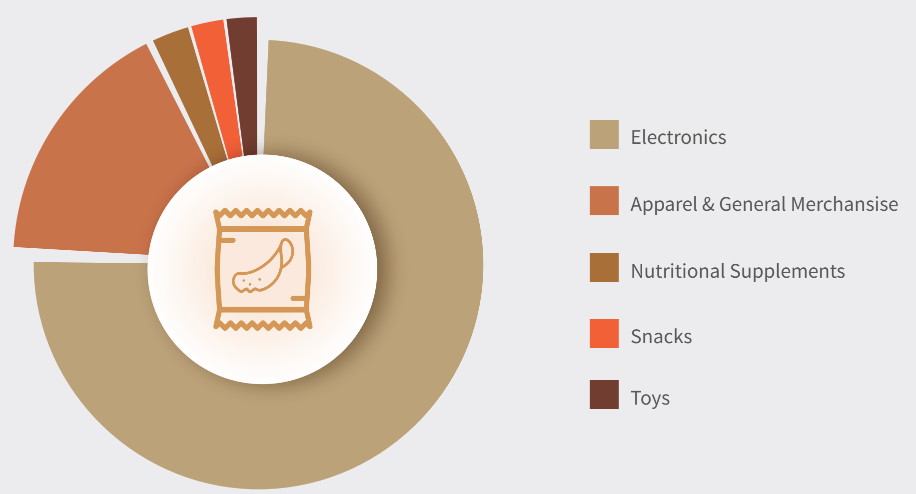
Overall Trend: Stable Market Expansion and Continuous Optimization of Category Structure

In 2024, the Food & General Merchandise market showed a stable development trend. Overall spending remained steady, and the member base continued to expand, reflecting the consolidation and expansion of the market foundation. In terms of category structure, the spending share of electronics maintained its dominant position. Sub-categories like snacks, collectible toys, and nutritional supplements achieved significant growth, indicating a trend of consumption diversification.



Source: CDFG Internal Statistical Data

Food & General Merchandise Sales Share by Sub-Category

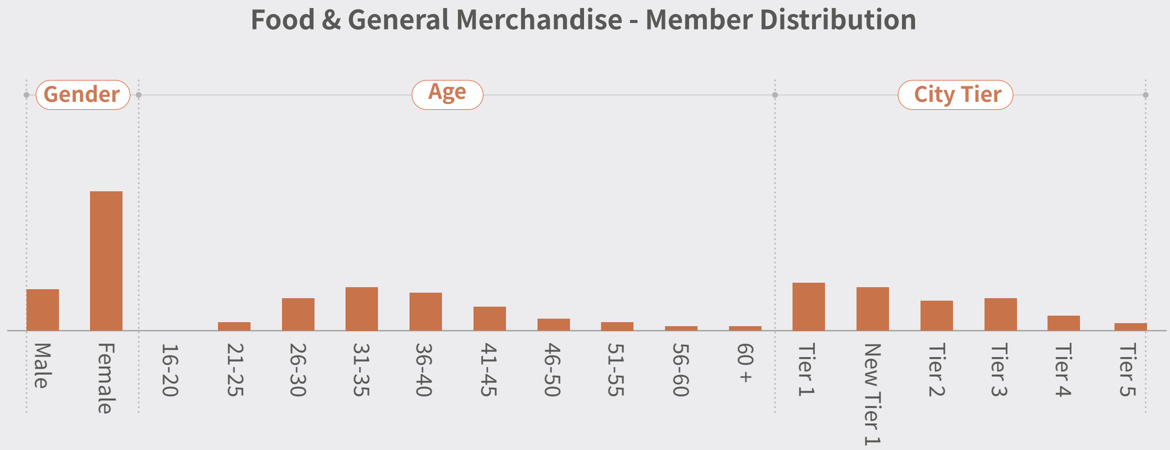


Source: CDFG Internal Statistical Data

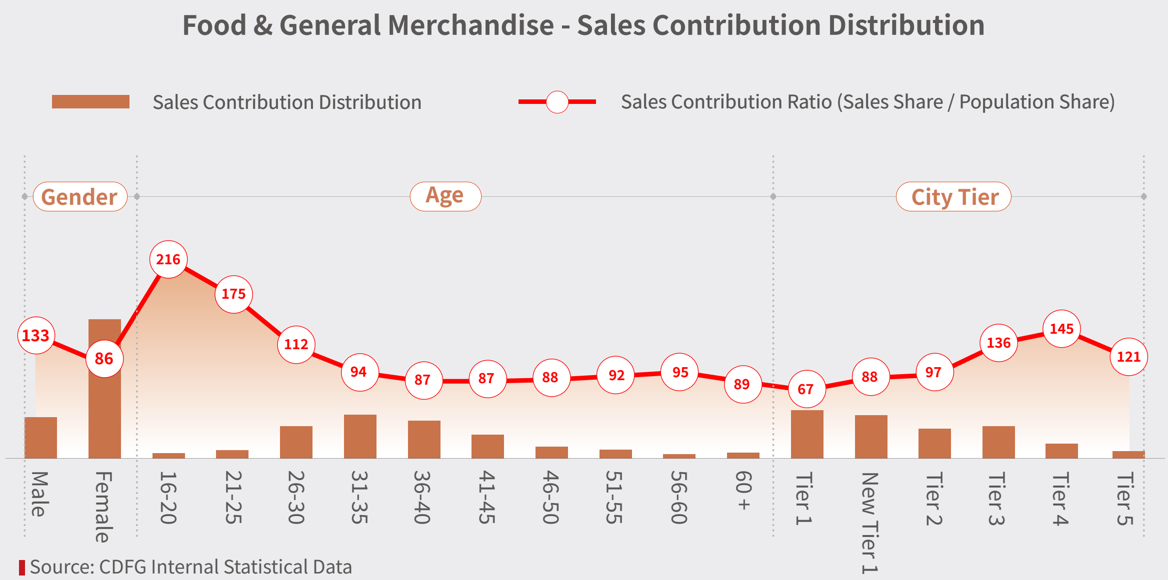
Customer Structure: Significant Differences in Gender and Generational Demand

An analysis of customer characteristics reveals significant gender differences in the market. Male consumers are prominent in categories like high-end electronics and outdoor gear, while female consumers are more focused on mother & baby and health-related products. By age, the 21-45 group contributes 79% of consumption volume, forming the core customer base.

Among them, young people aged 16-25 are highly enthusiastic about trendy toys and tech products. Middle-aged people (31-50) focus on mother & baby products and health needs. The 51+ senior group shows a special preference for mother & baby (possibly purchasing for grandchildren), beverages, and household goods.



Source: CDFG Internal Statistical Data



Source: CDFG Internal Statistical Data

*Note: Consumption Contribution Ratio = (Spending Share / Population Share) × 100. A value > 100 indicates a disproportionately high contribution.

Geographic Consumption Gradient Emerges, Potential of Lower-Tier Markets is Released

Geographic distribution shows a tiered characteristic. Tier 1 to Tier 3 cities are still the main consumption drivers, but the growth potential of lower-tier cities market is significant. Specifically, demand for pharmaceuticals is prominent in Tier 1 cities, reflecting health anxiety in a fast-paced lifestyle. New Tier 1 cities are active in parent-child consumption areas like toys. Tier 3 cities and below show strong demand in categories like mother & baby and food.

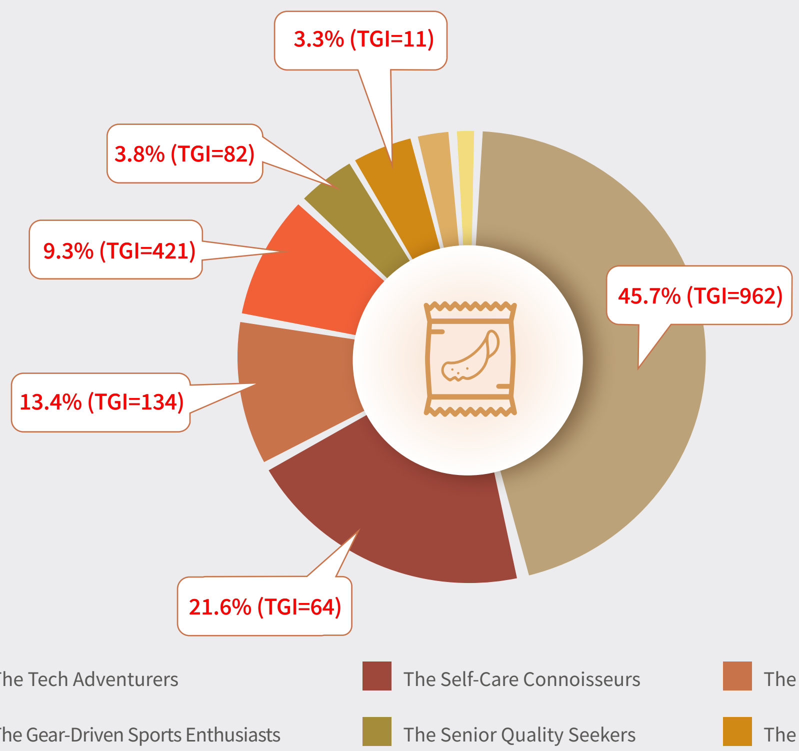
Demand Transformation: Gen Z's Emotional Consumption and Seniors' Health Upgrades

The needs of key customer segments are undergoing profound changes. The enthusiasm of Gen Z consumers for IP merchandise and anime culture continues to heat up, with the "Character Goods Economy" and emotional value becoming new growth points. The health consciousness of the senior group is increasing, with a significant rise in demand for anti-aging products and exclusive services. In response to these changes, the market is actively adjusting its strategies: strengthening cultural attributes through innovative models like "Duty-Free + Intangible Cultural Heritage"; deepening cooperation with domestic brands to promote "Guochao Going Global"; and introducing innovative categories like AI educational products to meet tech consumption demands.

Segment Distribution: Consumption in Food & General Merchandise Shows Clear Peer Group Characteristics

The Tech Adventurers, with their core demand for digital and home electronic products, form a unique "Geek Consumption Circle". The Self-Care Connoisseurs, a sizable group, drive consumption upgrades in family scenarios, continuously releasing purchasing power in categories like electronics, home appliances, and health supplements. The Aspiring Upgraders view the duty-free channel as a crucial gateway for quality assurance, especially favoring authentic electronic products. The Performance Athletes focus on professional sports gear and functional products (e.g., high-protein foods, sports nutrition supplements), creating a closed loop for a healthy lifestyle. This demand spectrum, stretching from individual tech consumption to family-oriented quality living, is reshaping the category strategy of the duty-free market.

Segments with Highest Spending Share on Food & General Merchandise - Customer Distribution



Source: CDFG Internal Statistical Data

*The Target Group Index (TGI) indicates the difference between a group's characteristics and the average. TGI > 100 means the characteristic is more pronounced than average; TGI < 100 means it is less pronounced.

Based on this customer structure, technology and health have become cross-category themes. The electronics category continuously strengthens its tech attributes by introducing AI products like robots and smart notebooks. A special program for the silver economy enhances the service experience with separate checkouts and dedicated consultants. Custom products developed in collaboration with traditional Chinese brands organically combine wellness concepts with modern consumption.

Engagement Strategy: Precise Segmentation and Building a Domestic Goods Ecosystem

Future market development will revolve around three main lines: first, deepening customer engagement, especially with precision services for Gen Z and the senior group; second, strengthening the matrix of domestic brands, helping "Guochao Go Global" through the duty-free channel; and third, optimizing the omnichannel layout to enhance the consumer experience. Companies with a first-mover advantage in these areas are poised to win greater development space in the increasingly diversified market competition.

Figure: Visitors selecting merchandise at a Care Bears-themed café

04

Outlook for the Duty-Free and Travel Retail Market

PART 4
Outlook for the Duty-Free and Travel Retail Market

4.1 Development Trends and Opportunities in the Duty-Free and Travel Retail Market

The global duty-free market continues to recover, with four major drivers reshaping the industry' s growth logic

In 2024, the global duty-free and travel retail market experienced a steady recovery, reaching a scale of $74.13 billion. This was primarily driven by four factors: the rebound in international tourism, policy support, digital transformation, and sustainable development.

Competition in the Chinese market intensifies, while CDFG' s dominant position remains solid

The Chinese market exhibits a “One Superpower, Many Strong Players” structure. CDFG maintains its lead through its omnichannel network and 45-million-member system, with Hainan' s offshore duty-free and 15 new shop openings serving as the main growth drivers. In the future, airport channels and downtown duty-free shops will complement each other in terms of customer engagement, geographical coverage, and shopping windows. At the same time, an omnichannel strategy combining “Offline Experience + Online Repurchase” will become the standard.

Policy dividends are being released, with inbound consumption potential yet to be fully tapped

In 2024, spending by inbound tourists in China reached $94.2 billion, a YoY increase of 77.8%. Measures such as payment facilitation and multilingual services are conducive to capturing repatriated consumption. In the future, the deep integration of “Duty-Free + Culture & Tourism” could become a breakthrough direction.

Structural opportunities and challenges will coexist in the future

In the short term, global economic fluctuations may suppress consumer confidence. However, China' s projected 5% GDP growth, the recovery of outbound tourism, and the popularity of inbound tourism will provide a floor for the market. Long-term competition will focus on three core capabilities: supply chain depth, digital efficiency, and experiential differentiation.

Figure: The CDF Haikou International Duty Free City

4.2 CDFG' s Member Value and Development Opportunities

CDFG' s Customer Marketing Opportunities: Tiered Operations and Precision Outreach to Scientifically Reconstruct the Duty-Free Consumption Ecosystem

The Self-Care Connoisseurs

Meet their needs through technology empowerment (e.g.,innovative product lines like smart beauty devices) and scene extension (e.g., comprehensive quality solutions from skincare to home goods).

Focus on the narrative of luxury cultural heritage, providing exclusive experiences with customized services and upgraded member benefits.

The Luxury Lifestyle Connoisseurs

The Aspiring Upgraders

Adopt a strategy of durable fine goods, penetrate family scenarios, and build channel trust to expand the market.

Implement multi-faceted operations, including scene reconstruction and experiential services at airport ports and the Hainan Malt & More Whisky by CDF, and upgrade services for business and collecting needs.

The Spirits Aficionados

The Tech Adventurers

Introduce cutting-edge products like AI and smart home devices, emphasize technical specs and hands-on experience, and offer a diverse, scene-based product portfolio for work, entertainment, and health.

Create social buzz, develop accessible luxury and youth-oriented product lines, and integrate online "Seeding" with offline influencer experiences.

The Trend-Driven Stylists

The Senior Quality Seekers

Focus on upgrading anti-aging products, tapping into the trust economy, and innovating for seniors.

Attract users through professional tech marketing, scene-based product portfolios, and professional sports community platforms.

The Performance Athletes

The Foreign Travelers

Enhance their appeal through a dedicated Guochao boutique zone (integrating tech and traditional crafts), upgraded cultural experiences (intangible cultural heritage displays and interactions), and improved service systems.

CDFG Reconstructs the Value Growth Paradigm of the Duty-Free and Travel Retail Industry through a Digital and Intelligent Ecosystem

Reconstruction of the Digital Membership Ecosystem

An innovative "Funnel-Flywheel" dual-model digital membership system has been built to implement differentiated operations for different customer segments. On Douyin, a "Precision Audience Targeting + Blockbuster Single Product" strategy has reduced customer acquisition costs by 40%, forming a complete conversion loop of "Social Traffic Acquisition - Benefit Lock-In - Habit Formation".

Omnichannel Scene Innovation

Breaking through the traditional time and space limitations of duty-free, a "Travel + Daily Life" omni-scene coverage model has been created. Data from Haikou CDF Mova Mall shows that the repurchase rate in the following year for customers using the "Online Order + Airport Pickup" model is 19 percentage higher than that of purely offline customers, validating the significant effectiveness of the "Scene Relay" model in extending the customer lifecycle.

Transformation into a Lifestyle Platform

Transitioning from a "Duty-Free Venue" to a "Lifestyle Platform", CDFG is opening a new chapter in the duty-free industry. It is upgrading from a traditional duty-free shopping location to a comprehensive lifestyle platform, creating immersive experiences that integrate elements like wellness management, social interaction, and status expression through an operational system of 9 core customer segments and 200+ precision tags.

Innovation in the Pop-Up Shop Model

Brand pop-up shops have become a key lever for this transformation. Brands like La Mer create high-experience, limited-time scenes, while others like Dior and Fendi transform hotel spaces into runways, achieving an integration of "Stay, Shop, and Entertain". These scene-based experiences, which merge art and technology, have not only become a "Traffic Magnet" for attracting international tourists but have also redefined the value logic of duty-free shopping.

Figure: The CDF Haikou International Duty Free City

4.3 CDFG' s Consumer Service Strategy, Plan, and Outlook

Diversified Layout + Global Expansion: Breaking Dependence on a Single Duty-Free Model to Build a Multi-Engine Growth Model

CDFG is building a multi-dimensional business ecosystem of "Duty-Free + Duty-Paid + Travel Retail Complex", cultivating growth poles through emerging businesses like "Guochao Going Global" and private label development. In its international layout, it is focusing on key markets like Southeast Asia, using diverse methods such as M&A, partnerships, and bidding to acquire high-quality resources, deepen cooperation with international brands, and build a global operational network.

Digital Transformation and Upgrade + Smart Supply Chain Construction: Reconstructing People, Goods, and Place with Technology to Enhance Operational Efficiency

With digitalization as its core driver, CDFG is reconstructing the relationship between "People, Goods, and Place" through big data analytics and AI technology. It is focusing on advancing the construction of an intelligent marketing system to achieve precise customer insights and personalized services. Concurrently, it is optimizing its smart supply chain to enhance flexible management and agile response capabilities, building a data-driven, intelligent operational system.

Integrity in Service + Quality Management: CDFG' s Philosophy of Operating with Integrity, Transforming Service Quality into a Core Competitive Advantage

CDFG integrates the philosophy of "Integrity in Operation, Excellence in Service" throughout its entire value chain, establishing strict quality standards from supplier management to end-user service. In the future, it will continue to upgrade its service system through technological innovation, strengthen its customer-first core competency, and promote the high-quality development of the industry. This strategic framework covers four pillars—business optimization, global expansion, digital transformation, and service upgrade—forming a complete ecosystem for sustainable development.

Figure: The CDF Sanya International Duty Free City

Conclusion

In 2025, CDFG will continue to strengthen its advantages, remain customer-centric, and strive to build a brand perception of "YOUR WORLD OF DELIGHT". Working together with a unified effort and seeking progress while maintaining stability, the Group will go all out to promote the company's high-quality development. Actively responding to the call of the General Secretary, CDFG will convert policy dividends into growth momentum and solidly advance the construction of "Integrity in Operation, Excellence in Service" demonstration sites. It will create a new development pattern of deep integration of "Culture, Commerce, Sports, Tourism, and Health". By combining cultural and artistic tourism, conferences and exhibitions, sporting events, and celebrity performances, it will carry out joint marketing and launch new "Duty-Free+" shopping experiences.

In the future, CDFG will continue to focus on the travel retail business, using its duty-free operations as the core to enhance the value chain and travel retail as an extension to upgrade the industry chain. It will deepen its market layout in Hainan, perfect the layout of domestic ports and downtown shops, expand its overseas business footprint, promote the healthy development of its online business, and enhance its internationalization level and market competitiveness.

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