



Kean Joo Hwang **KT&G**

Setting sights on Europe

The KT&G Corporation began in 1899 as the Korean imperial household's exclusive supplier of tobacco and ginseng. Today the company is South Korea's leading cigarette manufacturer with around 70% domestic market dominance. A fifth of sales are made in the US, China, and Central and Southeast Asia, and there are 20 different brand names including Seasons, Bohem, Lumen, Esse, and the ultra low-tar Raison. The KT&G Corporation introduced new Esse flavoured superslims and Bohem cigar-flavoured cigarettes at last year's TFWA World Exhibition in Cannes as part of its efforts to reach the "more modern and sophisticated urban customer all around the world". Kean Joo Hwang, Senior Manager of overseas brand department at KT&G says travel retail is considered an important channel for growing sales and improving awareness.

How did the company perform in travel retail and duty-free in 2010 and what are the prospects for 2011?

In year 2010 we focused on strengthening our presence in each airport especially across the Asia Pacific region which continues to be the main market for KT&G. We very carefully selected locations, in key sites such as airports in Japan and Indonesia, as this is our current brand communication strategy. We do plan on launching new products in travel retail in this year. The TFWA World Exhibition this year will offer us good opportunities to introduce our new products.



Where in the world is KT&G pushing ahead with sales growth in travel retail? Which new countries are being targeted? Are there any new partnerships with the retail operators, either in 2010 or 2011?

It should definitely be the Asian Pacific region since a lot of Korean consumers are visiting countries in Asia on a regular basis. The European market is our new target for the long term also. By breaking into new local markets, we will start penetrating into the travel retail sector. We are looking into collaborating with operators in the travel retail space to drive this new business.

Last time The Decision Makers looked at the Esse Aura and Bohem brands which were being actively promoted in the travel channel. How are they performing?

Slim type cigarettes have real popularity in our region. A special version of Bohem (Bohem cigar master) has launched in the Korean domestic market and we plan on launching that in airports in Japan soon. We will promote three strategic brands at the TFWA World Exhibition this year and they include ESSE, Bohem and Raison. Raison is very popular among the younger generation in Korea with a unique image which has a popular cat character on the package. Raison has been launched in the Russian domestic market as of this March and we would love to introduce this exciting brand in travel retail as well.

What other new things are happening at KT&G?

In order to reach out to various regions, we will try to participate in more exhibitions starting from this year. TFWA WE has become annual event and for the first time, we will take part in the Intertabac show in Germany in September. All of these efforts will pave the way for successful new market developments we believe.

What are the challenges in tobacco in travel retail in 2011?

Do you think airport operators could improve the way tobacco is presented?

Chinese travel retail has been growing rapidly for the past few years. Not only the Chinese travel retail sector grew by size, but also Chinese consumers have become more sophisticated and confident in their buying power than ever before. Therefore, this motivates us to focus more on the Chinese travel retail market as well as the local market to target Chinese consumers. In terms of how operators will be responsive to the current trend of tobacco regulation, I think it won't be easy for operators to show the presence of tobacco in the best light. However, any change that travel retail and duty-free operators have to make in tobacco presence and presentation will come through very slowly, over a long period of time. **DM**

PERSONALFILE

Born Seoul, South Korea

Lives today Seoul, South Korea

Gadget of choice Smart Phone and iPad

Favourite film Leaving Las Vegas

Best part of the job Getting to know the consumer trend in each country