

# The Inside story of Pick Up Counter service by King Power Group, King of Duty Free

To help the public gain a better understanding of “Pick Up Counter” service in Thailand, King Power Group Vice Chairman “Sombat Dechapanichkul” takes this opportunity to clarify and reveal about the untold stories of King Power Duty Free business at the international airports managed by Airport of Thailand (AOT).

## 1) True Story of Pick Up Counter at Suvarnabhumi International Airport

In 2005, the AOT announced the Terms of Reference (TOR) for the invitation of bid for the sole concessionaire to manage a commercial area at Terminal of Suvarnabhumi International Airport. As King Power Group saw potential in this business, the company decided to join this bid. After win-



Sombat Dechapanichkul  
King Power Group Vice Chairman

ning the bid, the company established a subsidiary “King Power Suvarnabhumi Company Limited to sign the management agreement with AOT.

Despite having intense competition among key rivals namely Central Group, Master Mind Group, Uahwatanasakul Group, Imperial Plaza Group, King Power Group was finally selected by the AOT as a sole concessionaire to manage commercial areas at Suvarnabhumi International Airport until September 27, 2020.

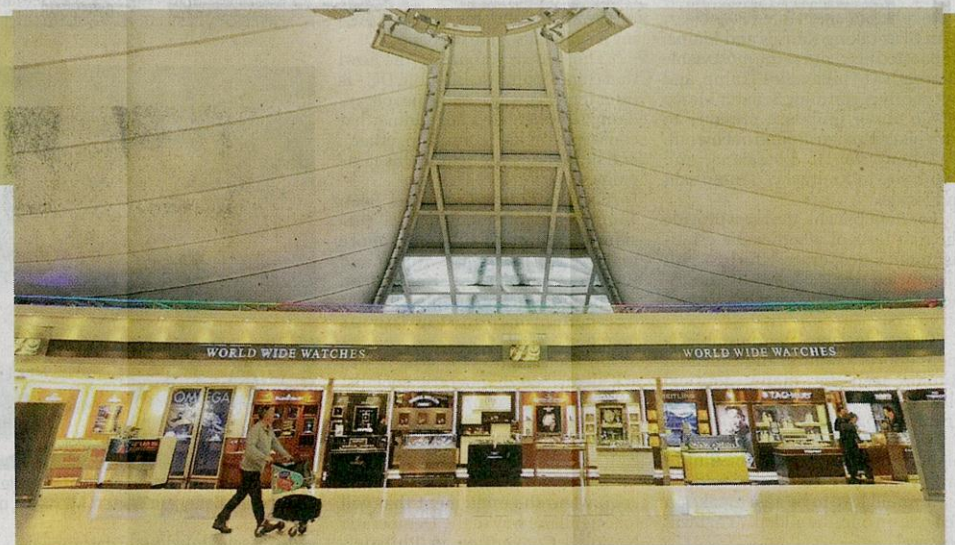
Under the TOR, the concessionaire was mandated to develop and manage commercial area for retail shops or Passenger Terminal Complex at Suvarnabhumi International Airport, excluding the AOT’s negative list.

There are three main activities that are barred from this commercial area are duty-free shop, advertising space management and transportation service for passengers such as taxi, bus and limousine and so forth.

On behalf of the authorised concessionaire with AOT, King Power Group deserved right to select subcontractors to operate their business such as retailers, restaurants and pick up counter in the commercial areas since the opening of Suvarnabhumi International Airport on September 28, 2006. This reflected that King Power Group had strictly complied with the conditions under the AOT’s TOR

## 2) Behind the Scene of Pick Up Counter at Don Mueang International Airport

In 2012, the government decided to re-open Don Mueang airport for international flights. The AOT, therefore, outlined the new TOR for the invitation of bid for concessionaire to manage duty



free shop and pick up counter. In this round of bid, the AOT added the service of pick up counter as a condition of this TOR.

Despite facing intense competition in this bid, King Power Duty Free Company Limited was selected by the AOT as a sole concessionaire to manage those areas until September 30, 2022. Other tough bidders were The Mall Group which partnered Shilla from South Korea; Siam Future with South Korea’s Lotte; and Central Group.

## 3) Focusing on Fair Play

Having the above facts, this indicated that all tenders in this bid already acknowledged and realised about all details, conditions as well as limitation under the TOR. After winning this bid, King Power Group had right to operate all business activities in accordance with the concession contract with the AOT.

“I would like to confirm that King Power Group has never deprived other players to enter into this duty free business as we deserve right to manage this business operation solely at Don Mueang International Airport,” he added.

The recent bid to select a concessionaire to manage duty free shop at Incheon International Airport in South Korea is a good example in this regard. Despite failing in in this bid, the company respected the final decision of the space owner as well as the right of the bid winner.

## 4) Fairness and Concession Right

In an outline of terms and conditions or terms of reference for the invitation of bid for concession project, a state agency which is a project owner has

right to design or adjust some details of the project depending on different situations and appropriation.

The railway project is an example in this regard. The TOR of some railway projects are designed for selecting a sole concessionaire to run the project and collect the revenue on behalf of the government. It will be paid an agreed fee in return after the project construction is completed. Under this contract, a successful winner in a government’s bid is required to strictly comply with the terms and conditions under a specific terms of the contract. But it seems to be unfair for the authorised concessionaire if there are some request from outsiders to amend key details in the terms and conditions to pave the way for others to strike the same deal at the middle of this existing contract after being placed for 9 years.

“On behalf of a leading investor with efforts to help develop country’s economy for more than 26 years, King Power Group strongly believes that the government continue to maintain its fairness without the breach of contract with private company,” he stressed.

King Power Group Vice Chairman concluded that the government’s bid would become nothing if both winner and losers obtain the equal right to manage the concession project despite having an outline the TOR for invitation for join a bid. To maintain a good governance and transparency in all government process, the government should ensure that it has created a level of playing field during the government’s auction and respected the right of the bid winner.