TFWA

GLOBAL NON-SHOPPER STUDY

2017

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CiR TRAVEL RETAIL'S EXPERTS
AN NPD GROUP COMPANY

Objectives

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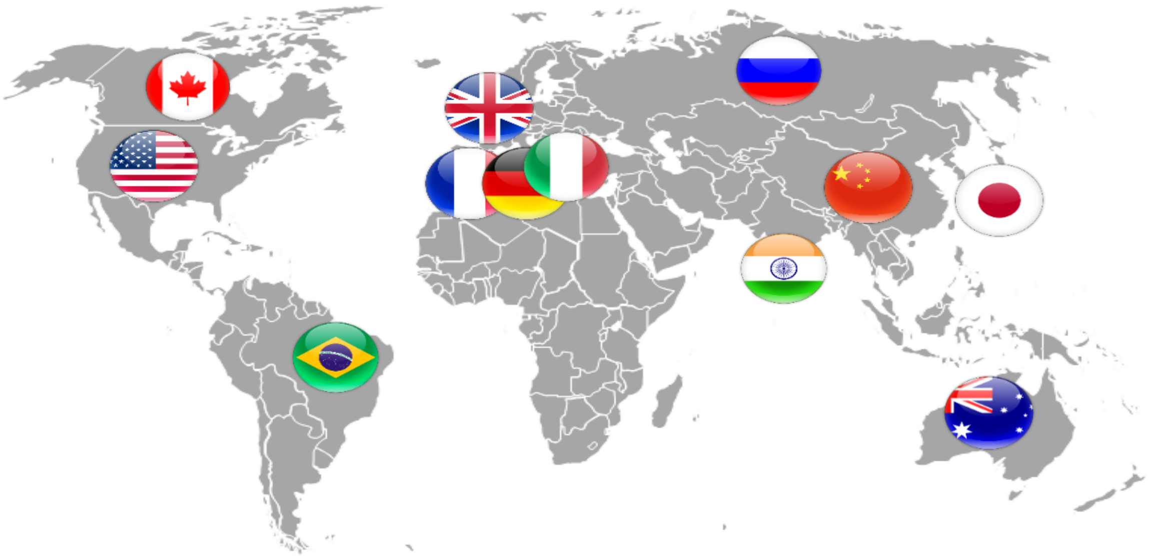
RESEARCH OBJECTIVES

The aim of this research was to gain a thorough, up-to-date understanding of why travellers do not visit Duty Free stores in the airport and more specifically, insights into:

- **Barriers to Duty Free store shopping**
- **In-airport behaviours & activities and perceptions of airport Duty Free**
- **The role of e-commerce and the emerging digital opportunity**
- **A view on potential future shopping motivations**

Methodology

NATIONALITIES SAMPLED



INTERVIEWS CONDUCTED

Nationality	No. of interviews
British	305
French	301
German	303
Italian	306
Canadian	300
American	301
Chinese	306
Japanese	309
Brazilian	305
Australian	301
Indian	308
Russian	301

Total sample 3,646 Non-Shoppers

The Non-Shopper challenge

Non-Shopper challenge: Global footfall

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IDENTIFYING THE FOOTFALL OPPORTUNITY
Base: Total Traveller Sample (11,500*)

57%
Of travellers do not enter a Duty Free store

AMERICAS	ASIA & MENA	EUROPE
61%	52%	58%

A larger footfall opportunity exists in the Americas region

S5 / S6. Thinking about your last trip when you flew internationally, which of the following did you do in the airport before boarding your outbound /inbound flight?

**Total Traveller Sample 11,500 inclusive of pre screened shoppers and non-shoppers*

A growing issue

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THE 2017 DUTY FREE NON-SHOPPER

57%
Do not visit a Duty Free store in 2017

GENDER	AGE	PURPOSE	PARTY
Male	Over 35s	Leisure	With others
54%	70%	73%	80%

THE 2012 DUTY FREE NON-SHOPPER

52%
Did not visit a Duty Free store in 2012

GENDER	AGE	PURPOSE	PARTY
Male	Over 35s	Leisure	With others
51%	56%	78%	80%

S5 / S6. Thinking about your last trip when you flew internationally, which of the following did you do in the airport before boarding your outbound /inbound flight?

Non-Shopper challenge: Impact of age

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THE IMPACT OF AGE ON FOOTFALL
Base: Total Traveller Sample (11,500*)

57%
Do not visit a Duty Free store

YOUNG MILLENNIALS	OLDER MILLENNIALS	GENERATION X	BABY BOOMERS
Aged 21 - 25	Aged 26 - 35	Aged 36 - 55	Aged over 56
61%	53%	55%	61%
Lower footfall	Higher footfall	Higher footfall	Lower footfall

An increased footfall challenge exists among younger millennials and baby boomers

S5 / S6. Thinking about your last trip when you flew internationally, which of the following did you do in the airport before boarding your outbound /inbound flight?

Total Traveller Sample 11,500 inclusive of pre screened shoppers and non-shoppers

Non-Shopper challenge: Nationality footfall

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IDENTIFYING THE NON-SHOPPER FOOTFALL OPPORTUNITY – NATIONALITY DIFFERENCES
Base: Total Traveller Sample (11,500*)

	GLOBAL	NATIONALITY											
	NON-SHOPPERS	BRITISH	FRENCH	GERMAN	ITALIAN	RUSSIAN	CANADIAN	US	BRAZILIAN	AUS.	CHINESE	INDIAN	JAPANESE
Outbound Non-Shopper	56%	57%	59%	62%	63%	56%	66%	69%	49%	58%	45%	40%	64%
Inbound Non-Shopper	58%	58%	65%	64%	59%	48%	65%	66%	54%	62%	44%	50%	66%
Overall Non-Shopper	57%	59%	64%	63%	58%	48%	65%	68%	51%	60%	45%	45%	65%

Footfall levels are influenced by the nationality mix, with Indian, Chinese, Russian and Brazilian shopper all more likely to visit a Duty Free store

S5 / S6. Thinking about your last trip when you flew internationally, which of the following did you do in the airport before boarding your outbound /inbound flight?

Total Traveller Sample 11,500 inclusive of pre screened shoppers and non-shoppers

Identifying the opportunity

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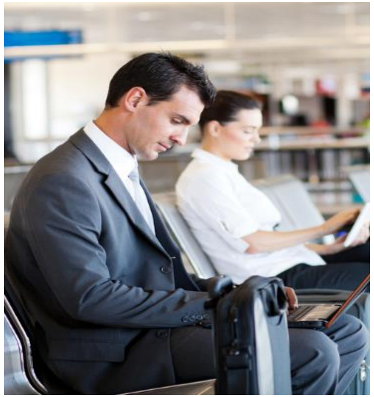
DUTY FREE STORE VISITING FREQUENCY
Base: Total Traveller Sample (11,500*)

57% do not visit a Duty Free store when travelling internationally

43% visit a Duty Free store when travelling internationally

WILL RARELY VISIT	WILL VISIT OCCASIONALLY	PLAN TO VISIT
22%	35%	18%
(39% of Non-Shoppers)	(61% of Non-Shoppers)	(31% of Non-Shoppers)

A third of travellers did not visit on their last trip, but do occasionally visit



Q19 Which of the following statements applies to you when considering Duty Free store visiting at the airport?

Total Traveller Sample 11,500 inclusive of pre screened shoppers and non-shoppers

The Duty Free footfall barriers

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THE 12 DUTY FREE STORE FOOTFALL BARRIERS
Base: Total Sample (3,646)

Doing something else, such as looking for food & beverages or being digitally distracted, wanting to travel light and negative value perceptions are key footfall barriers

Barrier	%
DO SOMETHING ELSE	25%
TRAVEL LIGHT	22%
VALUE	19%
OTHER PURCHASE LOCATIONS	18%
DON'T WANT TO BE TEMPTED	15%
REJECTERS	13%
TIME	12%
RELEVANCE	11%
BUSINESS LOUNGE	11%
SELECTION	11%
UNSURE OF ALLOWANCES	8%
INCONVENIENT	7%

Q16 Why did you decide not to visit a Duty Free store in XXX airport on your last XXX trip?

Shopping barriers: 2017 vs. 2012

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BARRIERS TO FOOTFALL – A CHANGING LANDSCAPE

Base: Total Sample (3,646)

FOOTFALL BARRIERS: 2017		FOOTFALL BARRIERS: 2012	
1	Something else: **25%**	1	Relevance: **39%**
2	Travel light: **22%**	2	Something else: **33%**
3	Value: **19%**	3	Value: **33%**
4	Other purchase locations: **18%**	4	Travel light: **29%**
5	Don't want to be tempted: **15%**	5	Time: **21%**
6	Rejecters: **13%**	6	Don't want to be tempted: **20%**
7	Time: **12%**	7	Too busy: **17%**
8	Selection: **11%**	8	Confused: **14%**

Q16 Why did you decide not to visit a Duty Free store in XXX airport on your last XXX trip?

Differences by nationality

POSITION OF KEY FOOTFALL BARRIERS BY NATIONALITY
Base: Total Sample (3,646)

	BRITISH	FRENCH	GERMAN	ITALIAN	RUSSIAN	CANADIAN	US	BRAZILIAN	AUSTRALIAN	CHINESE	INDIAN	JAPANESE
Do something else	2	1	1	1	1	1	1	1	2	1	1	
Travel Light	3	3	2	2	3	2	2		1	2		2
Value	1	2	4	3	5	5	4	2	3		3	
Already purchased	4		5	4	2	3	3	4	4		2	5
Don’t want to be tempted		5			4	5		5	5			3

Q16 Why did you decide not to visit a Duty Free store in XXX airport on your last XXX trip?

Choosing to do something else

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25%

Didn't visit Duty Free stores because they chose to do something different

ACTIVITIES TAKEN PART IN

Base: Choosing to do something else (912)

60% spend their time purchasing **food & beverages**; 39% are **digitally distracted**

SURFED THE INTERNET	32%	(30% total)
SAT DOWN IN CAFE	24%	(21% total)
CHECKED EMAILS	19%	(19% total)
IN BUSINESS LOUNGE	19%	(18% total)
SIT DOWN MEAL	12%	(13% total)
BOUGHT TAKEAWAY F&B	14%	(11% total)
SAT DOWN FOR FAST FOOD	11%	(10% total)
DRINK IN A BAR	10%	(10% total)

Q9a You mentioned that you engaged in the following activities when in XXX airport on your most recent XXX trip, which of these did you spend the most time doing?

Travelling light

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22%

Didn't visit Duty Free stores because they chose to travel light

TRAVELLING LIGHT AS A DUTY FREE FOOTFALL BARRIER

Weight is a key aspect preventing Duty Free shopping with many travellers, particularly females, not wanting to increase the weight of their existing luggage. This is particularly the case for outbound travellers who would not want to carry their purchase throughout their whole trip

Available baggage space also plays a role in preventing Duty Fre shopping. This is due to travellers using their full carry-on baggage allowance (dictated by the airline) for items they wish to take on their trip and not leaving room for any Duty Free purchases they may make

Travelling light

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Ryanair	Virgin Atlantic	Easyjet	British Airways	American Airlines	Air China
1 cabin bag + 1 personal bag	1 bag up to 10kg	1 cabin bag + 1 personal bag + 1 Duty Free shopping bag	1 or 2 cabin bags depending on destination	1 cabin bag + 1 personal bag	1 bag for economy passengers 2 bags for first class passengers
Cabin bag - 55 x 40 x 20cm - no more than 10kg Personal bag - 35 x 20 x 20cm	23 x 36 x 56cm	Cabin bag - 56 x 45 x 25cm Personal bag - 45 x 36 x 20cm	each weighing up to 23kg	56 x 36 x 23cm	5kg economy 8kg first class

Sources: The Independent & Airline websites

Better value elsewhere

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19%

Didn't visit Duty Free stores because they felt they could find better value elsewhere

VALUE AS A DUTY FREE FOOTFALL BARRIER

Some Non-Shoppers have the perception that Duty Free prices are comparable or, in some cases, more expensive than other channels which drives overall negative perceptions of value

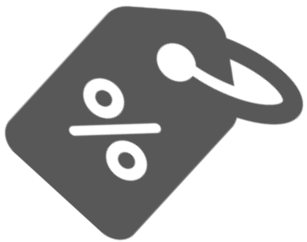
Non-Shoppers generally consider the Duty Free channel as offering quality, premium products. However, this is preventing visiting among some shoppers due to the perception that only expensive items are available

Some Non-Shoppers have not experienced the service they were expecting on previous occasions which this has led to negative perceptions and the potential to prevent future visiting

Better value elsewhere

19%

Didn't visit Duty Free stores because they felt they could find better prices / promotions elsewhere



IMPORTANCE OF BARRIER BY NATIONALITY

Base: Better prices elsewhere (683)

1	27%	INDIAN
2	26%	AUSTRALIAN
3	25%	BRITISH
4	23%	BRAZILIAN
5	23%	FRENCH
6	19%	AMERICAN
7	17%	ITALIAN
8	16%	GERMAN
9	15%	RUSSIAN
10	14%	CANADIAN
11	13%	CHINESE
12	6%	JAPANESE

Q16 Why did you decide not to visit a Duty Free store in XXX airport on your last XXX trip?

Better selection elsewhere

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11%

Didn't visit Duty Free stores because they felt there is a better selection of products elsewhere

A BETTER SELECTION ELSEWHERE AS A DUTY FREE FOOTFALL BARRIER

There is a general perception among some Non-Shoppers that the Duty Free range is limited and lacks variety. This is evident on both a category level, e.g. the stores just focus on the core categories, and on a brand level, with some respondents claiming a wider range in the domestic retail channel

There is also a desire for local brands or brands from the destination country, with some Non-Shoppers having the perception that Duty Free stores are all the same in terms of product offering

Better selection elsewhere

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11%

Didn’t visit Duty Free stores because they felt there is a better selection of products elsewhere

IMPORTANCE OF BARRIER BY NATIONALITY
Base: Better selection elsewhere (390)

1	22%	INDIAN
2	17%	CHINESE
3	15%	AMERICAN
4	14%	AUSTRALIAN
5	11%	BRITISH
6	9%	BRAZILIAN
7	8%	GERMAN
8	8%	JAPANESE
9	8%	FRENCH
10	8%	CANADIAN
11	5%	RUSSIAN
12	4%	ITALIAN

Overcoming the Non-Shopper Challenge

Non-Shopper challenge: Purchase likelihood

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BUYING DUTY FREE IN THE FUTURE

Base: Total Sample (3,646)

81%

of Non-Shoppers would consider buying Duty Free items for use at home, away or whist travelling in the future

43%

Would consider buying Duty Free items to stock up for home

41%

Would consider buying Duty Free items to give as a gift for someone they are seeing while travelling

35%

Would consider buying Duty Free items to use while away

Q24 Would you consider doing any of the following in the future?

Non-Shopper challenge: Visiting Drivers

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TOP DRIVERS FOR FUTURE VISITING

Base: Total Sample (3,646)

1. **49%** claim better prices and promotions would encourage them to visit Duty Free stores in the future
2. **22%** claim a wider product range would encourage them to visit Duty Free stores in the future
3. **20%** claim exclusive products would encourage them to visit Duty Free stores in the future

Driver	%
Better convenience	18%
Being able to sample before purchasing	16%
Products dedicated to travel	14%
Limited editions	12%
Gifting solutions	11%
Better online communications	10%
VIP memberships offering special discounts	10%
Gift wrapping service	8%

LIMITED

VIP

Overcoming The Non-Shopper Challenge

IDENTIFYING THE FUTURE FOOTFALL DRIVERS

81%
Of Non-Shoppers would consider purchasing from Duty Free in the future

VALUE	PRODUCT RANGE	PRE-ORDERING	GIFTING
Better pricing and promotions	*A wider product offering*	*Increase convenience via pre-ordering*	*More gifting solutions*

THANK YOU

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