



Travel Retail Survey

- Middle East Airport Shopping Behaviour-

– Dubai, November 2012 –

- ✈ **Quantitative face-to-face interviews conducted at the departures gates areas at three M.E. airports:**
 - Dubai (DXB)
 - Doha (DOH)
 - Bahrain (BAH)

- ✈ **In total 1'042 interviews carried out with international travellers in an approximate proportion of buyers vs. non-buyers 50/50**

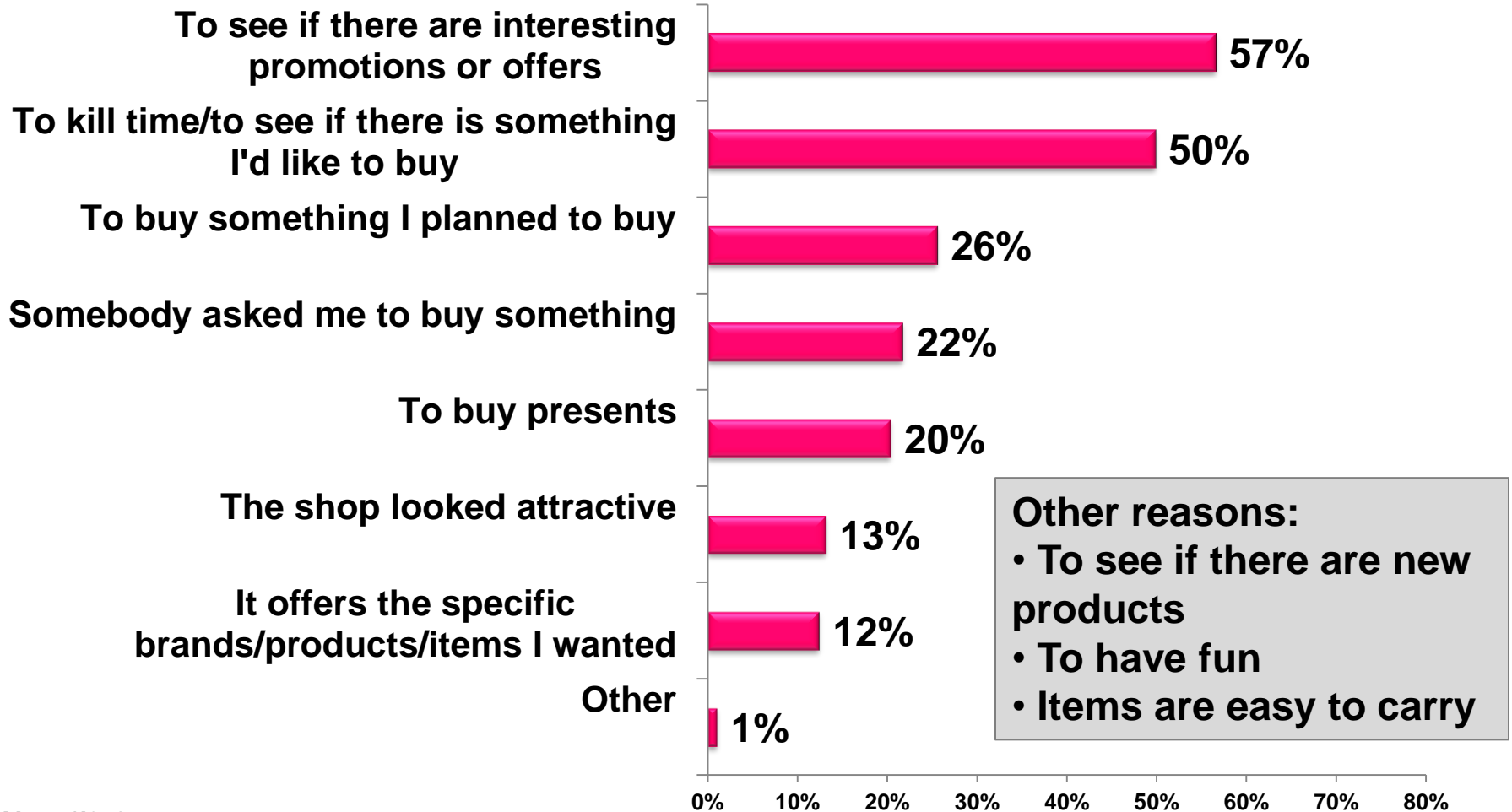
- ✈ **Interview length: approx. 10 min**

- ✈ **Fieldwork: October – November 2012**

Main findings

Reasons to visit Duty Free Shops at the airport

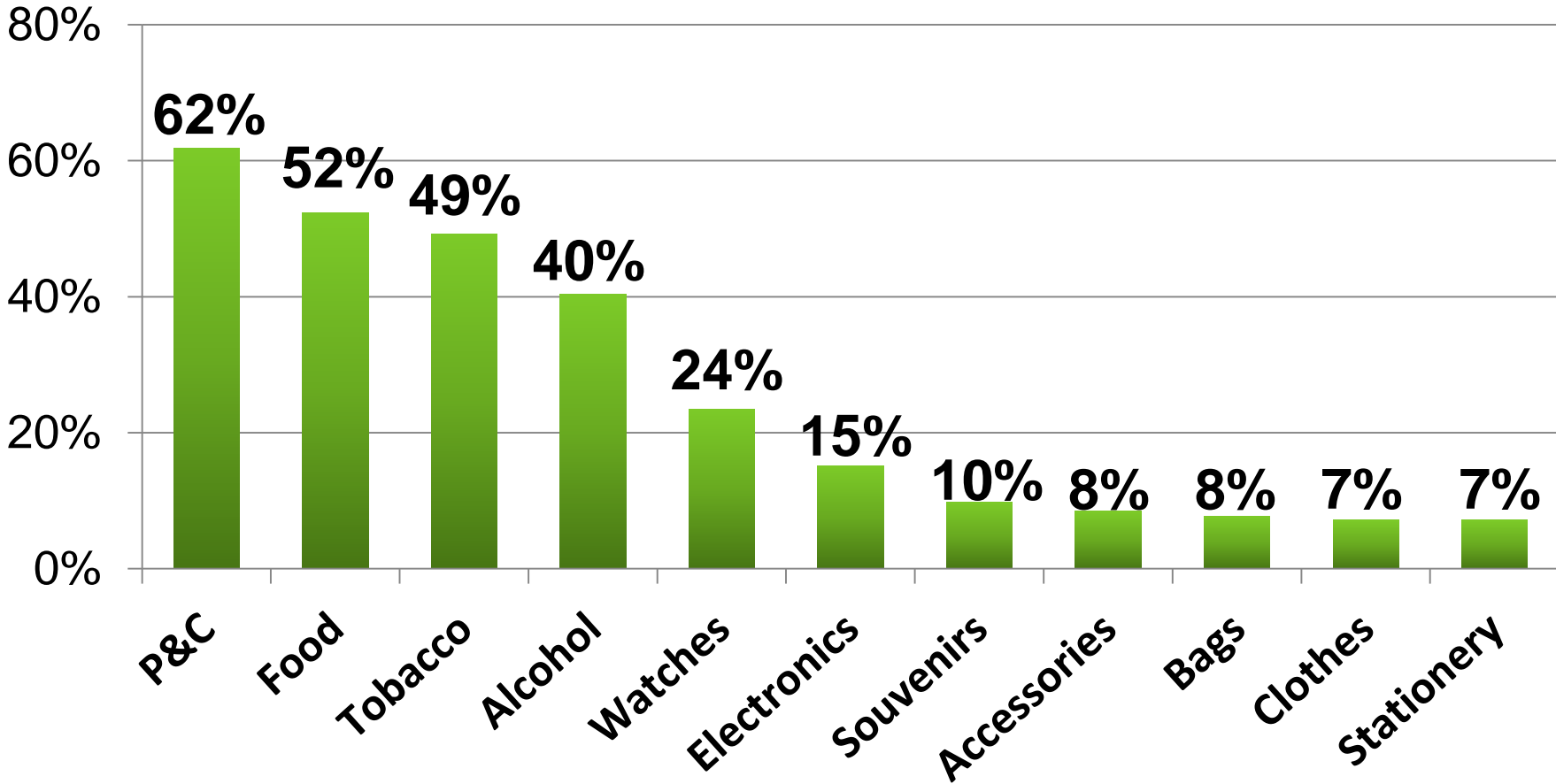
Why did you visit the DF shop today?



TOTAL n=1'042

Sections visited at Duty Free Shops at the airport

Which sections did you visit today?



TOTAL n=1'042

Dedicated areas to facilitate shopping process

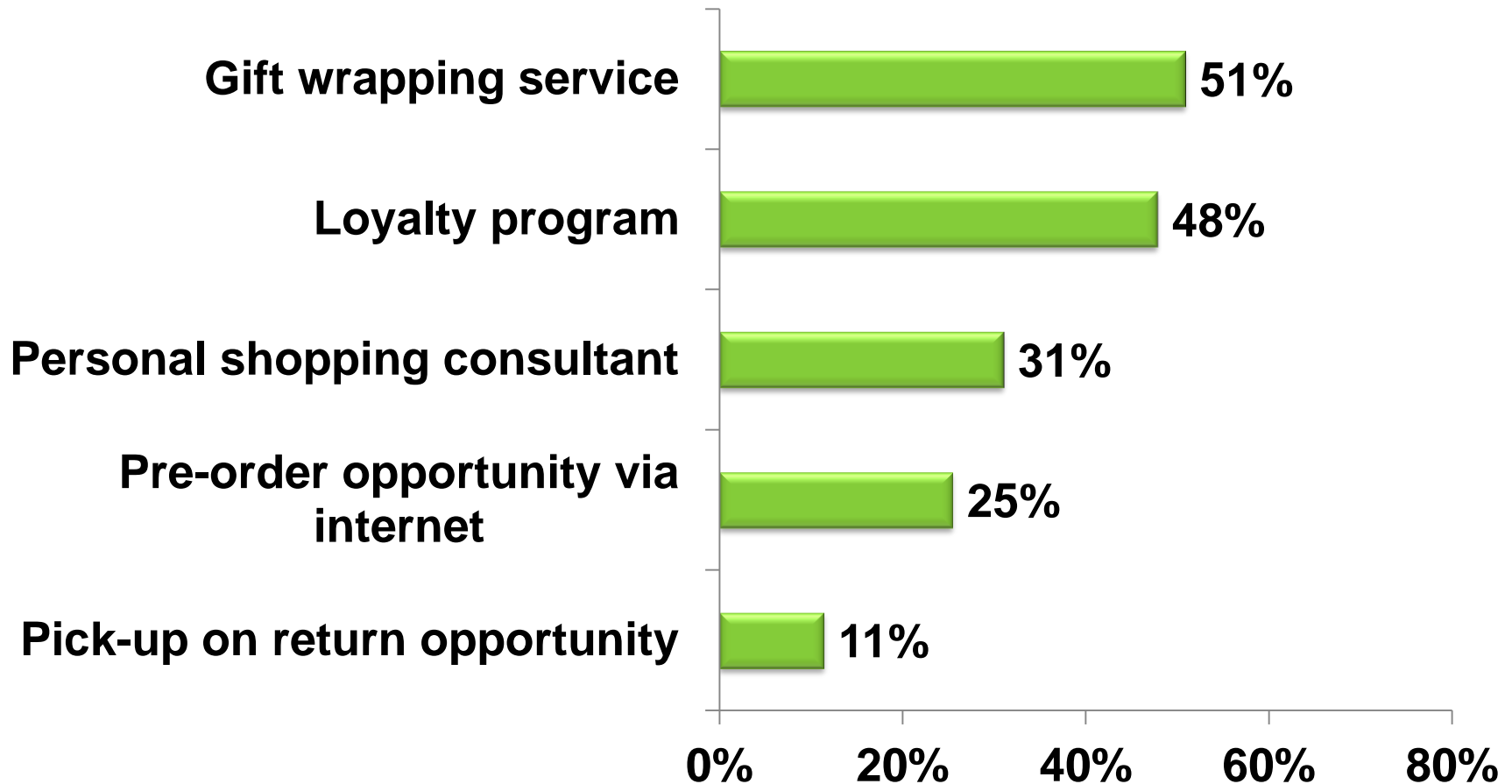
What dedicated areas in the DF Shop would be important for you to help you shop?



TOTAL n=1'042

Dedicated areas to facilitate shopping process

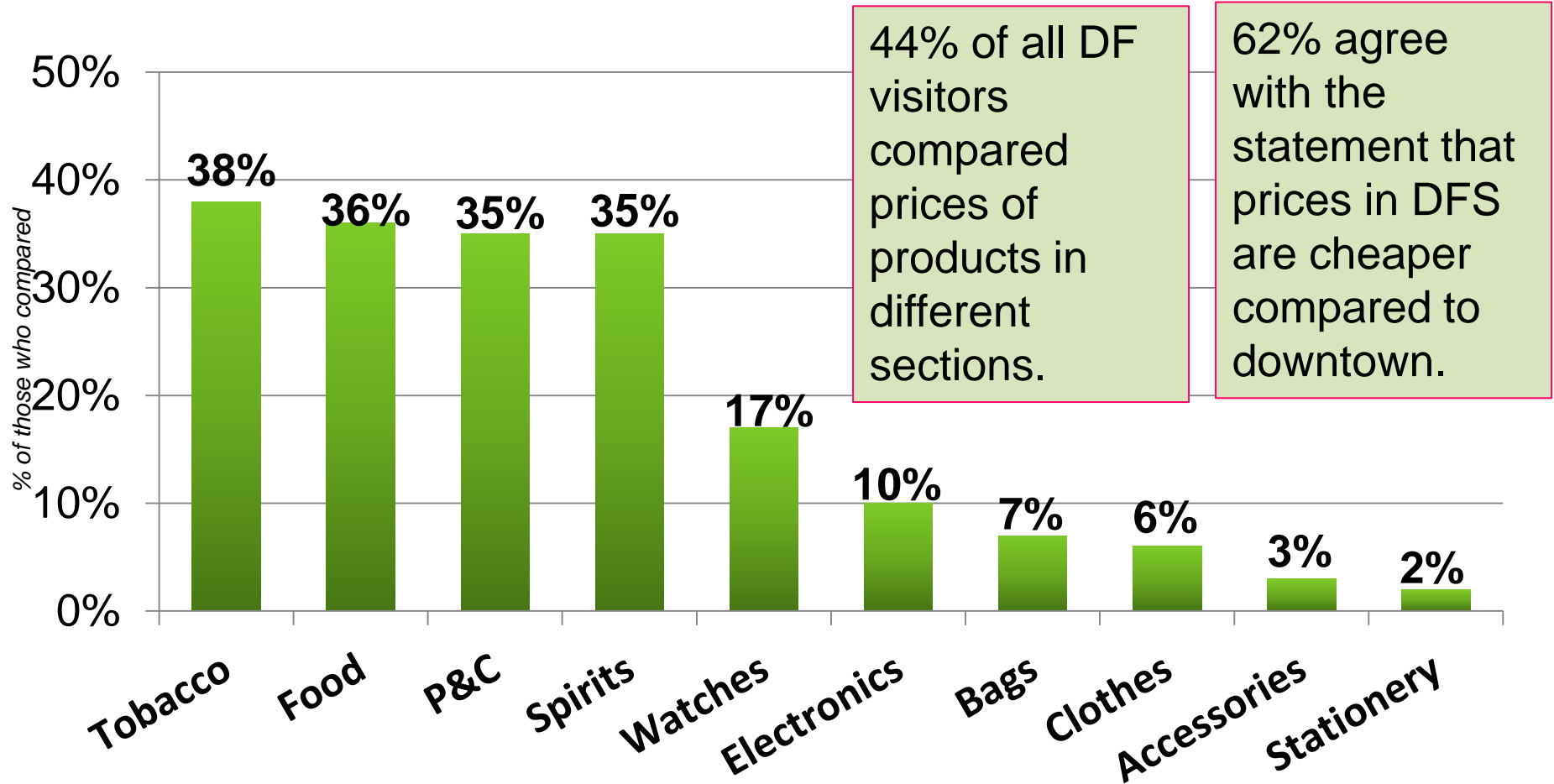
In which of the following services would you be interested and most likely to use?



TOTAL n=1'042

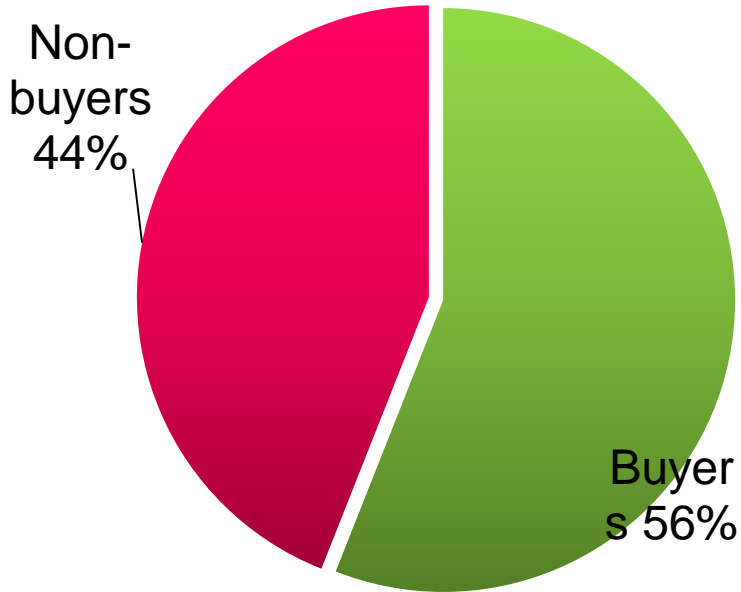
Price comparison

From the sections visited, where did you compare the prices?

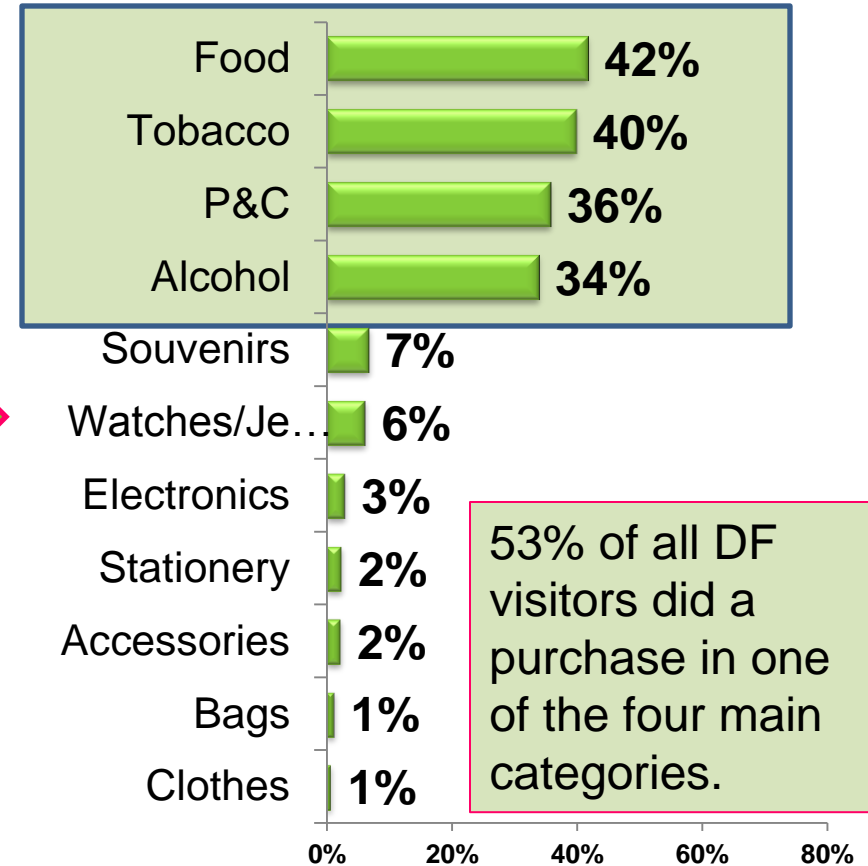


Sections where purchases were done

Did you buy anything today in DF?



What did you buy today?



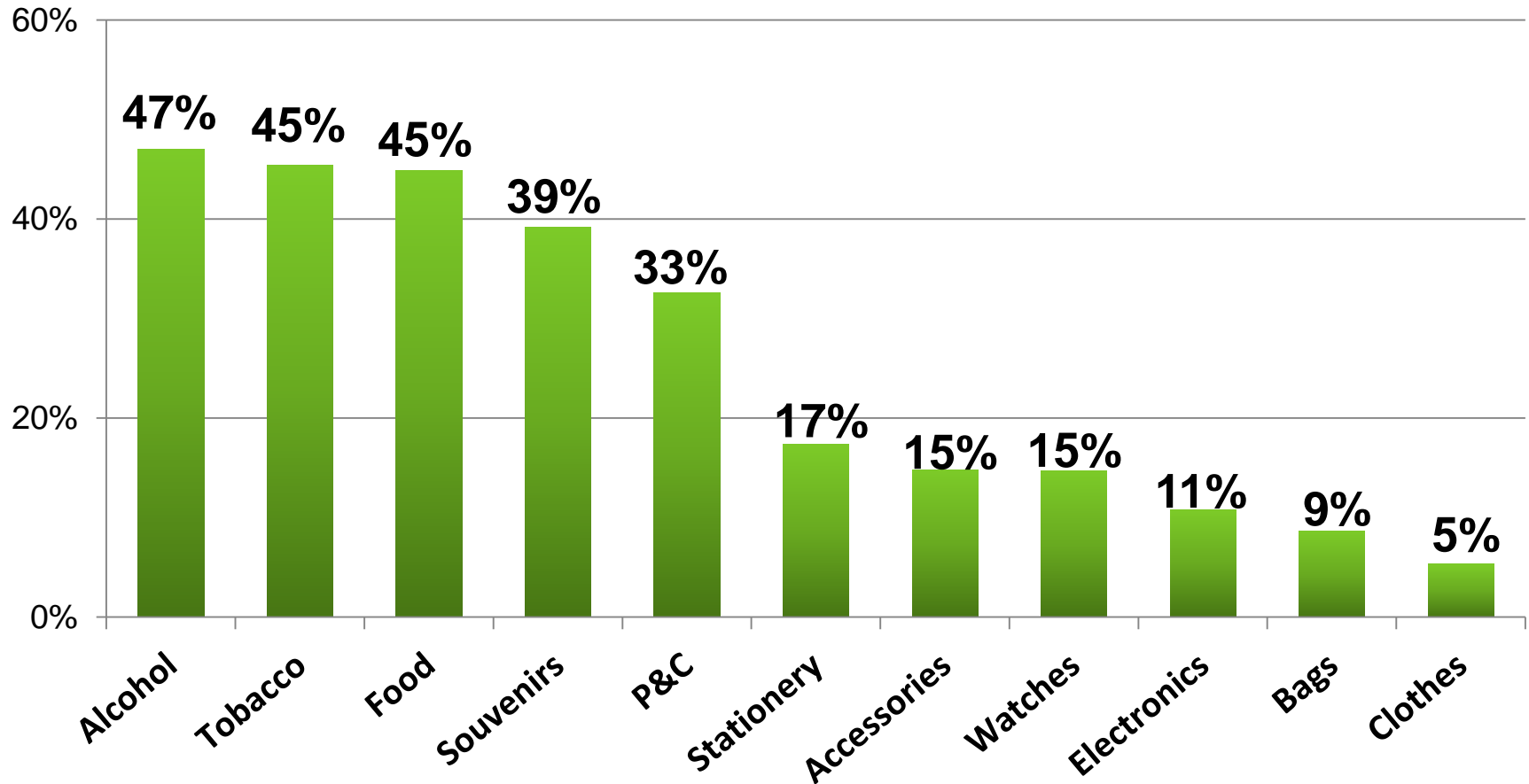
53% of all DF visitors did a purchase in one of the four main categories.

BUYERS n=587

TOTAL n=1'042

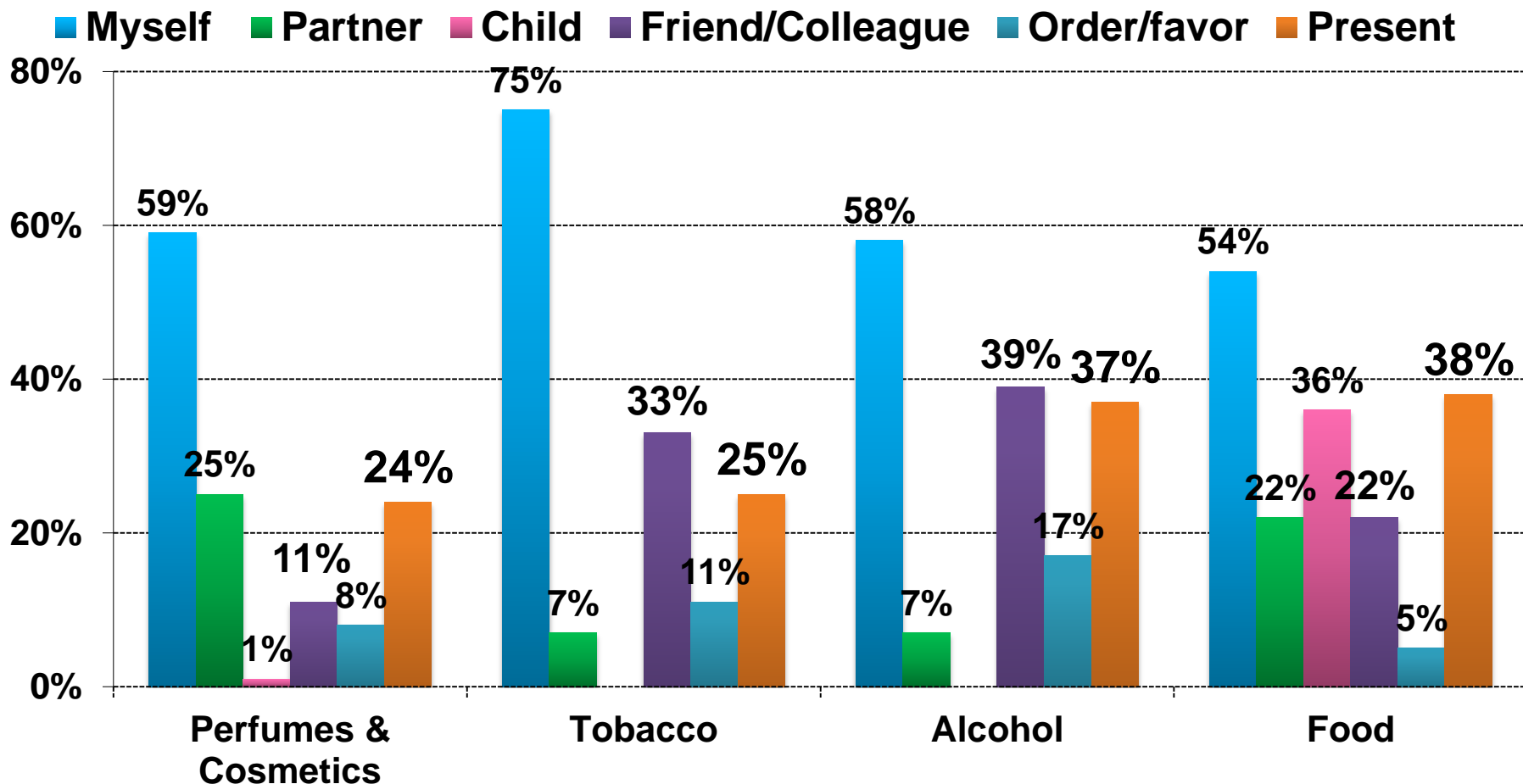
Conversion rate per category

Buyers/Visitors



Destination of the purchase

For whom did you buy the items? – 4 main categories



Motives to buy

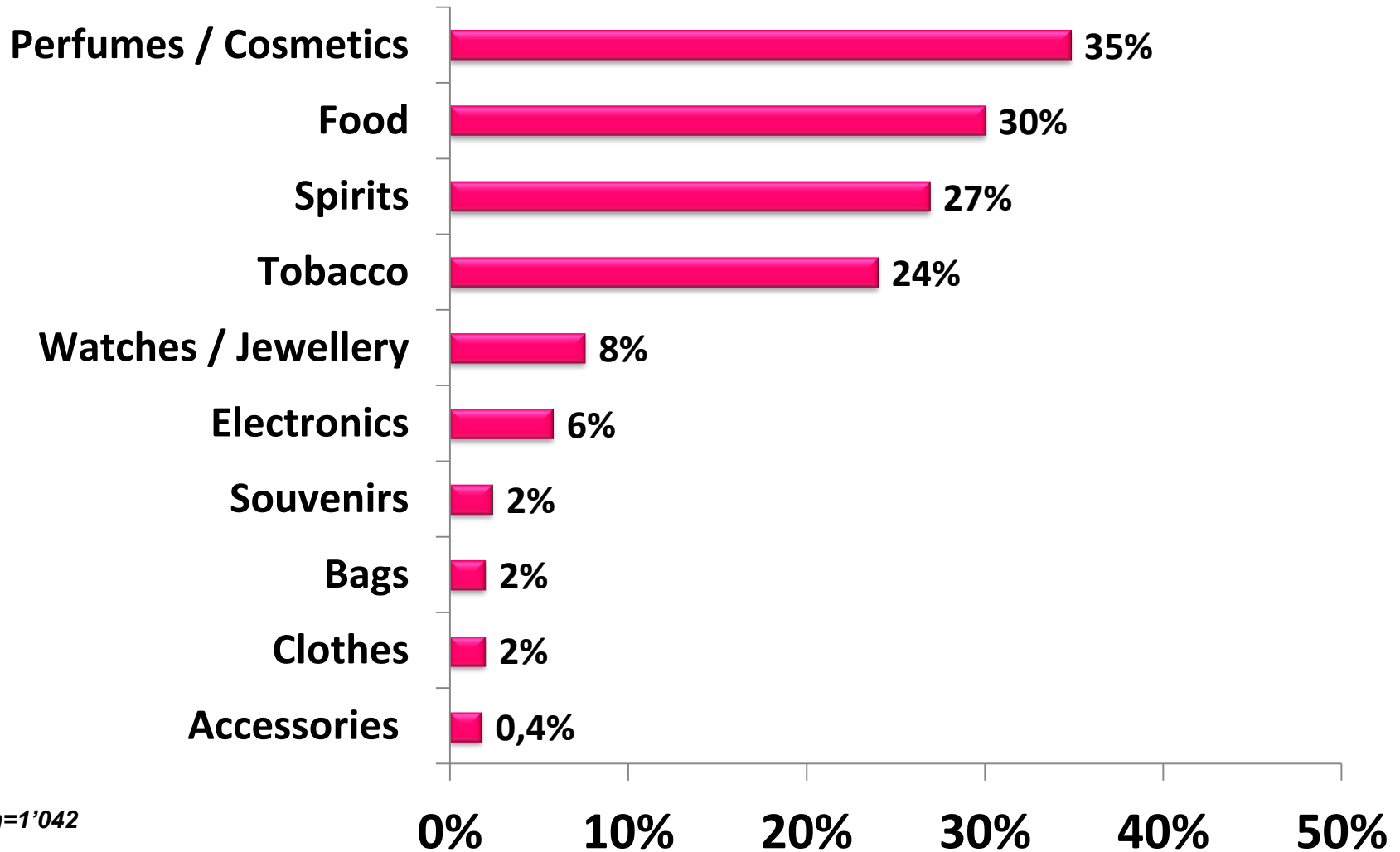
Which of the following would make you buy at DF Shop at this airport?



Non-BUYERS n=455

Visibility of promotions

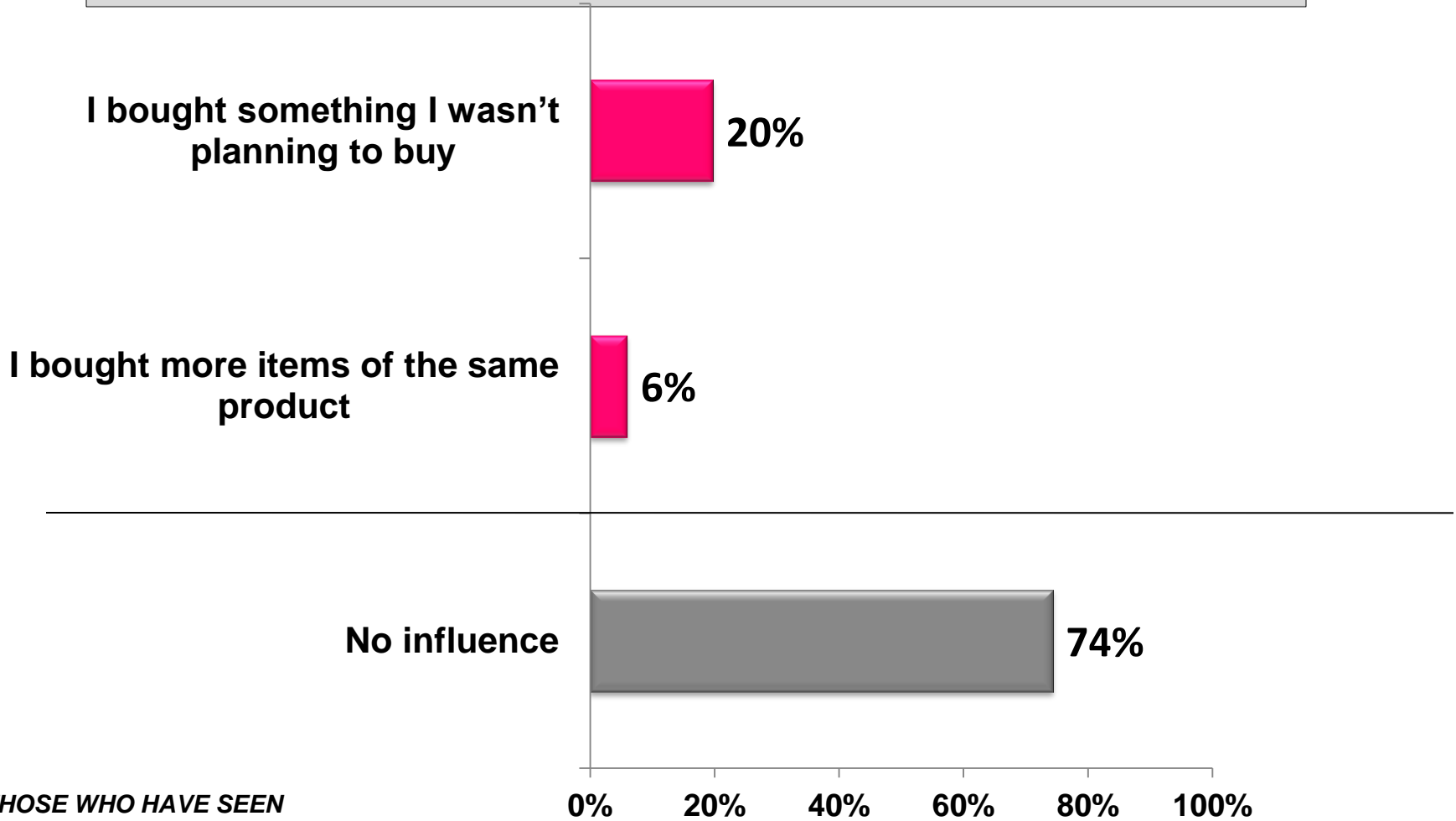
In which section have you seen promotions?



TOTAL n=1'042

Influence of promotions on behavior

What influence did the promotions have on your shopping behavior?



THOSE WHO HAVE SEEN
PROMOTIONS n=812

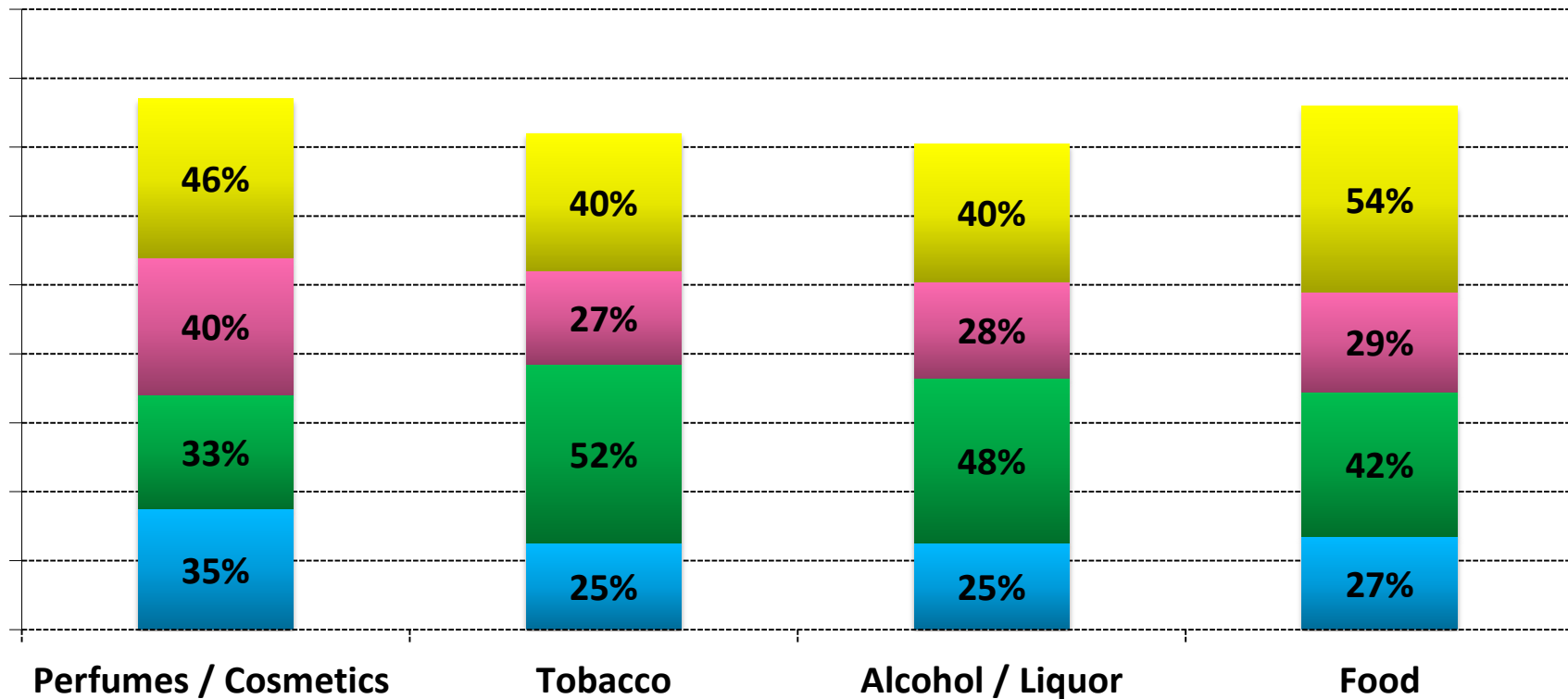
0% 20% 40% 60% 80% 100%

Preferred promotions

What kind of promotions would motivate you to buy? – 4 main categories

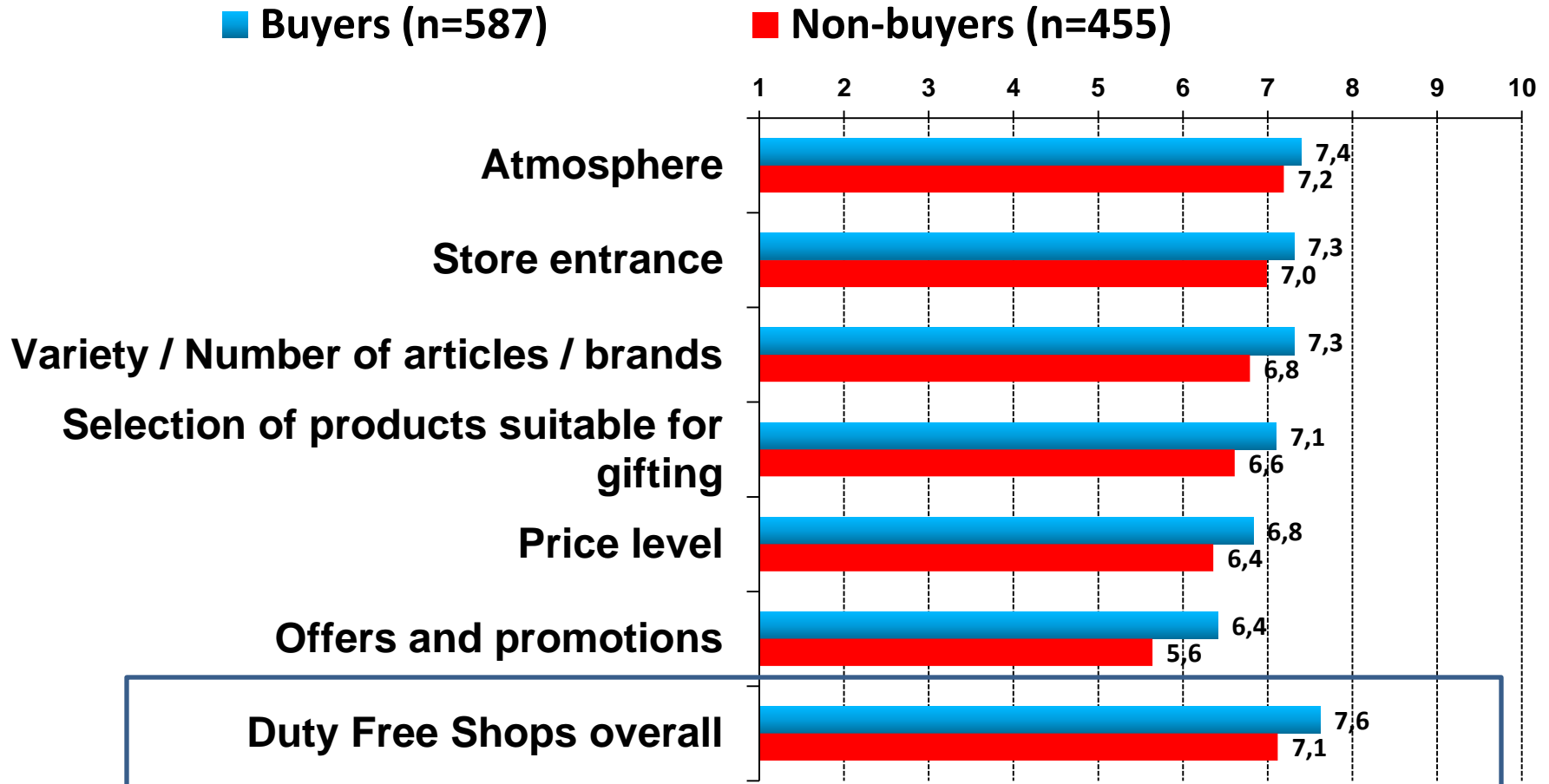
■ Best price guarantee
■ Gift with purchase

■ Offer when buying two or more
■ Price reduction



Satisfaction with DF shops

What is your level of satisfaction with particular aspects of the DF shops at this airport?



- **Improve shopping experience by**
 - **Special offers or promotions,**
 - **New products availability**
 - **Exclusive products**
 - **Dedicated areas**

- **A gift wrapping service and a loyalty program are services that travellers found to be most appealing.**

- **To buy a gift, to treat themselves, and acceptable prices were the main reasons for buying.**

- ➔ **A guarantee of at least 20% savings compared to downtown prices, bigger variety of products, and availability of interesting promotions would be incentives for travellers to buy more in DF.**
- ➔ **The overall satisfaction rate was 7.4 on a scale of 1-10. Atmosphere and store entrance had the highest satisfaction rate.**

THE TRAVEL RETAIL INDUSTRY'S 1ST CROSS-CATEGORY SEGMENTATION STUDY



By m1nd-set for TFWA & APTRA

Segmentation Research Background

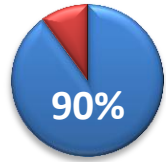
- ➔ Locate groups of TR shoppers sharing characteristics that causes them to have **similar shopping needs**.
- ➔ Each segment...
 - ➔ is distinct from other segments (heterogeneity)
 - ➔ behaves consistently regarding TR shopping
 - ➔ responds similarly to TR market stimuli
 - ➔ can be reached by TR market intervention(s) in a similar way



Methodology

- Recruitment of travellers at 28 worldwide airports
- On-line questionnaire
- Sample size: N = 4'519
- Regions covered:
 - Europe
 - Asia / Pacific
 - **Middle East**
 - North America
 - South America





9 segments cover 90% of the airport DF shopper travellers in the Middle East:

1. Low-budget gift shoppers
2. Low-income promotion swayed
3. Emotional high spenders
4. Executive pre-planners
5. Conventional deal seekers
6. Inspiration seekers
7. Price-sensitive shopping lovers
8. Intensive brand image shoppers
9. Rational stock-up shoppers

73% of Middle-Eastern Shoppers

DESCRIPTION OF 3 KEY AIRPORT SHOPPER SEGMENTS IN THE MIDDLE EAST



Low-budget Gift Shoppers (9)



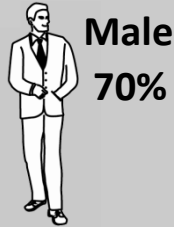
Key Features:

- Prefer buying articles someone recommended
- Visit airport shops frequently to avoid shopping during other moments of trip
- Gifts are their key reason for buying
- Like to get advice & guidance from store staff or from people they know

Low-budget Gift Shoppers (9)



Gender:



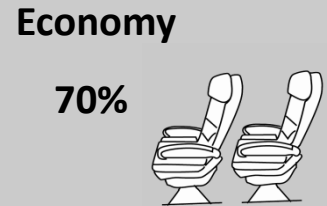
Travel Purpose:



Flight Frequency:



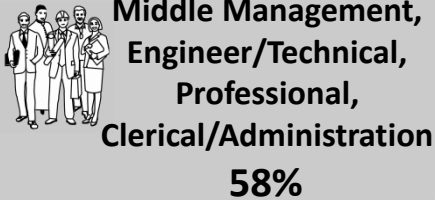
Travel Class:



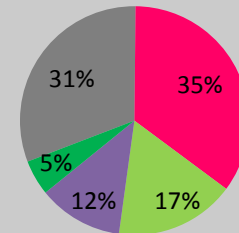
Age:

56% <
35 years

Profession:

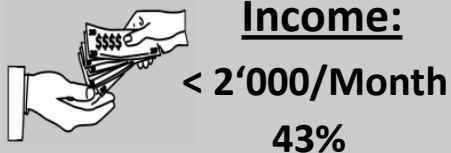


Household:



- Living with partner/husband/ spouse
- Family with children
- Living alone
- Young adults living with parents
- Other

Income:



DUTY FREE Purchase Frequency:
Low

Smokers:

35%

Top 5 Categories of Low-budget gift shoppers

66% buy every trip

Type of the trip when shop:

Leisure trip with family (or partner) (71%)

* Significant difference compared to other segments

1



54%*

Reasons to buy:

As a gift to friend/ colleague at home (36%)

When do they buy?

On way back home (47%)

Amount spent: Above average

2



46%

Reasons to buy:

As a gift to wife/ husband/partner (51%)

When do they buy?

On way back home (53%)

Amount spent: Average

3



31%

Reasons to buy:

To try out something new (51%)

When do they buy?

On way back home (62%)

Amount spent: Average

4



24%

Reasons to buy:

To stock up (30%)

When do they buy?

On way to destination (45%)

Amount spent: Average

5



19%

Reasons to buy:

As a gift to wife/ husband/partner (33%)

When do they buy?

On way back home (47%)

Amount spent: Average

How to best leverage this segment

1. Products must be suitable for gifts and give a feeling of exclusivity or novelty (mostly purchased by men, for partner & friends)
2. They need help in their purchase decisions. Staff guidance or other type of guidance (e.g. list of top 10 best selling gifts) will increase purchase.
3. This segment has a high proportion of smokers. They are price sensitive but buy cigarettes for themselves if good bargain or to try a premium brand at DF prices.
4. They also like to buy alcohol to try something new. They are sensitive to novelties in general but especially in alcohol category
5. One of the few segments sensitive to promotions other than price off
(eg. sample product, free accessory, special gift packaging, scratch card, etc.)

Executive Pre-planners (13)






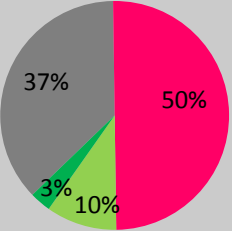




Key Features:

- Male senior management business traveller
- Reasonable shoppers, buy only what they pre-planned
- Compare prices and products
- Mostly interested in buying usual product(s)
- Buy mainly to stock up or gift for partner or children

Executive Pre-planners (13)



<p>Age: 49% = 46-60 years</p>	<p>Travel Purpose: Business 75%</p> 	<p>Flight Frequency: High</p> 	<p>Travel Class: Premium 29%</p> 
<p>Gender: Male 94%</p> 	<p>Children: <20 years 66%</p> 	<p>Household situation:</p>  <ul style="list-style-type: none"> ■ Living with partner/ husband/ spouse ■ Family with children ■ Live alone ■ Other 	
<p>Profession: Senior Management 45%</p> 	<p>Income: > 9'000/Month 46%</p> 	<p>DUTY FREE Purchase Frequency: High</p>	

Top 5 Categories of Executive pre-planners

1



56%*

Reasons to buy:

**As a gift to wife/
husband/partner (81%)***

When do they buy?

On way back home (68%)

Amount spent: Average

2



50%*

Reasons to buy:

To stock up (63%)

When do they buy?

On way back home (72%)

Amount spent: Average

55% buy every trip

Type of the trip when shop:

Business (97%)

60% know in advance what they
want to buy in airport shops

* Significant difference compared to other segments

3



38%

Reasons to buy:

As a gift to child/ren (45%)*

When do they buy?

On way back home (66%)

Amount spent: Average

4



28%*

Reasons to buy:

To stock up (46%)

When do they buy?

On way back home (64%)

Amount spent: Average

5



22%

Reasons to buy:

**As a gift to wife/
husband/partner (73%)***

When do they buy?

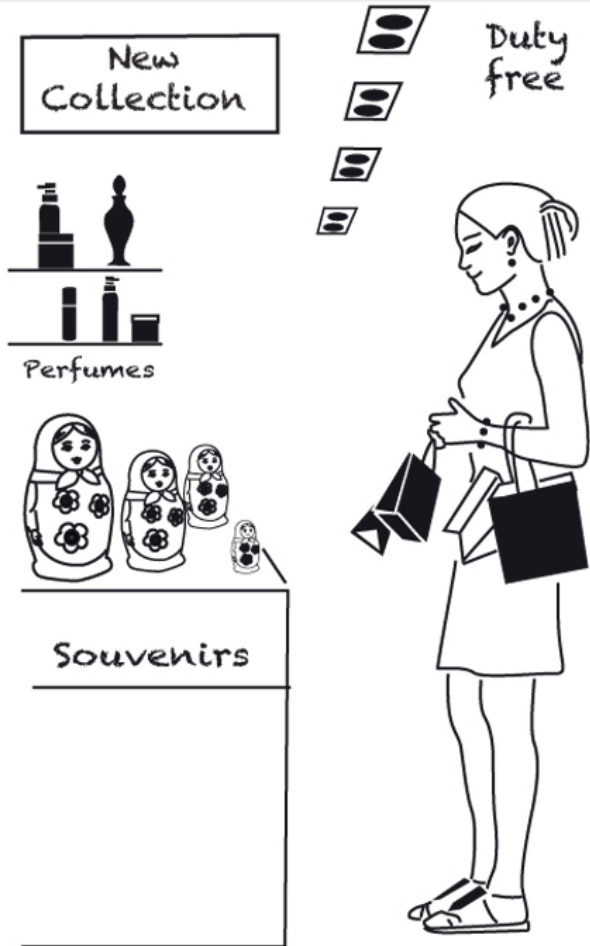
On way back home (60%)

Amount spent: Average

How to best leverage this segment

1. Will compare prices and buy where cheapest. Put forward traditional products that are cheaper and clearly show price advantage compared to down town
2. Will react strongly to price-off promotions on their usual products
3. Will buy large quantities for a good bargain. React very positively to quantities discounts
4. Need simple and informative shops. Are mainly interested in quickly finding their products (less reactive to novelties or special editions).
5. Also buy gifts to partner and children (mostly P&C and Confectionery).

Inspiration Seekers (12)



Key Features:

- Choose airport shops to find unique/ typical local products
- Like airport shops that have novelties, promotions & exclusives
- Visit airport shops for choice, quality, service (not price!)
- Go to airport shops because of great shopping experience

Inspiration Seekers (12)



Travel Purpose:
Business
40%

Flight Frequency:
Medium-High

Travel Class:
Mix (Premium & Economy)
26%

Gender:
34%/66%

Children:
<20 years
62%

Household:

- Living with partner/ husband/ spouse
- Family with children
- Living alone
- Young adults living with parents
- Other

Income:
< 5'000/Month
54%

Profession:
Management
48%

Purchase Frequency:
DUTY FREE
High

Top 5 Categories of Inspiration seekers

75% buy every trip

74% do not plan in advance and might buy something they like in airport shops

High spenders in each of TOP 5 categories

* Significant difference compared to other segments

1



49%

Reasons to buy:

As a gift to wife/husband/partner (73%)*

To try out something new (62%)*

When do they buy?

On way back home (61%)

During transit & have some spare time (41%)*

Amount spent: Above average

2



44%

Reasons to buy:

As a gift to child/ren (47%)*

When do they buy?

On way back home (59%)

During transit & have some spare time (47%)*

Amount spent: Above average

3



38%*

Reasons to buy:

As a gift to friend/ colleague at home (61%)

When do they buy?

On way back home (67%)

Amount spent: Above average

4



32%

Reasons to buy:

To try something new (53%)

When do they buy?

On way back home (70%)

Amount spent: Above average

5



29%

Reasons to buy:

As a gift to wife/husband/partner (49%)*

To try out something new (42%)

As a gift to friend/colleagues at home (41%)*

When do they buy?

On way back home (55%)

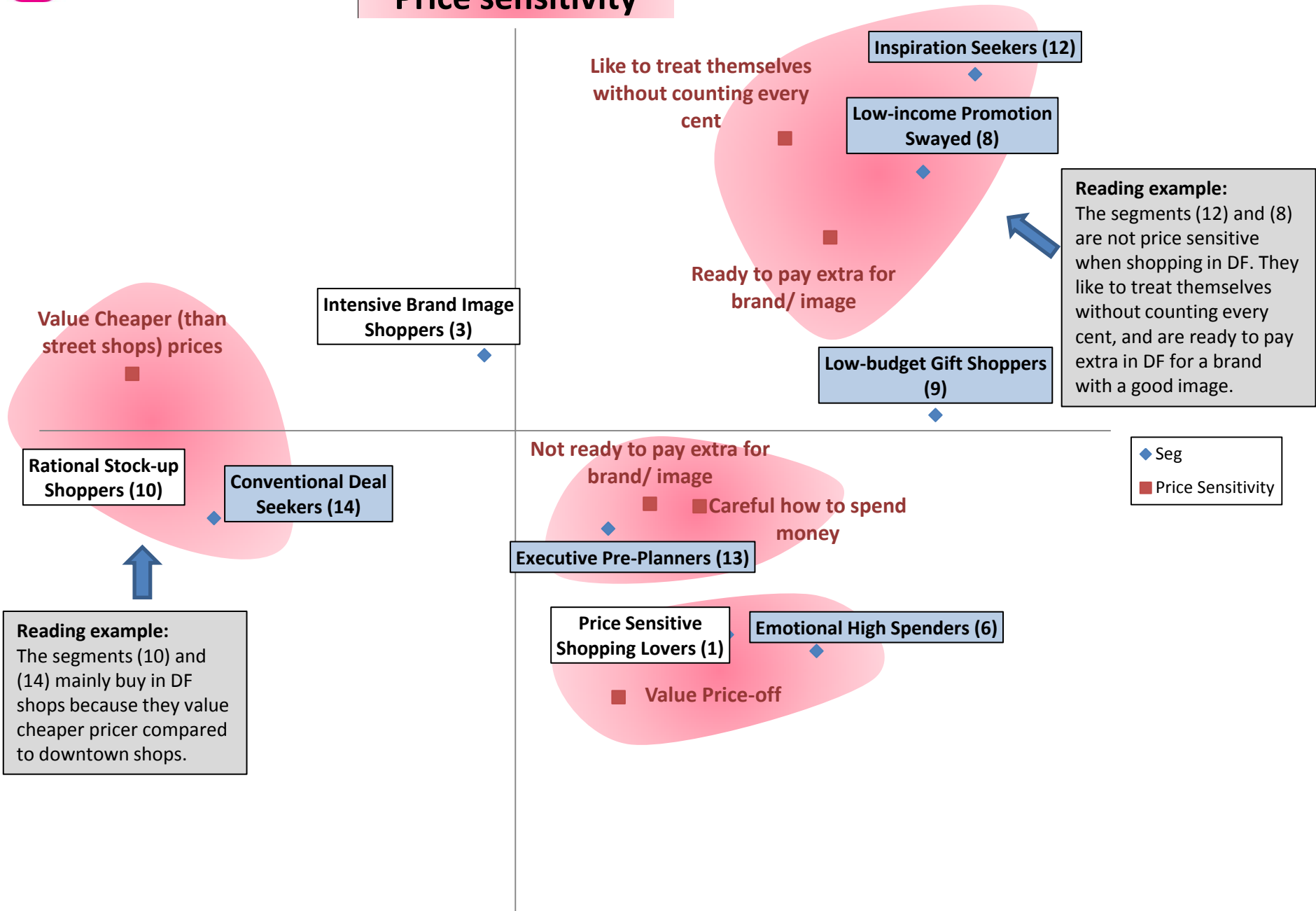
Amount spent: Above average

How to best leverage this segment

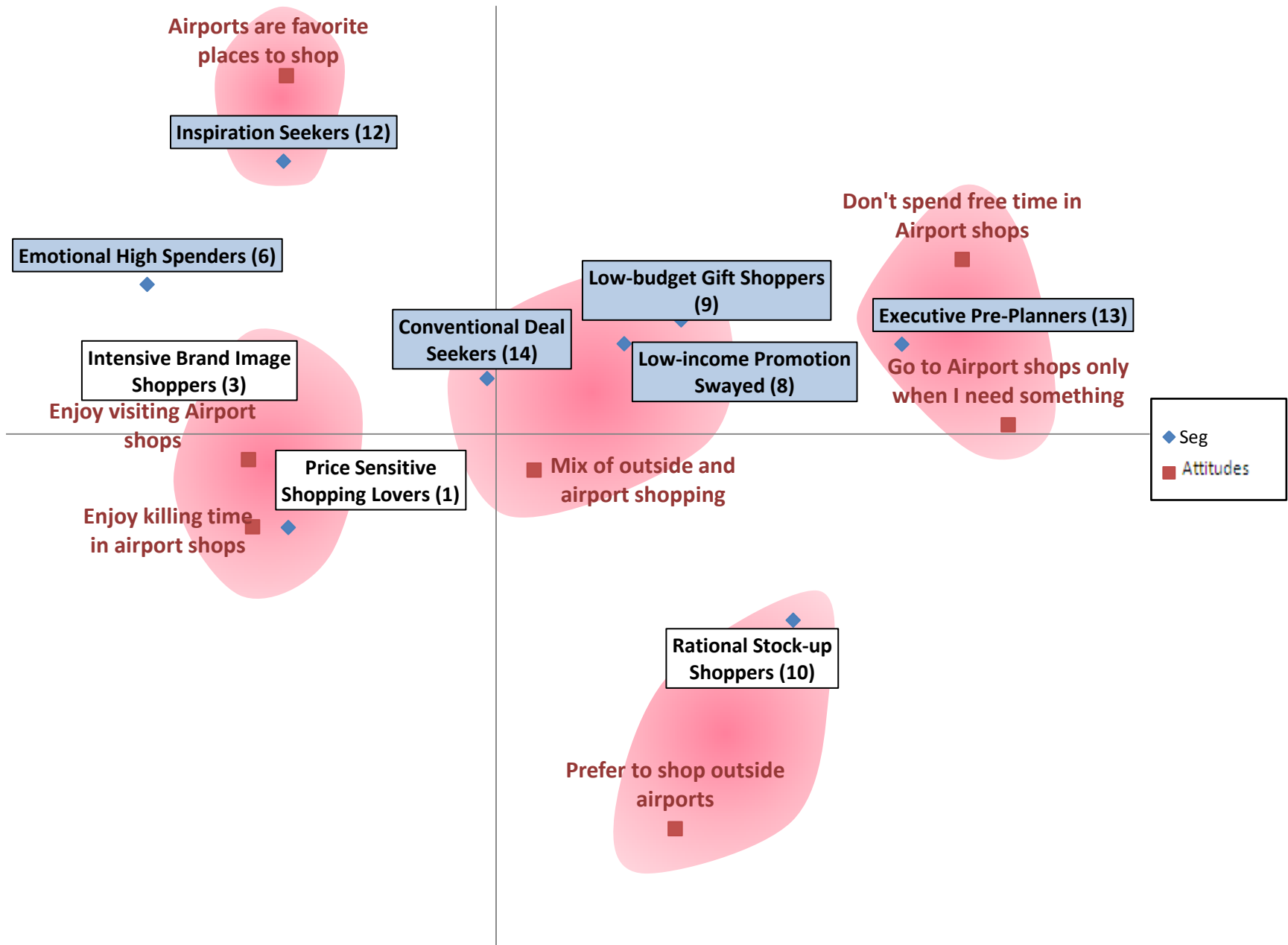
1. This segment needs an exceptional shopping environment with large variety of well known brands and local products.
2. React strongly to all kind of exclusive products (special, airport, limited editions)
3. Are constantly looking for new things, products they don't have
4. Want items that show others they've travelled. Will buy both well known brands with local touch and authentic souvenirs
5. If the above conditions are met they are very high spenders!

PERCEPTUAL MAPPING

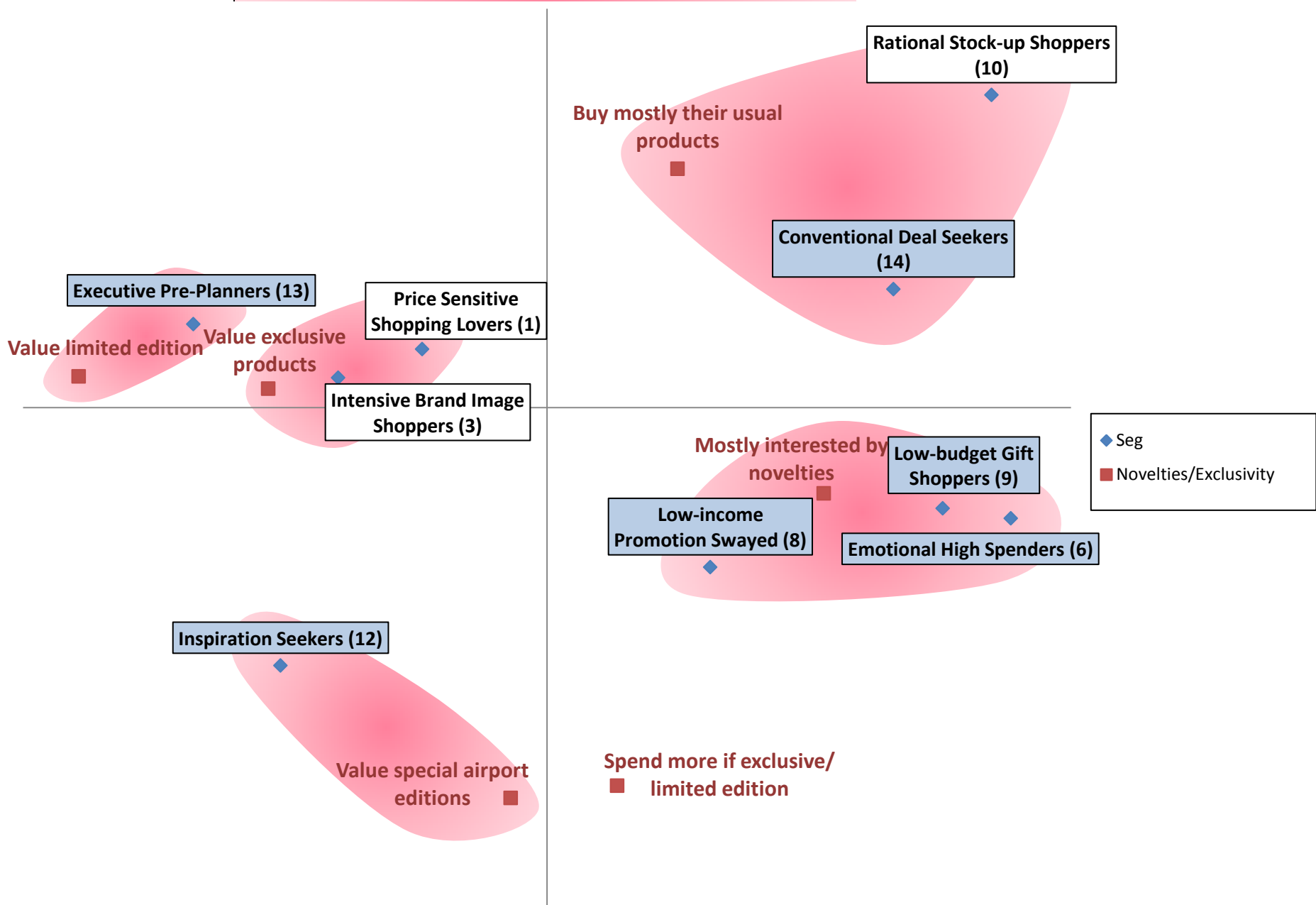
Price sensitivity



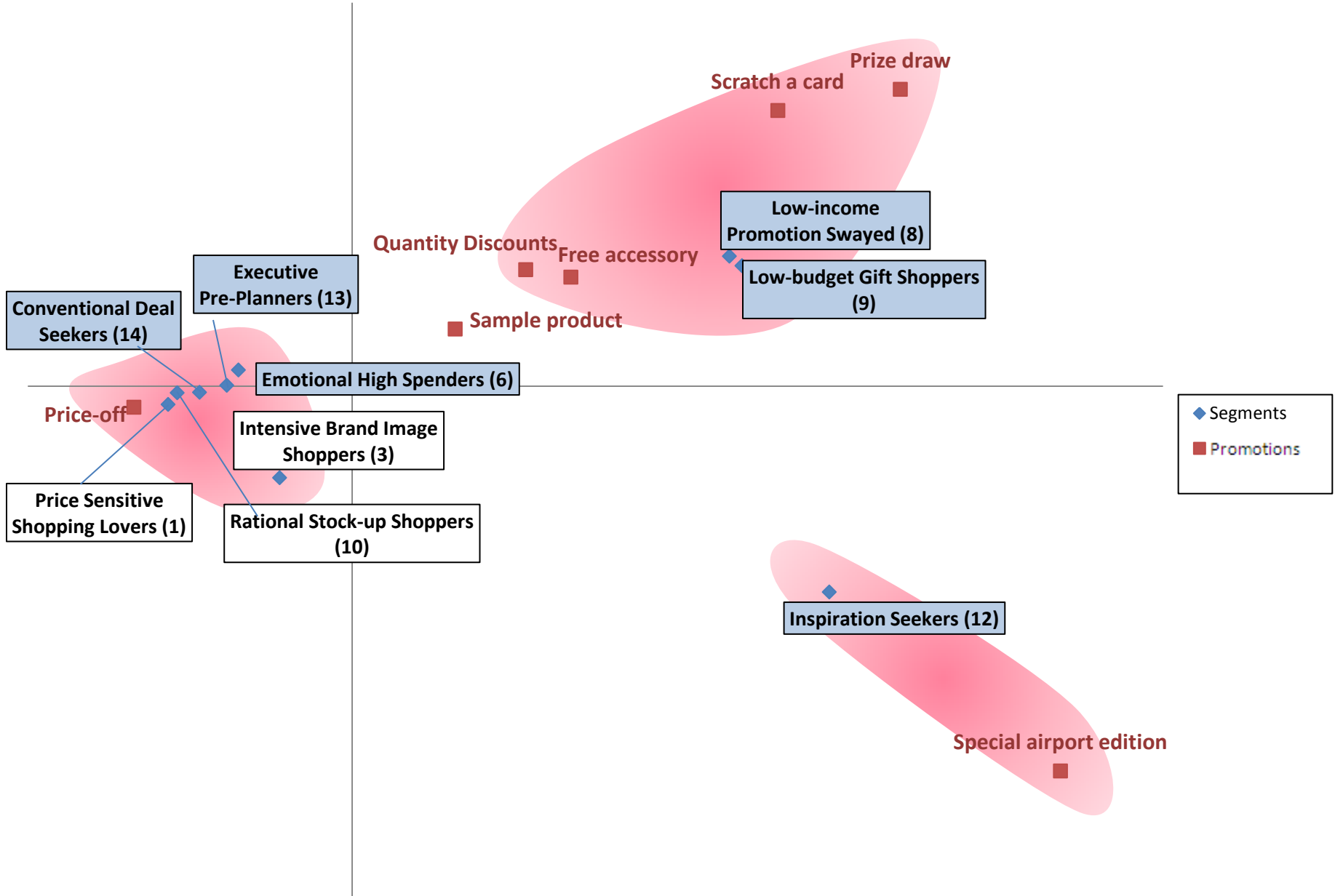
Attitudes towards airport shopping



Novelty/exclusivity vs. usual products



Most important travel retail promotions



RECOMMENDATIONS

- ✈️ **Airports & Retailers** must know the proportions of the segments at their airports & terminals:
- ✈️ Assure individual needs of all relevant segments are covered regarding **ideal variety & mix** of branded vs. DF shops (e.g. diversity crucial)
- ✈️ Understand how to best **approach** key segments (e.g. train staff about their needs and how to advance best)
- ✈️ Identify key **areas of improvement** for segments not liking current offer (e.g. lack of authentic products or gifting recommendations)

- ✈ **Brands** must understand the perceived benefits of shopping at airports of the different segments (and the according proportions)

- ✈ For brands it is key to challenge & optimize their current offer per airport regarding:
 - ✈ Gifting range
 - ✈ TR exclusives
 - ✈ Novelties
 - ✈ Packaging
 - ✈ “Local touch” / Souvenir value
 - ✈ Promotions / Offers
 - ✈ Destination relevant items



*« This segmentation is **a compelling research piece that highlights the broad diversity of traveller segments, their individual needs and expectations from the travel retail offer, and how the one size fits all retail model is no longer effective.***

By better understanding the needs and motivations of the individual traveller, we can better tailor our product offer to meet these needs more efficiently and effectively. »

Alan Brennan, Customer Marketing Manager, Nestle ITR



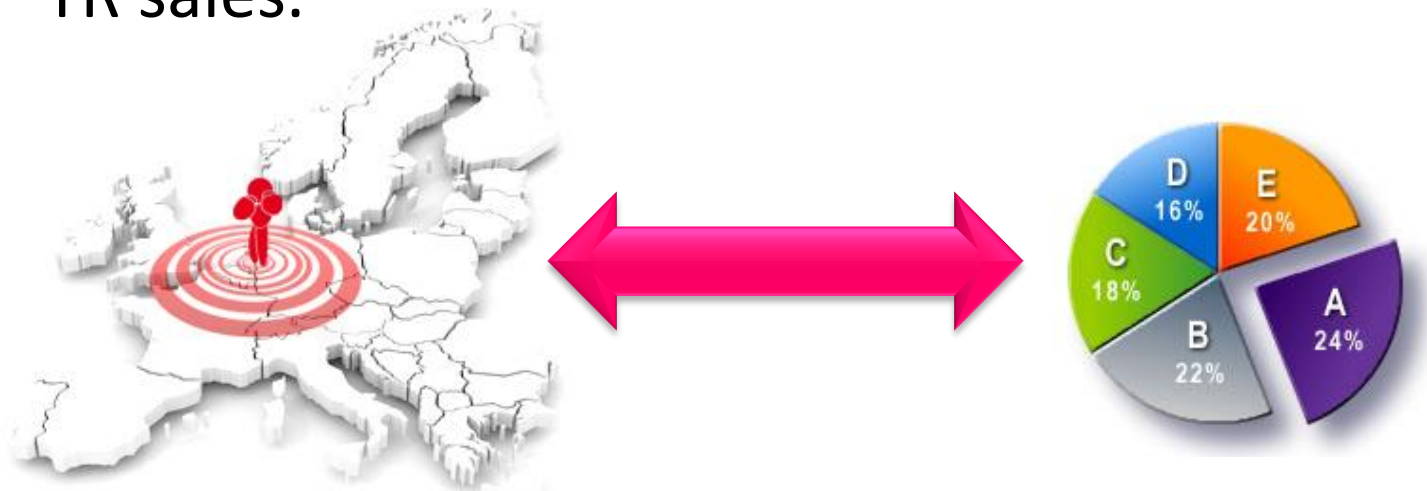
*« The segmentation research helps us optimize our product offers and **make communication more efficient** to better serve adult smokers in Travel Retail.*

*We also see **new opportunities for our business** arising from unanswered shopper needs. »*

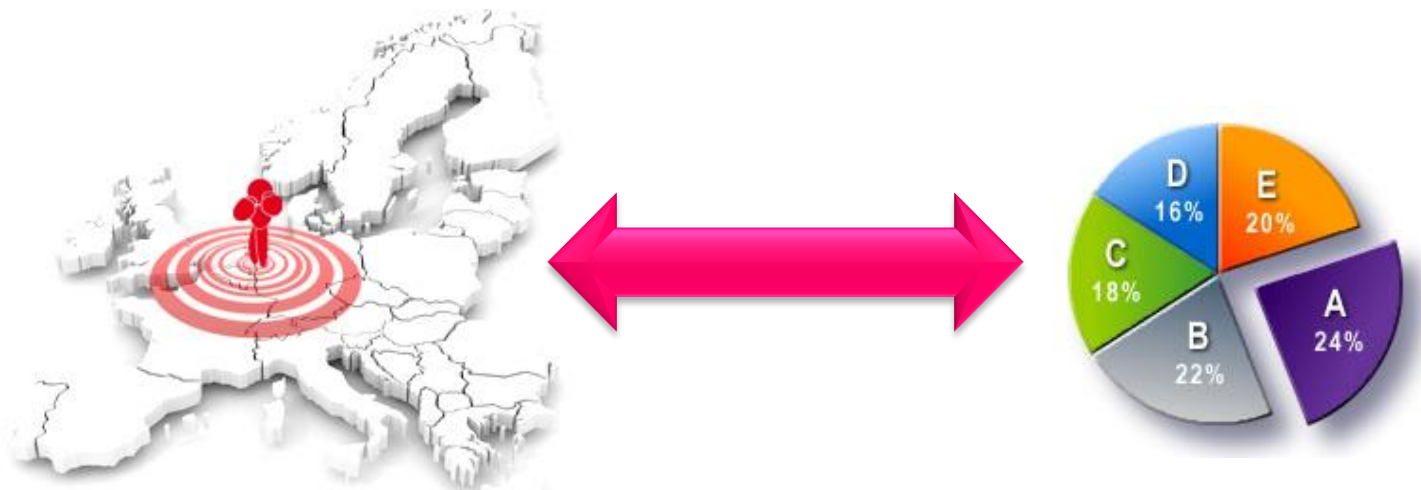
Jurga Cipaite, Insights Manager,
British American Tobacco International

→ Segmentation outcomes reveal some segments are perfectly adapted to current airport offers and others are far from delivering their **full spending potential**.

→ Receiving quantitative and qualitative information about ideal **category & product mix** as well as supreme **promotions & offers** is crucial to maximize TR sales.



- ✈️ **Quantification** of the sizes of segments on a regional and individual airport basis at **25 key Travel Retail airports** in 2013
- ✈️ Allow the **matching** of each airport's Travel Retail offer according to the shares of the segments needs & expectations at an airport & regional level.



Let's speak ONE language in ONE Travel Retail World!



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