

DUTY
FREE &
TRAVEL
RETAIL
RESEARCH

2007

PROJECT TAJ MAHAL II
REPORT ON INDIAN OUTBOUND
TRAVELLERS' TRAVEL RETAIL BEHAVIOUR

nielsen
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BY THE TRADE FOR THE TRADE



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INTRODUCTION

Tourism is currently one of the fastest growing industries in the world. Apart from contributing to a major share of foreign exchange for the Indian economy, the industry also provides employment to millions of people both directly and indirectly. Various allied industries like aviation, hospitality, travel services, etc. are also benefitting from the boom in the tourism sector.

India is a country of continental dimensions with a fascinating kaleidoscope of diverse languages, religions, customs and traditions, and it has been ranked as one of the fastest growing travel and tourism economies in the world both for inbound and outbound travel.

Indian travellers are a familiar sight all over the globe today. No destination is too distant, too expensive or too adventurous for the savvy Indian vacationers.

International outbound trips by resident Indians have gone up by 16% compared to 2005, at approximately 8 million trips in 2007.

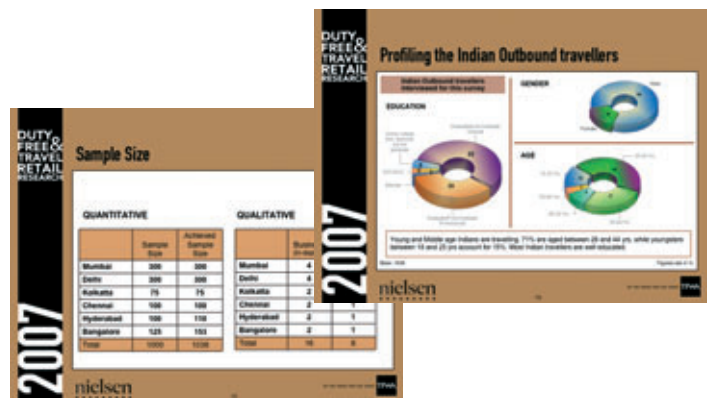
This is attributed to an increasingly affluent middle class with growing disposable incomes, affordable holidays and the growth of low-cost carriers.

This increase in outbound travel from India has aroused greater attention and interest from Tax Free World Association (TFWA).

TFWA commissioned Nielsen India to conduct an initial wave of research to understand and profile the Indian outbound travellers in 2006.

Feedback from a TFWA member survey in October 2006 indicated that there is a strong need for research with the main focus on Indians' outbound travel retail behaviour and their purchase preferences across product categories.

In 2007, TFWA commissioned Nielsen India to conduct the Taj Mahal II study to understand Indian outbound travellers retail and shopping behaviour towards specific product categories.



OBJECTIVES OF THE CURRENT RESEARCH

The overall objective of the current research is to explore outbound travellers' needs and motivations, business and leisure travellers' preferences while purchasing branded/luxury goods from duty free (DF) stores; to understand and explore the relationship between consumers' retail behaviour and specific product categories across destinations – including DF and non DF outlets; to profile travellers' retail habits such as product and brand preferences and expectations and finally to investigate the shopping behaviour of different traveller profiles when purchasing branded / luxury goods in duty free stores.

Specific product categories as selected from the 2006 report to TFWA formed the base for the study. The product categories mostly purchased by the Indian outbound travellers on their trip abroad as per the report of 2006 were confectionery, fragrances / perfumes, fashion & accessories, leather goods and cosmetics. Hence the focus of the current study was to understand consumer behaviour towards purchasing these products on travel abroad.

THE PRODUCT CATEGORIES FOR THE STUDY ARE:

- Liquor / Wines / Spirits
- Tobacco
- Confectionery
- Fragrances / Perfumes / Cosmetics
- Fine Gifts (includes Crystal, China, Silver, Glass)
- Local souvenirs
- Electronics / Mobile Phones / Electrical Appliances
- Jewellery / Watches
- Fashion & Accessories / Leather goods / Lingerie



METHODOLOGY

THE PROJECT WAS CONDUCTED IN TWO PHASES:

PHASE 1: EXPLORATORY PHASE

This phase was conducted to gain an in-depth understanding of Indian outbound travellers' retail behaviour in both DF and non DF stores. Focus group discussions (FGDs) were conducted amongst leisure travellers and in-depth individual interviews were conducted amongst business travellers. Both the leisure and business travellers were from the cities of Mumbai, Delhi, Chennai, Calcutta, Hyderabad and Bangalore.

PHASE 2: QUANTIFICATION & PROFILING PHASE

The second phase aimed to quantify and profile the Indian outbound travellers' retail behaviour in both DF and non DF stores towards specific product categories. This helped to gain essential insights into the behaviour, thinking and perceptions of shoppers in relation to how they select retail outlets on travel abroad. This study was conducted amongst outbound travellers from the following cities: Mumbai, Delhi, Chennai, Calcutta, Hyderabad and Bangalore.

All respondents had travelled abroad in the past 12 months.

KEY FINDINGS

The study reveals that the average profile of Indian outbound travellers is graduate males, aged 26 to 44 years, who are business travellers with an average monthly household income of \$ 667.

Indian travellers are interested in purchasing branded goods across various product categories on their travel abroad. The average spend on travel abroad is \$ 1,149 in comparison with the average \$ 903 in the 2006 study. This growth of approximately 27% substantiates the strong desire for Indian travellers to shop on their travels abroad and an increase in their purchasing power. Fragrances / perfumes / cosmetics emerged from the findings of this study as the preferred product category purchased while travelling abroad.

DF shops at overseas airports are the most frequented place (41%) for purchases compared to other types of DF shops. Those visiting the DF shops are mainly travellers to the Asia-Pacific region.

Even though Indian Outbound travellers prefer shopping at DF shops than at non DF shops, they expect to see various offers available such as special confectionery offers, exclusive fine gifts, or exclusive fashion collections. The shoppers mainly comprise of 'status seekers' and 'technology savvy' travellers.

The report includes recommendations that would help suppliers develop marketing strategies to further attract outbound Indian travellers.