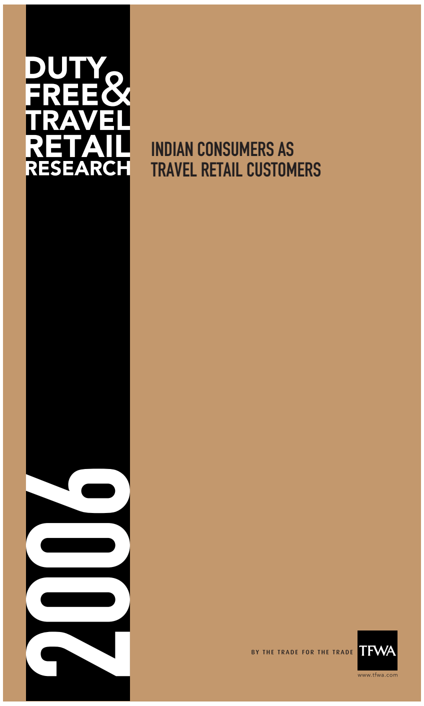
DUTY FREE & TRAVEL RETAIL RESEARCH

2006

EXECUTIVE SUMMARY
INDIAN CONSUMERS AS TRAVEL RETAIL CUSTOMERS

THE INDIAN OUTBOUND TRAVELLER STUDY – 2006

The Indian Outbound Travellers study, commissioned by TFWA, has been conducted during March and April across 6 metropolitan cities in India: Mumbai, Delhi, Chennai, Kolkata, Bangalore & Kochi.
Qualitative & Quantitative approaches have been adopted to meet the objectives.
The Qualitative survey covered 8 Focus Groups with 16 In-depth interviews, whereas the Quantitative survey included 850 respondents, all of whom have travelled overseas in the last year, for either business or leisure purposes. The salient features of this study are:



- A significantly higher proportion of people want to visit Europe to enjoy its climate and know more about the various cultures. USA is an option primarily recommended by friends and relatives (possibly living there). Asia is perceived as an inexpensive destination and hence a favourite one (especially for the novice traveller).
- While current profiles do indicate that travel is usually taken by affluent, well educated travellers, the ever growing "urban middle class" now seems to demonstrate the financial capability (and intent) to take holidays abroad.
- 1/3rd of the people interviewed made at least one overseas trip each year. Travel companions change as one moves up the age ladder. Youngsters travel with their own group of friends or with parents, whereas the elderly tend to travel with their spouse.
- Individually prepared trips are preferred over package tours. Package tours are favourites when visiting Australia and Africa.
- Shopping abroad, while not the most important motivator, is still among the top 3 reasons in selecting a destination. On average, Indians spend approximately US$ 900 on shopping while travelling overseas.
- The majority of travellers seek shopping information. 39% of respondents indicated that they did their homework before departure to a particular destination. Internet searches and travel agencies are key sources of information.
- Though shopping malls figure as the most visited shopping destination (61%) and main attraction (all under one roof!), Duty Free Shops also have an important share of the pie (37%). A skew towards Duty Free Shops can be seen among travellers in the 35-44 years age group.
- On average, Indians spend approximately US$ 590 at shopping mall versus US$ 440 at Duty Free Shops.
- Primarily, Indians shop for confectionery, fragrances and fashion accessories.
- Wine and Spirits, Cigarettes and Confectionery are preferred purchases at Duty Free Shops. Shopping at Duty Free Shops is more Impulse driven than pre-planned. All other items (e.g. cosmetics, electronics, fashion accessories, etc) are preferred purchases at malls.
- "Used to shopping at malls" and "Do not have enough time", are the key reasons for not shopping at Duty Free Shops. Most Duty Free Shops shopping is on the return leg of the trip.
- Duty Free Shops have a high conversion ration of "Visitor" to "Shopper". Most people who visit Duty Free Shops, purchase there as well. There is great scope to cater to these shoppers and capture a larger share of their wallet.