

Inflight Duty & Tax Free Retail Study 2018

Overcoming the Inflight Duty Free Challenge

Tax Free World Association

October 2018





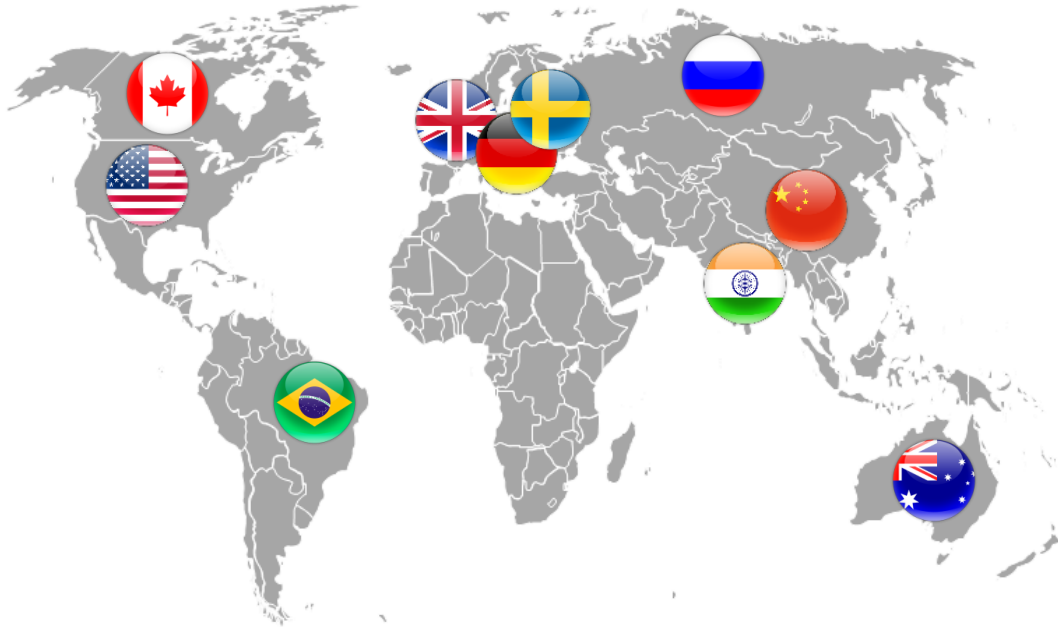
RESEARCH OBJECTIVES

The overarching aim of this research is to gain a thorough, up to date understanding of how travellers use the inflight Duty Free channel, on a regional and demographic basis, and more specifically, insights into:

- the inflight shopping behaviour
- the key barriers to inflight Duty Free browsing and purchasing
- the influence of other Duty Free purchases on inflight usage
- the increasing role of digital within the inflight channel



NATIONALITIES INTERVIEWED



In addition to the quantitative research phase, a series of in-depth interviews were conducted in London Heathrow, New York JFK and Singapore airports

INTERVIEWS CONDUCTED

Nationality	No. of interviews
British	310
German	313
Russian	307
Swedish	300
American	308
Canadian	311
Brazilian	301
Australian	305
Chinese	313
Indian	300

Total sample 3,068

Identifying the Inflight Duty Free Challenge

IDENTIFYING THE INFLIGHT DUTY FREE CHALLENGE

Base: Total Random Traveller Sample (6,057)

THE INFLIGHT DUTY FREE SHOPPER ROUTE TO PURCHASE

TRAVELLERS



100%

BROWERS



33%

BUYERS



12%

33% conversion

36% conversion

The inflight Duty Free channel faces both a **footfall** & **conversion** challenge



Identifying the Inflight Duty Free Challenge: A Changing Shopper...

THE 2018 INFLIGHT DUTY FREE BUYER

(Random Data Sample)



12%



Purchase from the inflight
Duty Free Range in 2018

GENDER



Male

50%

AGE



Over 40

70%

PURPOSE



Leisure

91%

PARTY



With others

72%

THE 2015 INFLIGHT DUTY FREE BUYER

(Source: CiR Inflight Duty & Tax Free Retail Report 2015)



13%



Purchase from the inflight
Duty Free Range in 2015

GENDER



Male

51%

AGE



Over 35s

56%

PURPOSE



Leisure

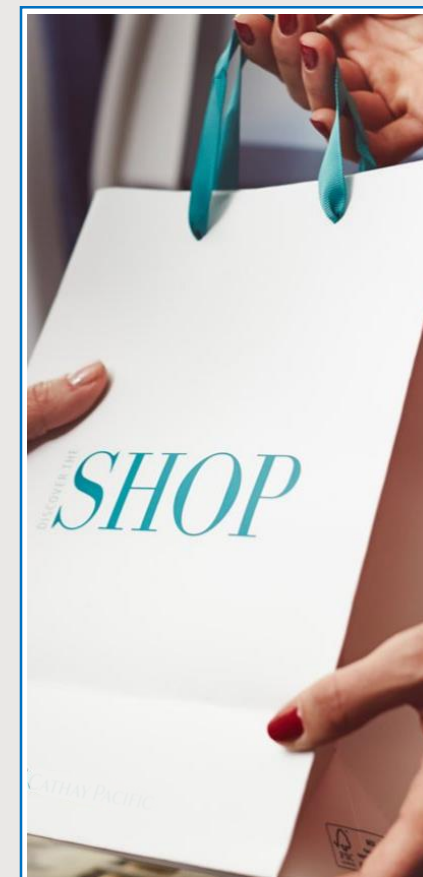
78%

PARTY



With others

80%



Identifying the Inflight Duty Free Challenge:... With Changing Demands...

INFLIGHT DUTY FREE CATEGORIES PURCHASED: 2018

✈️ 12% ✈️

Purchase from the inflight
Duty Free Range in 2018

CAT 1



Alcohol

46%

CAT 2



Beauty

37%

CAT 3



Confect.

28%

CAT 4



Souvenirs

22%

INFLIGHT DUTY FREE CATEGORIES PURCHASED: 2015

✈️ 13% ✈️

Purchase from the inflight
Duty Free Range in 2015

CAT 1



Beauty

40%

CAT 2



Alcohol

39%

CAT 3



Confect.

31%

CAT 4



Fashion

28%



Identifying the Inflight Duty Free Challenge:... And A Likelihood to Shop Elsewhere

INFLIGHT METRICS VS. AIRPORT DUTY FREE METRIC

Source: CiR Segmentation Study 2017

TRAVELLERS



Many travellers are exposed to **three Duty Free channels** when travelling internationally

DEPARTURES DUTY FREE



40%
BROWSE



26%
BUY

INFLIGHT DUTY FREE



33%
BROWSE



12%
BUY

ARRIVALS DUTY FREE



30%
BROWSE



21%
BUY

Purchase **conversion rates are much lower in the inflight channel** vs. other Duty Free




Identifying the Inflight Duty Free Opportunity: The Good News...

BENEFITS OF INFLIGHT DUTY FREE

Base: Inflight Buyers (990)

It is
convenient

46% 

Better
promotions

31% 

Don't have to
queue

28% 

Don't have to
carry items

25% 


Different items
available

20% 

Shop when no
time in airport

15% 

Advice from
cabin crew

15% 


When items not
avail. in airport

25% 

When can't find
item in airport

13% 

Baggage
restrictions

11% 

Inflight Duty Free possesses **clear advantages** over other Duty Free channels for the inflight buyer

Identifying the Inflight Duty Free Opportunity: Browsing Frequency

INFLIGHT BROWSING FREQUENCY

Base: Inflight Browsers (2,027)

TRAVELLERS



33%

Browse the inflight
Duty Free range



73%

Normally
browse



24%

Occasionally
browse



3%

Rarely
browse



0%

Never
browse

The majority of those that browse the inflight Duty Free range **will normally browse**



Identifying the Inflight Duty Free Opportunity: Channel Preferences

CHANNEL PREFERENCES

Base: Inflight Buyers (990)

TRAVELLERS



12%

Buy from the inflight
Duty Free range



35%

Prefer
inflight



33%

Prefer airport
departures



22%

Prefer airport
arrivals



10%

Prefer
downtown DF

Among those that purchase, there is also a **preference for the inflight channel**



Identifying the Inflight Duty Free Opportunity: Usage Barriers

KEY USAGE BARRIERS

Base: Inflight Non-Browsers (1041)

1



Not good value
for money

27%

2



Purchased items
in departures

25%

3



Prefer to spend
money elsewhere

24%

4



Didn't sell items
interested in

22%

OTHER USAGE BARRIERS

Base: Inflight Non-Browsers (1041)



Waiting for
arrivals Duty Free

16%



Limited product
offering

14%



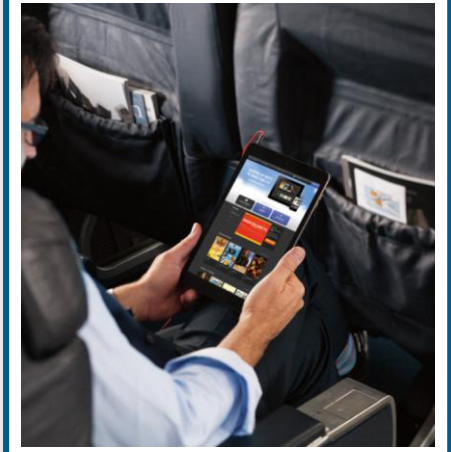
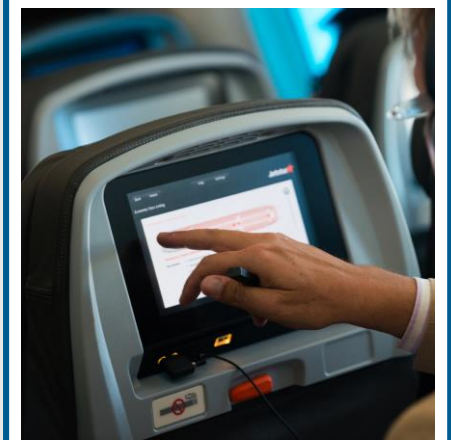
Baggage
restrictions

11%



Not aware of
Duty Free inflight

10%



Identifying the Inflight Duty Free Opportunity: Purchase Barriers

KEY PURCHASE BARRIERS

Base: Inflight Non-Buyers (1,037)



Nothing interesting
caught my eye

41%



More expensive
than elsewhere

32%



Lack of attractive
promotions

32%



Already bought
from airport DF

19%

OTHER PURCHASE BARRIERS

Base: Inflight Non-Buyers (1,037)



Product not
available inflight

16%



Concerns about
carrying items

14%



Could not find
the item wanted

13%



Waited to buy in
arrivals

13%



DEVELOPING THE INFLIGHT DUTY FREE CHANNEL



83%

claim that inflight Duty Free does not always meet their expectations & requirements

ENHANCE THE SERVICE



Enhance the service & leverage current strengths

OPTIMISE THE RANGE



Optimise the inflight DF range & communicate value

PRE-ORDER OPPORTUNITY




Develop inflight retail's digital opportunity

Developing the Inflight Duty Free Channel: Enhance the Service

BENEFITS OF INFLIGHT DUTY FREE

Base: Inflight Buyers (990)

It is
convenient

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Better
promotions

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Don't have to
queue

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Different items
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Shop when no
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Inflight Duty Free possesses **clear advantages** over other Duty Free channels for the inflight buyer

Developing the Inflight Duty Free Channel: Enhance the Service

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Shop when no time in airport

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Advice from cabin crew

15%



When items not avail. in airport

25%



When can't find item in airport

13%



Baggage restrictions

11%



Convenience factors are key areas that could be leveraged through service communications

Developing the Inflight Duty Free Channel: Enhance the Service

BENEFITS OF INFLIGHT DUTY FREE

Base: Inflight Buyers (990)

It is convenient

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When items not avail. in airport

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When can't find item in airport

13%



Baggage restrictions

11%



Direct staff contact could also be leveraged to enhance the inflight Duty Free service

OPTIMISING THE RANGE

Traditional categories continue to be key but there is **clear interest in non-core Duty Free ranges**



CATEGORIES CURRENTLY PURCHASED

Base: Inflight Buyers (990)



Alcohol
46%



Beauty
38%



Confectionery
28%



Souvenirs
22%



Fashion
20%



W&J
18%



Electronics
18%



Tobacco
18%

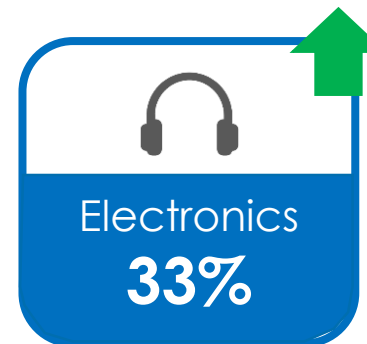
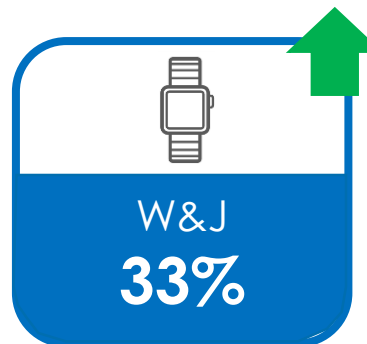
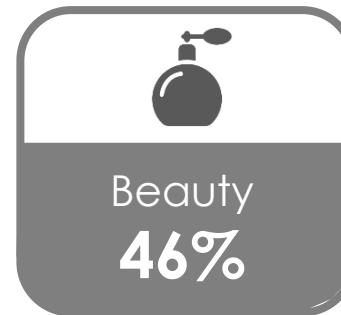
OPTIMISING THE RANGE

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PRODUCTS INTERESTED IN PURCHASING IN THE FUTURE

Base: Total Travellers (3,068)



Developing the Inflight Duty Free Channel: Optimise the Range

OPTIMISING THE RANGE

Additional areas, such as **gifting** and **exclusivity** could also drive increased range interest



INFLIGHT DUTY FREE RANGE FUTURE PURCHASE DRIVERS

Base: Total Travellers (3,068)



Inflight Duty Free exclusives
43%



Souvenirs not available in airport
31%



Inflight limited editions
28%



Items dedicated to travel
26%



Greater range of gift solutions
21%



KEY PRE-ORDER USAGE DRIVERS

Base: Previous Pre-order Browsers (1,110)



See what items
were available

60%



Look for
bargains / deals

47%



Look for good
gift options

43%



Take advant. of
inflight prices

36%



To look for any
new products

35%



To look for good
souvenirs

31%



To look for Duty
Free exclusives

29%



To look for good
promotions

27%

Develop the inflight Duty Free channel through focusing on four key areas...



Overcome Direct Barriers

Overcome direct barriers to inflight Duty Free service browsing & purchasing



Enhance the Service

Leverage current strengths, enhance the delivery & optimise staff presence



Optimise the Range

Optimise the range based on traveller type and differentiate from other channels



Develop Pre-Ordering

Develop the pre-order opportunity to increase convenience & enhance the service

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