
TUESDAY 4 JULY 2023 FROM 10.30-12.00 CET
TRAVEL OUTLOOK H2 2023
TFWA 365 ONLINE PLATFORM

Air Traffic / m1nd-set's b1s

In partnership with IATA

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RESEARCH BEYOND BORDERS

In Q1 2023, DXB was the top 1 airport by international departure, followed by LHR. SIN and ICN were the two AsPac airports among the top 10 worldwide. The next 6 months will be dominated mainly by European airports, together with DXB (descending in the ranking) and JFK which will appear among the top 10 airports.

Q1 2023

		% of Departures
#1	DXB – Dubai	3.0%
#2	LHR – London Heathrow	2.4%
#3	CDG – Paris De Gaulle	2.1%
#4	SIN – Singapore	2.0%
#5	AMS - Amsterdam	1.9%
#6	IST – Istanbul	1.7%
#7	FRA - Frankfurt	1.6%
#8	ICN - Seoul	1.5%
#9	MAD - Madrid	1.4%
#10	DOH - Doha	1.4%

Next 6 months

		% of Departures
#1	LHR – London Heathrow	2.7%
#2	AMS - Amsterdam	2.4%
#3	FRA - Frankfurt	2.2%
#4	CDG – Paris De Gaulle	2.2%
#5	DXB – Dubai	2.1%
#6	LGW – London Gatwick	1.4%
#7	JFK – New York	1.4%
#8	MAD - Madrid	1.4%
#9	MUC - Munich	1.4%
#10	IST – Istanbul	1.4%

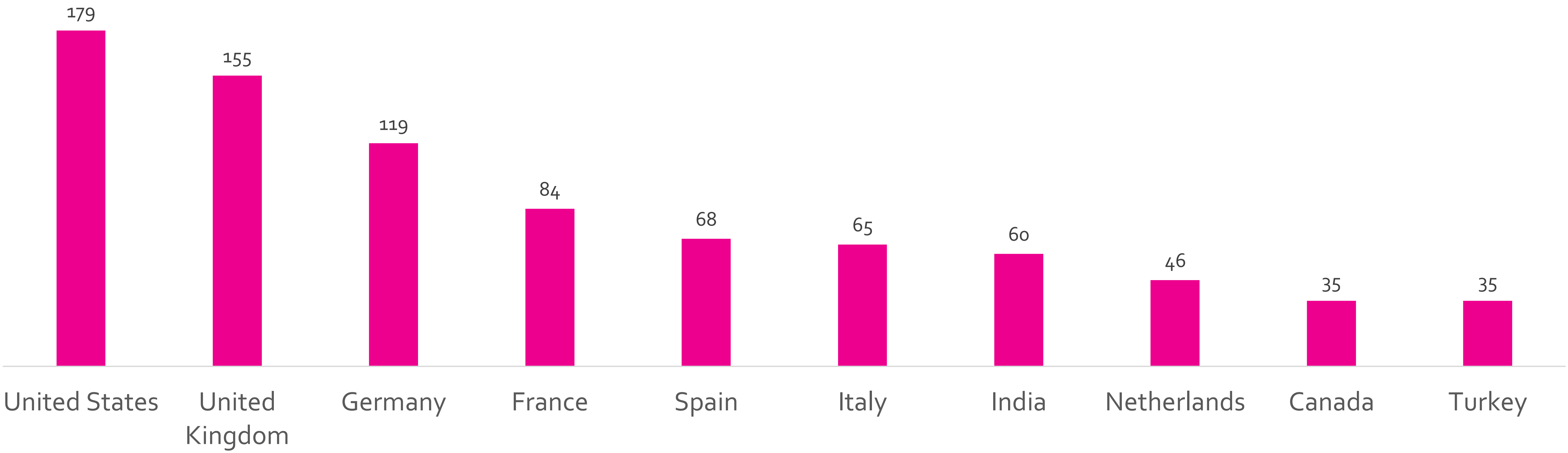
Europe | Middle East | AsPac | N. America

Source: m1nd-set B1S / IATA DDS

The top 10 nationalities in 2023 have reached, and in some cases overcome, 2019 levels, except for Canada. India is recovery at the fastest speed, followed by US and Italy.

GLOBAL INTERNATIONAL DEPARTURES – TOP 10 NATIONALITIES in 2023

Million PAX and Recovery: % of 2019 traffic



Recovery: % of 2019 traffic

United States	United Kingdom	Germany	France	Spain	Italy	India	Netherlands	Canada	Turkey
105%	99%	95%	100%	96%	105%	110%	102%	75%	100%

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Share of Premium Pax in 2023 has overcome 2019 in all airport regions, with Asia Pacific leading the ranking.

INTERNATIONAL DEPARTURES - 2023

	GLOBAL		Europe		Asia Pacific		North America		Middle East		LATAM / Caribbean		Africa	
Premium	**12%**	129%	10.6%	123%	13.4%	154%	13.3%	116%	16.1%	118%	9.0%	117%	11.1%	114%
Standard	**88%**	97%	89.4%	98%	86.6%	95%	86.7%	98%	83.9%	97%	91.0%	99%	88.9%	98%

% of 2019 traffic

Younger Pax Profile

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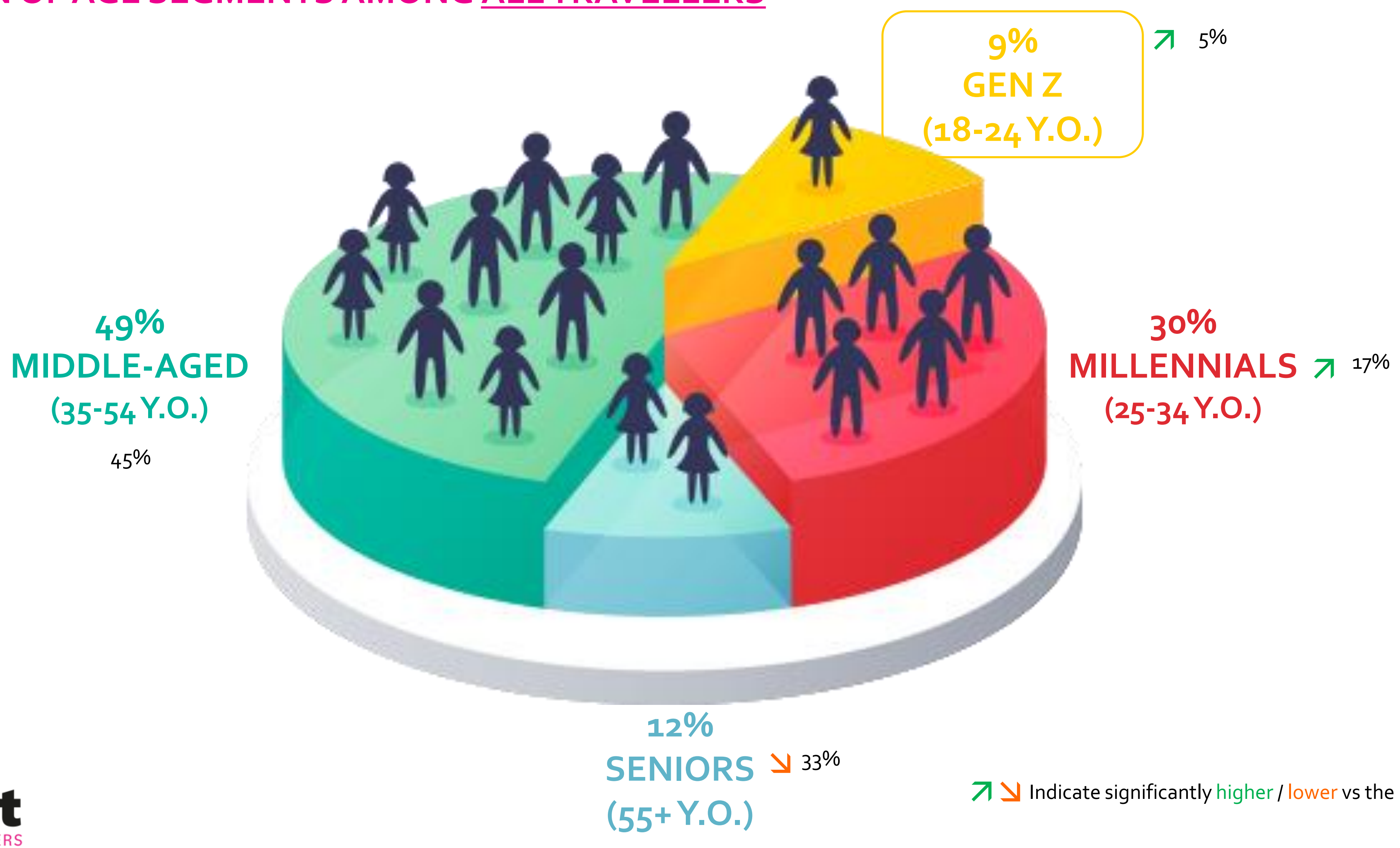
Over the past months, about 4 out of 10 travellers were below 34 y.o. Gen Z pax is indeed becoming increasingly important among international travellers, at the expense of Seniors. Millennials have also increased.

DISTRIBUTION OF AGE SEGMENTS AMONG ALL TRAVELLERS

2022 – Q1 2023

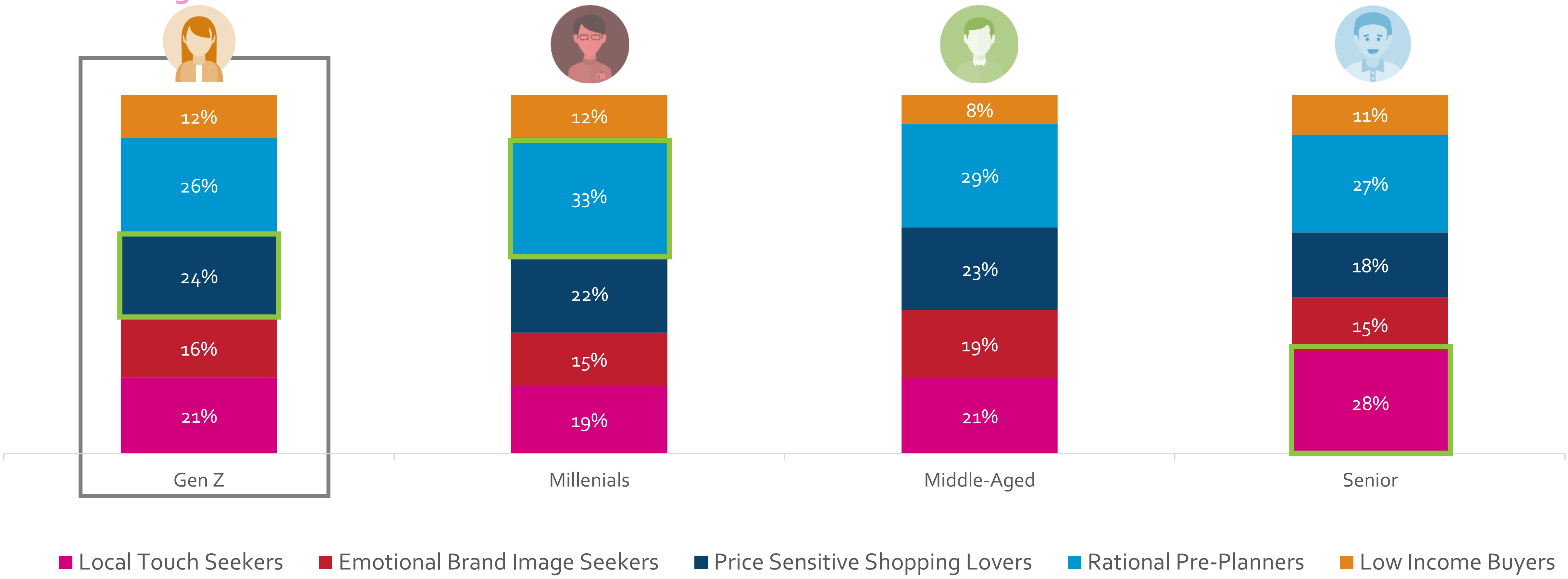


↗ ↘ Indicate significantly higher / lower vs the pre covid-19 2018-2020

Compared to other age groups, Gen Z shoppers are more likely to be Price Sensitive Shopping Lovers: they are driven by attractive prices & promotions, like to compares vs downtown / online prices, spend a lot of time inside the shop, like novelties and are brand-sensitive.

DISTRIBUTION OF SEGMENTS ACROSS AGE GROUPS

2022 – Q1 2023



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Consumer and traveler mix is changing, bringing along a different and new shopping behavior, which is highly influenced by online and digitalization.

		2019	2025
	Generation Y (Millennials) and Z	~40%	>70%
	Sales directly influenced by online	>10%	>30%

Cited by Dufry at TRCF

Note: Quantified based on luxury goods shopper profiles; Generation Y = 1980-2000; Generation Z= >2000;
Source: IATA; NPS Prism; Bain/ROI Rocket COVID-19 Travel & Leisure Survey 6 September 2020 release; Expert Interviews; Literature search; Dufry analysis; TriNet Zenefits; Forbes

Opportunities to engage with Gen Z shoppers

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Share of DF visitors (out of total pax) among Gen Z is in line with total average. However, Gen Z have by far the lowest conversion rate of all age groups. Their average spend is also below average, although higher than among seniors.

PERFORMANCE INDICATORS ACROSS AGE GROUPS

(2022 - Q1 2023)

	TOTAL	Gen Z	Millennials	Middle-Aged	Senior
DUTY FREE FOOTFALL	46%	47%	43%	46%	49%
CONVERSION RATE	53%	44%	58%	53%	49%
DUTY FREE PURCHASE RATE	24%	21%	25%	24%	24%
AVERAGE AMOUNT SPENT	128$	83$	135$	142$	74$

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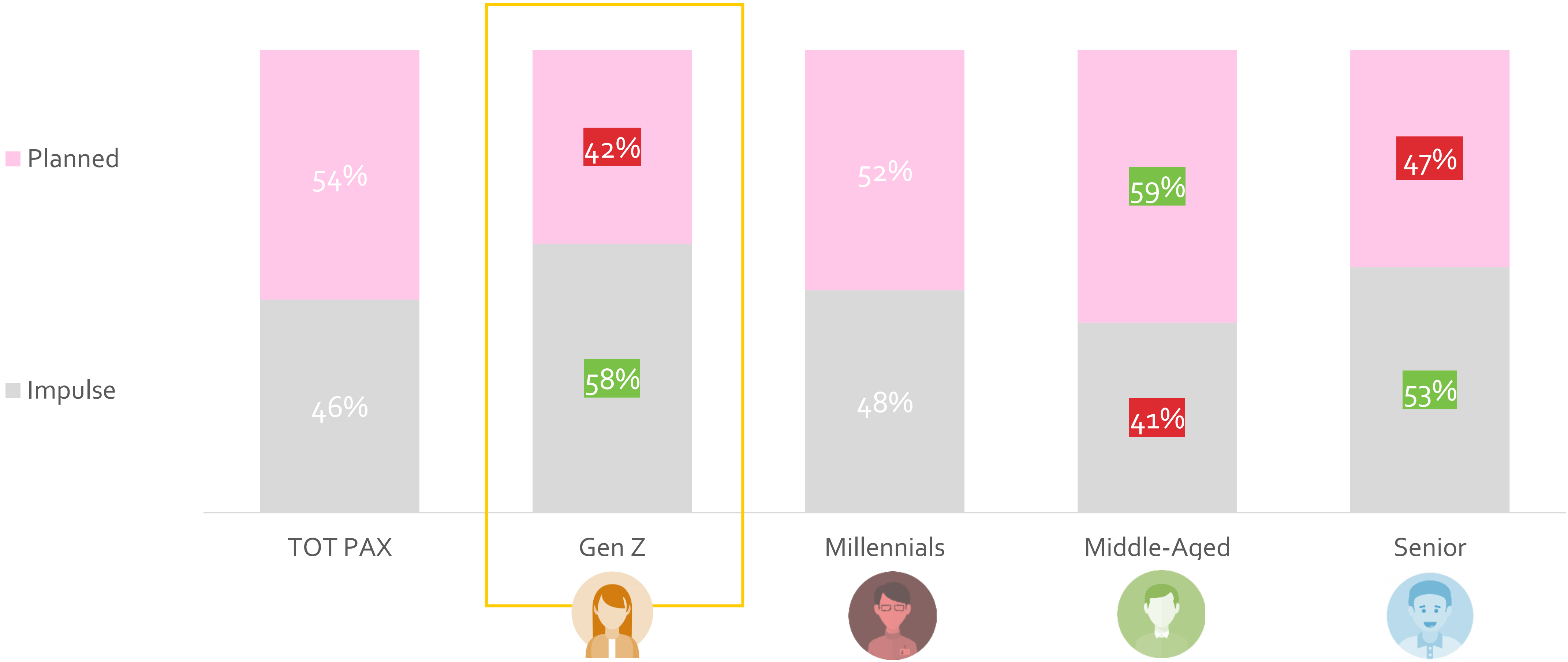
Indicate significantly higher / lower vs total pax

"Planning" is NOT a characteristic of Gen Z shoppers. Their visits to the DF store are indeed often made on impulse.

PLANNING OF VISITS
(2022 - Q1 2023)

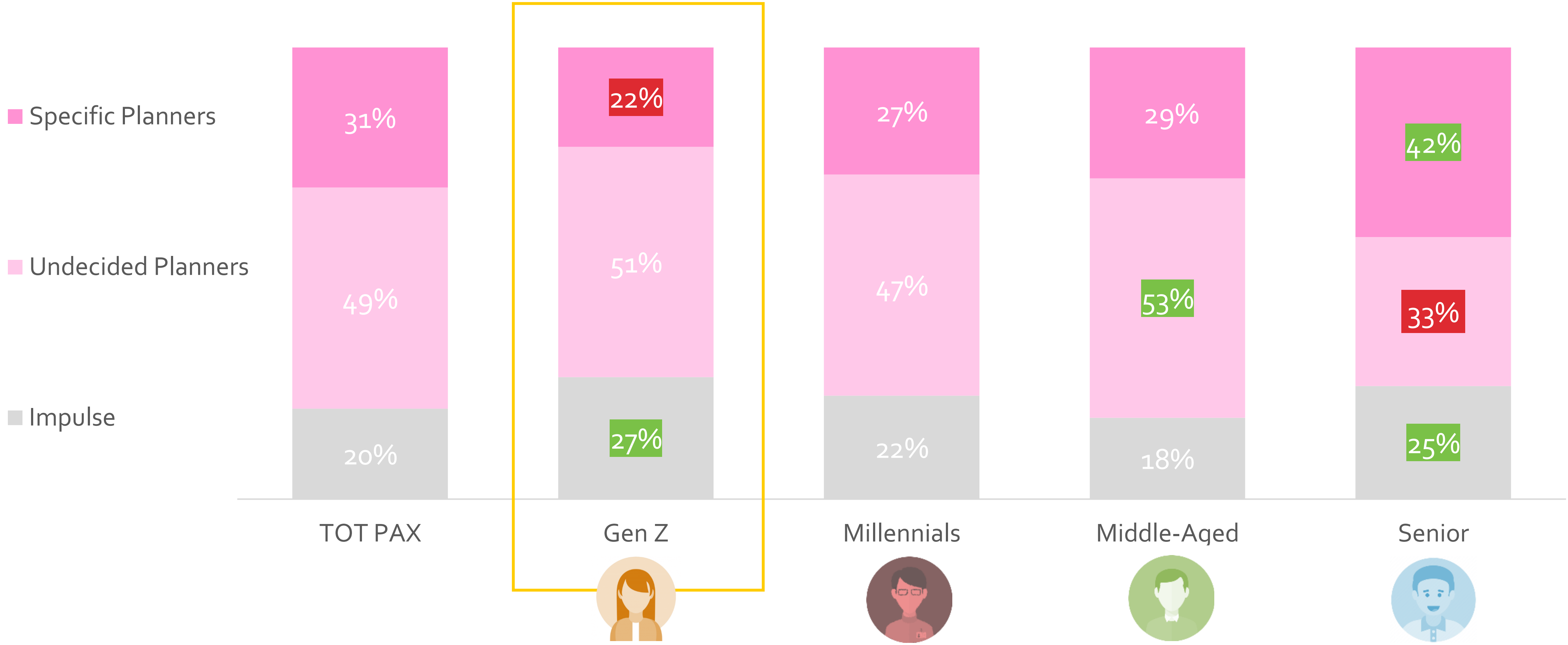


Indicate significantly higher / lower vs total pax

Gen Z are the least likely to pre-plan which brands / products to buy specifically. They are instead more likely to purchase on impulse and half plan only at general level but the final decision happens in-store.

PLANNING OF PURCHASE

(2022 - Q1 2023)



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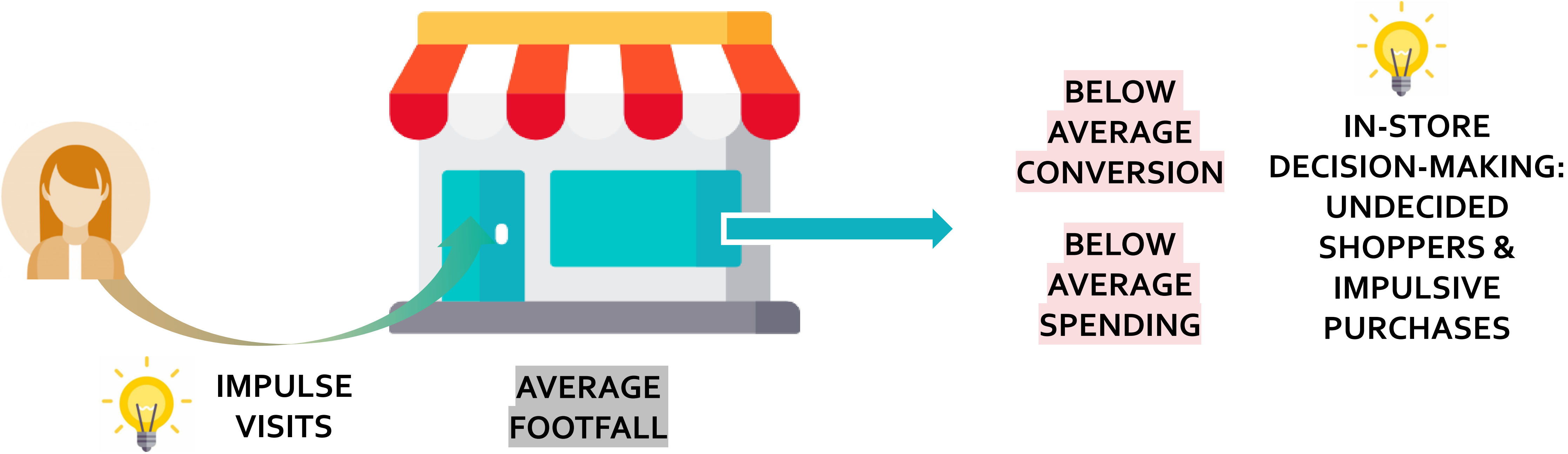
Indicate significantly higher / lower vs total pax

There are two major opportunities to improve performance of Gen Z travellers in Travel Retail: the first concerns pre-trip communication, and the second involves experiential retail.



#1 – **Communicate to Gen Z travellers before the trip** what TR has to offer in order to give them a reason to visit → **increase planned visits** & reach **above average footfall**

#2 – **Enhance in-store experience:** despite Gen Z travellers make their purchase decisions in-store, conversion and average spend are still below average → **increased planned purchases & boost conversion**

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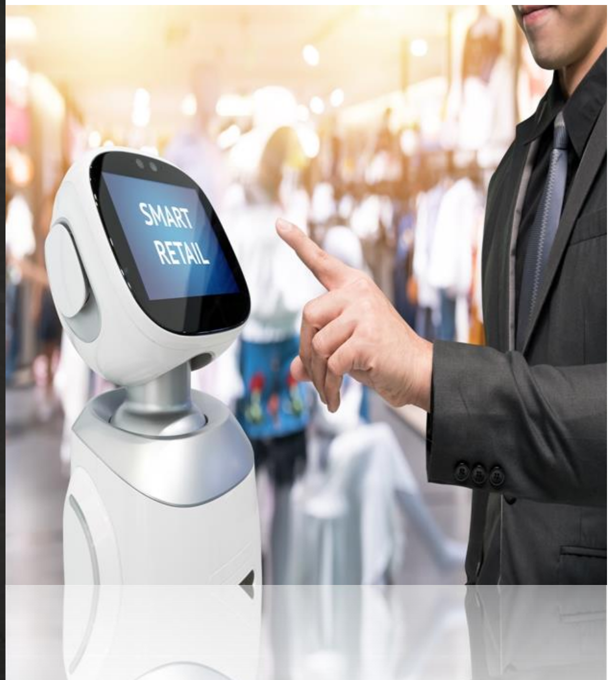
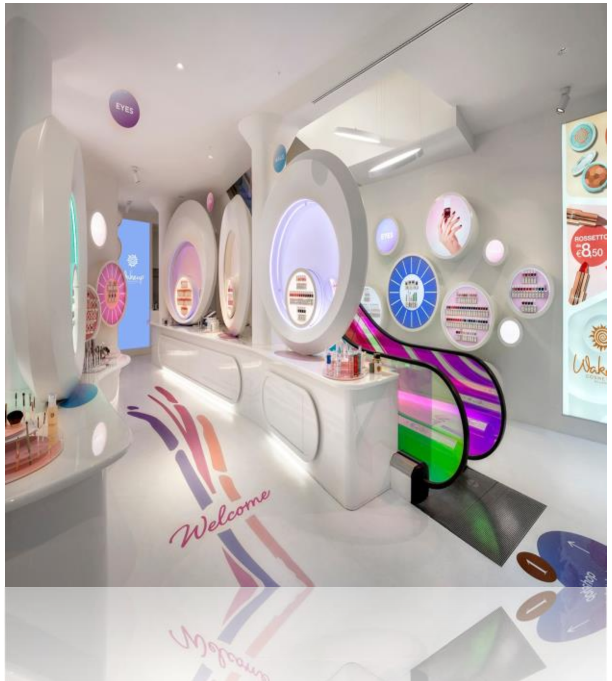
Younger generations are bringing new trends in Travel retail, focused on experiential, modern and responsible consumption.

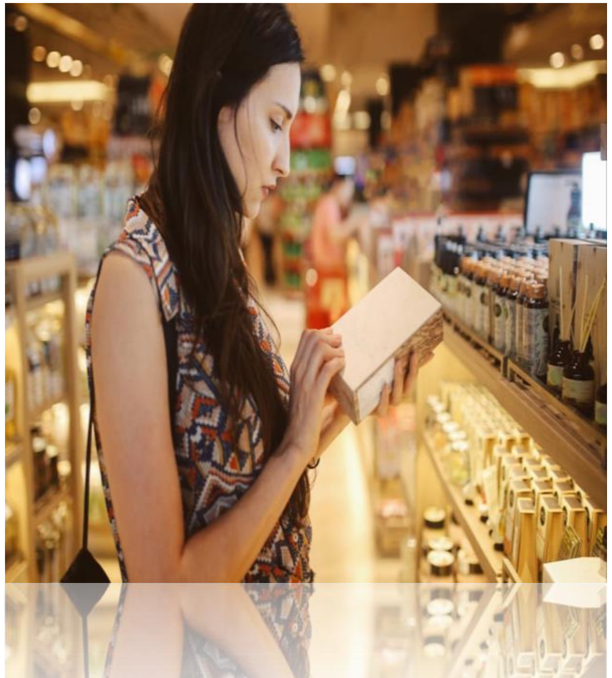
“MUST-HAVES” TO ENGAGE WITH YOUNGER CONSUMERS



Digitalization



Experience-Driven



Sustainability

Personalization

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Cited by Dufry at TRCF

Online, Technology & Digitalization

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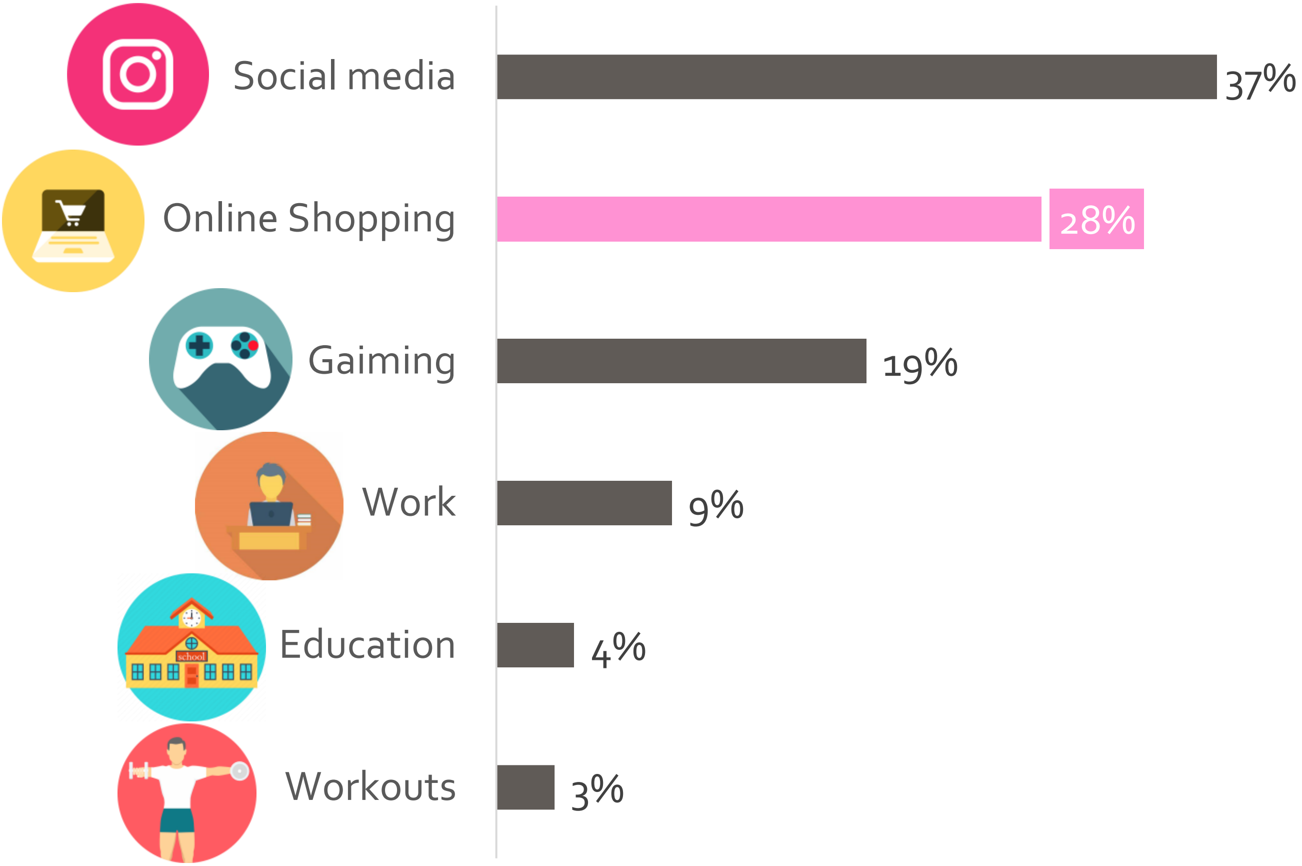
The second most common usage of VR / AR technology in daily life is "online shopping", just after social media.

USAGE OF VIRTUAL REALITY IN DAILY LIFE – ACROSS ALL CHANNELS

VR/ AR is **experiences** in daily life for ..



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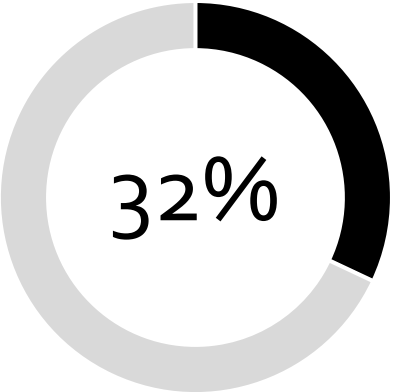
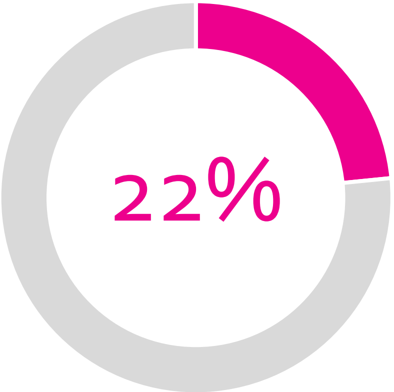
Usage of VR/AR channels is still limited, however it is a great tool to reach consumers in the first place and to enhance shoppers' experience.

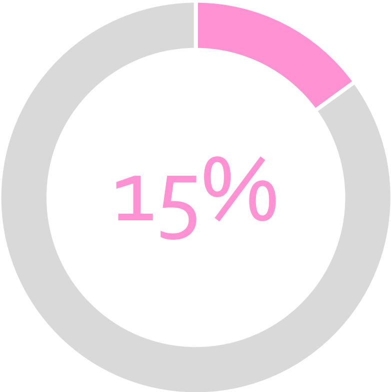
IMPACT OF VR IN TRAVEL RETAIL (1/2)



of TR visitors **went to Duty Free** / Travel Retail shops because they **enjoyed the experience**



of travellers **have used VR** in the last 6 months to **purchase products** as a result of **testing** them via this technology



purchased luxury items via testing them using VR technology

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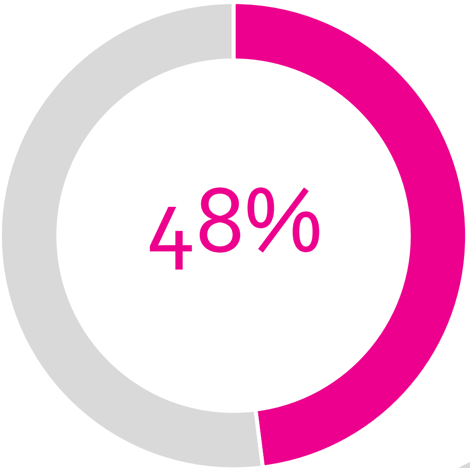
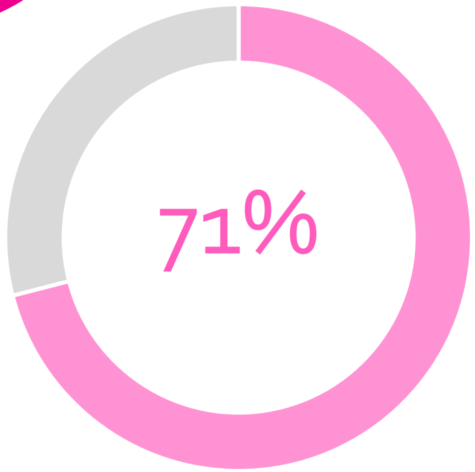
Usage of VR / AR can facilitate the decision-making process by easing consumer doubts about which product to buy, therefore increasing satisfaction and finally consumers loyalty.

IMPACT OF VR IN TRAVEL RETAIL (2/2)



of TR consumers say they **prefer retailers with VR / AR experiences**

Ease consumer doubts:
to make sure the products they are purchasing fit their needs.



would **shop more often** if they were to **use VR / AR**

Stronger consumers loyalty:
making more confident buying decisions and increase satisfaction.

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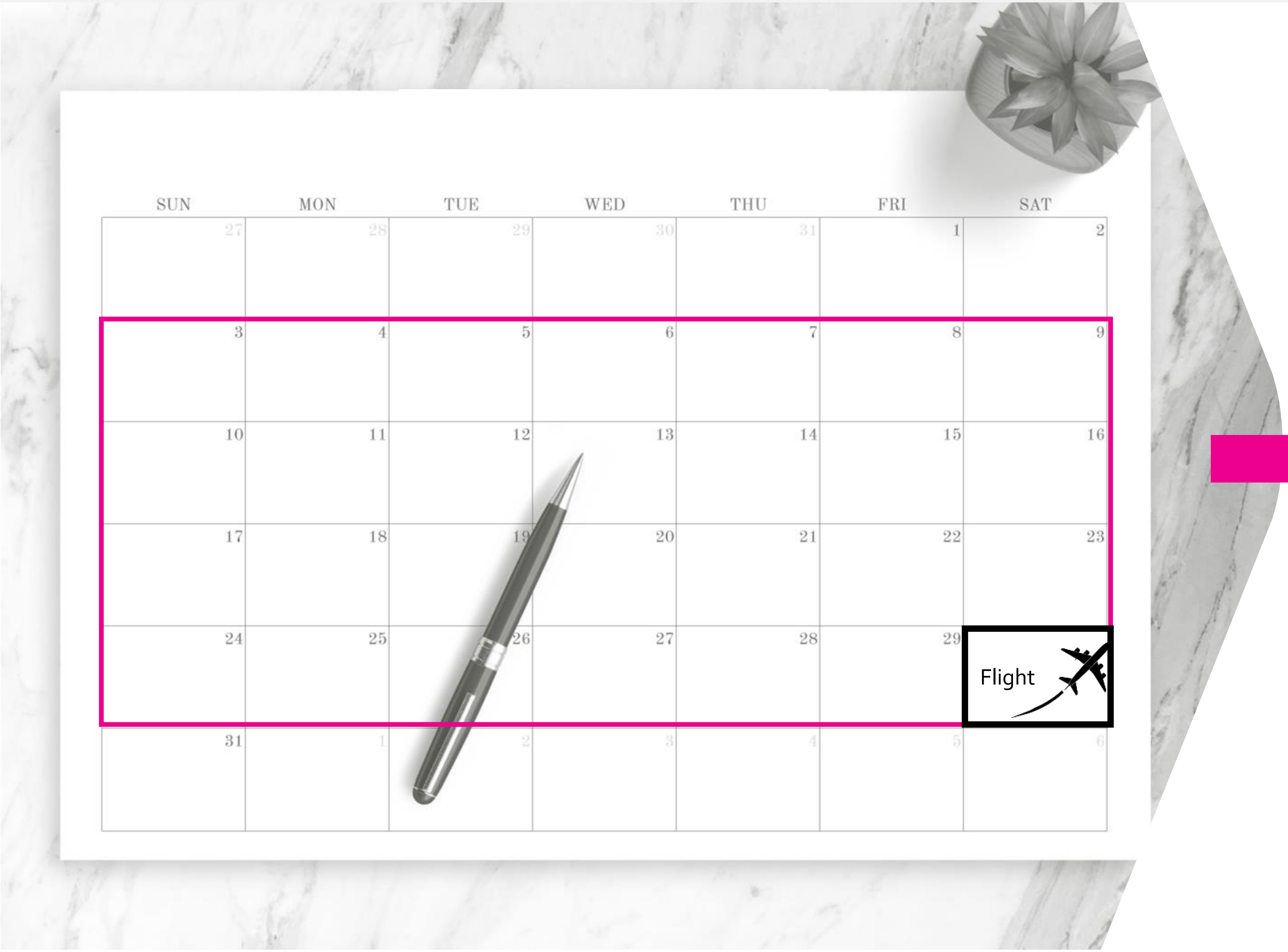
As half of shoppers who pre-order online use the service within one month prior to flying, including AR/VR technology in the online service can provide a greater possibility to try products and find the best fit to the need in the amount of time available.



OF SHOPPERS PRE-ORDER DUTY FREE PRODUCTS ONLINE WITHIN ONE MONTH BEFORE FLYING

Stronger focus on Sustainability

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Global shoppers have adopted a more sustainable lifestyle in the last 18 months, becoming more focused on buying just what needed and opting for sustainable products.

In their daily lives ...

+ 20%

Consumers have increased their focus on **buying just what they need**
(compared to 2021)

+ 11%

Consumers opt for **sustainable and eco-friendly products**
(compared to 2021)

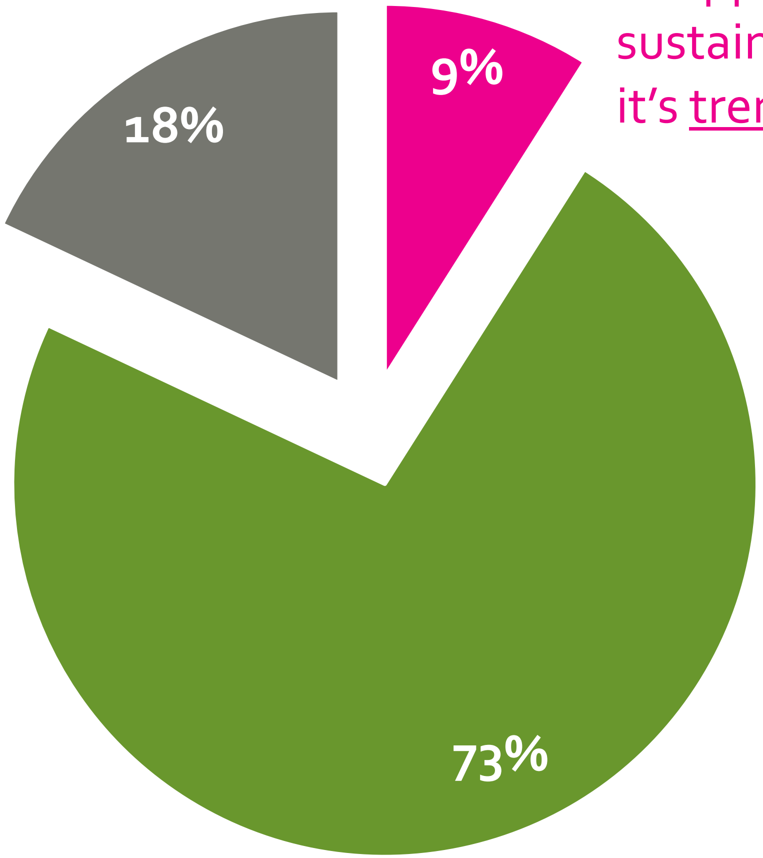
42%

Consumers prefer to buy **refillable products**

39%

Consumers pay extra for more **durable or longer lasting products**

Shoppers who opt for sustainable purchases are genuinely concerned about sustainability as opposed to by some fashionable trends.



Shoppers who opt for sustainable choices because it's trendy

Shoppers who DO NOT buy sustainable products because of the image or need for social acceptance

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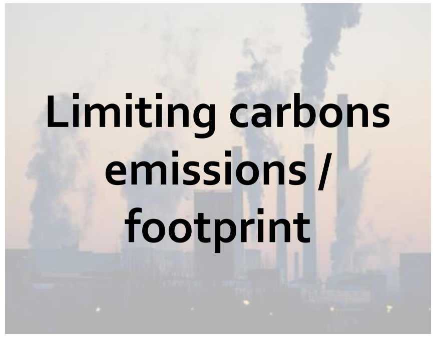
Some “must-have” sustainable practices are particularly valued by global consumers.

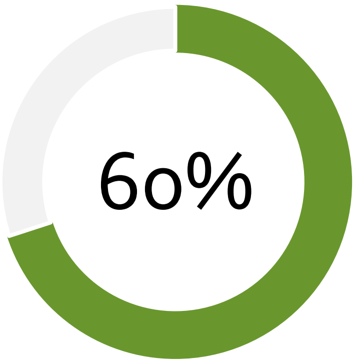
CONSUMERS’ **TOP 5 MOST IMPORTANT** ENVIRONMENTALLY SUSTAINABLE OR ETHICAL PRACTICES:



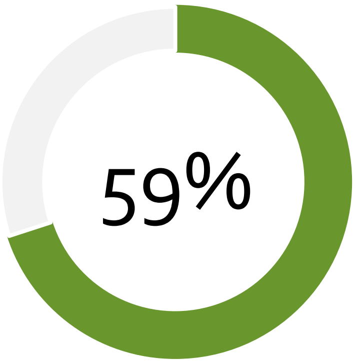
In Q1 2023, around 6 out of 10 travellers think it is important to find products with reduced packaging, eco-friendly ingredients or eco-friendly production processes when shopping in Duty Free stores.

IMPORTANCE OF SUSTAINABILITY (Q1 2023)

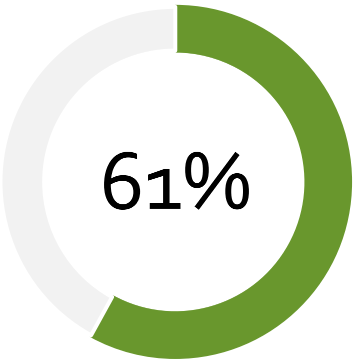
% who consider important to find in Duty Free shops…



Products with **reduced packaging or eco-friendly packaging**



Products with **eco-friendly ingredients**



Products with **eco-friendly production processes**

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Given that the primary barrier to becoming more sustainable is related to costs, the key priority would be to make it more affordable to choose sustainable alternatives. More clarity on sustainable practices is also crucial.

TOP 3 **BARRIERS** TO BEING MORE SUSTAINABLE:

#1

HIGHER PRICES

54%

#2

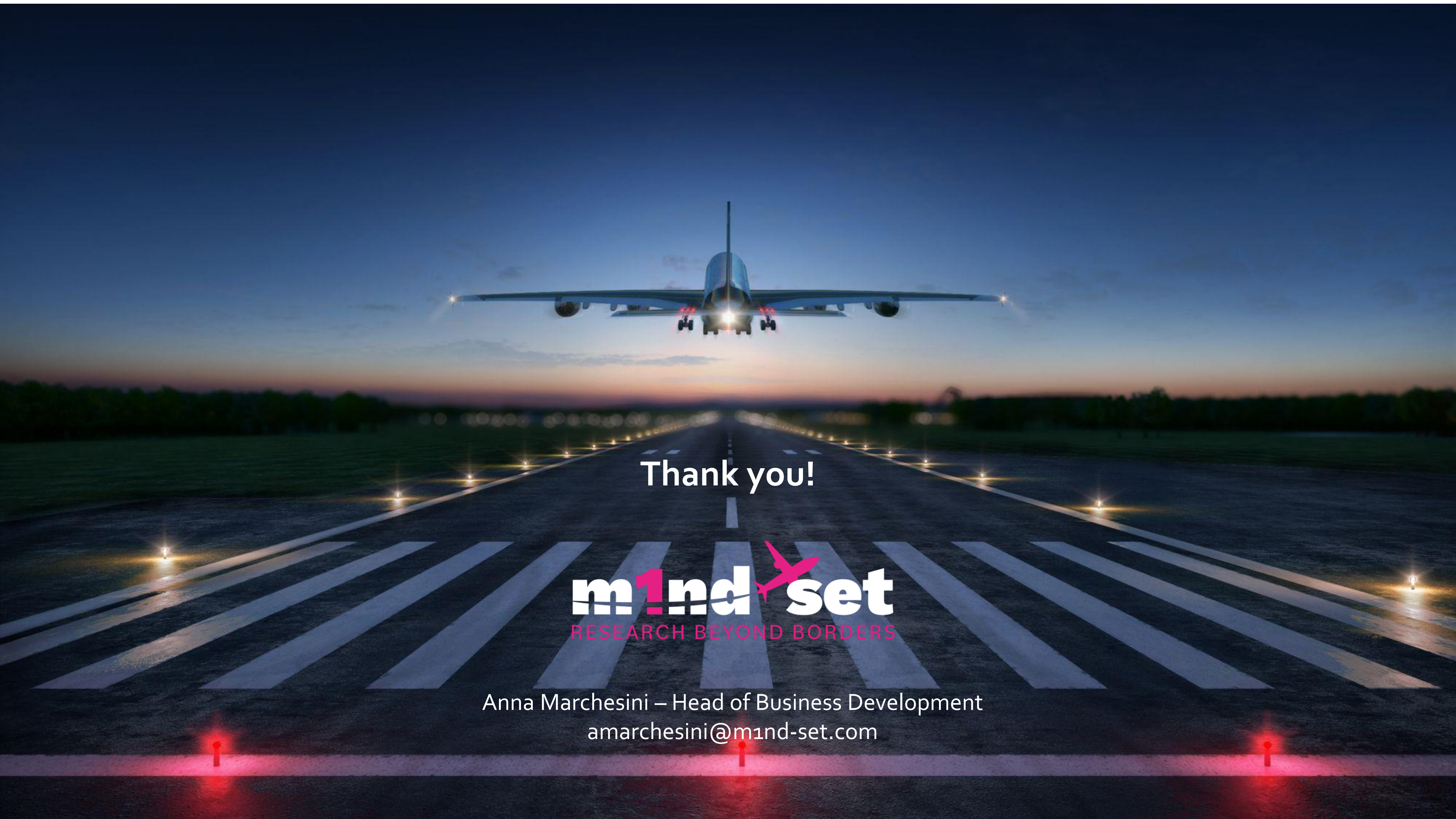
LACK OF INTEREST

52%

#3

NOT ENOUGH INFORMATION

46%



Thank you!

RESEARCH BEYOND BORDERS

Anna Marchesini – Head of Business Development
amarchesini@m1nd-set.com