The clock is ticking: Decoding dwell time in the Asia Pacific travel retail industry

A study on Asia Pacific
Travel Retail Market

May 2024

1. Structural shifts in APAC travel & travel retail industry
2. APAC traveller behaviour trends
3. Imperatives for the travel retail industry

1. Structural shifts in APAC travel & travel retail industry

The road to recovery is still further away, shaped by fundamental trends that are here to stay

Travel retail will **continue to see disproportionate growth** as consumers have more discretionary spending

Gen Z's will travel more because they **value experiences** over asset

Outbound travel from Asia has structurally declined as hybrid working in the West becomes a way of life.

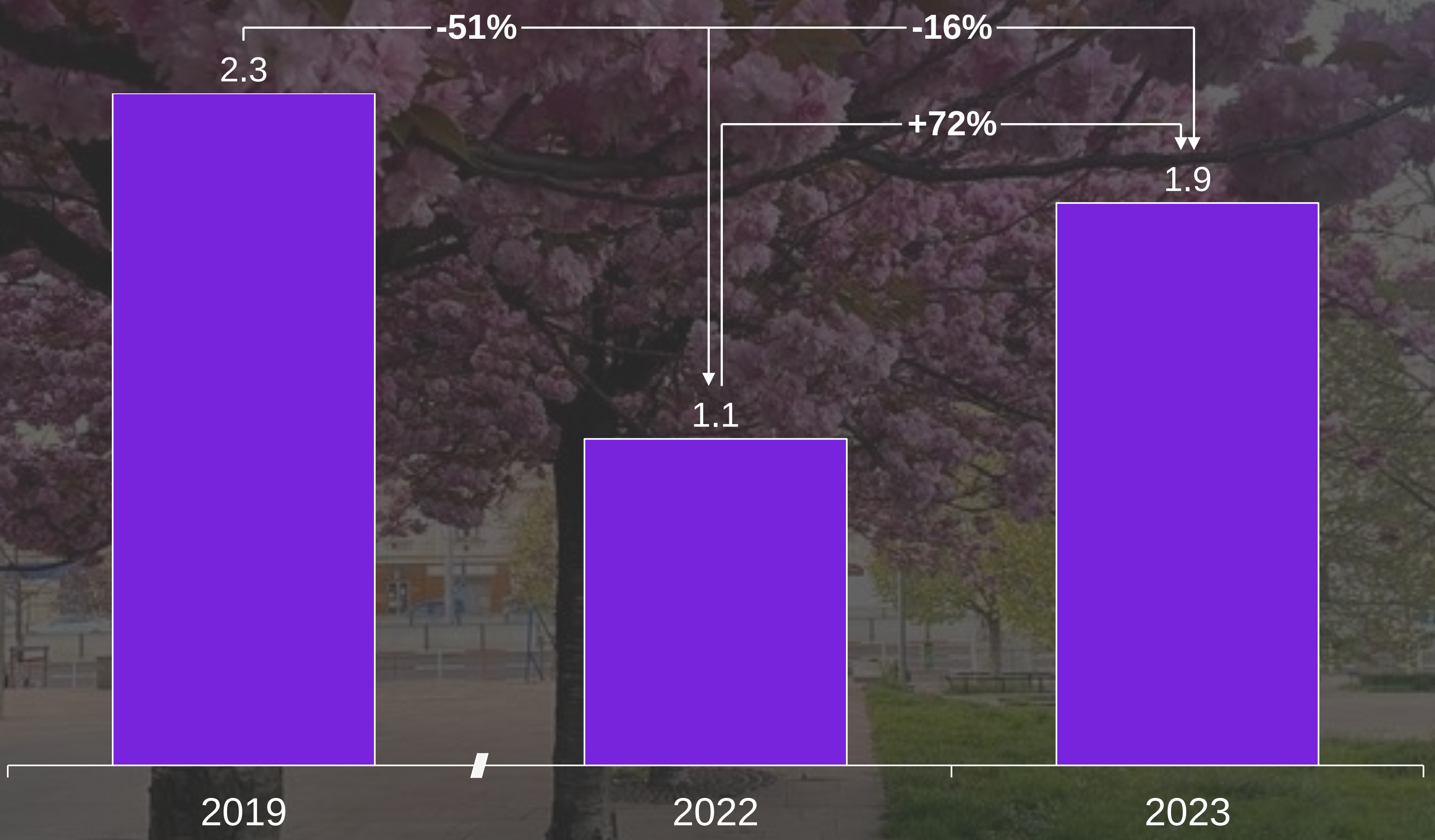
New travel locations are popping up thanks to **greater connectivity, better infrastructure, and more affordable travel.**

Travel Retail **differentiation versus domestic options is not substantial**

Source: Kearney

Although Asia Pacific travel will continue to grow, the baseline has shifted

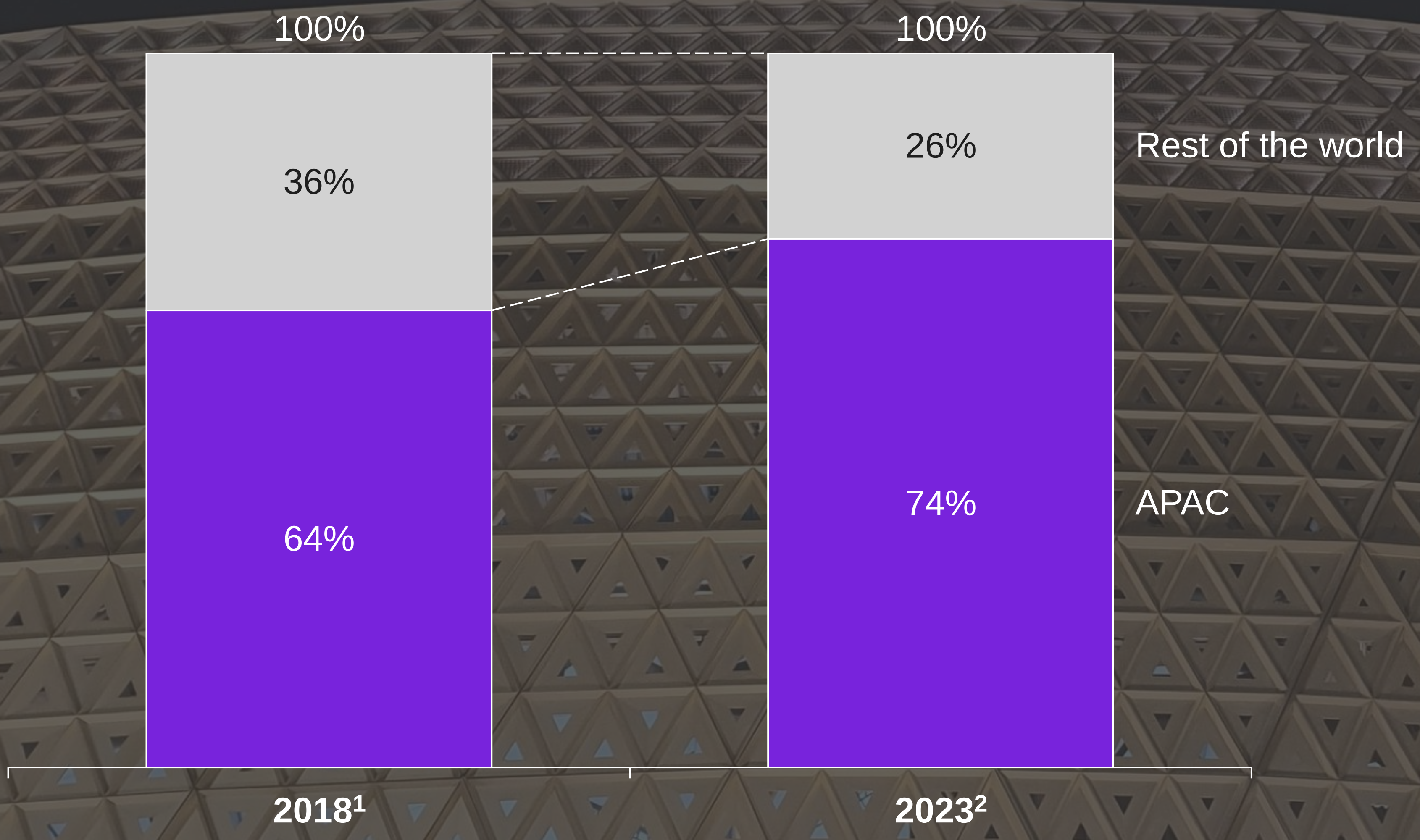
Number of APAC Travellers[1]
(billion, 2019-2023)



Note : 1) Total passengers enplaned and deplaned in APAC airports, passengers in transit counted once
Source: AIC, Kearney

Asia Pacific travelers increasingly prefer to travel within the region

International Arrivals in Asia Pacific by departure region
(% share, 2018, 2023)

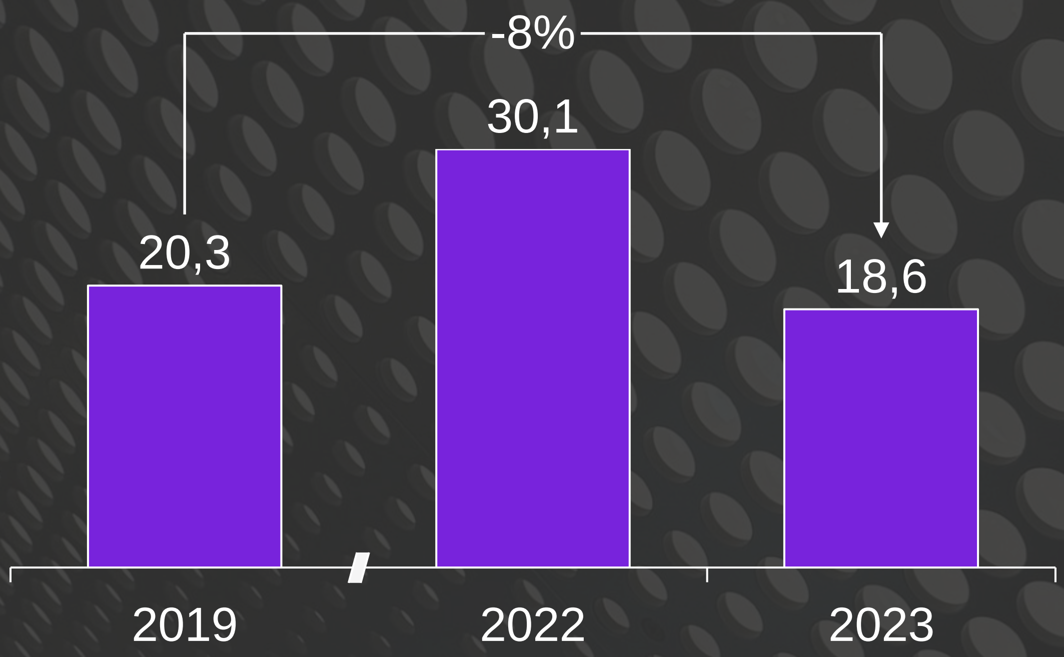


Note: 2018 is basis 1st May 2017 to 30th April 2018 with bookings issued until 21st April 2018; 2023 is basis Q2 2023
Source: ForwardKeys, TFWA

"Revenge buying" is over and per traveler spending appears to be stabilizing

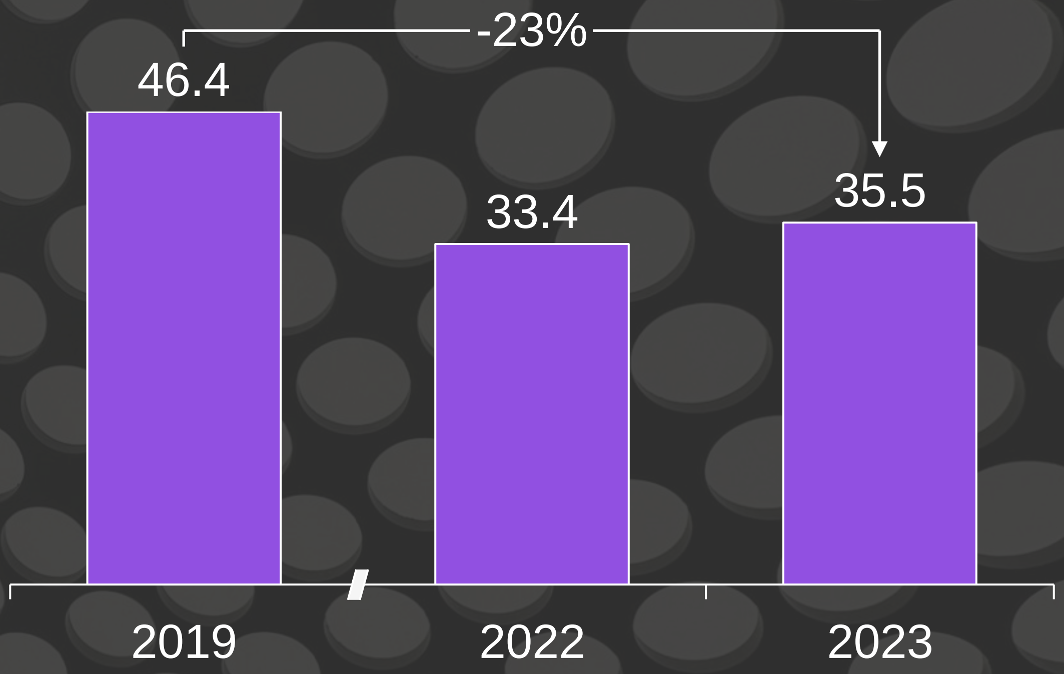
Spending per passenger has dropped below pre-pandemic levels

Duty free & travel retail spend per traveler in Asia Pacific (US$ per traveller, 2019-2023)



Asia Pacific's travel retail sales remain far behind pre-pandemic levels

Asia Pacific duty free & travel retail sales (US$ billion, 2019-2023)



Sources: AIC, TFWA, Generation Research, Kearney

2. APAC Traveler behaviour trends

Dwell time for Asia Pacific travelers has dropped 16 percent in just a few years

Breakdown of traveller dwell time

	2018		2024
Total	125 mins	=	104 mins
Procedural airport activities (baggage check-in, security, immigration, boarding)	65 mins		60 mins[1]
	+		+
Free time (Airport experiences, F&B & lounges, travel retail, gadgets)	60 mins		44 mins

1. Estimates ~10% efficiency improvement in procedural airport activities from 2018 to 2024
Source: Kearney

It’s getting harder to capture travelers’ attention

Airports developing additional activities to engage travellers

Airport tourist attractions


Changi Jewel HSBC Rain Vortex


Hong Kong Aviation Centre


Incheon Garden of Light

Experiential & entertainment zones


Changi Butterfly Garden


Narita Art Gallery


Chennai PVR Cinemas

F&B and Lounges


F&B outlets


Airport Lounges

Increased usage of smart gadgets to pass time

>90% of passengers use smart gadgets to streamline travel experiences

62% travellers use gadgets to pass dwell time

Social media & streaming platforms are among the top gadget uses

Five traveller archetypes

Fundamental challenge to understand travellers and effectively engage them

Experience Seeker

Enjoys discovering new products, curious, exploratory, less frequent traveler

Efficient Traveller

Time-conscious, frequent flyer, prompt, minimizes airport time

Compulsive Shopper

Enthusiastic about shopping, plans airport visits around shopping

Conservative Traveller (Not-Distracted)

Time-conscious, plans for efficiency, observant, avoids unnecessary distractions

Conservative Traveller (Distracted)

Arrives early, easily distracted by digital platforms, influenced by digital ads

Source: Kearney

3. Imperatives for Travel Retailers

The travel retail purchase journey needs to start earlier

Before Airport

- Digital engagement and customer targeting
- Pre-planned purchase enablement

At Airport

- Curated merchandising with country-specific assortment
- Competitive pricing & promotion
- Prime strategic location

Flight

Shift travellers' purchase journey earlier

To-be

Traditional
As-is

Source: Kearney

… however, retailers & brands are not well equipped to tap into this opportunity

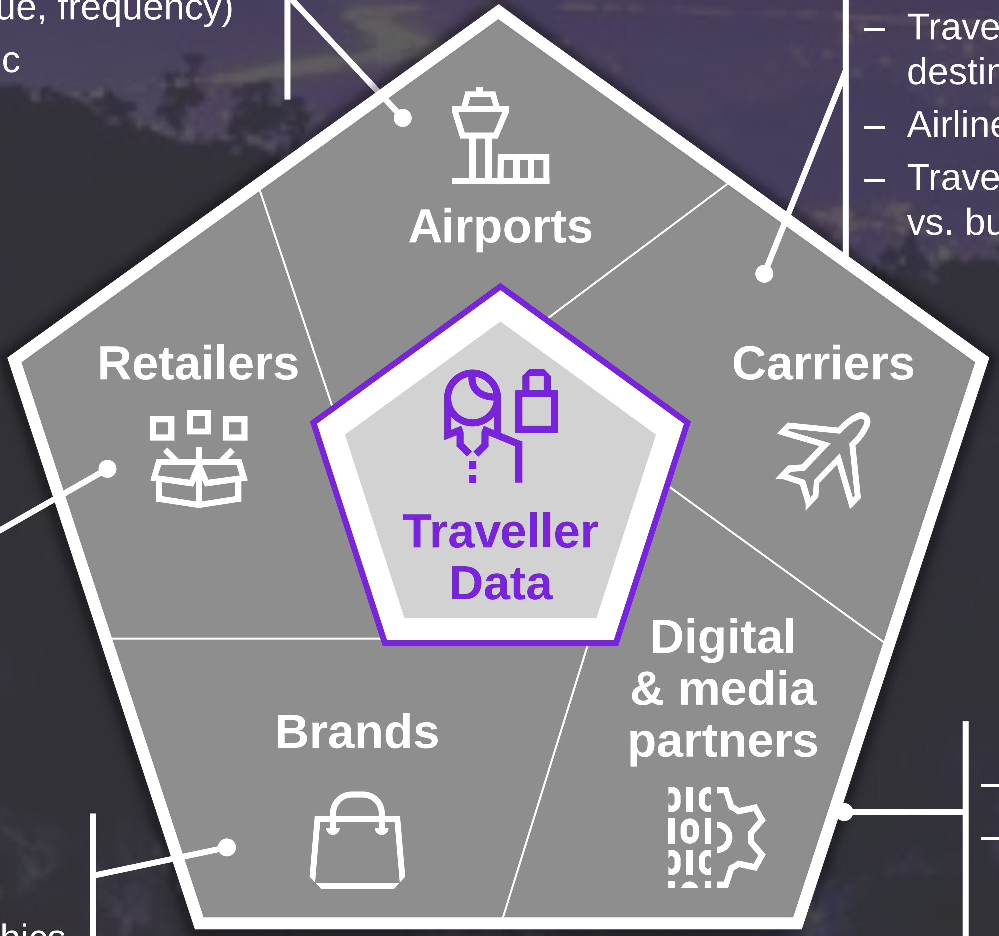
Information about travelers is scattered across five players in the travel ecosystem

Fragmentation of traveller data across multiple parties

- Airport purchase history (categories, brands, purchase value, frequency)
- Traveller demographic

- Historical travel patterns
- Traveller demographic, origin & destination
- Airline purchase history
- Traveller segmentation (leisure vs. business, seat class)

- Historical travel retail purchase (pre-order vs. at airport vs. delivery vs. domestic outlet)
- Consumer demographics



- Historical purchase patterns
- Consumer demographics

- Campaign impressions
- Consumer demographics

Source: Kearney

Industry-wide collaboration to create a global travel retail "passport." – targeting can begin before the journey begins

Individually-led model by either party

- Led by either airport, retailer, carrier, brand, or digital & media
- Each party will need to individually partner each other to share data

Today's model

Collaborative model at country-level

- Each country (via airport or retailer) takes lead in developing a holistic country-visitor profile to share data with interested brands and carriers
- Works best for high traveller flow countries

Industry-wide collaboration to create a global travel retail "passport."

- All five parties come together to develop a holistic APAC traveller profile
- Lead can be taken up by an airport or retailer
- Highly beneficial to brands, reducing effort to manage multiple parties
- Data privacy is key for success

Source: Kearney

Thank you

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