

World in flux: Travel retail amid today's geopolitical reality

TFWA World Exhibition & Conference, 2025

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Has travel retail truly recovered post-COVID?

In today's flux, where is the sector most exposed?

How can airport operators, retailers, and brands navigate volatility?



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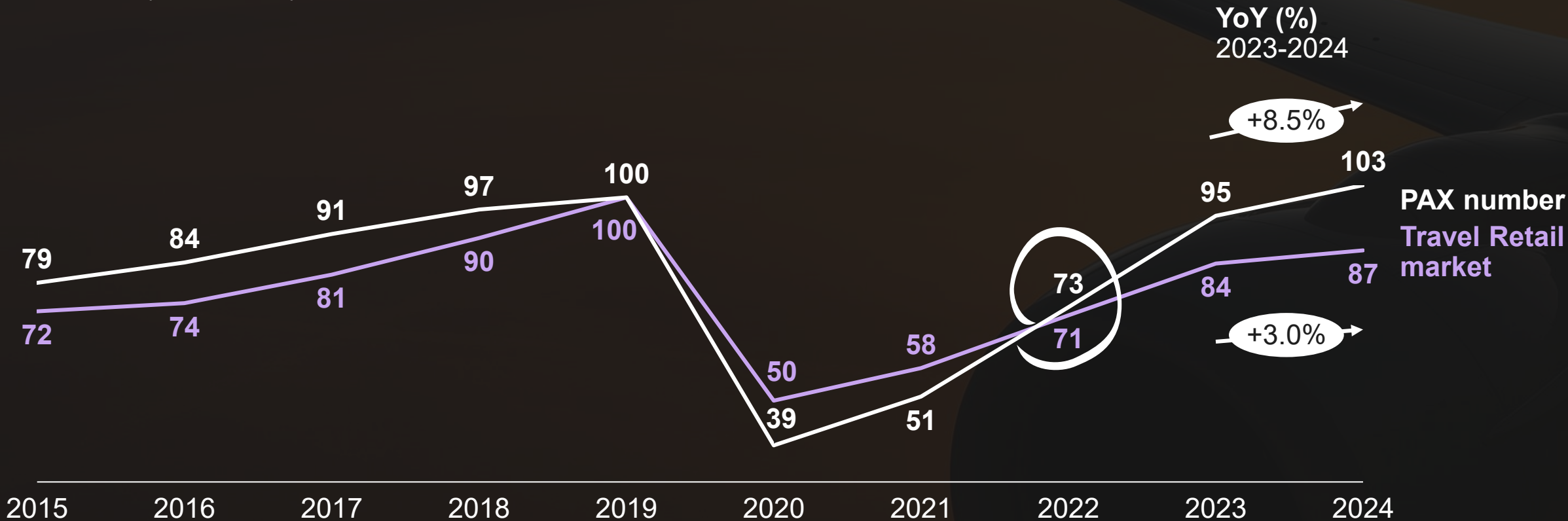
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Third year in a row: The gap between passenger volume and travel retail revenue is widening.

Global passenger traffic and travel retail market
2015-2024 (2019 index)

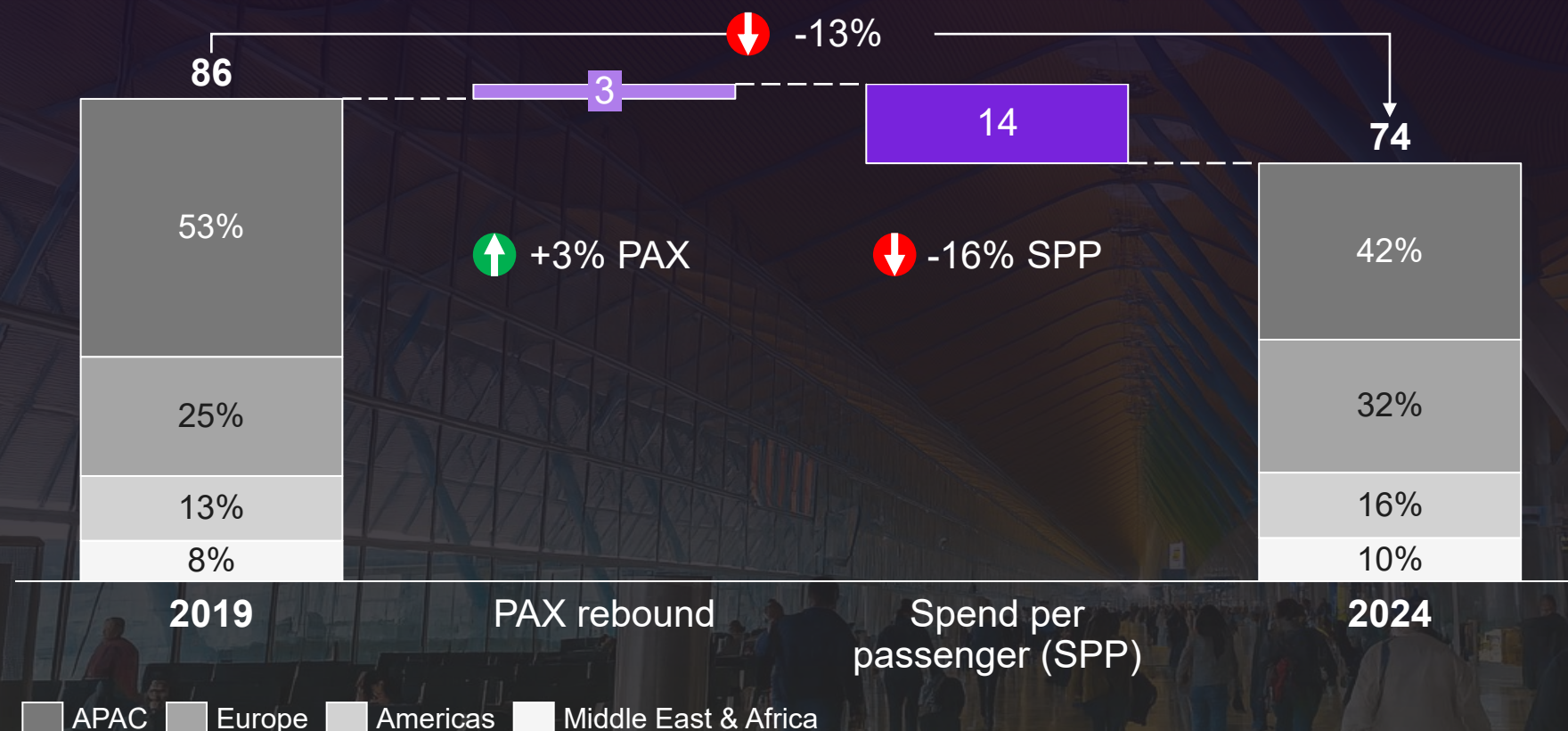


Note: Net sales, i.e. net of discounts and includes actual and estimated retail sales. Market estimations are preliminary by nature and subject to revision; TR market value excludes F&B, convenience and press stores;
Source: ACI world airport traffic forecasts, Generation Research, Kearney analysis

Travel retail faces a 13% market decline vs. 2019, with a value gap of \$14 billion.

Travel retail market evolution

2019-2024 (\$bn)



Record year in traveler flows

Uneven regional rebound

Intra-region volatility increases

Note: Market estimations are preliminary by nature and subject to revision; TR market value excludes F&B, convenience and press stores; PAX = Passenger traffic, SPP = Spend per passenger; Source: ACI world airport traffic forecasts, Generation Research, Kearney analysis

Old beliefs no longer hold - why traffic no longer equals value.

Old core '*beliefs*'

Reality 2025 and beyond

#1 Shocks are episodic but always rebound



Some disruptions fully reset baselines

#2 Border-free globalization guarantees open skies



Airspace is fragmenting

#3 Duty-free is cheaper than downtown



The price edge is in doubt

#4 Technology comes secondary in travel retail



Technology has become key to capture travelers' attention

Consumer fragmentation as key mechanics behind the value gap.

Shopper dynamics are shifting

Shopping frequency down

-4pp
YoY '23-'24

Spend per passenger declining

-5%
YoY vs. 2023

Demand is polarizing across the board

Chinese basket halved

Chinese basket aprx.
-50%
vs. 2019¹

Gen Z trades up vs. older cohorts

+9pp
premium price point growth for Gen Z

Value proposition still under pressure

Value no longer obvious

~4 in 10
question whether the deals are real

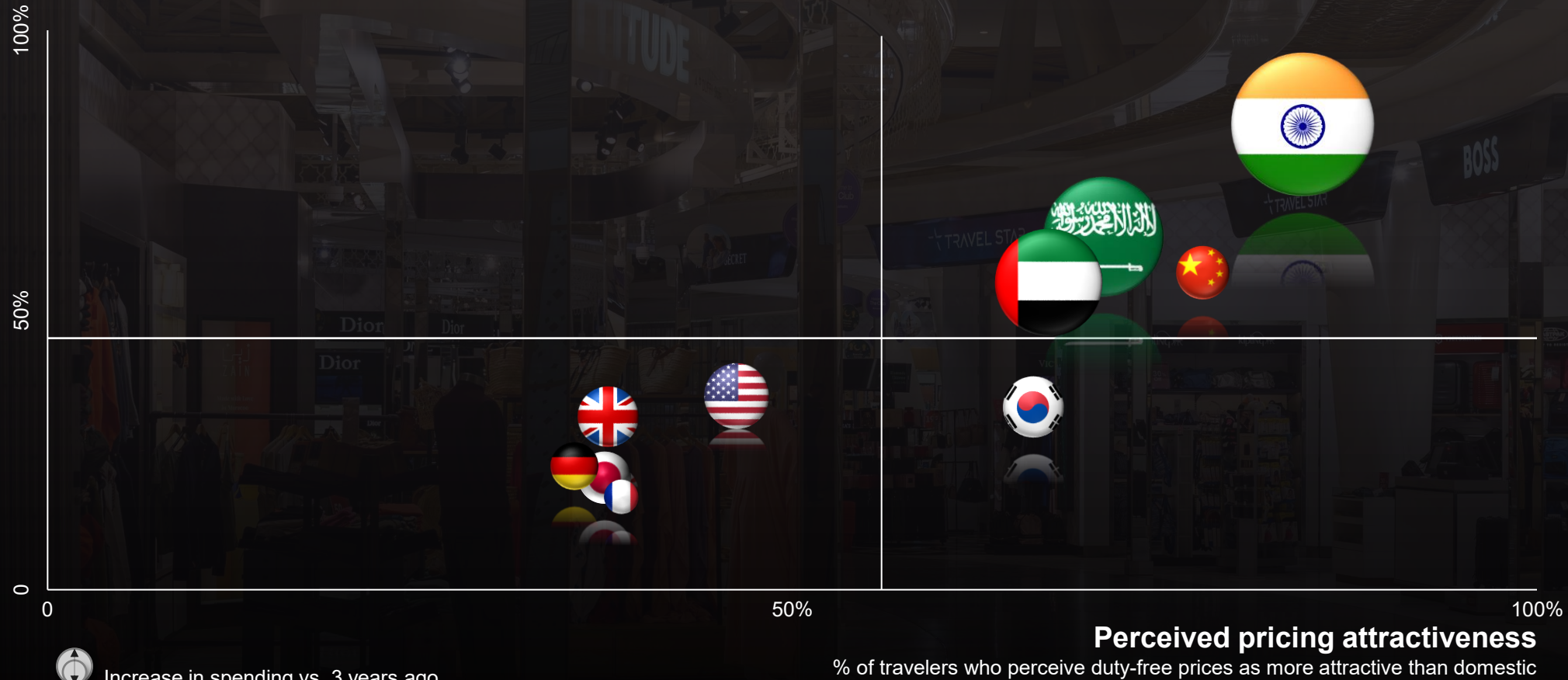
Nationality divide in perception

95% Indian travelers still trust vs.
35% Europeans

Travel retail's value proposition is under pressure, the one-size-fits all pricing focus no longer works.

Future spending confidence

% of travelers who feel more confident spending money in travel retail



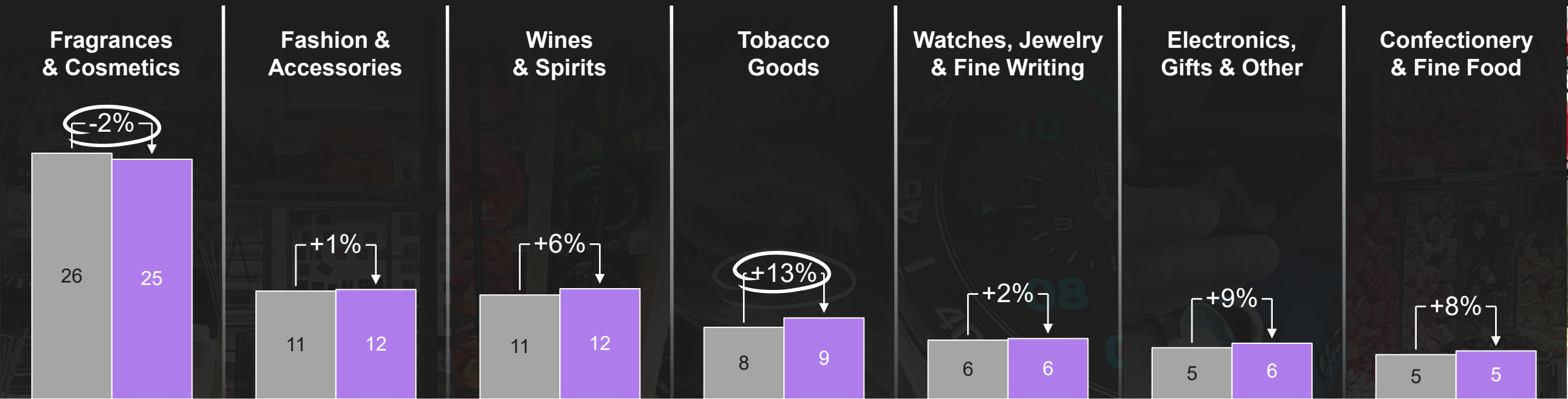
The value proposition has fragmented

from a simple “cheaper than downtown” promise to a clarity, relevance, and trust-led equation

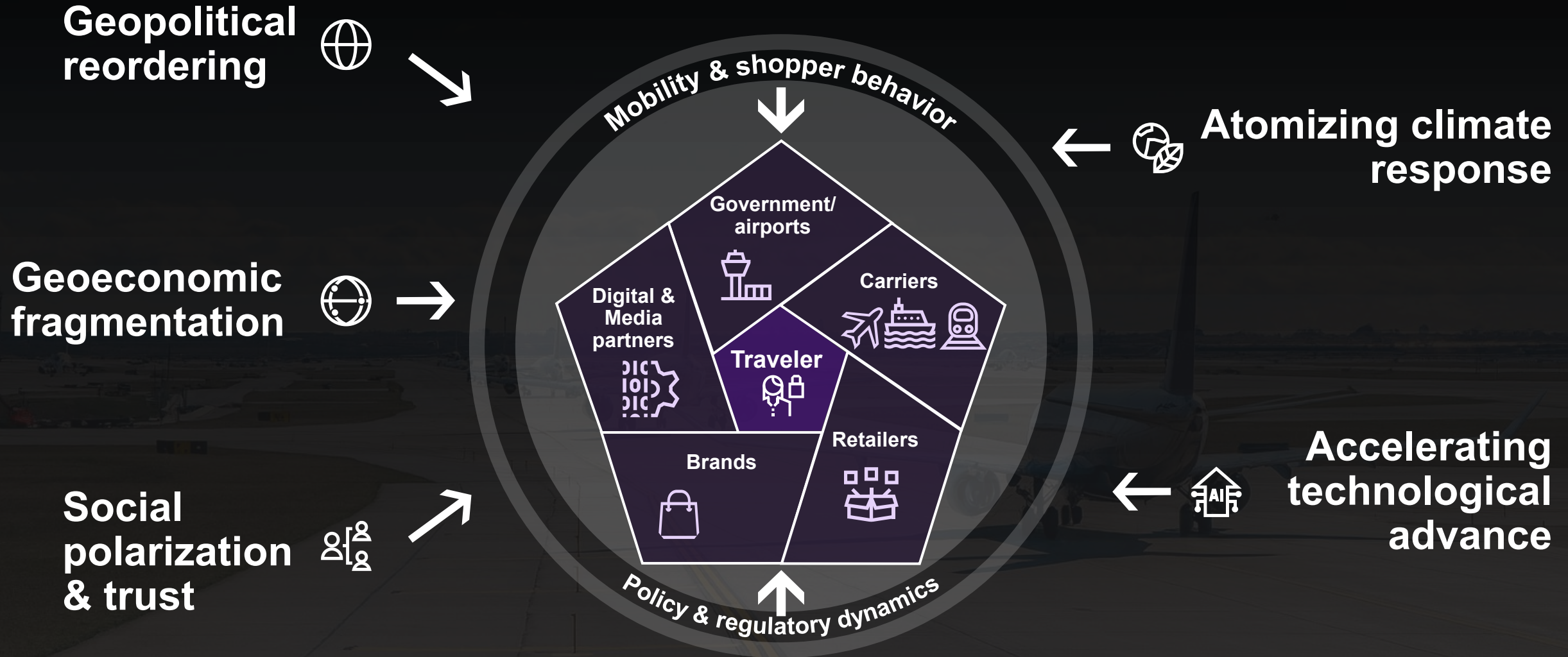
Fragrances & Cosmetics experience decline in sales. Tobacco, spirits and confectionery over-index vs. total growth.

Travel retail sales evolution by category
2023 and 2024, \$ billion

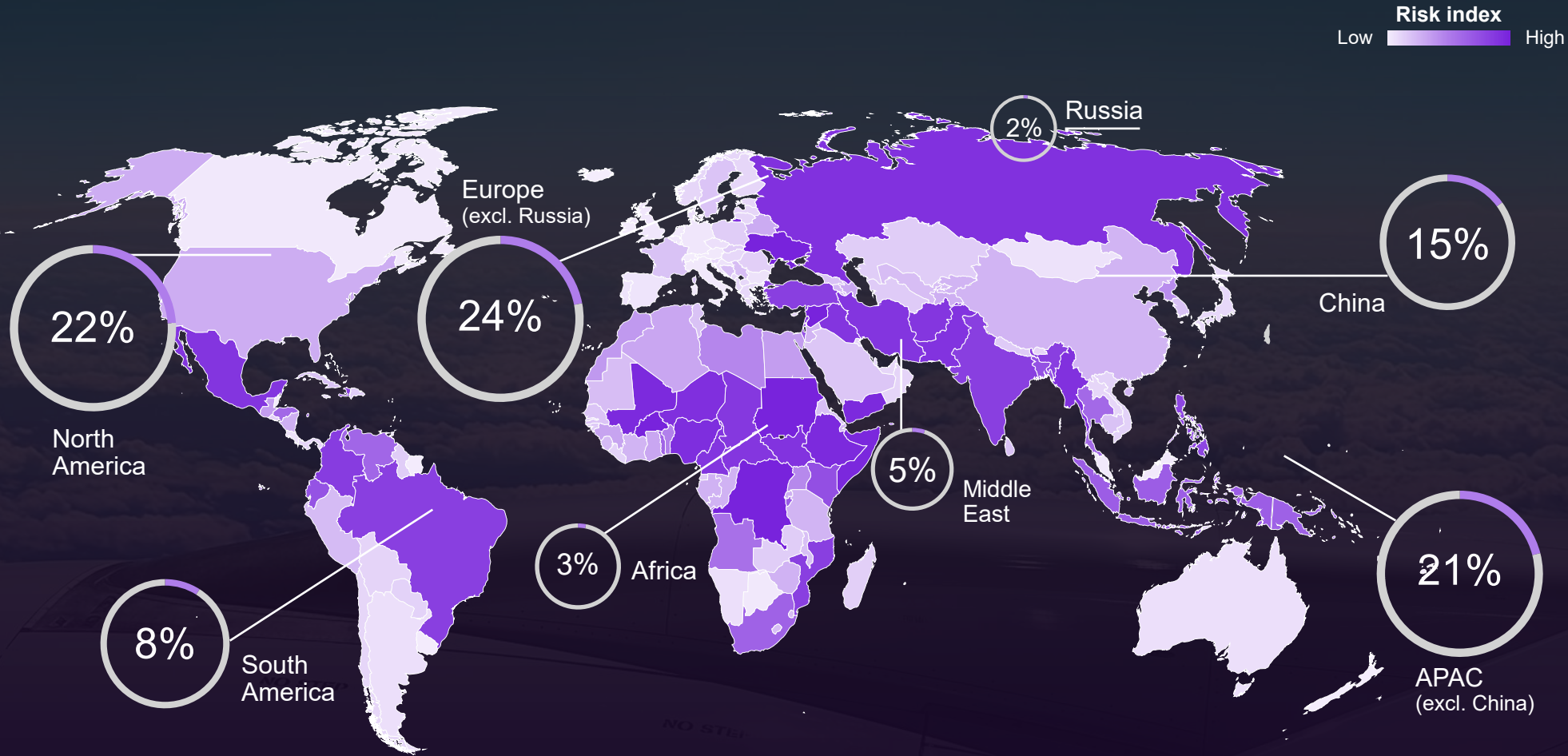
2023 2024



The pentarchy at the epicenter of global volatility and change.



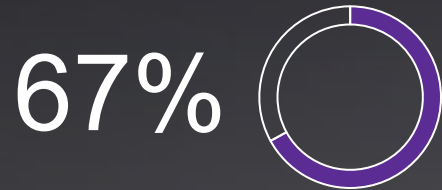
Current and future conflict potential might be further reshaping routes and passenger mix.



~25%
of total
travel retail
sales are
risk
exposed¹

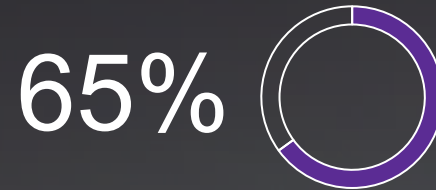
Geopolitical tensions are slowly reshaping consumer behavior in travel retail.

Uncertainty shapes travel intention



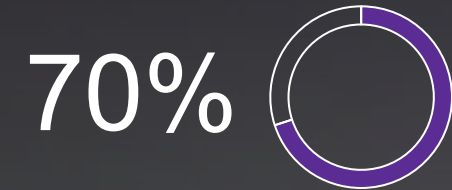
of travelers are more cautious about international travel

Volatility influences brand choice



say political/economic tensions affect which brands they buy

Younger cohorts most sensitive



of Gen Z say tensions influence shopping behavior & brands purchased

Accelerating advance in technology and AI is already impacting the shopper journey.

Pre-trip



Would you like me to prep a **Travel Pack for pickup** or a **gift**?



AI curated Travel packs & gifts

In terminal

I forgot my sunglasses. Where can I find a similar pair?

Here is best path to your gate with a stop at Sunglass Hut

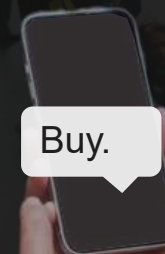


Personalized journey companion

In flight



Want a Sleep & Arrive Fresh **bundle delivered to your seat**?



Buy.

Connected mood-driven offers

Post-trip

We've unlocked some special reward for you: Enjoy a gift on your flight to CDG next week



AI loyalty & storytelling

In a world of flux, the first decision is where and whether to play - and if so under which conditions.

Where should we play, and how should we phase exposure?



Airport

- > Terminal economics & mix
- > Expansion priorities & roles
- > Shock protections



Retailer

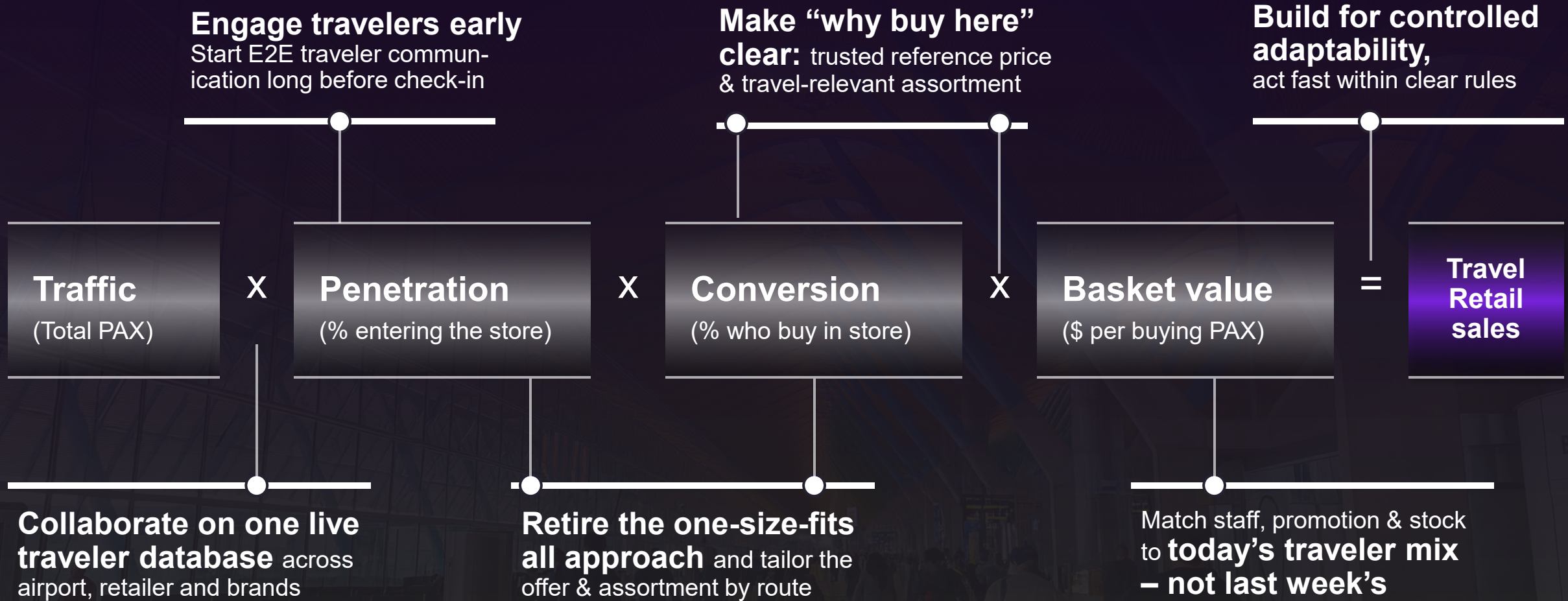
- > Corridor & route ROI
- > Category role fits route
- > Expose limits



Brand

- > Incremental value vs domestic
- > Price proof vs. domestic
- > Diversification limits

Key drivers for sustained travel retail impact amid volatility.



Thank you

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