

Press Release, 3 May 2018

## **Duty free differentiation shines through in latest DFWC KPI Monitor**

The latest Duty Free World Council's (DFWC's) quarterly KPI Monitor, produced by Swiss research and consultancy agency m1nd-set, highlights the channel's strength and uniqueness as a showcase for new and different products. The latest report, for the first quarter of 2018, which monitors global passengers' satisfaction with the duty free offer across various criteria, shows Asia Pacific leads the way among all global regions in the overall satisfaction index. The region scores 67%, as in Q4 2017, 4% above the global average. The Middle East is the only other region to increase its score with a 1% higher rating. The global average has slipped 1% to 63% brought down by declining scores in both Europe and South America.

The monitor again integrates the air traffic benchmark, with traffic data from IATA. The year-on-year growth index for Q1 2018 versus Q1 2017, puts Asia Pacific once again in lead position in terms of growth at 9%, which is slower than in the previous quarter, when the region recorded 12% year on year growth. The largest region for international traffic, Europe, has the second highest growth rate alongside Africa with 8%, in line with the global average. Both North and Latin American traffic grew by 7% in Q1 while the Middle East showed the least dynamic growth with only 2% growth.

The KPI Monitor demonstrates that the key satisfaction driver among travellers' perception of duty free is as "a place to try and buy new products". Expressed by 32% of shoppers, up 2% on the previous quarter this has improved consistently over the past few quarters. The only other satisfaction driver to increase in Q1 over the previous quarter is the differentiation criteria; duty free as a place to have a "truly different experience" has also seen an increase in the percentage of shoppers who agree for the past two quarters. All other satisfaction drivers either stagnated or declined in Q1 this year, including the perception that duty free prices are cheaper, which has fallen to below 25% of passengers agreeing with this perception. This is a cause for concern, as value for money is the number one aspect for passenger satisfaction with the duty free shopping experience.

Despite this, the price advantage and value for money in duty free are the top two reasons for purchasing in duty free shops. The notion of unique or different products and convenience are equal third most common reasons for purchasing, according to the report.

Another feature of this latest KPI Monitor from DFWC is the non-shopper analysis which highlights the main reasons cited by international travellers for not purchasing from the duty free shops during their last trip. The lack of motivating promotions and high prices are the number one and number two reasons given for not purchasing, emphasizing the importance of the value perception. The third reason is the lack of new and interesting products which again highlights the importance of differentiation and uniqueness in the product mix.

The report is compiled from over 4000 face to face interviews with travellers at airports across all major world regions during Q1 2018 with the fieldwork and analysis undertaken in March.

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**About the Duty Free World Council**

The Duty Free World Council, the DFWC, is the industry association representing the interests of the global duty free and travel retail channel and has the overall objective of creating the optimal operating environment for the industry that will allow it to achieve its full potential.

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**About m1nd-set**

m1nd-set is the largest independent and privately owned travel and travel retail research agency, based out of Switzerland. It conducts research for clients across all world regions, working for over fifty companies in the travel sector, including brands from all product categories, as well as a number of the duty free and travel retail associations and several leading retailers in the industry.

m1nd-set is present with local interviewers at over 60 airports on a regular basis to conduct on-site research. It also has its own database of regular international travellers. Corporate social responsibility is a fundamental part of the company's philosophy and each year commits a minimum of 10% of profits to charity, mainly for unprivileged children in developing countries.

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