

Press Release, 2nd. March 2020

Annual DFWC KPI monitor report identifies novelty, variety and differentiation as long-term satisfaction drivers

The Duty Free World Council (DFWC) has published its full year 2019 KPI Monitor Report, which assesses the key satisfaction drivers among global travellers when shopping in duty free and travel retail. The report, which is compiled for the DFWC by Swiss research agency m1nd-set, tracks performance over the past four years and complements the existing quarterly KPI Monitor benchmarking tool. The annual KPI Monitor is computed by aggregating the satisfaction scores on all aspects of the duty free shop visit and weighting these in function of their impact on overall satisfaction. It identifies four major attributes of the duty free shopping experience that have grown in importance as satisfaction drivers, consistently throughout 2019, and over recent years.

According to the Monitor, these main satisfaction drivers are “the variety of products makes duty free a great place for shopping”, expressed by 46% of global shoppers, Duty free is a “great place to try new brands” (44%), and a “truly different experience” (35%), all of which have seen consistent growth in importance since 2016. The top attribute, expressed by 47% of shoppers globally, that duty free shopping is “part of the travel experience” stagnated as a satisfaction driver between 2018 and 2019.

While the satisfaction driver “duty free is a great place to buy gifts” dropped in importance in 2019, gifting remains a key purchase driver in Duty Free and Travel Retail. Globally. ‘Suitability of a product as a gift’ is the third most important purchase driver, after good value for money and price advantage. This is especially pronounced among travellers from Asia Pacific and the Middle East/Africa. As the monitor illustrates, the percentage of global duty free shoppers who purchase products as gifts (43%) has risen constantly over the past four years.

The annual Monitor Report shows global satisfaction levels have risen consistently since 2016. While this trend is mirrored in Asia Pacific, and in the Middle East/Africa since 2017, the trend has been less consistent in the Americas and Europe. South America saw an increase only since 2018, North America remained stagnant between 2018 and 2019 and Europe is the only region to see a fall in satisfaction levels among duty free shoppers last year.

m1nd-set Owner and CEO Peter Mohn explained: “We see from our qualitative research and focus group studies that, due to the high concentration of Low Cost Carrier traffic in Europe, travellers in Europe are more discerning when it comes to price and tend to seek price advantage and more

affordable products in duty free shops more than travellers in other regions where there is a higher concentration of legacy airline passengers. European travellers therefore tend to express less satisfaction with the price/value aspect of Duty Free shopping as well as with the uniqueness of the product offering. This has an overall impact on the region's performance in the KPI Monitor."

"In addition to the lack of unique products, we consistently see the lack of motivating promotions being cited as barriers to purchase among travellers in Europe" Mohn continued. "They express and expect stronger differentiation in duty free shops with greater creativity and innovation compared to downtown shops."

DFWC President, Sarah Branquinho, welcomed the annual KPI Monitor: "Continuous monitoring of consumer perception is essential for all industry stakeholders to ensure shoppers needs and expectations are met consistently. The annual DFWC KPI Monitor, in addition to the quarterly reports, provides a valuable big-picture benchmark to compare the evolution of industry performance over time".

Further information about the various aspects studied in the Monitor is available from m1nd-set upon request (info@m1nd-set.com).

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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