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Shopper behaviour reverts to pre-pandemic norms - DFWC 2022 Quarter 4, KPI Monitor

Convenience emerges as the main purchase driver, quoted by 35% of shoppers.

The quarterly DFWC KPI Monitor, compiled by leading industry travel and travel retail research agency m1nd-set, reveals quite significant movements in the purchase drivers compared to the previous quarter. Convenience emerges as the main purchase driver in Q4, quoted by 35% of shoppers, displacing value for money, the primary driver in Q3. Brand loyalty is the second highest shopping driver in Q4 at 23%, up from 15% in Q3 2022. 'Good value for money' as a shopping driver was quoted by 22% of shoppers in Q4, compared to 18% in Q3 and 'suitability for self-treating' doubled between Q3 and Q4 from 9% to 18%.

The monitor shows that 54% of shoppers interacted with the sales staff during their last visit to the duty- and tax-free shops, which represents a 17% decline on the previous quarter. This figure is closer to the pre-pandemic staff interaction levels in 2019, when just over half of shoppers (51%) interacted with staff. The influence of staff interaction also fell slightly between the third and fourth quarters of 2022 albeit remaining high with 72% of shoppers said they were positively impacted by the interaction with staff, a 6% decline from 78% in Q3.

In terms of barriers to purchase, higher prices compared to the home market, the lack of motivating promotions, and unwillingness to carry more items were the top three reasons for not shopping in duty free according to the Monitor. 19% of shoppers quoted higher prices, compared to 17% in Q3 and 16% highlighted the lack of promotions and unwillingness to carry more items, both up from 12% in Q3.

The quarterly KPI Monitor also highlights other shopper behaviour including purchase planning, destination of purchase and exposure to touch points about the duty- and tax-free offer. The Q4 Monitor reveals a 9% drop in the number of passengers saying they were exposed to touch points, whether online or through friends and family or on billboard or print advertising. Only 41% of shoppers said they saw touch points prior to shopping compared to 50% in Q3 2022.

Traffic recovery, another aspect tracked by the KPI Monitor, is looking healthier in Q4 compared to Q3, with levels from September to November at 76% of the same period in 2019. This is up from Q3 when the recovery level was at 70% of 2019 levels. Asia Pacific is the only region experiencing slower recovery where international traffic is 40% of the 2019 level. In North America, recovery is at 86%, in Europe 87%, 95% in the Middle East and Africa and 97% in South America. The m1nd-set traffic forecast is compiled via the agency's unique data tool, B1S, in partnership with IATA and their air traffic data partner ARC, which comprises the world's most comprehensive traffic and traffic forecast database (DDS).

DFWC President, Sarah Branquinho, commented on the Monitor findings: "The KPI Monitor reports on global shopper trends; the scenario will of course be different from one region to another. The negative perception of pricing versus the home market is worrying and needs to be monitored. While the decline in staff interaction and influence is a concern given the importance of interaction for shoppers historically, we are encouraged by the less significant decline in the influence of the interaction, although this nevertheless does serve as a wake-up call and sends a clear signal to the industry that brand ambassadors and sales associates need to be upskilled, constantly motivated, and encouraged to engage with shoppers."

Dr. Peter Mohn, CEO and Owner at m1nd-set added: "The Q4 results on staff interaction are indeed quite surprising, as this has been an area where the response has been high, particularly since the pandemic. There is however a clear difference between regions, markets and individual airports when we delve into the data and study the impact of the various touch points by region. We strongly encourage airports and retailers to analyse the scenario at their respective locations to understand how they compare to the global index and where they need to improve."

Branquinho concluded: "We need to ensure that we do not become complacent now that the worst of the pandemic is receding. Staff are essential to maximising customer conversion. It's important that they are all made aware of the unique nature of the duty- and tax-free channel and its benefits. The DFWC Academy is the ideal vehicle for training retail staff so they grasp a better understanding of the duty free industry, the typical duty-free shopper mindset as well as what drives the customer to shop in the duty-free and travel retail environment and how best to communicate product benefits and USPs to the customer."

ENDS.

For more information on DFWC Academy Courses visit <https://www.dfwc.academy/>

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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