

Glossary

A

Airside

This is the area where access is restricted to travellers – post security checks to boarding for departing passengers and post disembarkation to passing customs controls for arriving passengers.

Arrivals Duty Free

Sales of duty free goods to travellers on their arrival to a country. Stores selling arrivals duty free are usually located pre-customs' controls, in air and seaports, and at land borders to ensure duty free purchases may be controlled to ensure allowances are not exceeded.

In a small number of countries arriving travellers may avail of duty free shopping for a limited period after arrival (usually 24 or 48 hours) in designated stores away from their point of arrival.

Authority Managed / Owner Operator Model

A Government Authority / Airport / Airline / Cruise Line directly operates and manages the retail operations in their real estate.

B

Baggage Allowances/Restrictions

Baggage Allowance refers to the amount of baggage or luggage a passenger is permitted to check in pre air travel and/or carry on board (carry-on baggage) an aircraft. Restrictions apply to the number of pieces, and their weight and size.

Basket Spend

This is the total value of the items that a shopper buys. This may also be referred to as "transaction value"

Border Stores

Stores situated at land border crossings from one country to another.

C

Carbon Footprint

The total carbon dioxide released as a result of an individuals' or businesses' activities.

Category Adjacencies

This means which product categories are placed either next to or close to one another. The retailer will try to place products that complement each other in the same area.

Category Concepts

Where multiple brands from the same category are grouped together in a themed space. For example, all whiskeys are merchandised together and gins are merchandised together.

Concessionaire

A retailer operating one or more DF & TR shops under a concession agreement.

Concession Agreement

An agreement or contract between the retailer and the landlord (airport/cruise ship owner etc.) which sets out the terms under which the retailer has the right to operate the retail stores. Such agreements will specify the product categories which may be sold and what concession fee the retailer must pay to the landlord.

Concessionaire Model

A business model whereby retailers operate DF & TR shops under a concession agreement.

Consultancy Contract

An agreement where a qualified business provides expert advice to the Government Authority / Airport / Airline / Cruise Line on how they should operate the retail offer. The responsibility, risk and benefit for operations remains with the Government Authority / Airport / Airline / Cruise Line.

Conversion

The proportion of those people who enter a store who made a purchase. It is usually expressed as a percentage – e.g., a conversion rate of 50% means half of all people who entered a store actually purchased something during that visit.

Core Categories

Core categories are those that account for a significant proportion of sales revenue. In DF&TR we use this term to refer to categories such as F&C, Wines and Spirits and Fashion and Accessories.

Cross Category Bundles

These are combinations of two complementary products sold together often for a reduced price or a discount than if sold separately. 3Bundles" are sometime packed together for shopper convenience.

Cross Category Purchase

Where a shopper buys one or more product from at least two or more different product categories.

Cross selling

When a salesperson encourages a shopper to purchase goods from two or more categories, i.e., encourages them to cross purchase.

Customer Mindset

This is about how the customer is feeling when they encounter the retail area. They might be excited to discovering new brands or stressed that their flight is delayed. Mindset can impact whether a passenger decides to shop or not and what they decide to purchase.

Customer Satisfaction

A measure of how happy or satisfied a customer is with their experience of a business or service.

In the DF & TR context, how satisfied the customer is with their shopping experience in DF & TR.

Customer Touchpoints

All points along a customer's travel journey where there is an opportunity to communicate with customers and create an interest and desire to shop.

D

Demographics

Key characteristics of customers, such as gender, age, and life stage, and nationality.

Disposable Income

This is the amount of money a consumer can afford to spend once essentials such as food, utility bills, rent etc are deducted

Domestic Retail

This refers to retail outlets that customers shop in such as high streets, shopping malls or centres, in their country of residence primarily and would include supermarkets, department stores etc.

Downtown Duty Free

Where international travellers can buy duty and tax-free goods in specially licenced stores away from airport, seaport, or border crossings. Depending on the country and product category purchased, sometimes the goods may only be passed to the customer once they are subsequently departing the country and not at the time the transactions is made.

Duty Free & Travel Retail (DF & TR)

The sale of goods to international travellers at Airports, on Cruise and Ferry ships, onboard International Flights, and at some International Railway Stations and licenced Downtown stores where proof of travel is provided, based on The International Civil Aviation Organisation 1944 Chicago Convention.

Duty Free allowances originally exclusive to international travellers are also offered to domestic travellers in a very small number of off-shore island locations.

Duty Free Allowances

The amount of tax and duty free goods which can be imported into a country free of taxes and duties. Each country has its own allowances and regulations when it comes to the amounts allowed. It is the responsibility of the traveller to comply with the allowances relevant to the country they are travelling to.

Duty Free / Travel Retail Exclusives

Brands, products or formats that are only available in the DF & TR channel.

Dwell Time

The term given to the period travellers have between completing emigration and security formalities and boarding their vessel.

E

E-commerce

This is when the purchase takes place online

F

Footfall

The metric used to measure the number of customers who enter a store.

In a DF&TR setting footfall usually refers to the percentage of the total number of departing passengers from a given airport terminal which enter a given retail store within that terminal.

G

Gift With Purchase

Where an additional item is offered by a retailer or a brand to the shopper as an extra incentive to purchase. Gift with Purchase promotions may apply to the purchase of a single item, or a minimum spend level on a combination of products.

H

High Street Stores

Retail outlets found in the towns and cities.

I

Instore Theatre and “Retailtainment”

Promotions or communications which are often seasonal or themed (e.g., Christmas or Chinese New Year) or involve prize draws (e.g., win a car, free shopping, etc.)

Impulse Purchase

This is when the customer makes a purchase that they did not plan to make when they entered the store.

J

Joint Venture Retail Model

A retailer creates a company in partnership the landlord, airline, other, to jointly operate retail offer.

K

L

Landside

This is the area in an airport/seaport before the passenger goes through security and includes check-in and baggage drop areas in departure halls and post-customs arrivals areas

Low Cost Carriers (LCC's)

Low-Cost Carriers often described as cheaper, no-frills or budget airlines.

LCCs generally provide short haul, point to point connections. Their business model is based on charging the lowest basic cost to travel and add supplementary charges for customers who wish to select their seat, bring check in-luggage etc. LCC's typically strictly control the amount, weight and size of bags that passengers bring on board and may apply addition charges to do so.

Market Share

This the percentage of the total market that a brand or product's sales account for. Market share can be measured at many levels, a brand or product's market share by store/retailer/country/region, for example. For example, Brand X perfume has 20% of the perfume market sales in global Duty Free. Similarly, a retailer's market share of total retail sales in a particular airport, country, region etc. is also a measure widely referred to.

Master Concessionaire Model

Where a single retailer manages all the retail space on behalf of the landlord, not just the DF & TR stores.

Minimum Annual Guarantee (M.A.G.)

A minimum amount that the retailer is contractually obliged to pay each year to the landlord for the right to operate their retail stores, regardless of sales revenues the retailer earns generate.

Multi-Buy Promotion

An incentive offered to shoppers to purchase two or more products. Typical examples are "3 for the price of 2", "Buy one get one free", or "Buy 2 and save \$ X".

This may also be referred to as a Multi Purchase promotion

Multi Category Shops

Shops that sell more than one product category. Often referred to as "General Merchandise Shops". See also "Standalone Stores"

Mystery Shoppers

People who pose as shoppers and report to a retailer on their shopping experience.

N

Net Zero Carbon Emissions

Net zero refers to when the amount of carbon emissions created during an activity is no more than the amount removed. For example, planting trees or using renewable energy.

Non-aeronautical Revenue

This is the revenue generated by an airport other than revenue earned from the airlines operating there.

Non-Price Led Promotions

Shopper incentives that do not rely on reduction of the retail price to attract and engage customers – e.g., instore theatre and “retailtainment”, brand activations, and sampling.

O

Offshore Duty Free

Where an island is designated as an Offshore Duty Free location. In the course we looked at the example of Hainan.

Omnichannel

Omnichannel refers to retailers and consumers combining multiple channels to market, sell, buy and deliver goods.

P

Pier / Satellite / Gate Shop

A store placed close to the departure gates in airports to enable last minute purchase.

Generally, these are smaller footprint stores than in the main terminal, stocking best sellers, products suitable for last minute gifting, souvenirs, and travel essentials.

Planogram

A planogram is a diagram that shows how and where specific retail products should be placed on retail shelves or displays in order to increase customer purchases.

Planned Purchase

When a customer buys a product but when the decision to purchase that item has been made at an earlier time.

Price Led Promotions

Promotions that rely on presenting a discount off the retail price to attract and engage customers. This saving can be presented as straight discount for purchase, linked to multi-purchase offers "Buy 2 get 1 free", or "Cross category bundles".

Product Category

A product category refers to a group of similar brands and products merchandised in a defined space within a retail store. E.G., the Fragrances and Cosmetics category or the Wines and Spirits category.

Professional Standards

Professional standards are defined behaviours and practices that individuals are required or encouraged to be aware of and observe. The DFWC Professional Standards are an example of best practices for retail sales professionals in the industry.

Promotion Mechanic

This is a type of promotion that is implemented by the supplier or retailer. Examples of promotion mechanics are discount promotions, multi buy promotions, or gift with purchase promotions.

Purchase Drivers/Purchase Motivations

The reasons that a customer makes a purchase. For example, value for money and exclusive products are primary purchase motivators in Duty Free & Travel Retail.

Purchase Occasion

The use the purchase will be put to e.g., to purchase for the shopper themselves/self-consumption, to gift to someone else, to share with others, made for someone else on their request.

Q

QR codes

QR Code is a two-dimensional version of the Barcode able to convey a wide variety of information almost instantly when scanned on a mobile device

Commented [GM1]: Kate, can we show/do we need to show a QR Code?

R

Retail Management Contract

A retailer is contracted to manage the retail shops whilst ownership of the retail operation is retained by the landlord, i.e., the airport or cruise/ferry owner.

Retail Gross Margin

The difference between the amount the retailer buys and sells an item for. Retail Gross margin can be expressed in absolute terms (\$'s/€'s) or a percentage.

E.g., an item bought for \$4.00 and sold for \$ 10.00 generates a gross margin of \$ 6.00. In percentage terms the gross margin is 60% (the gross margin divided by the selling price, in this case 6/10).

Retail Net Margin

The retail net margin calculated by taking the total sales less **all** expenses, rent, staff wages, and other overhead costs etc. This again may be measured in both absolute and percentage terms.

S

Sales Per Square Metre (Sqm) / Per Square Foot.

The value of sales generated from a square metre or foot of the retail space. This may also be referred to as sales density

Sales Tax

See VAT

Sampling

Sampling activity is when the customer is offered small portions of a product to experience the product benefits.

Security Tamper Evident Bags (STEB's)

The sealed plastic bag for customers' Liquids and Gels (LAG's) purchases, usually Wines & Spirits and Perfume & Cosmetics, which are mandated for use by airline security regulations

Commented [GM2]: Kate, is an image the best explanation?

Sense of Place

A local touch that reflects the city, region, or country in which a store is located or a product manufactured.

Share of Wallet

The percentage of a customers' money that is dedicated to certain shop or shopping channel or brand.

Shop in Shop

A clearly defined space dedicated to a specific brand or category inside the main store which often has its own staff and till point.

Social Awareness

Customers increasing concern on social issues such as child labour, poverty, racism, sustainability,

Space Allocation

How much store space is dedicated to each product category and brand and where that space is within the store.

Standalone Store

In a DF&TR setting a store that is outside the perimeter of the main DF&TR store and stocks only one brand or category e.g., Fashion and Accessories, Jewellery and Watches, Wines and Spirits, or Confectionery.

Standalone stores with only one brand are referred to as Mono Brand Stores.

Stock-Keeping Unit (SKU)

A stock keeping unit is a distinct type of item for sale, purchased, or tracked in inventory, such as a product or service.

Sustainability

Sustainability means meeting our own needs, as individuals, businesses, or broader society, without compromising the ability of future generations to meet their own needs. In addition to natural resources, we also need social and economic resources.

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Till Point Promotions

Refer to promotions in or near the location where the customer pays designed to increase basket spend. These often focus on impulse items.

Travel Retail

The term given to all retail sales in & DF&TR setting which are not exclusive of duty and taxes. Travel Retail includes duty paid tax-free sales, and duty and tax paid sales.

U

Up selling

A salesperson Influencing the customer to buy a more premium item or version of the product they originally considered purchasing.

V

VAT

Value Added Tax is a charge collected by governments on the sales of goods or services in the country. It is usually set as a percentage of the value of the item or service in a retail setting is included in the sales/purchase price paid by the consumer. The VAT part of the purchase price is then passed to the government by business or individual selling the good or service

VAT Retail Export Schemes

Allow travellers resident outside a particular country to obtain a refund of the VAT levied on their purchases during a visit to a particular country on provision of proof of export of their purchases.

W

Walk-In Store

A traditional shop format with an entrance a shopper makes a conscious decision to pass through to browse and shop the retail offer

Walk-Through Store

A store design concept employed in airports where the passengers' route from security and emigration checks to the boarding gate obliges them to pass through a retail space.

X

Y

Z