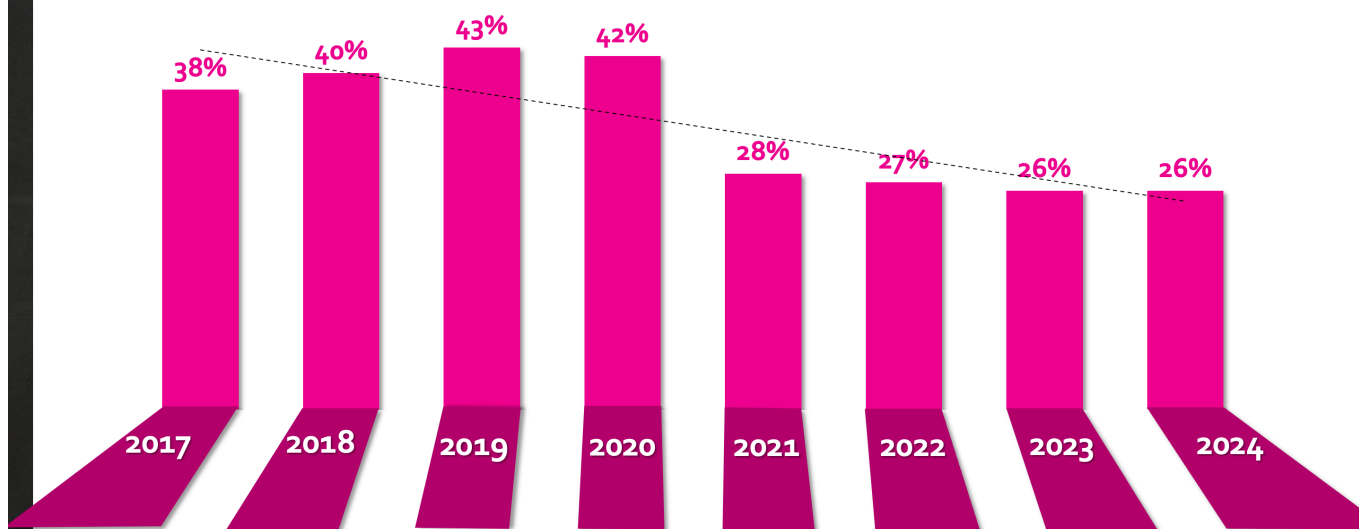


m1nd-set on the changing role of gifting in travel retail

TRAVEL RETAIL GIFT BUYERS – TRENDS OVER TIME



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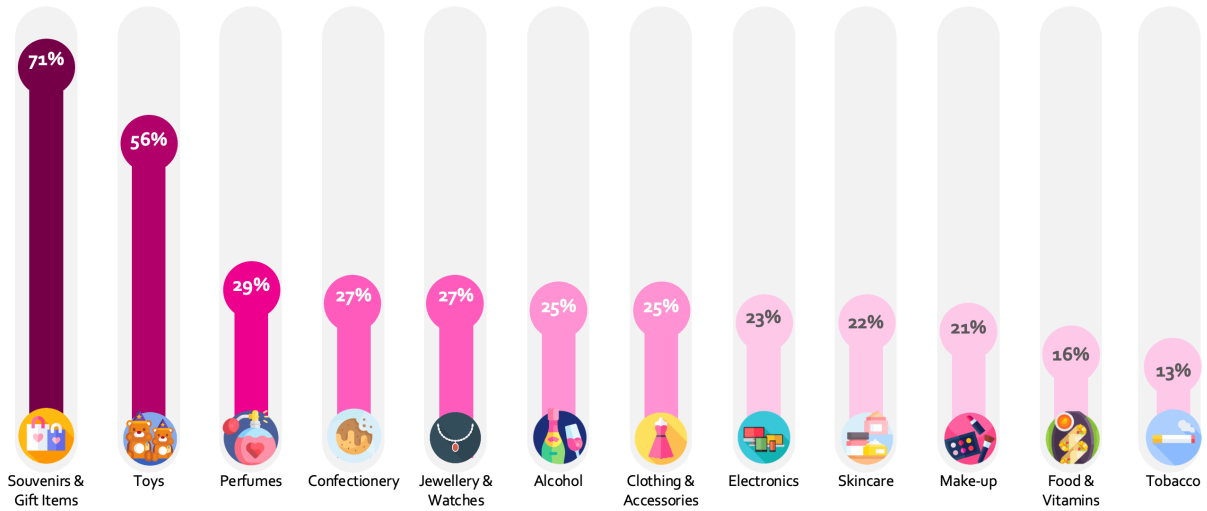
m1nd-set compares gift buying trends from 2017 to 2024

The latest global shopper research, published in September by leading travel retail research agency m1nd-set, reveals that the global pandemic caused a downturn in gift shopping within travel retail, a trend that persisted even as international travel resumed.

The research identifies strategies to address and reverse the declining trend in the gifting as a purpose of purchase. Once a strong and growing segment of the travel retail market, the research reveals that gift shopping has seen a significant decline in recent years, dropping from 42% of shoppers making purchases in travel retail for gifting in 2020 to just 26% in 2023 and the first half of 2024. The report highlights the need for travel retail to reclaim its identity as the ideal destination for gift shopping by refocusing on merchandising, marketing, and in-store experiences.

The research demonstrates that gift shopping remains an integral part of the travel experience for many travellers still, despite the decline. Purchasing souvenirs for loved ones, guilt-gifts for business travellers, or taking advantage of last-minute shopping opportunities, travellers are drawn to the convenience and variety offered by the travel retail environment. Duty free tax benefits, discounted luxury goods, and unique, exclusive products continue to be key motivators for gift shoppers, the research reveals.

TRAVEL RETAIL GIFT BUYERS – GIFT PURCHASES WITHIN KEY CATEGORIES



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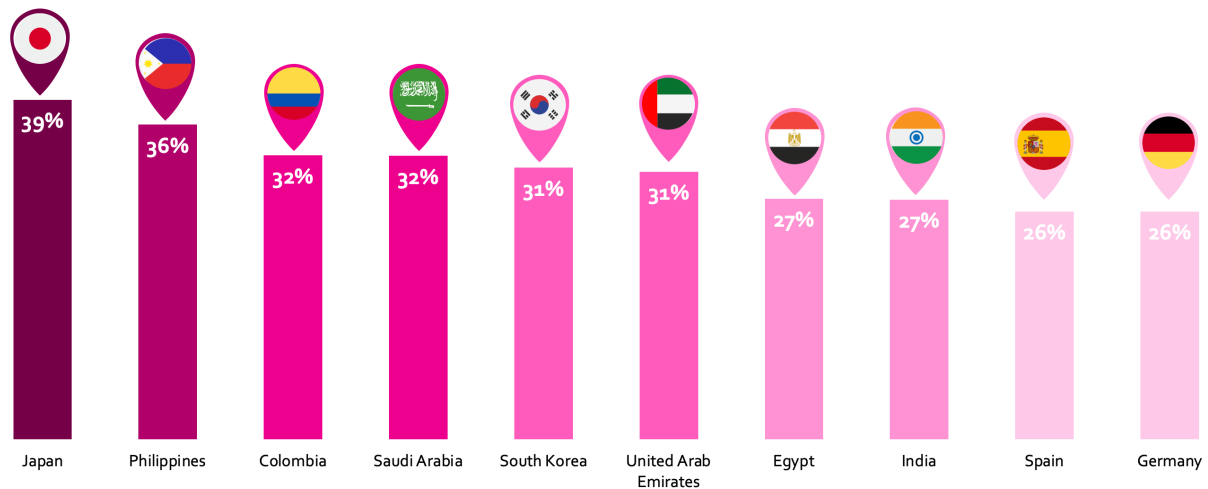
The research highlights gift purchases within key categories

For many shoppers in travel retail cultural gifting traditions play a critical role in their decision to purchase gifts. This is particularly relevant among nationalities with strong gifting cultures, such as certain Asia Pacific and Middle East nationalities. Shoppers from Japan, the Philippines, and Saudi Arabia top the rankings of gift purchasers in travel retail. The research also reveals the key demographics of the main gift shopping segments. Gift shoppers in travel retail tend to be predominantly male (56%) and leisure travellers (74%), with the average age being 40. Middle-aged shoppers are the most common gift shoppers, followed by millennials and seniors.

The most popular categories for gift purchases include Souvenirs & Gifts, Toys, Perfumes, and Confectionery, with seven out of ten purchases in the Souvenirs & Gifts category made for gifting purposes, according to m1nd-set. Just over half (56%) of purchases from the Toys category were for gifting in H1 2024. There is a notable difference between the top two categories for gift purchases and the next, according to m1nd-set. Perfumes rank third, with 29% of purchases made for gifting. Confectionery and Jewelry & Watches share fourth place, with 27% each. Alcohol and Clothing & Accessories follow, with 25% of products in these categories bought as gifts.

While formal gift purchases have declined slightly, informal gift shopping has risen, according to the research, with planned purchases of informal gifts growing from 69% in 2021 to 77% in 2024. Despite the importance of price for many shoppers, price comparison behavior among gift shoppers is lower than that of non-gift shoppers. 55% of gift shoppers compared prices before making a purchase in travel retail, compared to 59% of non-gift shoppers.

TRAVEL RETAIL GIFT BUYERS - TOP 10 NATIONALITIES



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The Top 10 nationalities in travel retail gift buying

The research unveils the importance of the gift shopper to the overall industry performance. Average spend among gift shoppers is higher than shoppers purchasing for other purposes. Gift shoppers spent US\$153 on average compared to US\$132 among non-gift shoppers. Travel retail exclusives tend to attract gift purchasers quite significantly more than the global average, the research reveals.

Gift shoppers are more engaged with both communications touchpoints and sales staff, presenting an opportunity for travel retail operators to increase revenue by refocusing their marketing and sales efforts around the gifting experience.

According to m1nd-set, the higher likelihood of gift shoppers noticing touchpoints, engaging with sales staff, and opting for travel retail exclusives presents a clear opportunity for incremental sales and revenue growth. By focusing on merchandising, packaging, marketing, in-store design, and communications to highlight the numerous gifting occasions, retailers can drive conversion and revive the gift shopping trend in travel retail. The research also recommends that tailored sales training for engaging key nationalities with strong gifting traditions, along with thoughtful merchandising and communication strategies, are critical to reversing the downward trend. Sales associates must not only understand their gift shopping habits of the nationalities with a stronger tendency to purchase gifts in travel retail, according to m1nd-set, but also know how to approach these customers using the right verbal and body language.

Dr. Peter Mohn, CEO & Owner at m1nd-set explained how, given the decline in gift shopping as a primary purpose of purchase, the research indicates the need for a strategic shift in how travel retail stakeholders engage with customers.

“It is crucial to reposition the travel retail environment as the go-to destination for purchasing gifts

while travelling,” he said. “This requires travel retail stakeholders to rethink their approach, ensuring that travellers naturally associate airports, cruises, or inflight shopping with all the key reasons and motivations for buying gifts. This becomes even more critical given the higher spending habits of gift shoppers. There are practical, easily implementable solutions to reverse the declining trend in gift purchases.

“Another important trend the research reveals is the significant shift towards greater self-indulgence. Travel retail stakeholders need to take this change in emphasis in purchase destination into account and capitalize on this trend as well. While it’s important to reposition travel retail as the go-to gift purchase environment, it is also now necessary to ensure category management and marketing appeals to the increasingly dominant self-indulgent shopper,” he concluded.