

# Delhi Duty Free sheds light on India's powerhouse status



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As has long been predicted, India has transformed into a true global powerhouse, and its air travel is no exception. With incredible growth in both tourism and in per capita GDP, the country is one of the fastest-growing markets in aviation and travel retail, preparing to reach more than one billion passengers by 2040.

The political capital of India, with a rich cultural history and a booming economy, Delhi's Indira Gandhi International Airport served just shy of 60 million PAX in 2022, which catapulted the airport into the top-10 ranking of world's busiest, thanks in large part to the return of domestic traffic.

Recently, *Global Travel Retail* magazine connected with Ashish Chopra, Chief Executive Officer at Delhi Duty Free, for an update on the operator and its consumer base. He says the duty free spirits market in the region is expanding at a substantial rate, which he attributes to factors such as an improvement in economic conditions, an increase in disposable income and a shift in consumers' lifestyle.

"Middle-class consumers are the largest contributors to economic development and have the spending capacity to support the growth of the duty free industry in the global market," Chopra says. "Middle-class consumers are also the largest contributors to the growth of international travel. As a

result of this increase in the median income of middle-class households, their spending patterns, mode of travel and demand for premium brands will also increase, which will in turn drive the continued growth of travel retail sales.”

## **Top categories**

Chopra says sales in general and category-specific sales in particular are benefitting from the increasing number of Indian citizens who are well traveled and who fly frequently. The retailer experienced strong passenger recovery in the second half of 2022. Overall, sales were up 45% vs. the first half of the year, with Arrivals sales up +48% and Departures sales up +39%.

The retailer's top three categories during H2 2022 were Spirits (62%), Perfumes and Cosmetics (19%) and Confectionery (8%); in Arrivals, the breakdown was as follows: Spirits (73%), Perfumes and Cosmetics (15%) and Confectionery (10%), in Departures Tobacco replaced Confectionery in the third spot: Spirits (38%), Perfumes and Cosmetics (26%), Tobacco (15%).

## **A new dimension**

While tourism is on the upswing, the cost of travel remains high. Chopra says this has led to the creation of a new dimension at all contact points across the traveler journey: spending on experiences.

“Customers who travel less frequently but for extended durations may place a higher value on experiences over material possessions if they have the opportunity to do so. As this relates to duty free, customers may be more likely to spend money on higher variants, travel retail exclusives, new releases, limited editions and other similar items,” he adds.

Chopra stresses the importance of incorporation of premiumization of the offer as a business move, as it not only attracts high-end shoppers who are prepared to spend more, it also has the potential to improve the retailer's brand image. Chopra stresses to a trio of strategic benefits of premiumization: advantage in the market, increased consumer satisfaction and enhancement of perceived value. In the second half of this year, Delhi Duty Free will introduce a number of new brands, as well as adjustments to shop layouts in order to further improve customer engagement and experience.

While the region is currently transitioning from recovery to growth, Delhi Duty Free and its brand partners continue to face familiar challenges such as ongoing supply chain issues. Chopra lists global shipping disruptions, deficiencies in the availability of basic materials, a lack of available workers and a surge in pricing across all modes of transportation as issues affecting the ability to receive goods. With this in mind, he says, Delhi Duty Free remains proactive and adaptable in its planning in order to preserve consistency and reduce risk.



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