



Voiceback Analytics

Live Project - Duty Free Shops

About Duty Free Shops

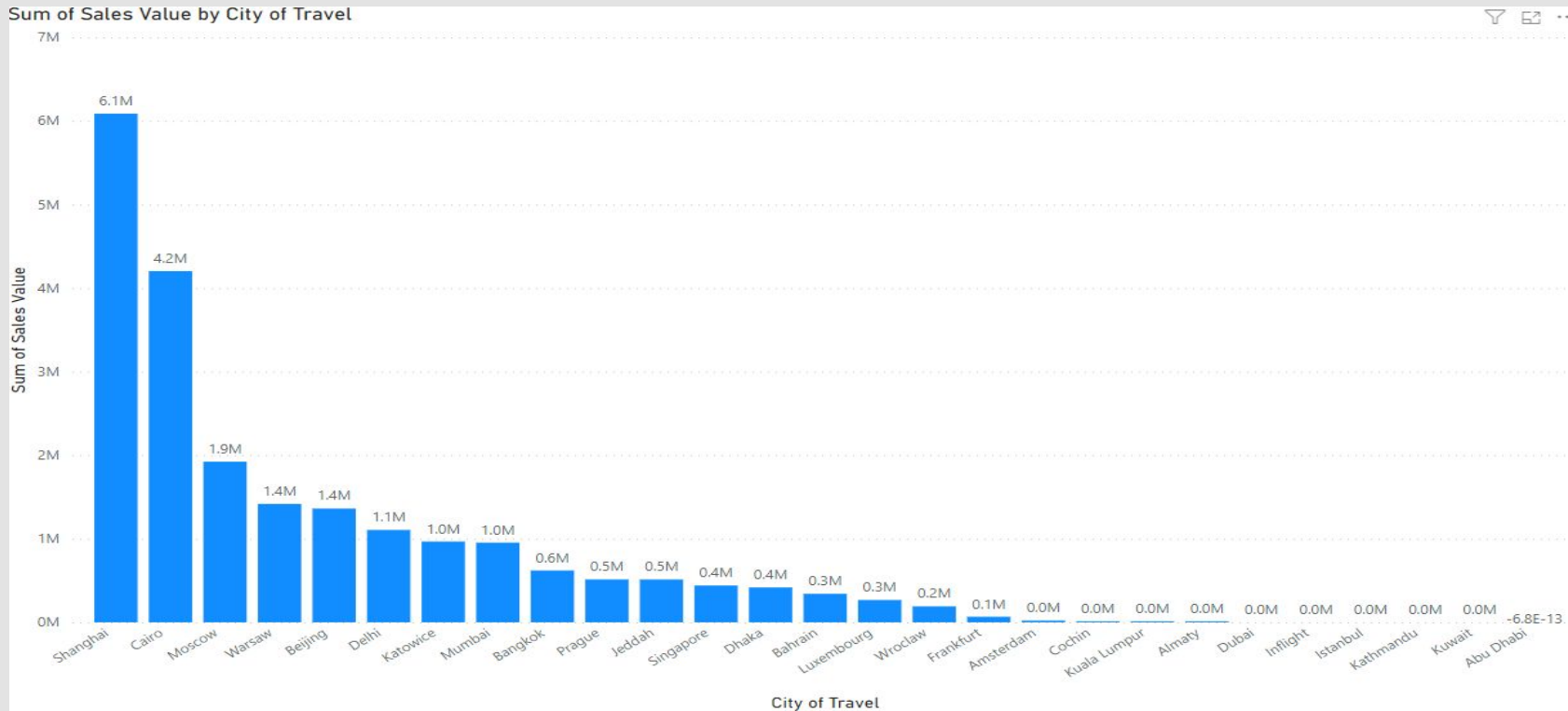
- Retail sectors in airports primarily get their customers from travellers to cater them, which is increasing simultaneously.
- Airports today are not only a platform to catch flights, but also a retail setup with high- end showrooms and outlets to grab the traveller's attention during the waiting time.
- Airport retailers offer a variety of products, including tobacco, alcohol, cosmetics, perfumes, luxury goods, chocolates, confectionary etc.
- International travelers have duty and taxation-free allowances, which impose constraints on the maximum sales to a single customer.
- Airport stores are typically operated by retail companies under fixed-term contracts, ranging from 5 to 15 years, with rental payments based on a percentage of sales.
- Promotions and marketing strategies for airport stores need to be carefully planned to avoid excessive discounts, considering the constraints on customer purchasing limits and the fact that customers primarily travel for reasons other than shopping.

Overview

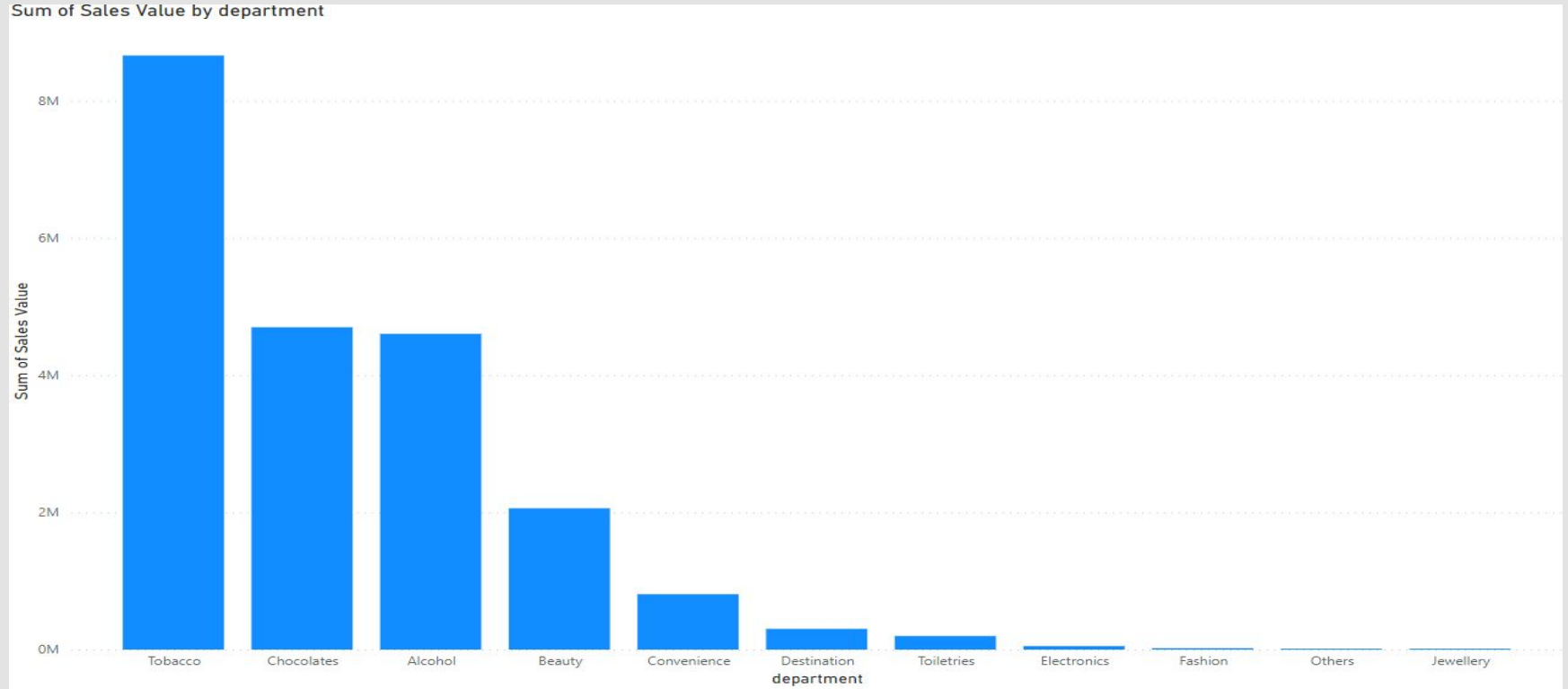


- Duty-free shops sell goods which are exempt from customs duties and taxes.
- These shops are located in airports, seaports, and border crossings.
- The prices of goods in these shops are typically lower from regular stores.
- There are some barriers as you are allowed to bring only a certain amount of goods back to your country.
- Duty free shops in India offer limited goods, as they are only allowed to sell goods not there in the local market.
- India's travel retail market generated \$1.3 billion in this year & expected to grow at CAGR of 20% in 2023-2028.

Sum of Sales by City of Travel



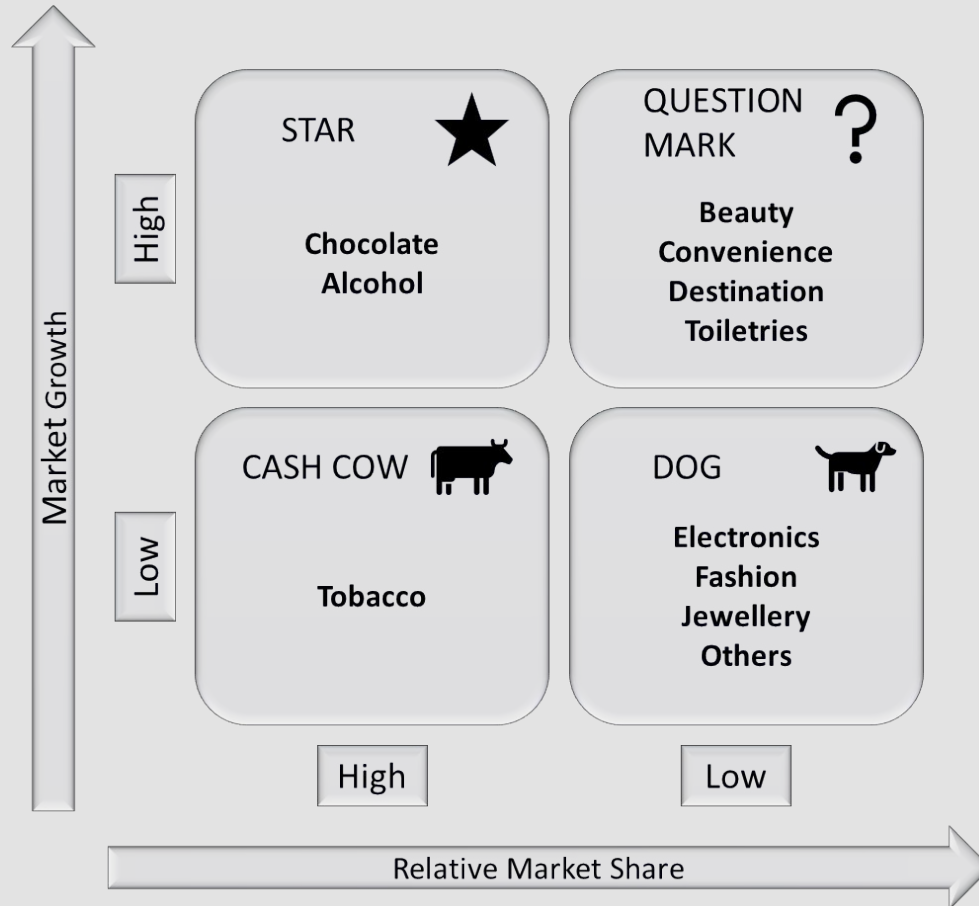
Sum of Sales by Demand



Trends Related to Data

- Travellers from Shanghai recorded the most number of sales 6.1 million followed by Cairo 4.2 million and Moscow 1.9 million respectively.
- Sales by travellers from Cochin, Kuala Lumpur, Almaty, Dubai, Istanbul, Kathmandu, Kuwait were the least as negligible.
- Travellers of Warsaw, Beijing, Delhi, Katowice & Mumbai participated extensively in purchasing goods as their sales reached 1 Million Sales Milestone.
- Tobacco recorded the highest number of sales in all available product followed by Chocolate & Alcohol.
- According to statistic, Tobacco sales were almost two times as high as to the next most demanded product.
- The following statistic demonstrates how closely sales of Chocolate and Alcohol were in comparison, almost equal.
- In contrast, Sales of Jewellery, Fashion, Electronics & others were the least making them least in demand products.

BCG - Growth-Share Matrix / Sales



Conclusion of the BCG Matrix

- After applying the BCG Matrix, Chocolate & Alcohol were clearly the star product in the duty free shops with immense potential to grow further so it requires the most resource and investment. .
- Tobacco without any dispute was the best selling product at the airport generating most sales becoming the cash cow in the Matrix which shows that it's a mature product.
- Sales of Beauty, Convenience, Destination & Toiletries were mediocre compared to others making them end up in the Question Mark, which needs to rethink on as they can end up in dog while they might have the potential to become a star.
- According to the Matrix, sales of Electronics, Fashion, Jewellery & others were the most disappointing in all which made them end up in Dog and they can continue with these or they can end there sale as there demand are negligible.

Recommendation (Strategy)

- The Duty Free shops at the airport could come up with there QR Codes which will be available at the waiting area and security gate, which the travellers can scan and browse their product in the shop while being in luxury at the waiting lounge.
- The Shops could come up with there delivery chain at the airport which can deliver the ordered product to the customer at there check in gate.
- This can first ease the accessibility of these shops making it easy and flexible for the travellers to buy products without even going the shop and staying at there comfort of waiting area.
- If implemented successfully, this will further reduce the burden of keeping a large shop at the airport and paying heavy rent as now they can keep normal midsize shops with reducing there large rent amounts.
- The Duty Free shops can make there dedicated app or website linked to the QR code which will display all the available product in the shop with displaying all the basic rules dedicated to there country of travel. Ex- Alcohol Bottle limit.
- The Same QR Code can be available in the seat pocket of the aircraft of the duty free shops of the destination, as travellers can go through the products during their long travel time and can end up ordering in advance which will be delivered at the airport.

Recommendation

- Some areas where improvement can be made to increase the profitability at airport retail stores:
 - **Pricing:** Airport retailers should prioritize competitive pricing and unique, high-quality products to effectively compete with e-commerce retailers.
 - **Marketing and promotions:** Airport retailers should utilize diverse channels such as advertising, social media, and email marketing to effectively market their stores and promotions to passengers.
 - **Customer service:** Airport retailers need to provide excellent customer service to create a positive shopping experience for passengers, being friendly and helpful, providing accurate information.
 - **Expansion into New segments:** While passengers can be satisfied with the service but they are unhappy with the choice of brands and products, which airports offer which can be taken care by availability of large products & Brands.
 - **Focus on high-margin items:** Airport retailers should focus on selling high-margin items. These items can generate a significant amount of revenue and can help to offset the costs of lower-margin items.
 - **Target the right customers:** Airport retailers need to understand the demographics and psychographics of their target customers. This will help them to select the right products and services to offer & to price them appropriately.
- By addressing these factors, airport retailers can increase profitability and improve the shopping experience for passengers.

References

- <https://www.bizzbuzz.news/eco-buzz/duty-free-to-see-20-cagr-growth-in-the-next-five-years-1217356#:~:text=India's%20travel%20retail%20market%20has,of%20the%20Indian%20retail%20sector.>
- <http://www.dkma.com/blog/?p=232>
- <https://www.trunblocked.com/5-ideas-to-improve-duty-free/>
- <http://www.dkma.com/blog/wp-content/uploads/2016/03/Growing-the-pie-5-steps-to-improve-your-airports-retail-and-FB.pdf>
- And on the data which were provided and running them on Power BI and Excel.