Consumer Behavior and Marketing Strategies in the Duty Free Market.
An Explorative Study on Offer, Customer Service and Atmosphere.

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Abstract

This explorative study strives to investigate the marketing strategies companies apply in the Duty-Free market and whether consumers perceive them accordingly. The theoretical concepts used for this research were: marketing strategies in the Duty Free market and consumer behavior to allow a comparative approach. In addition, three Variables have been considered and explored: the Offer, the Customer Service and the importance of the Atmosphere in consumers’ purchasing behavior. A model was created to connect all the theoretical concepts and contributed to answering the research question. Perspectives of firms and consumers were investigated through interviews and surveys. The Atmosphere, the Offer and the Customer Service were examined as marketing strategy’s variables. The former is relevant in influencing customers’ behavior, the offer of exclusive products meets the needs and expectancies of customers, but the poor customer service degrades the purchasing experience. The marketing strategies of firms need to be shaped according to these conclusions.

Key Words: Duty Free, strategy, customers’ behavior, atmosphere, offer, customer service
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1. Introduction

“Airport retailing has been highlighted as one of the fastest growing niche retail markets, delivering outstanding prospects for growth over the next five years.” (Thompson, 2007: 203)

1.1. Background

The Duty Free market is also commonly called the “tax free market” imposed by government entities. In essence, companies import goods and sell them to consumers who are leaving the country, who are not charged a tax on these items. Duty Free products are found at international airports, ports, cruise ships, border towns, on-board international flights and some downtown stores as well. They offer a great range of products: tobacco and alcohol, cosmetics, fragrances and luxury goods, chocolates and sweets, among others. (World Duty Free)

The travel retail in the airports started from a small area of gifts for tourists going back home, developing into the construction of huge malls within airports. The airport profits are consequently incredibly higher thanks to retailers. The Chart No.1 of Exhibit 1 clearly shows how airports reserved even more space to retailers (Thompson, 2007).

Thompson (2007) presents important reasons for companies to invest in the Duty Free market, mainly because of the changes lastly occurred. The world assisted to the incredible growth and development of the Duty Free market thanks to external factors such as population growth, emerging markets economy’s growth, globalization process.

Air travel is the main form of income for airports and it is expected to keep growing exponentially in the future such as the money spent in airports by people, and specifically by population from emerging markets such as India, China, Brazil and Russia, where the medium and upper classes are growing and started to travel even more (Thompson, 2007; Euromonitor International, 2005).

In the chart No. 2 of Exhibit 1, there is a clear evidence of the fact that people from Africa and Asia are now reaching Europe more and more whereas European passengers are travelling easily to Asia and Russia. What helps the traffic growth is not only the higher income of emerging economies’ population, but also low-cost carriers in domestic markets.

Many companies have started to look at the Duty Free market as an opportunity for success and relative expansion of their business: this phenomenon is particularly appealing in the fashion industry (Euromonitor International, 2005). For instance, it is interesting to look at how sales of fashion and luxury goods sky-rocketed during the years 2000-2005 (See Exhibit 2 Chart No.1) and its growth during the time period 2002-2012 (Chart No.2). (Euromonitor International, 2005)
Studies have been carried out to explore the mechanisms behind marketing strategies of companies in the Duty Free industries (Corvi & Bonera, 2006) and the strategic consequences of the expansion of commercial activities in airport areas (Freathy & O’Connel, 1999; Ambler, 1992). Efforts on this issue also focus on consumer behavior perspectives (Rowley & Slack, 1999; Crawford & Melewar, 2003; Geuens et al., 2003) with special attention given to impulse purchasing and waiting areas experience. The peculiarity of the airport atmosphere as a factor affecting the purchasing behavior of consumers showed interesting results which might be helpful for companies’ strategy (Crawford & Melewar, 2003; Geuens et al., 2003; Rowley & Slack, 1999).

Very scarce contributions have been made by authors concerning the offer (Chevalier & Gutsatz, 2012) and the customer service in these areas (Doganis, 1992; Transportation Research Board, 2010).

Despite its relevance, literature on the Duty Free market is still limited and some gaps are still to be filled: for instance, whether and how offer, service and atmosphere are communicated by companies and how these are perceived by customers. Academics and experts carried out studies mainly on consumer behavior, the role of the atmosphere, the purchasing behavior of customers and the commercialization of airports. Each topic considers only one viewpoint, either companies/airports or customers. Therefore, the aim of the paper is to portray a comparative study in which the perspectives of customers and companies are considered. To present a comparison on the topic might also have relevant managerial implications, meaning understanding whether the message companies deliver to customers is in line with the customers’ perception. This might help companies to find gaps in their planned marketing strategy and better meet customers’ expectations. The purpose of this paper is to investigate the expectations and perception Duty Free customers have on three factors: Offer, Customer Service and Atmosphere. The perceptions will be compared with the marketing strategy adopted by Italian fashion companies in the Duty Free market, in order to detect potential gaps and eventually, business opportunities for firms.

1.2. Problem Statement

The study concentrates on some specific marketing approaches of fashion companies in the Duty Free segment: Italian fashion firms producing, distributing and selling apparel and accessories, in the luxury and middle market segment have been considered for the research.

The growth that the fashion sector experienced in the last decade in Duty Free made it one of the most successful industries in airports and one of those that increased revenues the most (Euromonitor International, 2005). Furthermore, the fashion industry has always occupied a great position among the Italian industry sectors, with excellent international recognition and notoriety
(Sistema Moda Italia, 2012). The fashion industry in Italy records significant results at every level of the value chain. The production is prevalently organized in small-medium enterprises operating into market niches. The luxury segment is represented by multinational companies, vertically integrated also on a distributive level. Know-how and widespread knowledge are considered the main asset determining Italian quality and excellence in the fashion industry (Sistema Moda Italia, 2012). Economic data of the fashion industry can be seen in Exhibit 2, Chart No.3. For the economic relevance of the fashion sector in Italy, the study will target the Italian fashion category with a presence in airport Duty Free areas.

Airports have been considered the main place to explore during the course of this research as every country in the world has an airport (CIA World Factbook).

A consequence of the non-aviation activities growth is the risen of customers’ and airport management’s expectations towards Duty Free shops. In particular, this concerns the creation of an efficient layout optimizing the orientation of customers in pre-boarding areas. This efficient routing contributes to create a relaxed atmosphere and increases the probability of purchases (Warschun & Stolze, 2011). A qualitative and unique offer emerges to be another necessary factor for travel retailers, linked to an attentive customer service aiming at providing a superior purchasing experience for passengers (Warschun & Stolze, 2011; Doganis, 1992). Offer, Customer Service and Atmosphere are the factors explored in this study. Previous studies have analyzed them separately, stating the importance they cover in the Duty Free market. The factors are significant when considering customers’ expectations (Warschun & Stolze, 2011) and companies’ marketing strategy in Duty Free (Crawford and Melewar, 2003; Rowley & Slack, 1999; Chevalier & Gutsatz, 2012; Doganis, 1992)

For the relevance each factor had singularly on previous studies, the perception of customers concerning atmosphere, offer and customer service will be investigated, in order to understand whether it is in line with the message and the purpose companies want to communicate. This will be realized by analyzing and comparing the results of interviews to fashion firms and suppliers with a survey submitted to potential customers.

The paper will undertake the investigation and the answer to the following question:

*Do consumers perceive offer, customer service and atmosphere in the same way as it is communicated by companies?*
1.3. Outline

The literature section presents the concept of marketing strategy, examining the firms’ viewpoint. Since this paper is a comparative study comparing companies’ strategies and consumers’ expectations, consumer behavior will be discussed. Afterwards the three variables offer, customer service and atmosphere will be focused on. The 4Ps marketing mix (Kotler et al., 1999) are identified as the offer variable: every element of the theory will be applied to the Duty Free market. The importance of a superior customer service (Amjad A. Abu-ELSamen et al., 2011) and the role played by the atmosphere in the Duty Free areas (Freathy & O’Connel, 1999; Rowley & Slack, 1999) will be presented. In order to connect the elements of the theory and present their correlation, a study model is portrayed in a respective section. The process of data collection is deepened by introducing relevant data of the Duty Free market and explaining the interviews and surveys conducted. The next section will show the results of the interviews and the survey and portray the results analysis. Conclusions, managerial implications and suggestions for future researches will be elaborated.

2. Literature Review

The section presents a critical review of the literature concerning the marketing strategies used in Duty Free areas. This theoretical concept will converge in the critical review of the three main concepts the research study will focus on: the offer (considered as the marketing mix applied by companies), the customer service and the atmosphere. This is followed by an elaboration of the customer behavior. All the topics explained have been applied to the Duty Free market. Each concept is considered on the perspective of companies and customers.

2.1. The Strategy in the Duty Free Market

Every company aiming at being competitive in the market needs to go through the process of strategy planning. (Porter, 1980)

Michael Porter defined competitive strategy as: “Competitive strategy is about being different. It means choosing to perform activities differently or to perform different activities than rivals in order to deliver a unique mix of value.” (Porter, 2008:43)

Kotler et al. (1999) state the importance of strategic planning for a company as resulting in sharpened objectives, an organized coordination and well performed activities. A structured plan does not prevent to be proactive to possible external changes but rather to be prepared and organized (Kotler et al., 1999).
Customers’ satisfaction plays a central role and it is identified with the company’s managerial aim, the customers’ value creation. No strategy can be successful if customer satisfaction is not at their core aim. On the other hand, firms need to balance stakeholders’ expectations and company’s resources. (Corvi & Bonera, 2006)

As previously stated, commercial and non-aviation activities started to develop in the last few decades in the airport areas in order to gather other sources of income and provide different services to passengers travelling (Freathy & O’Connel, 1999). Since the management of different businesses in the catchment areas¹ of the airports is under control of airport operators, a collaborative approach among travel retailers, Duty-Free shops and airport operators is essential (Corvi & Bonera, 2006).

Companies which have established their presence in the Duty Free areas enjoy a number of relevant competitive advantages: in airports, the daily flow of individuals travelling is characterized by passengers with a high tendency towards impulse purchasing (Corvi & Bonera, 2006). The propensity to purchase depends also on the waiting times before the boarding process (Crawford & Melewar, 2003). In order to exploit these favorable attitudes and potential purchasing behaviors, companies need to examine their marketing strategies and develop specific customer segments. Indeed, some airports decided to establish targeted offer on specific terminals or hubs depending on the presence of passengers with different origins and level of income (Freathy & O’Connel, 1999). Moreover, the license of terminal spaces for advertising and promotion represents a strategy some companies already employ (Corvi & Bonera, 2006).

It is important to highlight that only after defining the business strategy of the airport, is it possible to detect the demand segments which the offer is oriented to: thereafter, the implementation of a offer which needs to be coherent with the company purposes and able to enhance the level of customer satisfaction is needed (Corvi & Bonera, 2006). The collaboration with airports is essential: every Duty Free shop needs to collaborate and inform the airport operator about every marketing initiative in order to have a broader effect on the targeted customers (Freathy & O’Connel, 1999).

Different definitions have been attributed to consumers in this particular industry. According to Ambler (1992), “international travelers share important characteristics across nationalities. They thus form a definable segment” (Ambler, 1992: 57). People moving in airports as general passengers share the experience of travelling: at the same time, the reasons behind their travels are different. Therefore purchasing motivations and impulses might be different. It is also worth highlighting that companies in the Duty Free cannot consider all passengers as a “definable segment” (Ambler, 1992: 57) since they come from different countries, with their own culture,

¹ The number of people living within an area in which people have approximately two hours of transport by bus, car or train to an airport. The size of the catchment area is of great importance to an airline’s choice of routes and thus of airports. (Copenhagen Airports . Airport Terminology)
traditions and habits. This aspect needs to be considered in the Duty Free, presenting a wider or different range of products that might satisfy different kind of people (Corvi & Bonera, 2006).

The article of Crawford & Melewar (2003), defines consumers in the airport atmosphere as “transumers” (Crawford & Melewar, 2003: 86), to indicate their moving behavior.

The heterogeneity of people transiting in an airport is high in comparison with downtown shopping malls; therefore attitudes, profiles and needs of potential customers are not uniform, but rather varying on the basis of the demand segment. In order to create a business plan, it is necessary to understand the development potentials and the distinctive features of the different customers’ segments. In other words, demand segmentation is required (Corvi & Bonera, 2006).

For instance, BAA (British Airport Authority) classified passengers of British airports identifying four main clusters of passengers, according to their distinctive behaviors (Maiden, 2000). See Exhibit 3, Chart No.1.

According to Corvi & Bonera (2006) other factors influence the purchasing behavior of customers, such as the nationality: people coming from high taxation countries will be more likely to spend their money in Duty-Free shops.

Concerning the service, it is absolutely vital to properly select personnel since they are the people that assist travellers before, during and after the purchase (Amjad A. Abu-ELSamen et al., 2011). In the fashion industry, it is even more important to satisfy customer desires while also assuring them that they are buying the trendiest products (Euromonitor International, 2006).

In order to create a balanced strategic planning in the Duty Free area, a company need therefore to consider different variables to be competitive on the ever changing market: customer characteristics which affect the most their purchasing behavior, the creation of a proper atmosphere, also through a collaborative dialogue with the airport and a targeted offer in order to be able to satisfy the right category of passengers with a proper combination of products features (Corvi & Bonera, 2006). The proper customer service as well is extremely necessary to complete the offer to travelers (Doganis, 1992).

2.2. Offer, Customer Service and Atmosphere in the Duty Free Market

The following sections are a review with the main contributions on offer, customer service and atmosphere and their application to the Duty Free market.

2.2.1. The Offer as Marketing Mix Variable

The first variable considered is the offer: since its definition comprises several elements, such as the product, the advertising and the promotion, the best way to portray the concept of offer is to present
some selected components of the marketing mix. This is therefore identified with the offer of companies (Kotler et al., 1999).

According to the traditional view “marketing mix is defined as the set of controllable tactical marketing tools that the firm blends to produce the response it wants in the target market. The marketing mix consists of everything the firm can do to influence the demand for its product.” (Kotler et al., 1999:109)

The marketing mix concept plays a central role in companies’ marketing strategy, since companies can play on arranging and organizing the variables of the mix in order to obtain the best combination and positively affect customers in their purchasing behavior (Kotler et al., 1999).

In order to move towards a deliberate and balanced strategy, companies need to consider some important elements, namely the 4Ps, components of the marketing mix. This is an acronym to indicate “Product”, “Promotion”, “Price”, “Place” (Kotler et al., 1999). Kotler et al. (1999) point out that the 4Ps are variables seen from the seller point of view but it is important to consider also the consumers viewpoint as the 4Cs:

<table>
<thead>
<tr>
<th>4Ps</th>
<th>4Cs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product</td>
<td>Customer needs and wants</td>
</tr>
<tr>
<td>Price</td>
<td>Cost to the customer</td>
</tr>
<tr>
<td>Place</td>
<td>Convenience</td>
</tr>
<tr>
<td>Promotion</td>
<td>Communication</td>
</tr>
</tbody>
</table>

(Kotler et al., 1999:111)

After a deep analysis of the components of the marketing mix and after an inductive approach analyzing the results of the study method, the authors of this paper decided to select for the study only three components: product, price and promotion. These emerged to be the most important within the investigation study.

**Product** represents the good that a company sells to customers to satisfy their need (Kotler et al., 1999). The Duty-Free industry is becoming ever more appealing for companies willing to expand their business in an exclusive atmosphere. For this reason many firms deal with products only in this channel or present special editions exclusively in Duty Free areas worldwide, in particular in the fashion industry (Ambler, 1992). An example of exclusive launches to enhance the passengers experience and satisfy consumers’ desires: “Christian Dior has launched a fragrance exclusively through the duty free channel every year since 2000. According to the LVMH luxury brand, up to half of sales of certain exclusive lines can come from Asia-Pacific despite the region representing just 16% of its global women's fragrance sales.” (Euromonitor International, 2006: 1)
**Price** is what customers pay to purchase the product and precisely, the value that customers exchange in order to have benefits in using the product or service (Kotler et al., 1999).

From a business to business point of view, retailers in the Duty Free and travel retail market normally use the following benchmark for terms: their Profit Margin must be 65%. A 60% margin price sheet would also be useful so that the 65% margin offer should only be made if the 60% margin has been rejected. Therefore, 65% represents the gross margin of the retailer. Companies usually look closely at the true cost price of all the items in the core range and ensure that even with a 65% margin, free shipping and 60 days payment delay they can still make a profit on each product. According to Ambler (1992), retailers have to appeal consumers with more than lower prices due to tax free offering, but with customized products and exclusive proposals. Indeed, home delivery and online markets are the strongest industries competing on prices with the Duty Free market. From the customers’ viewpoint, a lower price is a great incentive to purchase and the most affecting motivating aspect (Crawford & Melewar, 2003).

**Promotion** gathers all the activities of the company aiming at communicating the characteristics and the benefits of a product to potential customers and inducing them to purchase (Kotler et al., 1999). As promotion, it is meant also the advertising such as editorials and magazines (Kotler, 1999). Promotions are held throughout the year in stores and need to be considered as part of the cost of doing business in Duty-Free worldwide. Marketing messages in the travel retail play a relevant role since they contribute to create a familiar and more ensuring atmosphere for passengers.

### 2.2.2. Customer Service leading to Customer Satisfaction

“Customer service is a series of activities designed to enhance the level of customer satisfaction— that is, the feeling that a product or service has met the customer expectation” (Turban et al., 2002: 87).

A good customer service can also be the differentiating component for retailers aiming to have the competitive advantage towards competitors: this also represents an important variable of the marketing strategy of a company in the Duty Free market (Transportation Research Board, 2010). The role of customer service in the differentiation process is relevant since many customers nowadays perceive several variables of the strategy as standardized and similar to the competitors. Employing a superior service is also an approach aiming at differentiating the stores with on-line shops competing on a price level (Transportation Research Board, 2010). The skills of employees are essential to attract and retain customers: a successful service encounter and interaction process occur only through the organization of workers (Amjad A. Abu-ELSamen et

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2 Elizabeth Woodland, Travel Retail Consultant. Interview on April, 15th.
The service encounter is defined as “a period of time during which a customer directly interacts with a service” (Shostack, 1985, p. 243). Eiglier & Lingeard (1987) identified some components necessary to the delivery of the service encounter: the environment where the service occurs, the service personnel delivering the service and the customers who receives and assess the service encounter. In the Duty Free market, where the shops’ visit is rather occasional, the customer service can be a great strategic tool to appeal customers and enhance the level of satisfaction in the purchasing processes (Transportation Research Board, 2010). Several authors (Lovelock, 1984; Bateson, 1989; Bitner, 1990; Teare et al., 1990) stated the importance of this element as a determinant of customer satisfaction.

A good customer service, with high quality and skilled employees, with the task of helping the customers in the various phases of the purchasing process by providing useful and worthy information, suggesting and being available during the pre- and post-purchase phases becomes the essential variable to reach the competitive advantage. This competitive advantage is represented by the level of customer satisfaction and loyalty; therefore, the customer should be willing to share information about his/her desires (Turban et al., 2002).

Since the perception of the purchase and post-purchase moments are determinant affecting a future consumer behavior, customer service acquires significance not only in the place of purchase but also after the shopping itself (Kotler et al., 1999). Customer service can be considered as relationship marketing being service, relationship and dialogue between the company and its customers. Thus, in this case people and processes can be added in the marketing mix for a good delivery of customer service. Indeed, processes represent the activities aiming at creating and delivering qualitative goods and services to customers while people are essential for performing a good service experienced by customers. To deliver customer service means considering these two important elements in the marketing mix as well (Meldrum & McDonald 1995: 23).

See Exhibit 4, Chart No.1.

### 2.2.3. The Atmosphere in a Transitory Place

“... elements of a firm's environment can be used to establish or reinforce an image, reposition the firm's customer perceptions, or influence customer satisfaction or dissatisfaction with the service they receive.” (Booms & Bitner, 1982: 5)

The consumer becomes the central component companies should look at when outlining a marketing approach in the Duty Free market: there are several environmental stimuli affecting the consumers’ purchasing decision. The perception of the airport’s atmosphere is one of the main factors influencing the motivation of customers (Rowley & Slack, 1999).
Before relaxing and maximizing the Duty Free shopping experience, stressed passengers want to complete the boarding and controlling points. “Walkthrough” (Bamberger et al., 2009: 7) has been conceived as a path to guide passengers from the airport entrance to the gate: right after the boarding or the security checks, passengers find the shopping area (Bamberger et al., 2009).

In order to take full advantage of sales in airport shopping, nowadays, it is important to grant passengers the opportunity to relax, giving them new time and space dimension and a new meaning to the time spent in the shopping areas (Rowley & Slack, 1999).

Rowley & Slack (1999) mention the concepts of “timelessness” and “placelessness” (Rowley & Slack, 1999: 363) to explain the atmosphere passengers should find in the airport: the transitory place and the different time zones suffered by people travelling change the perception of the atmosphere and consequently, the meaning and the behavior of potential customers. In order to contrast the typical stark atmosphere of airports, to capture the attention of passengers and to thrill them on an emotive perspective, “visual merchandising” is the method utilized, positioning the product as to tell a story (Euromonitor International, 2005).

The study of the authors (Rowley & Slack, 1999) suggests a higher willingness to purchase in a low load atmosphere, namely, a space with a limited amount of information, clear, simple and effective: this indeed, would influence the mood or state of mind of people waiting for their flight. In this case the collaboration among airports, retail managers and security employees is really important.

Considering the different composition of passengers, Heathrow airport’s terminals have been analyzed (Freathy & O’Connel, 1999): the higher number of business men at Terminal 1 determined a higher concentration of quality retailers, while in the Terminal 2, where the flow of European passengers is relatively high, the sale of English goods is central. Terminal 3 and 4, with passengers with a higher level of disposable annual income, have a propensity to offer branded goods and established retailers (Freathy & O’Connel, 1999).

In Duty Free shops, the perception of customers is particularly influenced by the atmosphere of the airport and stores. In order to appeal customers and make them purchase, companies in Duty Free and airports collaborate to create the best atmosphere and experience for passengers (Corvi & Bonera, 2006). One of these approaches is called “ambient marketing”, a non conventional marketing approach employing the atmosphere and the environment as elements to meet, express and communicate a promotional campaign. The idea is to appeal customers and attract them, playing on perceptions in an unusual environment, since the campaign should surprise customers bringing them to a multi-sensorial experience and to the impulse purchasing (Derval, 2007).

An example is the Beirut Duty Free, which in 2011 organized a marketing campaign with the aim of engaging passengers and a global audience: the retail event was called “Take Back More” (Aer
Rianta International) and involved passengers. It encourages them to take back home a gift or a product from Duty Free shops of the airport. A Flash Mob dance enhanced the experience of the campaign involving people in a dance in the airport areas. The purpose of the event was to transfer to passengers and customers a great memory and experience of Lebanon and attract them in the stores of the Duty Free areas (Aer Rianta International, 2011). The Exhibit 4, Image No.2 shows some flyers of the campaign.

This example can be linked with the “service environment” investigated by Rowley & Slack (1999): this is defined as the environment created by retailers and airports together. This particular atmosphere is portrayed to attract and entertain passengers in pre boarding areas and is considered as a special travel experience for customers and as enhancing the experience of the country where the airport is located (Rowley & Slack, 1999).

2.3. The Consumer Behavior in Companies’ Strategy

“Consumer behavior involves the thoughts and feelings people experience and the actions they perform in consumption processes” (Peter & Olson, 2008: 5)

Peter and Olson (2008: 6-9) state the importance consumer behavior covers in the market and the attention marketers should pay on its dynamics changing constantly. By detecting the factors that influence thoughts, actions and feelings, it will be helpful understanding consumers’ behavior.

“The central question for marketers is: how do consumers respond to various marketing stimuli that the company might use? The company that really understands how consumers will respond to different product features, prices and advertising appeals has a great advantage over its competitors.” (Kotler et al., 1999: 229)

Therefore, firms started to investigate the relationship between marketing stimuli and consumer response. The stimulus-responses model of customer behavior (Kotler et al., 1999) has been developed (See Exhibit 5, Chart No.1).

The model shows how marketing and other stimuli affect and enter in the customers’ black box, which generates some responses. The role of companies is to detect the elements of the black box in order to react with the proper strategy for its clients and potential customers. The marketing stimuli comprise the components of the traditional marketing mix and other environmental stimuli: they influence therefore the components of the black box and emerge in buyers’ responses and purchasing decisions. The black box also contains two sections: the buyer characteristics affect his/her own perception and reaction to the stimuli coming from the environment and from companies marketing approaches. Secondly, the decision processes affect his/her behavior (Kotler et al., 1999). However, consumers’ decision is also affected by a great number of factors which
might be external or internal, such as culture, social class, family, status, age, occupation, lifestyle, personality, learning, beliefs, attitudes, motivation and perception.

Previous sections showed how the layout and atmosphere of the Duty Free areas (Bamberger et al., 2009; Rowley & Slack, 1999) contributes to affect the perception of passengers and their purchasing impulse. It also emerged that other stimuli are represented by the components of the offer, such as product, price and promotion (Kotler, 1999). In addition, a good customer service contributes to enhance the perception of the purchasing experience in the Duty Free area (Turban et al., 2002).

2.4. Theory Model

In order to answer the research questions a theory model will be followed, considering the perspectives of companies and customers.

Consumer behavior and purchasing behavior are affected by some stimuli coming from the external environment and from a combination of variables, namely the marketing mix. (Kotler et al., 1999)

Companies need therefore to be proactive in suggest the proper combination of variables of the marketing mix, and a good customer service, if they want to maintain a competitive advantage. Reviewing the theory, it emerged that some factors have a stronger impact on the decision of buyers to purchase in the Duty Free market, in particular, the offer, the customer service and the atmosphere. These variables need to be considered in order to answer the research question and to understand the perception customers have about the three factors: offer, customer service and atmosphere.

Companies need to plan and apply a marketing strategy in Duty Free stores in order to be competitive, strategically prepared to environmental dynamism and, obviously, to better attract customers. The second filter involves the characteristics of people, which make them interpret the inputs given by the strategic variables above described in different ways. Customers’ interpretation of what is being communicated by companies might or might not correspond to the firm’s intentions. This filter affects the perception of customers with either positive or negative associations, their motivation to purchase or their purchasing behavior.
3. Research Method

The present study started considering the peculiarity of the Duty Free industry and questions the authors of this paper had on the topic. After an analysis of the according literature and the importance given to specific concepts and phenomena of the Duty Free industry, the research began to narrow down. A focus on the topics of Offer, Customer Service and Atmosphere has been conducted. These concepts are all applied to the Duty Free market. The fashion industry has been considered for its outstanding results of the last few years in the market (Euromonitor International, 2005). A survey has been submitted to international customers and interviews have been conducted to five Italian fashion companies and one travel retail consultant working in the fashion Duty Free sector.

3.1. Research Approach

In this exploratory research study, a qualitative approach has been utilized. The qualitative methodology has been chosen in order to collect behavioral information from customers and companies: in this way, the research study deepened and a major value and validity to the findings will be guaranteed.

In order to outline and create the questionnaire and the interviews addressed to companies and customers, a deductive approach has been adopted starting from the existing theory to outline the research question, the model and a relevant and valid methodology.

This is the most appropriate approach for the study, firstly because of the scarcity of literature about the Duty Free market and secondly for a matter of time.
3.2. Gathering of Data

The type of data collected in this research study comprises primary and secondary ones. Primary data represents new type of information collected for the specific purpose of the present research study; secondary data consists on data previously collected for other purposes, such as raw information, data or published articles. (Saunders et al., 2009)

Primary data consists on a survey submitted to international customers and interviews carried out to five Italian fashion companies and one travel retail consultant. Instead, the collection of secondary data has occurred through the selection of relevant information concerning the Duty Free market. To give a general framework, secondary data will come first.

3.3. Secondary Data: Relevant Duty Free Figures

The data presented in the following section are taken from secondary sources, namely from books, works, academic papers and reports found in internet platform and different libraries.

The Duty Free market needs to be introduced as a huge pool of opportunities threatened by common risks. What is certainly true is that there are a few clear reasons to enter the Duty Free market: visibility, marketing test and low risk. In terms of visibility, fashion products that are intended to be launched on the market gain massive publicity in the shops of the airports around the world, since many people pass by the shop windows on a daily basis. Concerning the marketing and the productive point of view, once the items are positioned in a few corners in the airports, it is easier and quicker to point out the next “best sellers” or “off production” products (Modina, 2012).

Lastly, the risk is absolutely lower than any other internationalization strategy, since the payment is usually advanced or guaranteed by some sort of percentages to protect the production\(^3\). In chart No.1 of Exhibit 6, specific opportunities and threats of the market are shown, as well as key drivers (Chart No.2 Exhibit 6). Referring to the latter, it is useful to specify what is meant for *drivers* with some examples. As social changes, it is mainly intended the increase in emerging markets’ populations and the wider consumer variety due to cultural and economical aspects. From a technological point of view, advances in aviation lead to better and bigger aircrafts and lower fares; safety issues make people go earlier to the airports and, consequently, the check- in online allows them to save time and shop longer (Euromonitor International, 2006).

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\(^3\) Elizabeth Woodland , Travel Retail Consultant. Interview on April, 15\(^{th}\)
3.4. Primary Data: the Sample
3.4.1. Selection of the Interview’s Sample

Structured interviews have been carried out to Italian fashion companies which are present in the Duty Free industry, are planning to enter it or were in it some years ago. It was necessary to employ such a qualitative methodology to deepen the motivations behind firms’ decisions and benefits they gather from this experience. To see the interviews’ structure and questions, refer to Exhibit 7.

The interviews to the companies aim at, firstly, understanding which marketing strategies are applied in the Duty Free and secondly, whether the message they intend to deliver to customers through the offer, the customer service and the atmosphere is perceived in the same way by their clients. Companies have been contacted via e-mail or telephone, some of them thanks to contacts acquired personally, some just on the official websites: some constraints occurred in obtaining the firms’ contacts, especially due to privacy policies which limited the amount of companies willing to share their information. It can be argued that the choice of submitting the survey to international customers and the interview only to Italian fashion companies is not coherent. Although the companies interviewed are Italian, they are present internationally in the Duty Free market (not only in the Italian one), therefore the customer portfolio and potential customers among passengers are international. This represents the choice concerning the methodology applied.

The interviews have been carried out to five fashion companies, related to the Duty Free market: Stefanel, I Santi, La Camiceria Italiana and two companies ready to enter it, To Be G (by Guccio Gucci), Marcorossi Srl and a travel retail consultant. These are fashion companies offering different kind of products and a different range of price levels. Therefore, the results comprise a wider assortment of categories.

Stefanel is in operation since 1982 in the Italian fashion industry and, nowadays, it is present on a national and international level. The property and development manager, Luca Pedrazzoli, has been interviewed to understand the role of the company in the Duty Free market. Since 1947, I Santi has been an outstanding brand of leather products: style and quality reached soon international markets; the first activities in the Duty Free market date back to 1973, with the opening of the first shop in Linate airport in Milan. Massimo Santi, the CEO answered the questions about their Duty Free presence and strategy.

La Camiceria Italiana is a company offering its “made in Italy” products for over twenty years: the company provides male clothing such as shirts, ties, knitwear and handcrafted accessories to the market. Since 2008 they are present in the Duty Free areas of airports. Andrea Lombardo, the
sales manager and franchising developer of the company has been interviewed by the researchers. To Be G is an Italian company situated in Florence since 2008 and offers exclusive products, including bags, shoes and luxury accessories. The company is currently trying to enter the Duty Free market. The general director of To Be G, Francesco Diaco, also agreed to be interviewed: his experience at famous brands such as Gucci, Fendi and DMD has allowed him to experience and practice every aspect of the Duty Free areas which also made him highly desirable as an interviewee.

Marco Rossi, the CEO of the Marcorossi Srl, responsible for foreign markets’ operations, was also interviewed. Since three generations the group has been producing and selling luxury bags and accessories in Italy and abroad. Marcorossi Srl is trying to impose its presence in international Duty Free areas with a new brand even though the company has been working in this market for a very long time in the 1990s.

Elizabeth Woodland, the travel retail consultant who answered the authors questions, negotiates with buyers and companies interested for the spaces to rent in the Duty Free areas: therefore, it has been suitable to gather also the point of view of a person with a great experience and knowledge of all Duty Free dynamics.

3.4.2. Selection of the Survey’s Sample

The sample with a size of 176 people can be considered representative, mainly because it has been submitted to persons coming from every part of the world. The questionnaire has been completed by people coming from 32 different countries (See Exhibit 9, Chart No.1).

The survey has been submitted to a number of general customers coming from different continents of the world and therefore belonging to different cultures: this study method is useful to identify the perception of customers on the three factors (offer, customer service and atmosphere) and whether the Duty Free market is appealing for them. It is significant in the identification of some major tendencies concerning purchasing behavior and customers’ perception.

The reason behind the decision of submitting a survey was that it appeared to be the most appropriate: through closed questions it was easy to identify who were the respondents and their importance (heavy Duty Free shoppers for instance). The only demographical information concerns age bracket, occupation and country of origin: these factors might be helpful indicators of the approximate level of income and therefore of the willingness to purchase. Furthermore, through open questions it was easy to gather ideas and perceptions of the passengers concerning the Duty Free shopping.

Given the limited time frame, the questionnaire was distributed online, through social networks,
and also via e-mail to avoid a too high concentration of young people among the respondents (See Exhibit 9, Chart No. 2).

The selection of the people surveyed has been based on two basic criteria: in order to observe the customer behavior in the international Duty Free atmosphere it was important to include persons who had flown at least once in their life and who experienced the Duty Free shopping.

The questionnaire consists mainly on behavioral questions with the aim of understanding the attitude of consumers within the airport atmosphere and the way they shop. Fixed alternatives facilitated the respondents to pick a specific answer and increased comparability (Exhibit 8).

3.4. Operationalization

The operationalization process helps explaining the questions asked in surveys and interviews and gives validity to all of them.

3.4.1. Interviews’ Operationalization

Marketing information strategy are pursued with a particular attention on differentiating the approach applied in city shops and in travel retails: as showed in the theoretical section, the strategy in the Duty Free market needs to be planned considering the different components of the airport environment to city malls. The significance of the customers and its segmentation is central in elaborating the strategy as well as the collaboration with the airports’ operators for strategic actions (Corvi & Bonera, 2006).

In order to grasp how companies perceive this market, the same question submitted to customers has been asked to firms, obviously considering another point of view: this is related to the perception of the airport atmosphere and its capacity of influencing purchasing behaviors. Indeed, as presented in the theory, structuring the atmosphere and disposition of the stores, the products and the ambiences in the Duty Free areas is relevant to catch the attention and appeal customers (Bamberger et al., 2009). The answers allow understanding whether companies reckoned important the atmosphere variable and how it is potentially exploited.

The offer variable is investigated under components of the marketing mix (Kotler et al., 1999), such as the advertising and the product. Through these questions it is important to detect a possible different approach concerning the offer in the Duty Free than in city malls or stores and the characteristics of the differentiation.

In the same way, the customer service need to be investigate to understand how important it is for companies to differentiate themselves from competitors through a superior customer service (Amjad A. Abu-ELSamen, et al., 2011). Related to it is the question of loyalty, since as stated in
the theory, a good customer service can bring to customer satisfaction and eventually and potentially to a loyal relationship between the company and the customers (Turban et al., 2002). Every factor, offer, customer service and atmosphere, has been pursued during the interviews, in order to have a clear picture of how each component is strategically applied and to collect relevant data useful to answer the research question.

3.4.2. Survey’s Operationalization

The questionnaire starts with a few demographical questions in order to get the idea of the sample (age, country of origin and occupation) and allow segmentation the people answering. These factors are significant, since the age and the occupation might be a general signal of the disposable income of people answering and therefore, can implicitly explain the questions that follow in the survey. The knowledge about the country of origin enables an understanding of the economic conditions of the area of interest. It is worth noting that the reasons for travelling can indicate the type and willingness of purchases: for instance, people travelling for holiday might be more willing to buy products also in relation with the positive mood of the travel purpose.

The third part of the survey concerns the perception of potential customers of the airport atmosphere (waiting areas) and the reasons behind their purchasing decision: as explained in the theory, people are highly influenced by the external atmosphere and the perception of it (Rowley & Slack, 1999; Kotler et al., 1999) and this is also related to their attitude in purchasing products. In the fourth part, the questionnaire investigates purchasing data about people surveyed asking whether people buy general products and fashion products. This question is needed for differentiating whether the item purchased is related to the different price levels or products’ category.

It is worth highlighting that, in order to fulfill the expectations of customers, it is important to investigate the perception people have about the service and the offers of travel retails. In this way, the comparison with companies’ answers is facilitated as well as the recognition of potential discrepancies or convergences of expectations.

Therefore, in the survey it is investigated how customers perceive the two variables and whether they detect differences on quality level between offer and customer service in Duty Free stores and in city shops. In particular, concerning the concept of offer, some components of the marketing mix (Kotler et al., 1999) have been investigated as variables affecting the perception of customers, such as the product and the price as potential motivators for purchasing (Ambler, 1992). Indeed, the theory shows how retailers need to be appealing on a price level, in order to contrast the competition of online shops (Ambler, 1992). This competition on a price level needs
to be opposed also through a superior customer service, enhancing the satisfaction level of customers (Transportation Research Board, 2010). Therefore the perception of customer service has been inquired in the survey.

The last part of the questionnaire explores the willingness of people of sharing information and getting updates from Duty Free shops: this section is particularly related to the concept of customer satisfaction which can be delivered through a proper offer and a superior customer service (Amjad A. Abu-ELSamen et al., 2011).

4. Analysis

The examination of the empirical tests drew interesting points of discussion. After a deep analysis of the answers obtained from interviews and a cross checking of the results of the data collected in the survey, main concepts will be discussed: the travel retail ambience to attract customers and the perception of customer service and offer.

4.1. The Marketing Strategy

Referring to the theoretical part, planning a good strategy can make a company gaining a position of competitive advantage (Porter, 1980). Before exploring in details the three topics of interest, the atmosphere, the offer and the customer service, the strategy applied in the market of Duty Free of companies interviewed will be introduced. These concerns the marketing strategy employed and the techniques and approaches used.

I Santi is already a player in the Duty Free market and the strategy they follow is focused on lower prices, promotion (gift with purchase) and advertising. Specifically, they believe that the Duty Free itself is a form of advertising and a method to internationalize.

“Passengers pass by and start seeing your brand and products.” Massimo Santi

Marcorossi srl. In order to reach a long-term strategy, the CEO of the company truly believes that economic and managerial efforts are needed.

“We are relying on the networking of a famous travel retail consultant” states Marco Rossi.

In addition, Duty Free is obviously a special international market: therefore, it is important to work with people with a higher knowledge of foreign markets and customers. Moreover, the company CEO believes that “the advertising is 80% of the success of a brand, even if the economic effort in this case is huge.”

The general director of the company To Be G thinks that there are two specific strategies that might be followed: “There are two types of brands: one selling its products both in Duty Free and in
normal stores and the other one that creates ad hoc lines for the Duty Free market.” The company is planning to follow the second one with a specific lower price range of bags. In fact, the proper price as well is important, especially in this period of economic turmoil. Mr. Diaco states: “The purchase occurs mainly thanks to the price, since it is a significant motivating component for impulse purchasing.” The notoriety of the brand is also needed because it is “…one of the main motivator in Duty Free stores.” Therefore, indirectly, he still talks about advertising. In terms of promotion, Mr. Diaco indicates the Duty Free market as the one where offers and gift packages are usually presented in order to attract consumers.

Elizabeth Woodland agrees with a proactive strategy because “A company must have a focus on the potential customer and on his reaction towards the product supplied.” Additionally, Mrs. Woodland highlights that the organization of a company is essential in order to be well prepared once the business starts (logistically and in each department of the company). She believes that finding a launch partner is a better strategy, investigating sales in order to understand the consumer better, the logistical problems and the general challenges.

Concerning the advertising concept, Mrs. Woodland tells an interesting story about Lacoste brand: “I experienced once a number of adverts for Lacoste in a foreign airport that had not yet introduced the brand. When the boutique opened 6 months later, they were immediately successful.”

4.2. The Three concepts explored: Offer, Customer Service and Atmosphere

4.2.1. The Offer

As the marketing mix theory (Kotler et al., 1999) explains, the offer is central to appeal customers. Products should be customized according to the type of passengers flow and its placement must be properly studied. As mentioned earlier, the role of customers is really important: by focusing firms will be able to catch their attention. Stefanel says: “A few years ago due to the high concentration of Japanese people, airports used to create proper and customized shops and products.”

Brand owners need to deal with different kind of demands according to the destination market and, therefore, adapt their offer for a distribution channel such as the Duty Free one. They have to manage the channel in order to bring people into the retailer shelves in airports and attract customers to buy the product in such a particular atmosphere. (Ambler, 1992: 57)

Companies’ Perspective

I Santi thinks that exclusive products (ad hoc) represent the perfect offer for Duty Free stores; quality and product on the right price represent an additional value to the offer. Mr. Santi as well
underlined the relevance in creating limited edition/ad hoc products. In addition, “The visual merchandising is extremely important because you need to catch potential customers’ attention in a few seconds. The reason why the consumer is there is travelling, not shopping.”

La Camiceria Italiana thinks the origin, conceived as made in Italy, is a relevant element of the offer; to highlight the product’s quality is for them a prerogative, but at the same time the company is really attentive and foreign markets oriented, especially concerning the differences on the demand.

Marcorossi srl decided to offer in the Duty Free market a selection of its various and big range of products. “We focus mainly on the offer of the product. Our travel consultant helped us to select about twenty products out of 300 of our total range. These represent the possible best sellers which could be successful in the Duty Free.”

Ad hoc products should be part of the Duty Free strategy in the offer even according to To Be G in order to avoid competition with the domestic market itself (city shops). Mr. Diaco underlines also that, many years ago, the exclusivity that products had when they were available for many people only in the Duty Free shops created a special relationship of loyalty. Citing the general director from To Be G, “In the past the possibility of purchasing was incredibly higher because in some towns big brands were not present and the Duty Free was the only place where to purchase those product”. From this observation, it is evident the difference between the current situation and the past, when it was easier to find something really special in the Duty Free and to create a special relationship with the customer. Moreover, Mr. Diaco believes that in the Duty Free it is more difficult to focus than in downtown retails in terms of offer because firms need to be more focused on gift products, prices, offer; in addition, the consumer varies according to the nationalities.

The Travel Retail Consultant Mrs. Woodland thinks that “the offer must be inspiring and appealing for the traveler”. She states that it is obviously difficult to give the proper product because of the heterogeneity of consumers; however, once the right product is found, it has a much longer life because consumers always change.

Consumers’ Perspective

Consumers believe that the main factors for a product to be successful in the Duty Free market are lower prices, selection of products and different offer in different countries.

✓ Price:

The majority of people surveyed (65%) state that in the travel retail areas they shop better than in city shops. Convenient prices emerged in the surveys to be the most frequent motivator for
purchasing in Duty Free stores (46%), in comparison with the previous knowledge of the brand (16%), the preference for the product (36%) or the prestige value (2%). See Exhibit 9 Chart No. 3.

“Yes, being tax free it should be cheaper than the city shops in the 'departure city' so my perception is that it is cheaper”

“Yes, I perceive the prices to be generally lower on products that I know (usually make up)”

“Yes. I compare the prices. I prefer duty free shops if the price of the same product is lower than city shops. Otherwise I would not like to carry bags of products with luggage; I will prefer another time to shop.”

On the other hand, travel retail offer is considered also “as a fool's gold” since prices are perceived being the same as in city shops or even higher. The same perception concerns also the difference in prices comparing them with the online shops which are actually one of the main competitors of Duty Free shops.

“The perception on price is due to the price tags which clearly state how much you are saving in comparison to outside shops. The problem is, I've never checked this claim as the things I buy at duty free shops are generally items I seldom purchase. Lacking the knowledge on how much a product actually costs outside (and not trusting the price tags) I cannot really compare. The same goes for the range of products.”

“I found out lately that many products are more expensive in the duty free areas than in the "normal shops". For instance, 10 dollars for a big Milka bar in Santa Cruz airport Bolivia whereas in Europe in groceries stores they should cost 6 or 7 euro. Same price more or less. Not free of tax at all. For a watch in Cancun airport, the difference between the price in duty free area and the price on internet was 50 euro!!”

✔ Products:

36% of people surveyed perceive in the Duty Free areas a wider selection of products as well as exclusive offer (53%).

“Yes duty free is cheaper and you get a variety of brands at the same place.”
“Lower prices, polished offering (nice product presentation), large variety in products”

“Depending on the item you can find cheaper products (cheaper than one can imagine) and products that are difficult to find in city shops.”

**A Crosscheck**

The offer is generally considered smaller, but more customized than in downtown retails. Overall, consumers do not see so much difference between normal shops and those in the airports although they recognized the exclusivity of some products in the travel retail. The price is the main motivating element in the purchasing decision for passengers. Companies focus mainly on the exclusivity and selection of particular products with a special attention on highlighting the quality and the origin of the products. Foreign markets are considered for a customized offer. Companies try to match consumers’ expectations through promotions, special prices, gift packages and a good selection of products in a perfect placement and designed layout.

**4.2.2. The Customer Service**

Customer service emerged to be central to retain customers before and after the purchase. As previously mentioned, a superior customer service (Amjad A. Abu-ELSamen et al., 2011) can lead to a possible loyal relationship with customers who are also more willing of sharing information about their preferences (Turban et al., 2002) and a competitive advantage towards other competitors in the market. Turban et al. (2002) explain how the customer service is able to enhance the customer purchasing experience, meeting his/her expectations: therefore, a positive perception of this element might result in customers’ satisfaction.

**Companies’ perspective**

Stefanel believes that experienced shop assistants of monobrand stores are more prepared and willing to sell than any other shop assistant of a multibrand store.

“*Customer service is really important in an airport. The product must be qualitatively good and customized. Between two similar brands, with the right offer, the customer service is the differentiating feature.*”

Customer service is considered so important that Mr. Rossi believes that it must be imposed by the company all the time in a Duty Free shop. In fact, in a multi brand store the staff needs to struggle to show what is better in the products. Only in this way, the customer can really notice the
difference and see why a brand is better than another one, with an additional value which makes it more competitive.

However Mrs. Woodland states that once the contract with an operator is agreed with the airport management, the operator chooses and employs all the staff. However, if the member of staff is a problem, then the airport can tell the operator to ask them to leave. She also states that the customer service should be attentive and informative.

Customers’ Perspective

58% of people surveyed see no significant difference in service with city shops while 23% consider Duty Free shops as having a more available staff and a better assistance. 19% of people strongly defend their position stating a worse service of Duty Free shops; this is supposed to be due to the occasional nature of the customers passing by, which makes the customer service less inclined to be nice and to make people loyal to the brand or the shop.

“Less attention to the customer, mainly because people often visit just to pass time not to buy products.”

“I don't know why but my perception is that there are more faked smiles and pretending among people in the airport. I think that you get a more personalized service at certain city shops, whereas I relate the service in Duty Free shops with "surface acting".”

“Usually there are more people working in the shops so you get better assistance. Though I don't understand why they sometimes hire people who don't speak more than 5 words of English to work in a shop in an international airport.”

A Crosscheck

In contrast to the importance of customer service stated by Stefanel and Marcorossi, consumers in general believe that the customer service in the Duty Free is much worse than in downtown retail and there is less attention to customers since they are just occasional customers. It appears therefore that customer service fails in attracting customers and nevertheless it is not considered as a motivating factor for entering the shop; this element should be taken into consideration in the collaboration between companies and operators for further improvement.
4.2.3. The Atmosphere

The relevance of the atmosphere in attracting customers in Duty Free shops is reviewed in the theoretical section. The environment perception and the store layout play on customers feelings, inducing the impulse purchasing (Rowley & Slack, 1999).

Companies’ Perspective

Mr. Rossi deems the waiting time is the main reason to shop in the Duty Free areas. Therefore, shops should be the best places to spend time for passengers. In particular, if they want to relax, before travelling and pre-boarding areas are the right places to do it. The layout of the shop is an important factor that is likely to attract consumers.

Mr. Diaco as well thinks that boredom brings to impulse shopping. The more a product is easily conceived as a gift, the easier it is to purchase it impulsively (perfume vs. clothing). In addition, “Consumers think that their impulse in shopping is due to the attitude given by the trip.” Therefore, each airport should have the perfect atmosphere for its own passengers (tourists, businessmen, and elder people). This concept can be related to the creation of a low load environment (Rowley & Slack, 1999) in which passengers feel more relaxed and are more willing to purchase. Moreover, statements by Mr. Diaco remind also the segmentation of customers among the airport’s passengers in order to detect a specific target for each terminal.

The travel retail consultant truly believes the walk through stores influence the purchasing behavior. “Customer behavior is very different when an airport is developed. The development of walk through stores revolutionized purchasing behavior. When I have been involved with redeveloping stores the turnover increase is a minimum of 25% after the store refurbishment.” The connection with the theoretical concept of walkthrough (Bamberger et al., 2009) is clear: in addition, the results obtained in terms of turnover increase shows how the atmosphere and the study of the stores’ layout and environment can really affect the purchasing behavior of customers.

Customers’ Perspective

33.5% of people surveyed consider the airport waiting areas of the Duty Free shops very crowded; whereas a high percentage of persons (27%) consider them relaxing. 52% of people surveyed seem to support the idea of the influence the airport atmosphere plays in the purchasing action: many people (38%) admit they are affected by the amount of persons in the airport and travel retail areas.

“Yes, for instance, if the atmosphere is relaxing, I’m more likely to purchase, while if the airport is overcrowded and chaotic I’m less likely.”
“Depending on the store environment and the clear offers invites you to shop or to find better deals that you weren’t aware at the moment for gift purposes.”

It is interesting to notice that the people surveyed mention qualities and characteristics of the Duty Free shops that affect them the most, such as the combination in use of lights, the product layout and position and the design of the travel retail. Therefore, the more crowded the places are, the less willing people are to purchase something; the cleaner and open the shops are, the more likely people are to buy.

“It depends on the airport - Paris for example stands as a very bad commercial place (not attractive). Beijing Airport is way more attractive in my opinion. It may be due to the layout of the shops: the more open and cleaner, the more attractive (for me as French, at least)”

“...In airports that looks somewhat run down or old or dirty, I feel less inclined to buy things.”

“I think so, everything depends if it cozy or not. Travelling around there moments when you want to buy something, but you will really do it just if there is a calm and nice atmosphere.”

A Crosscheck

From the survey, it emerged that customers recognize the influence of the atmosphere on their purchasing attitude. The high percentage (86%) of people purchasing in Duty Free shops and the positive correlation of that with their recognition of marketing stimuli created in the travel retail areas shows that the atmosphere generated is able to attract customers. The explanation can be found in Kotler et al. (1999): consumer purchasing behavior is affected by some stimuli coming from the external environment and from a combination of variables, the marketing mix. The application of an effective strategy depends also on the collaboration between companies and airports in order for the latter to have a greater sounding board (Corvi & Bonera, 2011).

The difference between the two perspectives (customers- companies) concerning the atmosphere is clearly delineated: passengers are definitely affected by the atmosphere created in the Duty Free. They perceive a relaxing environment, the right illumination and layout as positively affecting their willingness to purchase. Campaigns, as the one undertook in Beirut airport is an unequivocal example of the importance of the environment and the collaboration between companies and airports.
Passengers need to be attracted by a mix of elements: it is important reminding that passengers are in the airport with the aim of travelling. Furthermore, as emerged in surveys and interviews, the travel mood is a relevant factor affecting the purchasing impulse. Shopping is a secondary and not always planned activity to perform in such an environment: therefore, companies’ task is to create the right atmosphere to appeal passengers and make them purchasing.

4.3. Applied Model

A specific model has been created in order to explain how the dynamics of the three concepts are expressed by the companies and understood by the customers. This will be exemplified by applying the model to the results found in the interviews and survey.

A table illustrating the results of the analysis can be seen in Exhibit 10.

Between the companies’ strategies and the customer perception there is a filter that needs to be considered. Once the firm shapes a strategy, it usually takes in consideration some variables. As already mentioned, in this research study these are the following: offer, customer service and atmosphere. Each company, due to its own managerial and marketing policy, has a specific point of view on these factors (which is contained in the filter) and transmits it in a certain way. For instance, I Santi states that lower prices and promotions are used as marketing approach. Marcorossi srl decided to rely on an external travel retail consultant and therefore agrees on an economical effort of the company; Mrs. Woodland suggested a specific range of products to offer in the Duty Free. As also suggested in the model of the consumer behavior (Kotler et al., 1999), the marketing mix of companies’ strategy affects the black box of customers. In the model of this research study, the marketing mix is represented by the variables offer, customer service and atmosphere, which affect the filter on the customers’ side, namely the customers’ characteristics.

Concerning the atmosphere managers and people surveyed seem to have the same idea of the Duty Free areas in the airports. Waiting time is the main reason for passengers to shop; the shopping impulse is the first consequence of the feeling of boredom. Those who stated not to be influenced by the atmosphere (32% of people surveyed), used the relative low prices as motivation for entering the shops, as well as the personal reaction to emotions they feel at the moment: for instance, if they are travelling for leisure, they might be more willing to spend their money shopping.

Emotions of the trips affect the purchasing decision process of customers: gift packages and promotions try to appeal passengers positively, as some persons surveyed explained. “Since I’m on a holiday I want to buy something to bring with me home and usually I think it's cheaper in the airport” and “The excitation of the trip, of the holidays made me buy more”.
Kotler et al. (1999) stated that the perception of different situations affects consumer behavior; reviewing Rowley & Slack (1999) it emerges that people tend to be more willing to purchase in a low load environment during their waiting time.

Indeed, it emerged from the survey that consumers look mainly for a relaxing atmosphere, they are willing to buy products under good value for money, exclusive goods, and they prefer stores with a worthy customer service. This reflects the importance of the customer service: customer service is a differentiating strategy and might lead to customers’ satisfaction (Turban et al., 2002). It is also relevant the role price and promotions play as motivators for purchasing: the two variables of the marketing mix (Kotler et al., 1999) are the factors mostly influencing people in purchasing goods. Companies also try to offer what potential consumers request but the factor that seem to lack more than others is the customer service.

What emerges from the study research is that the offer of companies seems to correspond to customers expectations (exclusive, lower price), while the service is perceived as negatively affecting or not enhancing the purchasing experience (worse than in downtown retails, occasional nature of passengers make shop assistants careless towards consumers).

Appealing to passengers and being successful in this aim would mean meeting customers’ expectations and create the right atmosphere in which they feel comfortable and relaxed. From companies answers it emerges a certain understanding of the motivations behind customers purchasing action: this reveals to be a positive factor, since the comprehension of customers motivations and characteristics can lead to a more targeted and good oriented strategy and creation of the atmosphere.

5. Conclusion

The study provides an explorative approach of the consumers’ behavior in the Duty Free atmosphere and perspectives concerning offer and customer service. The aim was to understand how the variables offer, customer service and atmosphere are perceived by customers. The model created involving different variables of marketing strategies to test the perception of customers has been explained.

From the investigation, it has emerged that companies market themselves mainly through the offer: a focus on price and quality of the product, presenting exclusive goods is the main approach resulted from the interviews. The atmosphere is significant, but it relies mainly on the collaboration with airports and, if possible, the creation of special events or campaigns, involving many stores in Duty Free areas. Advertising is also central in the marketing approach, even
though the Duty Free store itself is considered as providing free advertising per se. On the consumer side, the atmosphere emerges to be a significant factor affecting their behavior; companies try to create in the collaboration with the airports, walkthroughs and a good layout of pre-boarding areas. Customers state that relaxing and low load environment represent an appealing atmosphere inducing them to buy. It has emerged therefore that customers’ perception correspond to the purposes of companies. The high percentage of people purchasing (82%), which correspond to the high percentage of people admitting to be influenced by a low load atmosphere (80%), confirm the previous statement. The offer is mainly positively related to the exclusivity of the products and to the successful management of the marketing mix variables in the Duty Free shops.

It appears that on the atmosphere and offer variables, companies understood how to attract customers: the main challenge is to play on the boredom of passengers and bring them into the shops (it is necessary to remind that passengers’ scope in the airport is to travel, not to purchase). However, the customer service, being an important component of the travel retail experience, fails in meeting what customers expect, especially the aspect of attraction. Companies stated its importance, but consumers’ perception is rather negative, therefore it does not correspond to the message companies intend to communicate; this element should be taken into consideration by companies for further improvement.

The comparative approach used involves important contributions to the existing literature, since it shows perspectives of companies and customers and discrepancies emerged. Factors as offer, customer service and atmosphere, before considered as given, emerged to be perceived differently. Based on the research, on the theoretical considerations and the empirical evidence, some conclusions can be drawn addressed to managers and companies. They should be aware of the difference between shopping malls and travel retail shops under various perspectives:

**Layout atmosphere**

Importance of passengers flow management: the movement of passengers in travel retail from the controlling areas until the boarding one is extremely important. Information material and shops layout are crucial to attract customers.

**Offer**

The product and the *exclusive* product is one of the most successful factors in this atmosphere. From the empirical data, the following emerged: on the one hand, what really matters for customers is what companies offer to them in terms of *customized* product. On the other hand, companies are
extremely focused on offering a good product quality than what potential customers really expect. The proper approach is to make the perfect combination out of it.

**Promotion**

Promotion is one of the most important features of the Duty free industry. I Santi explained how at Dubai airport a special promotion attracted a huge number of passengers: people who spent more than €200 could purchase a lottery ticket to win a luxury car. This customized idea had skyrocketed the sales in the Dubai airport Duty Free.

**Customer Service**

Customer service is a relevant factor affecting consumer behavior, bringing to a level of customer satisfaction or dissatisfaction during and after the purchase process. As previously mentioned this is a determinant for forecasting the future purchases in the shop. Managers should therefore pay attention on offering an attentive and available customer service.

**Customers**

Different dwell time of passengers/customers: the real challenge for the travel retailer is to attract passengers in order to make them spending time in the shopping area, hence activating the impulse purchasing. The main factor is time.

Considering different purchasing motivations: as previously mentioned, the motivations behind the purchasing in Duty Free areas are different from the usual atmospheres (in the shopping mall people scope is the shopping while in the airport is to travel).

As the Mrs. Woodland reckoned: “The Duty Free market and the rest of the world are never in crisis at the same time. When Asia was experiencing Bird Flu, there were strong growths in Europe. Currently there is an economic crisis in Europe, but sales in the Middle East and Asia are booming.” Companies willing to be successful in this market have to be aware of the great range of opportunities of expanding in foreign airports, for gaining major visibility and gathering major benefits in various economic situations of different countries.

As deeply investigated the focus on the customer should be central for firms in this market: the influence of the atmosphere, the perception and feelings of people have to be carefully considered to build a proper approach and obtain a win-win situation for companies and consumers.

In addition, the limitations of the research are presented.

Starting from the theory section, as already mentioned at the beginning of the paper, the main constraint has been the availability of material concerning the Duty Free market: the Internet
platform helped to find reliable and interesting articles concerning the marketing role of travel retails but the lack of the specific subject in economic books represented a limitation in the sources’ findings.

Due to the limited amount of time and resources available, the researchers decided to submit self administered and Internet-mediated questionnaires: even though the authors tried to avoid a high concentration of young people, the results are a bit unbiased (range 20-29 years old) for the age of people answering and the fact that not all had the same airport’s Duty Free area in mind; however, the sample resulted quite well distributed on a geographical basis.

The interviews to companies have been conducted face-to-face and through telephone: the second approach has been used mainly for the limitations of costs and time of the interviewees, and for a relative speed in collecting data. At the same time, companies were relatively more willing to conduct telephone interviews, mainly for temporal reasons.

Moreover, it is worth highlighting that the study did not document the consumer's perception of just the selected companies but rather of the perception of Duty Free fashion companies in general: this might imply biased results on customers’ opinions and responses.

A further limitation of the research is the relatively non-representative sample of companies interviewed: this is due to the relatively difficulty encountered in getting contacts with fashion firms present in the Duty Free market, and moreover, in receiving positive answers to the interviews requests.

6. Suggestions for Further Research

This study provides a research into the Duty Free market, with a particular focus on the consumer behavior within the purchasing atmosphere and his perceptions and feelings towards offer and customer service. Offer and strategic marketing approach companies apply in this market and their opinions were analyzed. The same process occurred with customers’ ideas and expectations.

During the work the authors identified and explained some dynamics occurring in the Duty Free market while other points that remained questionable are suggested for future research:

- The topic concerning the Duty Free market is poorly investigated by economics books and academic articles; therefore, the researchers suggest to improve this lack, in sight of the increasingly importance of this market worldwide. An interesting point would be an analysis of the emerging markets in this field.
- Business to Business Relationship within airports: an understanding of the mechanism driving the
relationship between companies, airports and global travel retailers operating in the Duty Free market and how these dynamics affect the approach to customers. Indeed, a tighter relationship among these actors can lead to a higher amount of information companies have about customers offering a more customized range of products. Therefore, a deeper investigation on the topic would clarify the mechanism behind the offer upgrading.

*Impulse Purchasing in Duty Free*: a deeper investigation on how consumers feel in the airport atmosphere and the reasons motivating them to purchase. A research through direct observation in the atmosphere would clarify also the real behavior of people: a sort of movement-tracking tool or investigation in order to explore their attitude and behavior in the airport environment.
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Digital Sources


Annexes

Exhibit 1.

Chart 1. Retail Space per ‘000 passengers (square meters) in European airports

![Bar chart showing retail space per '000 passengers (square meters) in European airports.]

Source: Thompson, B (2007: 207)

Chart 2. Growth Rates in Air Freight to 2023 by Route

<table>
<thead>
<tr>
<th>Inbound route</th>
<th>Average annual growth rate (%)</th>
<th>Outbound route</th>
<th>Average annual growth rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa to Europe</td>
<td>6.2</td>
<td>Europe to Africa</td>
<td>5.0</td>
</tr>
<tr>
<td>CIS to Europe</td>
<td>4.8</td>
<td>Europe to CIS</td>
<td>8.3</td>
</tr>
<tr>
<td>Asia to Europe</td>
<td>6.4</td>
<td>Europe to Asia</td>
<td>6.2</td>
</tr>
<tr>
<td>Central America to Europe</td>
<td>3.7</td>
<td>Europe to Central America</td>
<td>5.5</td>
</tr>
<tr>
<td>Indian Subcontinent to Europe</td>
<td>6.1</td>
<td>Europe to Indian Subcontinent</td>
<td>6.0</td>
</tr>
<tr>
<td>Japan to Europe</td>
<td>5.9</td>
<td>Europe to Japan</td>
<td>5.2</td>
</tr>
<tr>
<td>Pacific to Europe</td>
<td>4.6</td>
<td>Europe to Pacific</td>
<td>4.1</td>
</tr>
<tr>
<td>Middle East to Europe</td>
<td>4.5</td>
<td>Europe to Middle East</td>
<td>4.9</td>
</tr>
<tr>
<td>PRC to Europe</td>
<td>7.1</td>
<td>Europe to PRC</td>
<td>7.8</td>
</tr>
<tr>
<td>North America to Europe</td>
<td>5.0</td>
<td>Europe to North America</td>
<td>4.8</td>
</tr>
<tr>
<td>South America to Europe</td>
<td>4.7</td>
<td>Europe to South America</td>
<td>6.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Europe to Europe</td>
<td>5.0</td>
</tr>
</tbody>
</table>

Source: Thompson, B (2007: 205)
Exhibit 2.

US$ million, rsp

Source: Euromonitor International (2005)

Chart 2. Duty Free Airport Retail Dynamics (2002-2012)

<table>
<thead>
<tr>
<th>Sales per category</th>
<th>CAGR 2002-2008</th>
<th>Tend 2008P-2012</th>
<th>Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perfumes &amp; cosmetics</td>
<td>+17%</td>
<td></td>
<td>Cosmetics booming market (skincare, make-up)</td>
</tr>
<tr>
<td>Alcohol</td>
<td>+12%</td>
<td></td>
<td>Restriction on liquids compensated by high-end offer development</td>
</tr>
<tr>
<td>Tobacco</td>
<td>+7%</td>
<td></td>
<td>Health awareness policies compensated by traffic growth</td>
</tr>
<tr>
<td>Fashion &amp; accessories</td>
<td>+12%</td>
<td></td>
<td>Dedicated surface increase</td>
</tr>
<tr>
<td>Confectionery &amp; fine food</td>
<td>+16%</td>
<td></td>
<td>Offer enlargement</td>
</tr>
<tr>
<td>Duty free airport retail</td>
<td>+10%</td>
<td></td>
<td>Concept improvement</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Local destination products development</td>
</tr>
</tbody>
</table>

Source: Euromonitor International (2005)
### Chart 3. Economic Data on Italian Fashion Industry

<table>
<thead>
<tr>
<th></th>
<th>Year 2010</th>
<th>Var. %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Million €</td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>49,660</td>
<td>+ 7.2</td>
</tr>
<tr>
<td>Value of Production</td>
<td>35,193</td>
<td>+ 6.5</td>
</tr>
<tr>
<td>Exportation</td>
<td>24,550</td>
<td>+ 10.4</td>
</tr>
<tr>
<td>Importation</td>
<td>18,205</td>
<td>+ 14.8</td>
</tr>
<tr>
<td>Trade Balance</td>
<td>6,345</td>
<td>- 0.7</td>
</tr>
<tr>
<td>Internal Availability</td>
<td>28,848</td>
<td>+ 8.2</td>
</tr>
<tr>
<td>Companies (Number)</td>
<td>53,086</td>
<td>- 2.6</td>
</tr>
<tr>
<td>Employees (Thousand)</td>
<td>458,6</td>
<td>- 4.9</td>
</tr>
<tr>
<td>Avg. employees per company (no.)</td>
<td>8.6</td>
<td></td>
</tr>
</tbody>
</table>

#### Structural indicators (%)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports/Revenues</td>
<td>49.4</td>
</tr>
<tr>
<td>Propensity to import (to Rev.)</td>
<td>42.0</td>
</tr>
<tr>
<td>Propensity to import (to Prod.)</td>
<td>63.1</td>
</tr>
</tbody>
</table>

#### Sector importance on production

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Added Value</td>
<td>8.8</td>
</tr>
<tr>
<td>Employment</td>
<td>10.5</td>
</tr>
<tr>
<td>Exportation</td>
<td>7.6</td>
</tr>
<tr>
<td>Trade Balance</td>
<td>15.0</td>
</tr>
</tbody>
</table>

#### Importance of Italian fashion sector among EU27 fashion sector (%)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>27.7</td>
</tr>
<tr>
<td>Companies</td>
<td>42.5</td>
</tr>
</tbody>
</table>

Source: Sistema Moda Italia on ISTAT Data, Movimprese, Sita Ricerca e Indagini interne
Exhibit 3.

Chart 1: Passengers Classification of the British Airports.

<table>
<thead>
<tr>
<th>BAA Classification</th>
<th>Travel frequency</th>
<th>Purchasing propensity</th>
<th>Disposable income</th>
<th>Price sensitive</th>
<th>Purchasing frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mass market leisure flyers</td>
<td>Low</td>
<td>High and impulsive</td>
<td>Medium- low</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Young up-market leisure flyers</td>
<td>Medium</td>
<td>High and rationale</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Older up-market leisure flyers</td>
<td>Medium</td>
<td>Medium and rationale</td>
<td>High</td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>Frequent business flyers</td>
<td>High</td>
<td>Selective and rationale</td>
<td>Very high</td>
<td>High and selective</td>
<td>Low</td>
</tr>
</tbody>
</table>

Source: Maiden, 2000

Exhibit 4.

Chart 1: Expand Marketing Mix

Source: Meldrum & McDonald (1995, 23)
Source: Beirut Duty Free (2012)

Exhibit 5.

Chart 1: Model Of Customer Behavior

![Chart 1: Model Of Customer Behavior](chart.png)

Source: Kotler et al. (1999: 230)
### Exhibit 6.
Chart 1: Opportunities and Threats in the Duty Free Market.

<table>
<thead>
<tr>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emerging markets for long-term opportunity</td>
</tr>
<tr>
<td>Travel Value thanks to domestic low tariffs</td>
</tr>
<tr>
<td>Trial new and premium Products</td>
</tr>
<tr>
<td>Low Cost Airlines for passengers in Asia and Europe</td>
</tr>
<tr>
<td>Sub-categories in fashion, such as men’s products, for new audiences</td>
</tr>
<tr>
<td>Changing and wider definition of luxury goods</td>
</tr>
<tr>
<td>Governments in US and EU: increase personal allowances</td>
</tr>
<tr>
<td>Exclusive retail environment without pressure on margins</td>
</tr>
<tr>
<td>End of intra-EU duty-free forces European retail and shopping centre concept</td>
</tr>
<tr>
<td>Advances in aviation technology open new vistas in intraregional travel</td>
</tr>
<tr>
<td>Airport privatisations: well for a more commercial approach to exploiting retail opportunities</td>
</tr>
<tr>
<td>Growing middle class in emerging markets with disposable income</td>
</tr>
<tr>
<td>Growth in tourism and immigration</td>
</tr>
<tr>
<td>Growing middle class in e. markets increase willingness of premium brands</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil Prices rising</td>
</tr>
<tr>
<td>Lower tariffs and less pricing advantage in Duty Free due to increase in transparency</td>
</tr>
<tr>
<td>Frequent security checks impact passengers’ willingness to carry extra baggage/purchases</td>
</tr>
<tr>
<td>Distribution systems in developing economies still fragmented (higher costs on brand owners)</td>
</tr>
<tr>
<td>Some state-owned airport operators still lack of commercial awareness, so less transparency and competition and conflict over contractual payments</td>
</tr>
<tr>
<td>Increased fuel costs</td>
</tr>
<tr>
<td>Government extraction of revenue from the airline industry may lower passengers No. or recoup costs for airports</td>
</tr>
<tr>
<td>Price sensitivity in developing markets or developed markets in recession</td>
</tr>
<tr>
<td>Cultural differences require more tailored approaches</td>
</tr>
<tr>
<td>Internet shopping is a competitor to duty-free as an alternative to expensive home markets</td>
</tr>
</tbody>
</table>

Chart 2: Key Trends in the Duty Free Market

<table>
<thead>
<tr>
<th>The Key Trends</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social change</td>
</tr>
<tr>
<td>Technological change</td>
</tr>
<tr>
<td>Low-cost travel and duty-free footfall</td>
</tr>
<tr>
<td>The rise of travel value from the ashes of EU duty-free</td>
</tr>
<tr>
<td>Increasing brand owner involvement in duty-free</td>
</tr>
<tr>
<td>Safety issues (extended check-in) mean longer to shop</td>
</tr>
<tr>
<td>Retail strategies tailored to customer types</td>
</tr>
<tr>
<td>Airports dominate duty-free</td>
</tr>
</tbody>
</table>

Exhibit 7.

Companies Interview

1. How long have you been present in the Duty Free market?

2. Which benefits do you think the Duty Free sector brought to your company?

3. How significant is the Duty Free in terms of revenues?

4. Do you think that the experience of your brand in this market has been a springboard towards international markets?

5. Please describe with three words your experience in the Duty Free market.

6. Do you consider the airport atmosphere as affecting customers’ purchasing behavior?

7. Advertising: do you consider it as extremely important in this market?

8. Do you apply a particular marketing strategy in the Duty Free?

9. Is this strategy different in comparison to the one applied in city shops?

10. If so, how does it differentiate?

11. The customer focus is more significant in the Duty Free atmosphere?

12. Does your attention focus mainly on customers, products or service?

13. Does the Duty Free offer differentiate itself from the one in the city shops?

14. Which challenges have you identified in the application of your strategy in the Duty Free?

15. Do you think it is possible to establish a loyal relationship with customers in the Duty Free?

16. Is yes, do you already have a similar approach? How?

17. What are your future expectations considering the current difficult economic period?

The interview has been translated to English, but it has been conducted in Italian for confidence of the interviewed.
Exhibit 8.

Customers Questionnaire

1. Please specify your age:
   - 10-19
   - 20-29
   - 30-39
   - 40-49
   - 50-59
   - 60-69
   - 70-79
   - 80 +

2. Please specify your country of origin: [__________]

3. Please specify your occupation: [______________]

4. Please indicate how often you take a plane in a year (consider two-ways tickets with a time lapse of 1-2 weeks as a single route flight).
   - I’ve never taken a flight
   - 1
   - From 2 to 5
   - From 5 to 10
   - More than 10

5. Please indicate the main reasons of your travels.
   - Business / work
   - Holiday / Leisure
   - Visit parents/ relatives

6. How do you find the waiting areas (before boarding) in the airports?
   - Stressful
   - Relaxing
   - Exciting
   - Crowded

7. Have you ever shopped in a Duty Free shop in airport areas?
   - Yes
   - No

8. If not, why?
   [________________________________________]

If yes, please continue the questionnaire.
9. Do you think the atmosphere of the Duty Free influences your decision to purchase? If so, how?

10. How often do you shop in Duty Free areas?
- Every time I’m in an airport.
- Almost every time I’m in an airport.
  - Only when I find good offers
  - Only if I have time.

11. Do you usually shop fashion brands in Duty Free shops?
- Yes
- No

12. If yes, why do you purchase in fashion Duty Free shops?

13. How do you choose a fashion brand/product in the Duty Free shops?
- I choose the convenient price
- I choose brands I already know
- I choose prestigious brands
- I choose fashion products I like

14. Do you have the perception that the offer concerning price and product is different in the Duty Free shops in comparison to city shops? E.g.: lower prices, exclusive products, etc.

15. Do you have the perception of a different service in Duty Free shops? If so, please specify whether it is better or worst in comparison to downtown shops, and why.

16. If experienced, do you think that the offer is different in the different countries?

17. Would you be willing to share more information about yourself with Duty Free shops in order to have a more customized offering?
E.g. through fidelity cards, questionnaires, newsletter via email and so on.
- Yes
- No
18. If not, why?
[__________________________________________]

19. Would you like to receive constant updates and news about offerings and new products through sums and newsletters from the Duty Free shops?
- Yes
- No

The Questionnaire has been submitted in English and Italian for confidence of the people surveyed. The answers of the Italian version have been translated to English.
Exhibit 9.
Chart 1. Survey Results: Geographical Dispersion of the Surveyed People

Chart 2. Survey Results: Age Bracket of the Surveyed People
Chart 3. Survey Results: Motivation of Duty Free Purchase

Exhibit 10.
Results of the analysis of companies and customers perspectives.

<table>
<thead>
<tr>
<th>OFFER</th>
<th>COMPANIES RESULTS</th>
<th>CONSUMERS PERCEPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product: exclusivity and <em>ad hoc</em> products</td>
<td>Product: wider range and exclusive</td>
<td></td>
</tr>
<tr>
<td>Price: price strategy with lower price of products</td>
<td>Price: lower than in city shops and main motivation factor for purchasing</td>
<td></td>
</tr>
<tr>
<td>Promotion: advertising is very important</td>
<td>Promotion: perceived as bargain</td>
<td></td>
</tr>
<tr>
<td>CUSTOMER SERVICE</td>
<td>Differentiating feature and added value</td>
<td>Less attention to customers</td>
</tr>
<tr>
<td>Attentive and informative</td>
<td>Negative perception</td>
<td></td>
</tr>
<tr>
<td>ATMOSPHERE</td>
<td>Creation of a relaxing atmosphere</td>
<td>Tendency to purchase in low load and relaxing atmosphere</td>
</tr>
<tr>
<td>Walkthrough</td>
<td>Importance of stores layout</td>
<td></td>
</tr>
<tr>
<td>Layout of the shop is essential</td>
<td>Importance of travel mood and feelings</td>
<td></td>
</tr>
<tr>
<td>Boredom leads to impulse purchasing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>