

# Entering a new era of luxury travel retail: how luxury brand managers can utilise the power of airports to luxury shoppers post-pandemic

**Le Kent**

*University of East London, United Kingdom, University Way, London E16 2RD*

**Sautter Giulia**

*University of East London, United Kingdom, University Way, London E16 2RD*

## **Abstract:**

In 2019, 16% of global luxury goods purchases were made in airports (Deloitte, 2019) and with a record travelling amount reported by Heathrow (SP) Limited (2023), the luxury goods industry was presented with growth opportunities in this channel. Despite two years of travel restrictions, The Airports Council International (ACI) World report global air traffic (2023 had reached the same high as of pre-pandemic. The ACI World Airport Traffic forecasts that by 2041 passenger traffic worldwide is expected to reach 19.3 billion (ACI, 2023). With an estimated market size of 60,3 billion dollars and reported to grow to 174.9 billion dollars (Statista, 2022), the revenue potentials in the travel retail sector are proven to be auspicious. The airport as a distribution channel compiles exclusive impacts on the consumer's behaviour and shopping motivations.

Consumers within travel retail are widely influenced by the impulsivity and emotional decision-making which enlarges the importance of consumer behaviour (Lin and Chen, 2013). There is no doubt that luxury brands are required to react to these specifics and adapt their outlets and marketing strategy towards the airport influences. The general problem is that brands do not exploit the full potential of airports as a brand touchpoint. The aim of the paper is to identify and profile the airport shoppers and how different they are to the conventional retail consumers of luxury brands. In addition to that, we aim to investigate the variety of strategies that are adjusted by luxury brand managers for this unique market segment to enhance sales and brand equity. The research paper will concern the travel retail segment within the luxury goods sector. It will examine the traveller as a consumer and the airport as the shopping destination – distinctly identifying the differences in consumer behaviour and the influence on brand equity. As fashion practitioners and now as researchers, the authors have been exposed to the travel retail sector through work projects, prompting an interest in further investigating the topic. Insights into different distribution channels and the development of its proportion within businesses proposes several research questions:

- *What motivates and ultimately make the purchase decision among airport retail shoppers compared to their conventional counterparts?*

- *How do luxury brand managers perceive the potential of luxury retail and what marketing adjustments have been made to approach the right customers?*

- *What can be done to further enhance sale revenues and brand equity for luxury brands through this shopping channel?*

Examining various literature in travel retail management (Geuens, 2004, Torres et al., 2005, Perng et al., 2010 and Hoffmann, 2015), luxury strategy (Kapferer and Bastien, 2012 and Kapferer, 2015) and consumer behaviour in travel (Swarbrooke et al., 2017 and Han, 2018) provide a theoretical grounding, which enables the researchers to develop a conceptual framework covering three themes of this paper: luxury consumer, luxury strategy and brand equity. In term of luxury goods, we will not distinguish between apparel, accessories, footwear or cosmetics (or other market sectors) due to restrictions in both the length of research and the data available.

As it is an exploratory study, qualitative research method was chosen to provide the researchers an opportunity to have an in-depth understanding of the subject matters and gain an insight into luxury retail shopping from the brand manager's perspective. As it is under-researched field, this approach also allows a dynamic view on the findings and can shape the outcome of the research (Lapan et al., 2011). The consent of participants is enquired in the interview guide. The sample as well as all data lays under confidentiality and are not to be disclosed without the consent of the participants (Lapan et al., 2011). The experts contacted for interviews either currently

work directly for the brand themselves that directly distribute or stock goods to airports or contracted retail experts dealing with the process on the luxury brand's behalf.

Ten experts were contacted through snow sampling methods as well as referral, out of which four responded and agreed. Interviews took place in London (2) and Paris (2) between Jan 2023 to April 2023. The findings reveal that the airport shopper for luxury goods cannot be distinguished completely from the conventional luxury consumer but external and internal aspects, derived from airport influences, are triggering a difference in attitudes and behaviours. Furthermore, the main qualities enhancing luxury brand's sales and brand equity are Digitalisation and Entertainment/Experience. Both aspects have been identified to be key success drivers before and after the pandemic and provide valuable recommendations for luxury brand manager in the context of airport retail.

**Keywords:** *Luxury retail, airport retail management, luxury brand management*

## References:

Deloitte (2019) *Global Powers of Luxury Goods 2019: Bridging the gap between the old and the new*. Deloitte Touche Tohmatsu Limited.

Geuens, M., Vantomme, D., Brengman, M. (2004) 'Developing a typology of airport shoppers', *Tourism Management* 25 (2004) p. 615–622.

Han, H. and Hyun, S. S. (2018) 'Investigating customers' shopping behaviors at airport duty-free shops: impact of shopping flow and alternative shopping malls' attractiveness', *Asia Pacific Journal of Tourism Research*, Vol. 23, No. 7, p. 627–638

Hoffmann, Jonas (2015) *Independent luxury: the four innovation strategies to endure in the consolidation jungle*. New York: Palgrave Macmillan, 2015.

Kapferer, J.-N. and Bastien, V. (2012) *The luxury strategy: break the rules of marketing to build luxury brands*. London: Kogan Page

Kapferer, J.-N (2014) *Kapferer on Luxury*. London: Kogan Page.

Lapan, S. D., Quartaroli, M. T., Riemer, F. J. (2011) *Qualitative Research: An Introduction to Methods and Designs*. San Francisco: John Wiley & Sons, Incorporated

Lin, Y.-H. and Chen, C.-F. (2013) 'Passengers' shopping motivations and commercial activities at airports - The moderating effects of time pressure and impulse buying tendency', *Tourism Management*, 36, 2013, p. 426-434.

Perng, S.-W., Chowa, C.-C., Liao, W.-C. (2010) 'Analysis of shopping preference and satisfaction with airport retailing products', *Journal of Air Transport Management*, 16 (2010), 279-283.

Swarbrooke, J. and Horner, S. (2017) *Consumer Behaviour in Tourism*. Oxfordshire: Routledge Ltd

Torres, E., Domínguez, J.S., Valdés, L. and Aza, R., (2005) 'Passenger waiting time in an airport and expenditure carried out in the commercial area.' *Journal of Air Transport Management* 11, p. 363-367.

The Airports Council International (2023). Available at: <https://aci.aero/2023/02/22/what-to-expect-latest-air-travel-outlook-reveals-short-and-long-term-demand/#:~:text=The%20ACI%20World%20Airport%20Traffic,tonnes%20of%20air%20cargo%20worldwide.> [access 5<sup>th</sup> April 2023]

Statista (2022). Available at: <https://www.statista.com/statistics/1290358/travel-retail-market-size/> [access 5<sup>th</sup> April 2023]