



Duty Free & Travel Retail

A unique marketplace



Shopping at Istanbul Airport and while cruising on a Tallink ship





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NIGEL KEAL

President ETRC



Born at Shannon Airport in Ireland almost 80 years ago, Duty Free & Travel Retail has significantly evolved to become a unique marketplace. But always with one purpose in mind: serving the international traveller who would like to treat themselves or bring home a souvenir or gift for their loved ones.

Whilst we are in the final stages of recovery from the COVID-19 pandemic, this recovery is being aggravated by several economic and geopolitical challenges still affecting the European region, including the slow return of international travellers (in particular from Asia).

Yet, our industry has shown remarkable resilience and its continued relevance, built on a true spirit of collaboration between all partners (retailers, suppliers and landlords) to create a premium shopping experience for international travellers going through Europe.

With a limited and often exclusive product range on offer, Duty Free & Travel Retail has long provided a unique opportunity for brands to showcase themselves to an international customer base and expand rapidly into new markets. It has enabled and continues to enable local producers to develop into global brands – notably brands with a European heritage.

Duty Free & Travel Retail is a key component of the travel and tourism ecosystem, enabling the funding of transport infrastructure, such as airports and ports, as well as operations for the benefit of all passengers.

Duty Free & Travel Retail is a key component of the travel and tourism ecosystem.

With annual sales amounting to €8.67 billion in 2023, airport shopping is the biggest contributor to operational, non-aeronautical revenue for European airports, the total of which (airport shopping, car parking, food and beverage, real estate, etc.) amounted to around 39% of their total revenue in 2023.

In the coming years, the travel and transport sectors in Europe will be facing even greater demands in terms of infrastructure, as well as environmental and sustainability requirements and, consequently, the financial investment to meet those targets.

Duty Free & Travel Retail is ready to play its part. It can only do so, however, if the regulatory framework allows the industry to thrive, which requires policymakers to understand the unique retail conditions of this marketplace.

This booklet provides you with some key facts and figures about the European Duty Free & Travel Retail channel. It explains the essential role of our channel in supporting the transport and tourism sectors – directly and indirectly – in economic value but also in terms of reputation, by being the window to the world of some of Europe's most iconic brands.

This booklet also provides pointers into some of the regulatory challenges Duty Free & Travel Retail faces in Europe – which arguably could be seen as one true single market, catering to the international traveller regardless of the language they speak and the airport, port, ferry, cruise or airline they purchase from.

I wish you insightful reading.

A handwritten signature in blue ink, appearing to read 'Nigel Keal', written in a cursive style.



JULIE LASSAIGNE

Secretary General ETRC

ETRC was created 20 years ago as a European association serving its members in the Duty Free & Travel Retail industry in Europe, with the aim to safeguard and grow the business.

Its role stemmed from a simple observation: as a sector, Duty Free & Travel Retail often suffers from a lack of understanding and sometimes even from misconceptions.

We know the importance of Duty Free & Travel Retail shops in Europe in providing an incredible shop window for some of Europe's favourite and best-known brands – from high luxury to everyday treats. We know the importance of Duty Free & Travel Retail revenues in supporting the European aviation and maritime ecosystems.

We know it is one of the most highly regulated supply chains of any industry in the world, built on close cooperation with national and local customs authorities. Not only are Travel Retail operators active within some of the world's most tightly controlled environments, such as airports. They also rely on a secure and robust supply chain in this unique channel, providing consumers and regulators with the confidence that the products being sold are correctly sourced, transported and retailed.

But do industry outsiders know that? This booklet aims to fill those gaps.

In 2024, ETRC commissioned a new report from InterVISTAS Consulting entitled "Economic Impact of Duty Free & Travel Retail in Europe" which demonstrates the

Retailers rely on a secure and robust supply chain in this unique channel.

significant economic impact of the Duty Free & Travel Retail sector in Europe.

In particular, the report provides fresh data on the valuable contribution of the sector to local employment and economic activity directly and indirectly, as it considers the role of Duty Free & Travel Retail for brands, retailers, landlords (airports, ports, railway stations, cruise and ferry lines) and public finances.

Furthermore, ETRC is a proud supporter of the Duty Free Trusted Transparent Secure campaign, which aims to highlight the credentials of our industry and responsible retailing in the global fight against all forms of illicit trade – under the umbrella of the Duty Free World Council (DFWC) and Tax Free World Association (TFWA).

Finally, Duty Free & Travel Retail as a business is at the centre of major developments in sustainability matters. Amidst the challenges of recent years, and the ones ahead, it is crucial to recognise – and embrace – the opportunities and challenges they bring in order to remain resilient.

In this booklet, we are presenting our manifesto for the 2024–2029 EU political cycle. It highlights some of our recommendations as to how we believe the EU can support the Duty Free & Travel Retail channel to contribute to improving the competitiveness of the European aviation and maritime sectors.

We look at how we can work with our partners – and crucially policymakers and regulatory bodies – to identify and promote conditions for a responsible and sustainable future for Duty Free & Travel Retail in Europe.

A global channel for the international traveller

Shopping is a key element of the travel experience for many passengers. As such, the provision of an extensive Duty Free & Travel Retail offer is an essential service as well as an important generator of revenue for the aviation, maritime, travel and tourism sectors.



Duty Free & Travel Retail is now often the largest contributor to non-aeronautical income.

WORLD OF BEAUTY



As a global industry, Duty Free & Travel Retail encompasses the sale of goods to international travellers



All Duty Free shops are situated in security-controlled areas. They are exempt from the payment of certain local or national taxes and duties, normally with the requirement that the goods are only sold to travellers who will take them out of the country. In some territories, the term "Travel Retail" was coined to define the sale of products in a travel environment on which taxes and duties remain payable even though the customer may be travelling internationally. This is notably the case within the European Union (EU), where the sale of Duty Free goods to customers travelling within the EU was abolished in 1999.

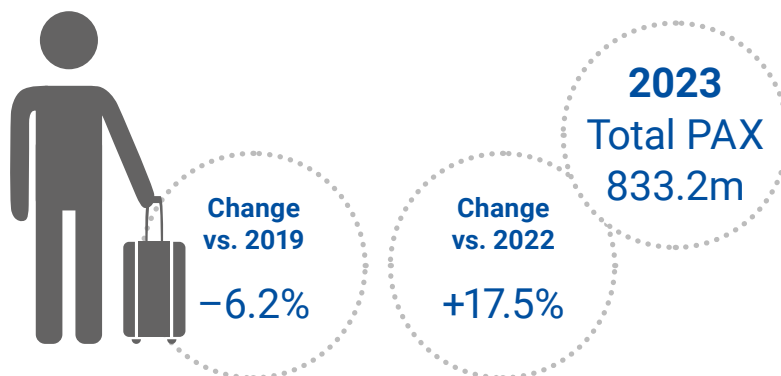
"Travel Retail" commonly refers to sales made in travel environments where proof of travel is required for customers to access the shopping area, and which are subject to taxes and duties. These areas are usually located beyond security or immigration controls at airports and ports, as

well as sales made onboard aircraft and onboard ferries and cruise ships, where both Duty/Tax Free and Duty/Tax Paid sales of consumer goods are made to travellers.

On land, at sea and in the air – the sales channels

While airports represent the majority of such sales globally, Duty Free & Travel Retail is also available at some border shops, cruise and ferry shops on vessels in international waters, onboard aircraft during international flights, at some international railway stations, and for the provisioning of ships sailing in international waters. It can also include city centre stores where proof of travel is required for purchase. In many states, and in certain international institutions, the right to buy Duty Free goods is accorded to diplomatic and military personnel stationed outside their native country.

International departing passengers (PAX) from European airports



Source: The ETRC Index (FY 2023 Review) / ForwardKeys Traveller Statistics
PAX based on Total International Departing PAX from 849 European Airports



Catering to an international audience with competent, friendly employees, exclusive products and special promotions

What makes our retail channel so special? Differentiating the Travel Retail market from the high street.

In over 60 jurisdictions in the world (for example in some European countries outside the EU such as Norway, Switzerland or Turkey, as well as in Australasia, the Middle East and Latin America), travellers are offered the opportunity to buy Duty Free goods on their arrival at their destination airport.

Commercial revenue is an important source of passenger transport infrastructure. Airports in particular increasingly rely on commercial revenues to fund the development of their infrastructure and operations for the benefit of all passengers. The revenues also help them keep the landing fees payable by airlines as low as possible. At airports across the world, Duty Free & Travel Retail is now often the

largest contributor to non-aeronautical income, accounting for, in many instances in excess, of 40% of the profits per passenger.

ETRC believes that recognising the uniqueness and importance of the Duty Free & Travel Retail market is the first step to unlocking the industry's true potential. As a market, it has long been acknowledged to be distinct from domestic retail. Access is restricted to those who are travelling and in possession of a boarding pass.

WHAT IS DUTY FREE & TRAVEL RETAIL?

Travel Retail caters to an international audience that speaks a multitude of languages. Moreover, the product is likely to be consumed in a different country than the one where it was purchased. Travel Retailers stock a significant proportion of Travel Retail Exclusives which are packaged differently or simply not available in the domestic market.

Duty Free & Travel Retail shops are not in direct competition with the domestic market; rather they compete with each other across international borders.

A limited and often exclusive product range is on offer, from luxury goods to perfume. Notably, the brands available here are predominantly ones with a European heritage.

For European small and medium-sized enterprises (SMEs) this specific market provides a unique opportunity to showcase themselves to an international customer base and expand rapidly into new markets. It has enabled and continues to enable local producers to develop into global brands. However, a strict application of EU and national legislation poses significant barriers to entry for them.

To better serve our international marketplace, we are advocating that legislative and regulatory frameworks take into account the needs of the Duty Free & Travel Retail channel. We are promoting greater awareness of the uniqueness of our industry and seek to ensure that legislation does not hinder or damage it, but rather promotes growth and innovation – ultimately for the benefit of all travellers in Europe.





Travel Retail is the shop window to the world – seen here in Hamburg, Copenhagen and Prague



OLIVIER JANKOVEC

Director General Airports Council International Europe



Travel Retail comes right after security for airports

Let's admit it: we all enjoy, some more than others, cruising through the Travel Retail options in the airport, which today has become a marquee airport and shopping experience. One made possible through the commercial re-invention of European airports along with the marketing acumen and supply chain mastery of their Travel Retail partners. As the consumer shopping experience rapidly evolves with e-commerce penetration, a shift towards experiential consumption, and the increasing propensity to fly, the airport Travel Retail experience is becoming a key place for consumers to see and feel products and find unique local offerings.

Travel Retail is also essential to the airport financial model. Airports earn revenues from concession contracts with a variety of different approaches to revenue sharing with their Travel Retail partners. Airports' retail revenue per passenger was €2.30 in 2019 – around 10% of total airport revenue per passenger and 25% of airports' non-aeronautical revenues from all categories.

Overall, airport revenue from business areas beyond aviation, the non-aeronautical business, accounted for 39% of total airport revenues in 2023, up from 37% in 2019.

Importantly, many airport business experts and analysts see the Travel Retail line as the airport business that has the fastest growth potential in the future – though it needs some help from governments in setting adequate rules, for example in ensuring Duty Free sales both on arrival and departure.

Revenue structure	2019	2023
Operational aeronautical revenue	57%	54%
Operational non-aeronautical revenue	37%	39%
Ground handling revenue	4%	4%
Other	3%	3%

The long-term prospect for air travel demand remains strong, and with it the role of the Travel Retail business. Europe's airports will further require an additional €360 billion in capital expenditure (CAPEX) by 2040 to address the long-term trend in passenger demand along with decarbonisation, resilience and digitalisation.

Revenue from non-aeronautical operations, which is not constrained by economic regulation, can tip the scales to justify decisions for capital investment projects, terminal expansions, and facilitation of land-side facilities.

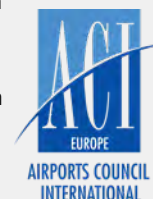
Finally, ensuring that common rules are applied globally is important. Today, the sale of goods free of duty and sales taxes is nearly universal on departure, and also growing for arriving passengers.

So we call on the European Union to take action and allow Duty Free sales to arriving passengers, putting it in line with other countries and regions.

Airports Council International Europe (ACI EUROPE)

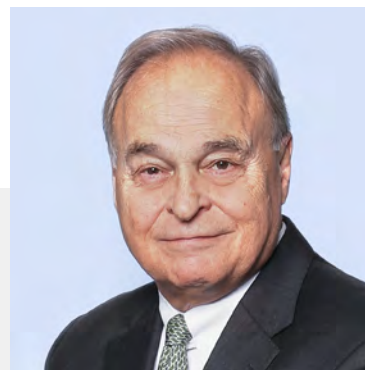
ACI represents over 500 airports in 55 countries, and its members facilitate over 90% of commercial air traffic in Europe. Air transport supports 14 million jobs, generating €851 billion in European economic activity (5% of GDP). In response to the Climate Emergency, in June 2019 ACI EUROPE members committed to achieving net-zero carbon emissions for operations under their control by 2050, without offsetting. Based in Brussels, ACI EUROPE leads and serves the European airport industry and maintains strong links with other ACI regions throughout the world.

ACI EUROPE maintains close relationships with many national airport operator associations and with a number of organisations with interests related to aviation, such as ETRC.



ERIK JUUL-MORTENSEN

Honorary President Tax Free World Association



Why Duty Free & Travel Retail matters to brands

➤ Duty Free & Travel Retail presents a unique marketing opportunity for premium brands from Europe and beyond. Offering access to millions of affluent travelling consumers, many of whom are keen to browse and shop on their journeys, this market provides a valuable chance to recruit new customers, build brand awareness, test-market new products, and engage travellers with immersive brand experiences unmatched by anything on domestic high streets.

While travellers can buy Duty Free & Travel Retail goods on ferries or cruise ships and at some border stores, most do so at airports. With time on their hands as they wait for their flights, these passengers often spend longer in Duty Free shops than they do in high street stores back home. Leisure travellers embarking on their holidays are particularly receptive to brand messages and special offers. Brands tailor their ranges accordingly, featuring exclusive products or packaging formats unavailable in domestic markets. Working with Travel Retail operators, they invest in eye-catching displays or high-profile promotional activity to positively shape consumer perceptions.

For established brands, Duty Free & Travel Retail can help reinforce domestic marketing campaigns. Cooperating with retailers, airlines, cruise lines, hotels and other service providers enables a brand to remain top-of-mind with travellers all the way to their destination. Smaller brands benefit from exposure to a large number of poten-

Brands tailor their ranges accordingly, featuring exclusive products or packaging formats unavailable in domestic markets.

tial consumers who, seeing such products in an international environment, often view them as more aspirational than they might otherwise do.

United by a shared desire to serve today's travelling consumer, TFWA has worked closely with ETRC from the start. One example is the digital labelling platform for perfumes, cosmetics, alcohol and confectionery in Duty Free & Travel Retail. This project aimed to provide product information, including details of ingredients and allergens, in multiple languages by scanning a barcode, eliminating the need for unnecessary physical labels or packaging. Following a live-environment trial involving 18 suppliers, which was co-funded by ETRC and TFWA, research among consumers who tried the platform showed that over 80% were satisfied and happy to use it. Consultations are underway with policymakers about adopting digital labelling of this type.

ETRC plays a vital role in building and protecting the Duty Free & Travel Retail industry, and TFWA will continue to offer its support and cooperation in the interest of all members and the travelling public.

Tax Free World Association (TFWA)

TFWA is a global, non-profit organisation based in Paris that brings together over 450 premium brand companies active in Duty Free & Travel Retail. Members include world-renowned names as well as newer entrants across many product categories, from beauty and fashion to wines and spirits. Its mission is to identify trends and opportunities, build awareness and provide a business platform for the global Duty Free & Travel Retail industry to prosper. An important part of that is organising annual industry conferences and exhibitions in Cannes, Singapore and elsewhere. In 2024, TFWA celebrated its 40th anniversary.





It is widely agreed that Europe needs to improve the commercial competitiveness of its transport operations, may it be airports or ports. ETRC believes that Duty Free & Travel Retail can make a significant contribution to this goal.

How the EU can support the Duty Free & Travel Retail channel

Improving the competitiveness of the European aviation and maritime sectors

Creating a policy framework which will allow Europe's airports to fully exploit their commercial opportunity is a sensible and straightforward way to help solve what is becoming a systemic funding problem. The income provided by the Duty Free & Travel Retail channel is an important revenue stream for all airports. In some cases, it allows smaller airports to continue to operate when otherwise they would no longer be commercially viable without government subsidies, which are tightly controlled under EU rules. The Duty Free & Travel Retail channel also directly employs tens of thousands of people in Europe and provides a vital shop window for many Europe-produced goods.

In 1947, the world's first airport Duty Free shop opened its doors in Shannon, Ireland. Its purpose: to satisfy the needs of passengers and provide the necessary revenues to improve and maintain essential airport facilities. Almost 80 years later, we believe that need is still there, and that with EU support, we can improve Travel Retail and help keep Europe's transport infrastructure thriving.

ETRC has identified the following policy areas where EU support is needed to ensure that policy objectives can be met without restricting Travel Retail growth and passenger choice:

1.
Introducing Arrivals
Duty and Tax Free
shopping in the EU

2.
Adapting labelling and
packaging legislation
for an international
marketplace

3.
Securing the passenger
right to continue
to bring their airport
purchases onboard

4.
Integrating the
passenger experience
with the highest level of
transport security

5.
Maintaining
internationally recognised
customs allowances

1. Introducing Arrivals Duty and Tax Free shopping in the EU

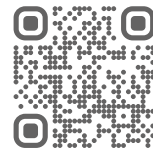
COVID-19 created the greatest crisis the European travel and tourism industry has ever experienced. Airports suffered substantial losses due to the capital-intensive nature of their business.

Arrivals Duty and Tax Free shopping can provide new sources of employment and commercial revenue to the European travel and tourism industry for the sustainable recovery of European aviation.

Building on the experience gathered in the more than 60 countries worldwide currently permitting Arrivals Duty and Tax Free sales (including Norway, Switzerland and Turkey), ETRC believes that there is considerable scope to increase this commercial revenue in the EU by allowing Duty and Tax Free sales to passengers arriving from third-country airports.

- Sales take place before passengers clear customs controls.
- Arrivals Duty and Tax Free is available to passengers arriving from a third country with valid proof of travel and with purchases brought as part of their personal luggage.
- The vast majority of sales in Arrivals Duty Free shops will be displaced from non-EU airports – the airport of departure being in a third country.
- Research estimates that the average spend per passenger in EU airports will increase by 20 to 30% by granting travellers arriving from third countries the right to buy Duty and Tax Free goods before passing through customs control.
- ETRC is not proposing any change to current EU Duty Free allowances, so the amount of Duty and Tax Free goods coming into the EU will not change significantly. The actual change would be that these purchases are then made in EU airports, supporting EU jobs and businesses, rather than those in third countries.

ETRC encourages the EU to look at innovative ways to support the financial sustainability of the European tourism and travel sector, including an opportunity like Arrivals Duty and Tax Free, which can drive growth and help generate income for EU airports, governments, Travel Retail operators, and brands.



etrc.org/publications

Economic activity within the EU is boosted



benefiting public finances.

Travellers allowances



will remain as they are.

Research estimates that the average spend per passenger in EU airports will increase by 20 to 30% on average



of total Travel Retail sales.

Sales will be shifted from outside the EU



2. Adapting labelling and packaging legislation for an international marketplace

In Europe and elsewhere in the world, there is a considerable increase in regional and national product-specific legislation being introduced that was developed for application in domestic markets but has significant practical implications for the Duty Free & Travel Retail channel because of the unique conditions under which it operates. These conditions include the multiplicity of languages used by staff and customers, the location of a product's place of consumption, security requirements, and the nature of the supply chain.



DUTY FREE LABEL

The strict application of EU and national legislation, which was negotiated without the specificities of the sector in mind, restricts the ability of manufacturers to access this important market. Indeed, such stringent rules act as significant barriers to entry for new products, particularly for SMEs and local producers, inevitably limiting consumer choice even further.

ETRC advocates strongly that regulators consider adapting the application of existing EU and national legislation to the Duty Free & Travel Retail channel. This is necessary to take into account retrospectively the international marketplace that is being served, and the nature and place of final consumption of the goods retailed. In the event of new legislation being put forward, this should at all times include specific rules tailored to the needs of this unique channel.

- EU labelling and packaging rules such as those included in the Food Information to Consumers Regulation and the Packaging and Packaging Waste Regulation (PPWR) do not take into account the specificities of the Duty Free & Travel Retail channel, even more so when Member States introduced requirements for their own markets.
- This complicates the supply chain for suppliers, distributors and retailers, where many products may be discontinued as it is no longer economically viable to supply small productions runs.

ETRC is not advocating for the channel to be fully exempted from labelling and packaging rules. We do, however, need flexibility in how we communicate with our customers. ETRC argues that digital labelling through which mandatory information can be provided in a consumer-friendly format is the optimum solution to comply fully with regulatory requirements, while enabling the Duty Free & Travel Retail channel to continue to thrive and propose iconic products targeting an international audience.

Not only can we meet the policy objectives of the regulations, but we can do so in a more effective manner for our retail channel than that required by the regulations. In this case by providing mandatory product information to international consumers in multiple languages via digital labelling, instead of on-pack labelling in the language of the country in which the product is being sold. Through the project Duty Free Label, ETRC is supporting its members in adapting to this new reality: informing consumers in the Duty Free & Travel Retail channel in the digital age.

3. Securing the passenger right to continue to bring their airport purchases onboard



The dynamics of the air transport industry are forever evolving. It is now commonplace for airlines to charge for hold baggage, and even for some types of carry-on luggage. This has led to a significant increase in congestion for hand luggage space onboard.

Airport shopping is not the cause of this congestion. It has been widely accepted airline-industry practice to consider airport purchases as personal items which can be safely stored by the passengers either in the overhead bin or under the seat in front of them.

Yet, airport shopping has been the victim of over-zealous airlines implementing strict “one bag” rules for carry-on luggage and forcing passengers to either discard shopping or pay outrageous “fines” to bring their goods onboard.

- We are calling for harmonised and binding standards granting passengers the right to bring onboard their airport purchases in addition to their hand luggage at no extra cost, in line with industry practice and passenger expectations.
- A simple amendment to either the EU Air Passenger Rights Regulation or EU Air Services Regulation would have a transformational impact on consumer confidence.

4. Integrating the passenger experience with the highest level of transport security



Transport security is paramount and all stakeholders, including retailers, must play their part. ETRC fully supports the efforts of the European Commission and the Member States to secure Europe’s aviation and maritime transport. The introduction of Security Tamper-Evident Bags (STEBs) in 2007 in order to protect airport retail revenues is a prime example of industry and government working together effectively.

New airport screening equipment allows for the detection of liquid explosives without the need to remove liquids, aerosols and gels (LAGs) from carry-on bags. However, it now appears that the roll-out of this equipment will take place at different paces across Europe, meaning harmonization and passenger education will take some time.

- ETRC supports the continued implementation of current security measures related to the carriage of LAGs as recommended by the International Civil Aviation Organization (ICAO). These include the use of STEBs for transporting Duty Free bottles so that they can be accepted at transfer airports where LAG restrictions still apply.
- This should ensure the implementation of the new security regime is as smooth and trouble-free as possible for airports, retailers and, crucially, passengers, while enhancing aviation security standards.

5. Maintaining internationally recognised customs allowances

The Duty and Tax Free channel is one of the most trusted, transparent, secure and legitimate supply chains in the world. Travel Retail operators have long track records of dealing with specific, heavily regulated product segments which play an important role as a major footfall driver to bring customers into the shops at airports and on cruise ships.

The sale of Duty Free products to international travellers is well established in International Agreements. The Convention on International Civil Aviation (Chicago, 1944), the Convention Concerning Customs Facilities for Touring (New York, 1954), and the Revised Kyoto Convention (World Customs Organization, 2006) each contain provisions protecting the right of travellers to carry Duty Free purchases internationally.

- Duty Free allowances for excisable products (alcohol and tobacco) have been in place in Europe since civil aviation began and are the cornerstone of the offer the Duty Free & Travel Retail industry makes to its customers. These allowances need to be maintained so that passengers can shop with confidence.

When travelling by plane, a passenger can experience Duty Free shopping at a number of points in any journey – without impacting inbound Duty Free allowances which are determined by the final country of destination.

Duty Free at departure airport

Inflight shopping

Transfer hub

Inflight shopping

Duty Free at arrival airport

Allowances at the destination do not change



Our recommendations for a concerted EU policy in support of this unique channel

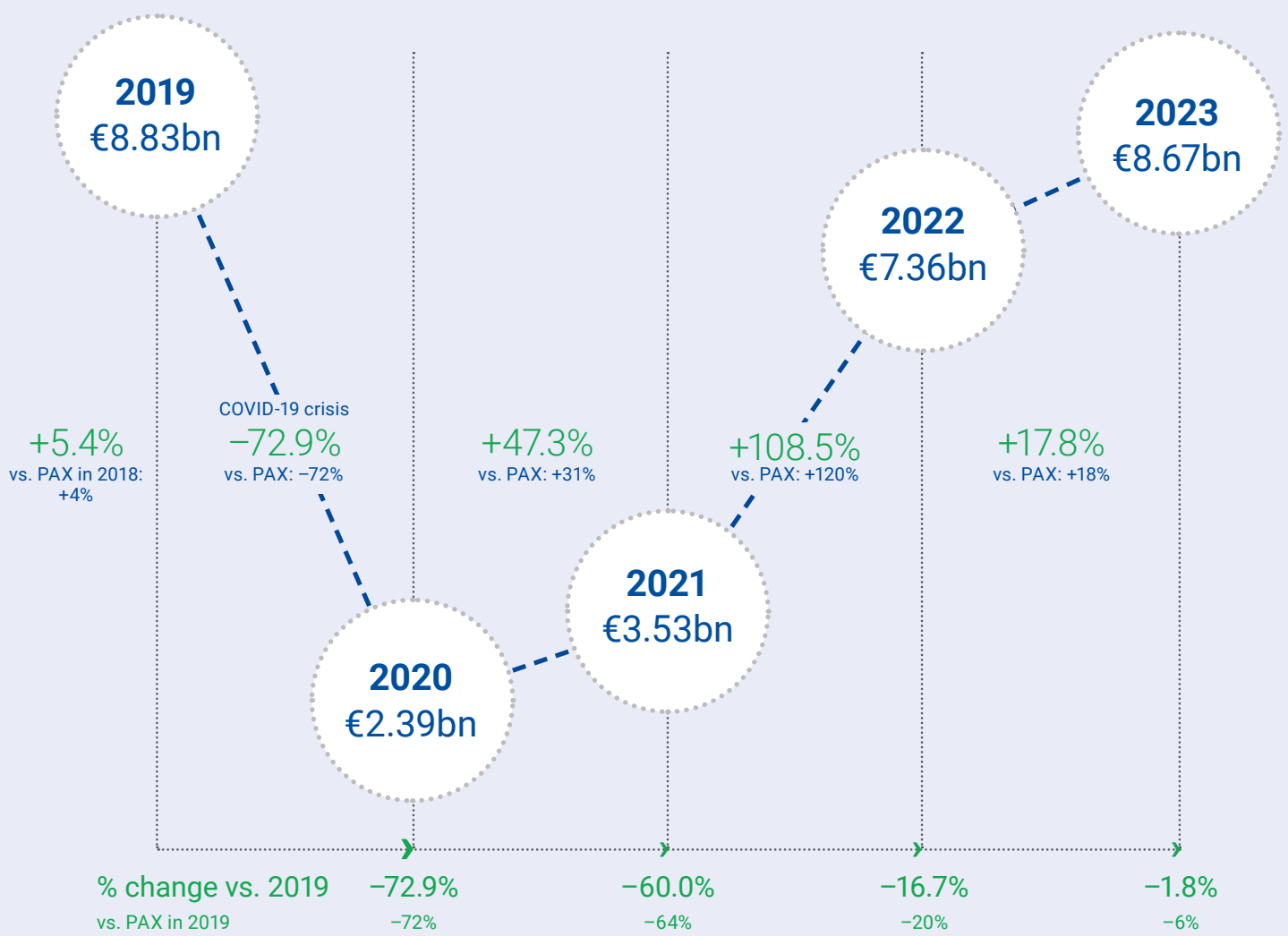
- Shopping in Travel Retail has become an integral part of the passenger experience – just as the resulting revenues are an integral part of airport and port finances. The growth of retail revenues over the years clearly demonstrates that passengers positively value the opportunity they are given.
- Duty Free & Travel Retail in Europe needs a supportive regulatory framework in order to thrive. This retail channel, created for and used by the international traveller, requires urgent recognition of its unique nature and innate value.

European key figures

In 2023, normality resumed in the European Travel Retail sector after the COVID-19 crisis. Total annual sales at European airports amounted to €8.67 billion, the equivalent of 17.8% up on 2022's performance and just 1.8% down on 2019.

Several industry dynamics continue to determine sector performance – here are some key figures showing the state of the Travel Retail industry in Europe and around the world.

Performance of sales at European airports: 2019 to 2023



Source: The ETRC Index (FY 2023 Review) / Retailer EPOS data and ForwardKeys Traveller Statistics Passengers (PAX) based on Total International Departing PAX from 849 European Airports.



Spend per passenger

2019 to 2023



at European airports

Source: The ETRC Index (FY 2023 Review)

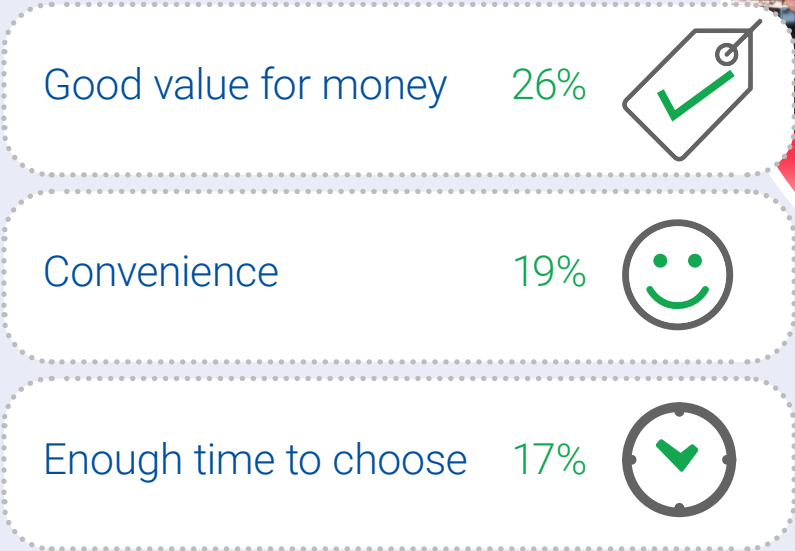


Overall, airport revenue from business areas beyond aviation, the “non-aeronautical” business, accounted for **39%** of airport total revenues in 2023, up from 37% in 2019.

Source: ACI EUROPE

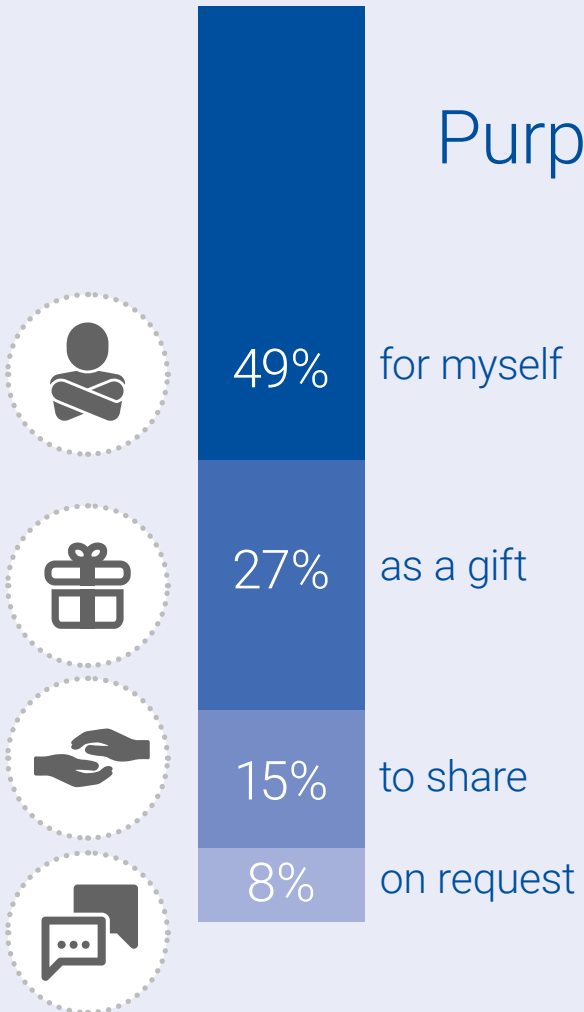
Global key figures

Drivers of purchase



Source: DFWC Quarterly Global Shopping Monitor Q4 2023

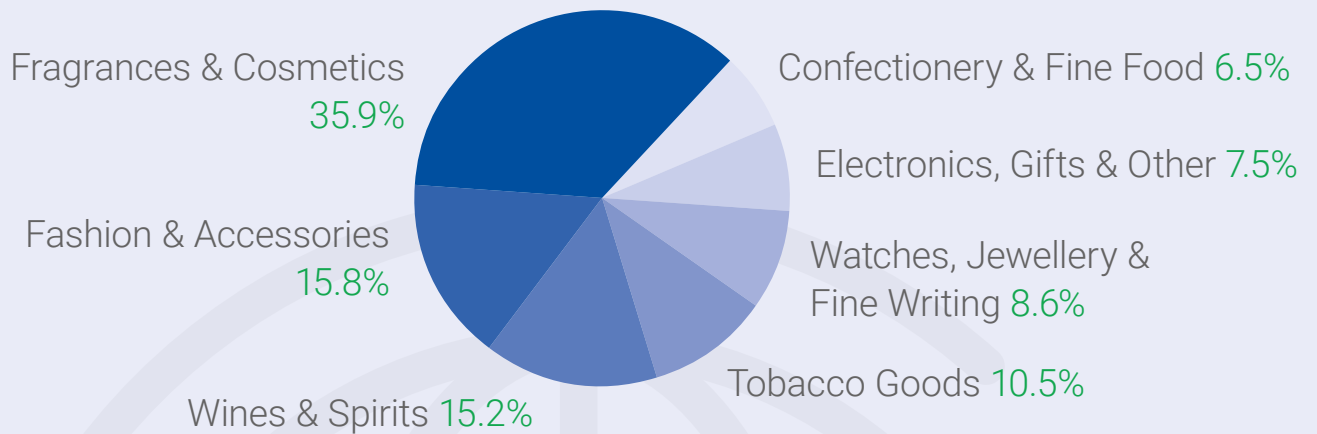
Purpose of purchase



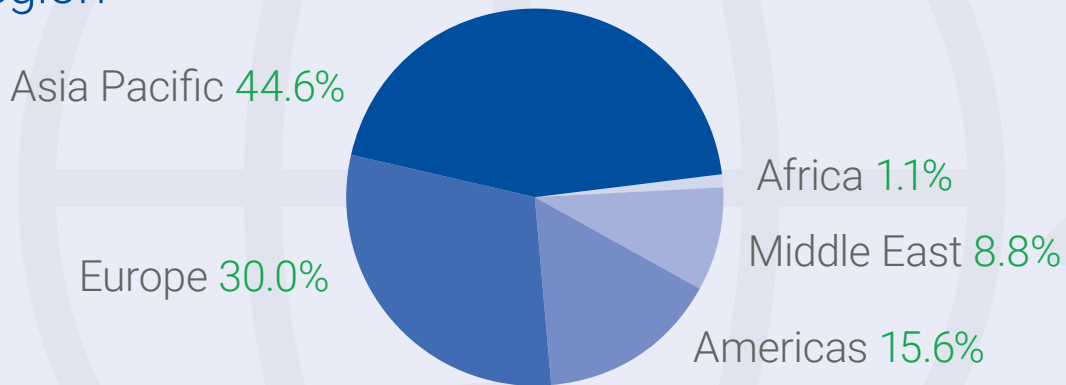
Source: DFWC Quarterly Global Shopping Monitor Q4 2023

Duty Free & Travel Retail sales in 2023

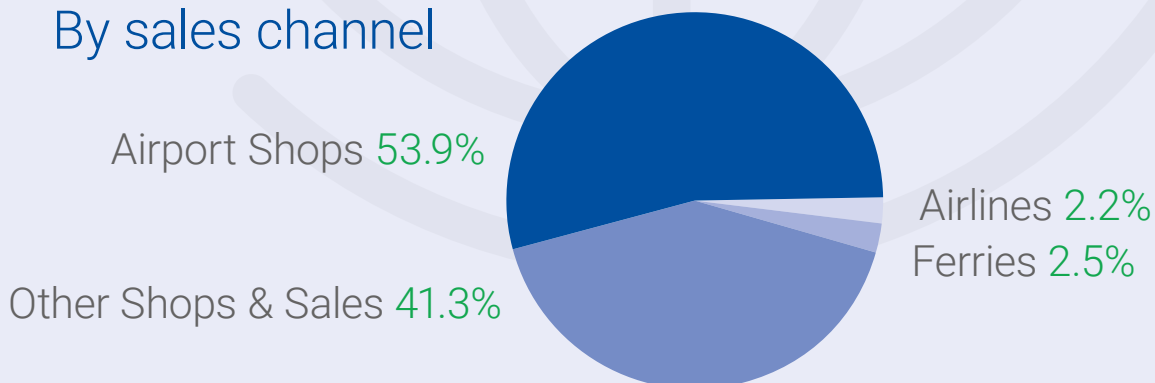
By product category



By region



By sales channel



Source: Best & Most, Generation Research AB, Sweden

Promoting sustainability and responsibility best practices

➤ Sustainability has long been a key consideration in Travel Retail, from operations and supply chain management to product development and customer engagement.

In cooperation with its members, ETRC identified common values based on the United Nations Sustainable

Development Goals (SDGs) and adopted its mission statement: "With collaboration and respect, we contribute to developing a Responsible Travel Retail."

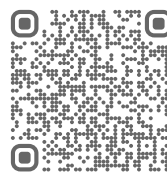
Taking into account the three pillars of sustainability policies, environmental, social and governance, ETRC is fully committed to supporting members and the wider industry in their efforts towards a more sustainable Travel Retail industry.

This includes identifying areas for action in the field of sustainability where ETRC can play a part and enhance members' contribution, especially via the regular dissemination of policy updates, helping them to map and assess the impact of EU sustainability-related legislation.

It is also our responsibility to clearly explain what our industry stands for – and what it is not. ETRC supports the campaign led by our global trade association, the Duty Free World Council (DFWC): "Duty Free: Trusted, Transparent, Secure". It is designed to coordinate and demonstrate the Duty Free & Travel Retail industry's clear stance against illicit trade, counterfeiting and intellectual property theft.



- Since 2018, ETRC has been promoting the Duty Free Label project towards its members dedicated to developing digital labelling in Travel Retail. This is aimed at better informing the international consumer as well as at long-term environmental benefits by reducing packaging.
- In February 2022, ETRC endorsed the Toulouse Declaration on future sustainability and decarbonisation of aviation, backing the pursuit of decarbonisation in aviation by 2050.
- Since 2023, ETRC has supported the Duty Free World Council and Tax Free World Association's Anti-Illicit Trade Declaration and encourages its members to seek a similar declaration from their business partners that they also take a zero-tolerance approach to illicit trade.



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Sustainability has long been a key consideration in Travel Retail

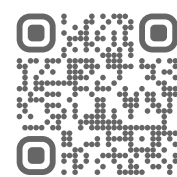
DFWC codes of conduct and responsible retailing programmes

Our industry is one of the primary vehicles for showcasing Europe’s rich heritage to an international customer base with an extraordinary range of premium brands. A channel characterised by quality, rather than quantity, its profile is consistent with responsible consumption and purchasing by adults.

ETRC encourages its members to adopt and implement responsible retailing practices across Europe via the implementation of codes of conduct and responsible training programmes developed specifically for Duty Free & Travel Retail, and made available free of charge by DFWC. Available in English, French and Spanish, these interactive module-based training programmes are designed to reinforce regulations and best sale practices. ETRC recommends representatives of all relevant stakeholders to ensure their associates participate in these training programmes.

DFWC Academy – training

- Certificate Course in Duty Free & Travel Retail
- Responsible Retailing of Alcohol
- Responsible Retailing of Confectionery, Chocolates and Biscuits
- Industry Professional Standards



DFWC Training Programmes
dfworldcouncil.com/training/

Committed to enriching the travel experience

Global Travel Retailers on how to create memorable shopping experiences with a sustainable mindset and a strong people-focused approach.



RAOUL SPANGER

Co-CEO Gebr. Heinemann

MAX HEINEMANN

Co-CEO and owner



As one of the market leaders within the Travel Retail industry, Gebr. Heinemann lives collaboration in the interest of our industry and especially in the interest of travellers. The best ideas sprout when people come together, where respect, trust and open communication are second nature. The Heinemann family of employees lives this culture every day, fostering it not only within the company but also with its valued partners. This is what it means to be the most human-centric company in global Travel Retail. Every day, the company and its partners are committed to creating unforgettable experiences, being a valuable travel companion, and making a sustainable im-

pact. And this is exactly what it takes to create a state-of-the-art shopping experience for travellers.

With this in mind, our financial and personal involvement in industry associations plays an important role. This applies in particular to the ETRC, which represents the interests of the Duty Free & Travel Retail industry in the highly regulated European market comprehensively and professionally. We will continue to do everything in our power to ensure a successful future for our industry, in addition to the success of our group of companies.

DAG RASMUSSEN

Chairman & CEO Lagardère Travel Retail



At Lagardère Travel Retail, we recognise that our industry stands at a pivotal crossroads in sustainable development. We are committed to designing responsible offers and experiences that reflect our dedication to a sustainable future, aligning with traveller expectations and regulatory demands.

Achieving the Paris Agreement's carbon reduction targets requires changes across our entire value chain. With half of our reductions by 2030 dependent on supplier engagement, we are working closely with our brand partners to adapt our product offer and life-cycles as well as operational processes, reducing their environmental

impact and advancing these shared goals. We are implementing our responsible offer programme in every operation, involving all of our stakeholders.

Our sustainability journey also depends on strong collaboration with airport partners to integrate sustainability into every decision, from store construction to waste management. As a leader in Travel Retail & Dining, we pledge to work alongside the airports, brands and policy-makers to ensure a future where economic growth goes hand-in-hand with environmental stewardship, enriching the travel experience in a more sustainable way.

RAY HERNAN

CEO ARI



At ARI, we are committed to enriching the travel experience, embodying our brand "Joy On Your Way" for passengers worldwide. With a proud heritage as pioneers in Travel Retail, we understand that every journey is an opportunity to create meaningful, memorable moments. A key priority is ensuring each airport location offers a unique experience that reflects its local culture and character, creating a true sense of place. Travellers should feel connected to the destination, and we design our stores to capture that, blending a distinctive local flavour with universal value messaging that resonates across diverse audiences. By working closely with our airport and brand partners, we co-create immersive, tailored experiences that exceed expectations and set new benchmarks for excellence.

Our people bring "Joy On Your Way" to life, excelling in providing exceptional service, carefully selected product ranges, great savings and value, and a distinctive sense of place. With a customer-centric approach, we offer travellers a thoughtfully tailored mix of savings, quality and retailtainment, all underpinned by a sustainable mindset.

Our goal is to continue elevating the customer experience and supporting our partners in achieving their goals. Our approach is rooted in partnership, growth and customer satisfaction, reflecting our brand expression to bring "Joy On Your Way" to life for every traveller.

Did you know ...?

Trivia and shopping surprises

Have you ever wondered what Victor Hugo, a stoplight and a bathtub have in common? The answer: they all have something to do with Travel Retail. Well, in the broadest sense, anyway ...

Soaking in scents

The quantity of perfume sold by retailer Heinemann to travellers around the world in 2023 would fill 4,771 bathtubs. Surely an incomparably fragrant spa experience!

4,771
bathtubs



Paris, 1852

The very first Travel Retail shop, a book store, was opened as early as 1852 at the Paris Gare de Lyon train station by Lagardère Travel Retail. Emblematic figures such as Victor Hugo, Charles Baudelaire or Émile Zola may have picked up their newspaper there before catching a train to the south of France.



Memories made of lavender and olive oil

Close your eyes and think "Provence" – what do you see? Lush lavender fields and sturdy olive trees will certainly be among the first things that come to mind. So, it's no surprise that memories are truly made of these. At Nice Airport, 43,000 lavender bags are bought each year by travellers as well as 6,000 tonnes of olive oil – which, by the way, is the equivalent to the production from 1,300 olive trees.

The first Duty Free shop opened in Europe

The ICAO laid down the legal basis for international air travel in a landmark agreement known as the Chicago Convention in 1944, which also enshrined Duty Free status for air travel. Three years later, Dr Brendan O'Regan spearheaded the opening of the first Duty Free shop at Shannon Airport, Ireland. In the beginning, it only sold locally produced goods from a kiosk, but – as they say – the sky was the limit for this idea. So, in 1954, the ICAO's New York Convention recommended a system of Duty Free allowance for international travellers. The rest is a worldwide success story.

Walking tall

Did you know that Johnnie Walker Blue Label Scotch was first launched 30 years ago as a Travel Retail Exclusive? It was in Duty Free & Travel Retail that it became such a high-demand icon that it went on to global domestic distribution. Today, it is sold all over the world!



Brussels: capital of Europe and chocolate capital of the world

Looks like this is every chocolate lover's favourite destination: did you know that Brussels Airport is the largest chocolate shop in the world? An unbelievable 1.5 kilograms of this delicious treat is sold there every minute.



From a one-stoplight town to every corner of the world

There is just one stoplight in Lynchburg, Tennessee, home of the Jack Daniel's distillery. It's no wonder, then, that there was and still is absolutely no stopping Jack Daniel's premium whiskey on its successful travels around the globe. In fact, every single drop of the 6.8 million litres of Jack Daniel's Tennessee Whiskey sold in Travel Retail in 2023 was produced in this small town.



When life gives you lemons, create golden liqueur

... or so they (probably) say in the Gulf of Naples, along the Amalfi coast and on Sicily. And that's why the region is the home of the world-famous Limoncello. It is hardly surprising that 8 out of 10 products travellers buy in the Aelia Duty Free shop at Naples Airport are based on this golden liqueur.

Get onboard the chocolate mountain express

Its prominent peak shape and the mountain design on the package are a staple in Travel Retail shops: in fact, over 13 million Toblerone 360-gram bars are sold there every year. If placed in a line, it would be as long as the legendary Orient Express train journey from London to Istanbul.



Making little pieces of chocolate go a long way

Lindt's bestselling item worldwide and in European Duty Free is the 500-gram box containing individually wrapped portions of chocolate: the Napolitains. In fact, the Swiss premium chocolate brand sells 145 million single Napolitains each year. If you put them in a row (and managed to resist eating every other one), it would cover the distance from the North Cape to Gibraltar, and therefore the long way from Europe's north to its south.





BARRY GEOGHEGAN

Owner Duty Free Global

As a specialised wines and spirits brand partner, Duty Free Global is focused on building brands in Duty Free & Travel Retail worldwide.

The value of visibility, accessibility and credibility

What makes Duty Free & Travel Retail a unique sales channel for brands?

First and foremost: the visibility of a brand, the accessibility to a very targeted audience. There is an element of focus and target that you cannot get in a high-street retail environment – it just doesn't lend itself. Once passengers have passed security in an airport, you have a captive audience. This also allows brand producers to capture a consumer they would not normally reach. However, Travel Retail is not a "one size fits all" market. Producers have to adjust their assortment to the requirements of the sales channel. As a brand manufacturer, you have to understand the passenger profile in an airport terminal and how to segment it. Travel Retail allows you to be very focused on what you are selling, on the curation of your offer and on your storytelling. It offers an opportunity that doesn't necessarily exist in the domestic market.

But it's not only about airports. Take cruises, for example. From a relationship-building point of view, it is a great op-

This also allows brand producers to capture a consumer they would not normally reach.



portunity to sell higher-value items because passengers spend a long time on a ship. So, from a brand-building perspective, cruise ships and airports are the most prestigious locations.

In the era of e-commerce: why does Duty Free remain relevant?

In addition to the fact that you find unique products here, you can experience them too. For example, in Europe, through wine and spirits tastings. When people buy a bottle in the airport, they will tell ten other people about this. It's a multiplier effect, more powerful than any marketing campaign. A presence in Duty Free lends credibility to a brand, because of its exposure in a high-quality retail environment. In turn, credibility in their local market will go up. Wherever liquor is highly taxed or cannot be advertised, like in the Nordics, Duty Free does very well. To sum up, this is a powerful sales channel because it is geared to the movement of people – and the benefits for brands with the right focus are huge.

What distinguishes this market from the high street?

Especially produced for this sales channel, "Travel Retail Exclusives" products offer value and are not available in the domestic market or online. In the spirits business, that would be a one-litre bottle in comparison to the 0.7-litre bottle sold in a local shop, or different formats like special flavours. Brands are creating rarities and products of discovery for Duty Free. This is also reflected in gift boxes for some products, like premium whiskies and champagne. The factor of gifting is very important here: an element providing a sense of place, with local souvenir products, for treating and self-treating – bringing back something that people don't get in their home country. People love shopping when travelling. They have a perceived value for what they will find, and they know the selection will be good. Europeans have a real culture for this.

GEORGIOS CHOUSEAS

General Manager Choco Myths

Established in 2016 in Greece, the Choco Myths concept is based on combining mythological, fictional and historical characters with chocolate and biscuit products presented in a fun and respectful way.



We owe our momentum to Travel Retail



Why did you actively seek to enter the Travel Retail market with Choco Myths?

With the expansion of e-commerce and the accessibility of products everywhere, it is important for a brand to have a clear focus. Our primary vision is to concentrate on Travel Retail and possibly become an exclusive Travel Retail brand. Choco Myths has many collections, but since we are based in Greece, we started with characters from Greek mythology. It took time to create the caricatures and products mainly geared to tourists as collectible souvenirs and for gifting. We always wanted to go into Travel Retail, since Greece is an important tourist destination with many airports throughout the country. It's a significant business, not just regarding the scope but also because of the retail environment with state-of-the-art shops and an international audience. Our first listings were at Athens International Airport. The local retailer realised that Choco Myths was not just another brand but a real addition to the chocolate and souvenirs categories. It's about interaction with the customer: no matter where people are from, they know these characters. We then expanded further into shops at other Greek airports – and we got into the international market with contacts to operators outside Greece and even outside Europe.

As a comparatively new and small brand, how has your company benefited from its presence in this sales channel?

With our presence in Greek airports, we became successful quickly, making our business sustainable. That was our proof of concept and enabled us to invest more, both in resources and in time for developing our brand. We started to create collections with French, German, Italian or Egyptian characters, for example, for various global Travel Retail operators. From the original listing in Greece, we gained awareness, visibility and a clear onward strategy. Our brand now has a very good momentum, and, for sure, we owe that to the Travel Retail industry. I would say, it is much more difficult for a small company to survive in the domestic confectionery market dominated by multinational corporations than in Travel Retail. Here, the opportunity lies in differentiation

Travel Retail might even be the door into the domestic market of yet another country.

to the local market. And storytelling is most important, in our case with the historical characters.

What does a small brand need to succeed in Travel Retail?

Any company should understand that Travel Retail is different from the domestic market. You need to realise the constraints and who your customer is. If you know how the market works, you have a chance to be successful and expand your presence into other regions. Once you have gained a listing, it's up to the customers in the shops to decide – it's very democratic. Many Travel Retailers operate in various countries. So, a success story in one airport might be the passport through the same operator to expand and list the brand in a different location. Travel Retail might even be the door into the domestic market of yet another country. That is a truly unique opportunity for a small brand.





ETRC is an industry association for the Duty Free & Travel Retail industry in Europe, serving the industry and its members to help create the right environment to allow the industry to achieve its potential and protect it when challenges arise. Find out more on our website: etrc.org

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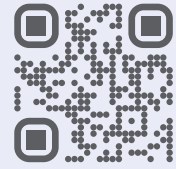
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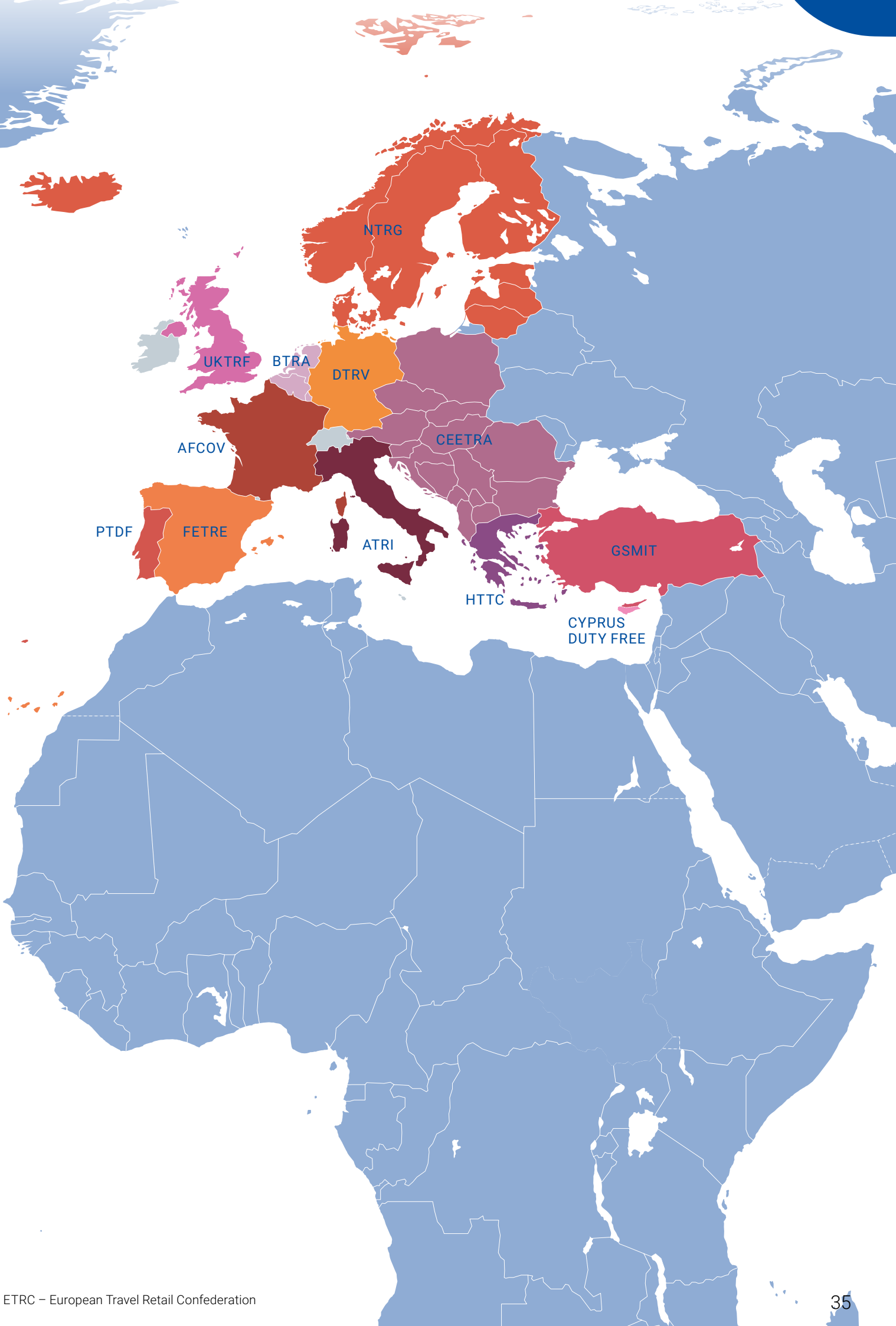


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