Pandemic impacts customer segmentation in travel retail

Travel research agency m1nd-set has reported significant changes in the agency's benchmark customer segmentation models that are unique to travel retail, following the global Covid-19 pandemic.

According to its latest research, the five customer segment families have changed in terms of their respective proportions among shoppers in the travel retail environment, as a result of the pandemic.

The five segments, named to represent the typical shopper behavior in travel retail, are: Local Touch Seekers, Emotional Brand Image Seekers, Price-Sensitive Shopping Lovers, Rational Pre-Planners and Low Income Buyers.

The proportion of Local Touch Seekers saw a sharp decline in 2021 compared to the 2017-2020 period, reaching an all-time low in 2021, falling from 36% in 2020. This segment now represents 20% of shoppers.

But the Rational Pre-Planners segment has grown significantly in 2021, reaching 27% of all shoppers, considerably higher than the pre-Covid period, when it accounted for between 17% and 19% of shoppers in duty free and travel retail.

This change in behavior, m1nd-set says, may be explained by sanitary concerns that emerged from the pandemic, and which pushed people to plan their purchases in advance, to avoid spending too much time in the duty free shops.

The Emotional Brand Image Seekers and Price-Sensitive Shopping Lover families both saw a slight increase in size between 2020 and 2021, and each segment now represents 20% of all shoppers according to the m1nd-set customer segmentation.

The fifth of these customer segments, the Low Income Buyers, has remained stable between 2017 and 2021, representing between 13% and 14% of shoppers in duty free, but experienced a slight decline to 12% in 2021.

In this latest research, m1nd-set provides a detailed analysis of how shopper behavior across the segments has evolved across these variables, as well as by gender, age-group and travel purpose.

In terms of the regional overview, m1nd-set claims that Rational Pre-Planners are the most representative among all buyers in duty free shops with the exception of the Asia Pacific region, where the buyers are more likely to be Emotional Brand Image Seekers.

By age group, millennials and middle-aged shoppers are more likely to be Rational Pre-Planners compared to the other age groups, while among Gen Z buyers there is a higher share of Price-Sensitive Shopping Lovers, compared to the other age groups.

In the senior age bracket, Local Touch Seekers are the most representative of the customer segments.

Commenting on the travel retail customer segmentation model, m1nd-set Chief Operating Officer Clara Susset said: "Shoppers behave quite differently in the travel retail environment and have a different set of expectations than consumers when shopping in the high street. Customer segmentation therefore needs to be adapted to the various influencing elements that are unique to the sector – elements such as excitement, stress, desire for novelty and expectations of differentiation and uniqueness. It needs to take account of these variables as well as specific attitudes to shopping, travel frequency, in addition to demographic data, of course."

Dr Peter Mohn, m1nd-set CEO and Owner, added: "It is important for the airport, airline, cruise or ferry operator and their commercial partners, to understand the proportions of each customer segment that are traveling through their facilities and visiting their shops. Only when this has been analyzed and understood, is it then possible to adapt the product selection and brand portfolio according to the customer segment families represented in a travel retail location.”

More information on the research can be obtained by writing to info@m1nd-set.com.