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Duty-free shops: Are luxury brands being democratized?

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Abstract

Purpose: the purpose of this paper is to explore how the brands can take advantages of airport and duty free area, in particular for luxury products in duty free area and how the airport atmosphere impacts on shopping experiences.
Design/methodology/approach: the paper uses data from a survey analysis to identify the associations between the brands and the duty free point of sales. 200 respondents have been asked about their attitude about fashion and luxury in a duty free area.
Findings: The findings of the paper show that some of the brands do not keep the same image in a duty free area as the one they have in an iconic shop, but most of them do. The findings of the paper also show that most of the clients are willing to buy in duty free because they think it is cheaper, which means that we don't have the same type of clients in a duty free area and in a shop, the atmosphere of the duty free area directly influences the purchase of the consumers.
Practical implications: The indication is that there are opportunities for luxury brands managers to rise the level of the image they give in a duty free area in order by using some communication strategies referring to the country the airport is located in particular when this is an exotic destination.
Originality/value: Although duty free area and luxury has been studied from various perspective. No research was done on the relationship between both of them and the stake for the luxury brands to be present in airports.

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1. Introduction

Duty free has not always existed. Before when you were thinking of an airport, it was a crowded place with an uninteresting architecture, one restaurant and one store. Nowadays, it is at its peak, with almost 3 billions of travelers per year in the world who takes the plane to go on vacation, for business or for a love weekend. More and more trips are done by plane, because of the rapidity and safety of this way of travel.

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Therefore airports have created a new source of profit and have reviewed their strategy with a luxury version with a high offer to do shopping in fashion, beauty and luxury. Airports are a place where people can wait for hours waiting for a correspondence; passengers take advantage of this time to wait to stroll in duty free areas. Many website are now trying to rate the different airport based on the atmosphere of the airport, the safety and the cleanliness. The first one is Düsseldorf for the general prize list but they have also made a prize list by themes. As far as as shopping is concerned Singapore airport is the first one and is the fifth in the general prize list. It means that shopping and duty free area is a major critter in travelers' point of view for their appreciation of a good airport.

Since free trade and free movements of persons exist, people and goods travel, every brand has understood that there was a real market there and began to sell in airport. Furthermore with the fall of the European currency and the fall of oil price, people travel more and more and buy more and more in foreign countries than in their own country. This has driven the market for airport retailing in Europe but also all over the world. Considering this, airports, airline operators and retailers work all together to give customers a wonderful shopping experience by offering them various products and offers but all in the same place.

Airport retailing has become one of the major sources of income for airports but has also become a real place to explode for brands. In fact, they can take full advantage that more and more people are traveling today and for very long distance, which means that they will often have halts and therefore time to kill. One thing is sure there is a real market of duty free. But another thing can be seen: brands do not use the same strategy of sell and communication in airport and in their own shop.

In fact the costumers are not the same one in the traditional shop and in airport where the clients are not regulars clients. Therefore they have first to analyze the client profile in order to adapt their strategy and offering them the goods they purchase. As a businesswoman is not going to look for the same product as a fashionista in town! Brands also have to study their location in the duty free but also the atmosphere their point of sale is reflecting. As it is often impossible to give the same image in a corner of a duty free area than in an iconic shop in a capital city, in is nevertheless a matter because the clients are not the same as in the shop. Brands will take advantage of this fact to adapt their strategy and to glamorize the image of duty free through their own brand image.

Duty free zone have been hosting the most prestigious brands in order to fill the travelers time between their flights. Retail has become one of the major sources of profit in airport with a very various shopping experience that could compete with the corners of big stores. Duty free is no more just for cigarettes and alcohol but also for Ladurée, Chanel, Cartier, Dior or Hermes. This is why many consumers are willing to buy in a duty free area, which they feel safe buying into. Travelers ask more and more on a unique shopping experience with rare products to have there and now. Brands in retail store try to do a lot of limited edition, some brands chose to implant their own store in order to transpose perfectly their image and universe and to offer themselves an international visibility. This as for example the case of L'occitane or Giorgio Armani Cosmetics which has it more important shop in Dubai airport.

Brands try to personalize more and more their advice depending on the clients nationality for example, in order to keep their image and high quality. During the Paris fashion week Chanel made an airport fashion show called Chanel airlines and Armani has started it show in Dubai airport. Brands are trying to glamorize the image of duty free as far as communication is concerned. Nevertheless, this is quite difficult when we know that in a duty free area alcohol, tobacco and food are part of the top products that are sold. Everyday shopping for food is fun but not quite as glamorous as buying luxury products such as jewels or handbags. Brands are then trying to appear as if they were an airplane company therefore people could pretend they were going to exotic destinations and they could kept the fancy image of the brand.

Furthermore the concession in airports is not given for as long as in shops. Brands have to make a real good turnover in order to keep their location in the airport, to take full advantage of the duty free. They have to adapt their strategy, from a communication and process of sell point of view but also for the atmosphere of the point

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