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DUTY FREE SHOPPERS ON-BOARD CRUISES IN THE AMERICAS

Key Consumer Behaviour Trends

Next Generation Growth: Charting the Future of the Cruise Sector– IAADFS Summit of the Americas - 2025

1 Cruise Market Outlook

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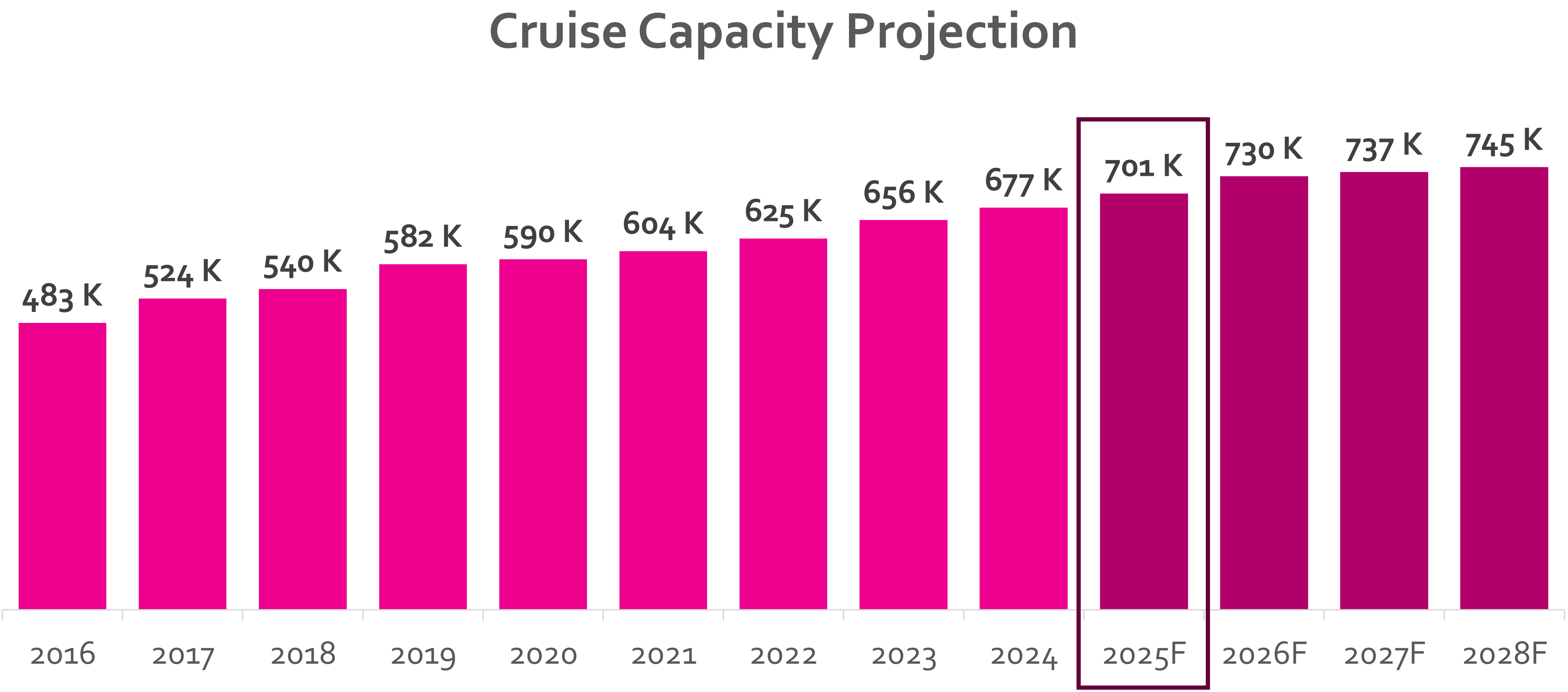
CRUISE UPDATE & FORECAST

Global cruise capacity is forecast to grow at least 10% from 2024 to 2028.



Source: CLIA Cruise Forecast /Tourism Economics – May 2024 State of the Industry Report

CRUISE: KEY GLOBAL TRENDS (1/2)

Strong intent to cruise continues among forever cruisers and potential new cruisers

82% of those who have cruised will cruise again and 71% of international travellers are considering taking their first cruise.

A growing number of first-time cruisers are opting for a holiday at sea

Over the past two years, 27% of cruisers were first-time travellers, marking a 12% increase compared to the previous two-year period.

Younger generations are the future of cruise, especially Millennials

Millennials are the most enthusiastic cruise travellers, with 81% of those who have cruised before saying they plan to cruise again.

Solo cruise travel is on the rise, especially among Millennials and Gen Z

8-13% of cruise travellers are travelling solo – 8% on average globally, 10% from the US ports and 13% from Canada ports.

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Source: CLIA Sentiment, Perception and Intent Survey (March 2024)

CRUISE: KEY GLOBAL TRENDS (2/2)

Cruise holidays appeal to those looking for multi-generational travel options
28% of cruise travellers are sailing with three to five family generations.

Multiple destinations and value for money are the key reasons for choosing a cruise
11% of travellers considered only cruises for their holidays this year.

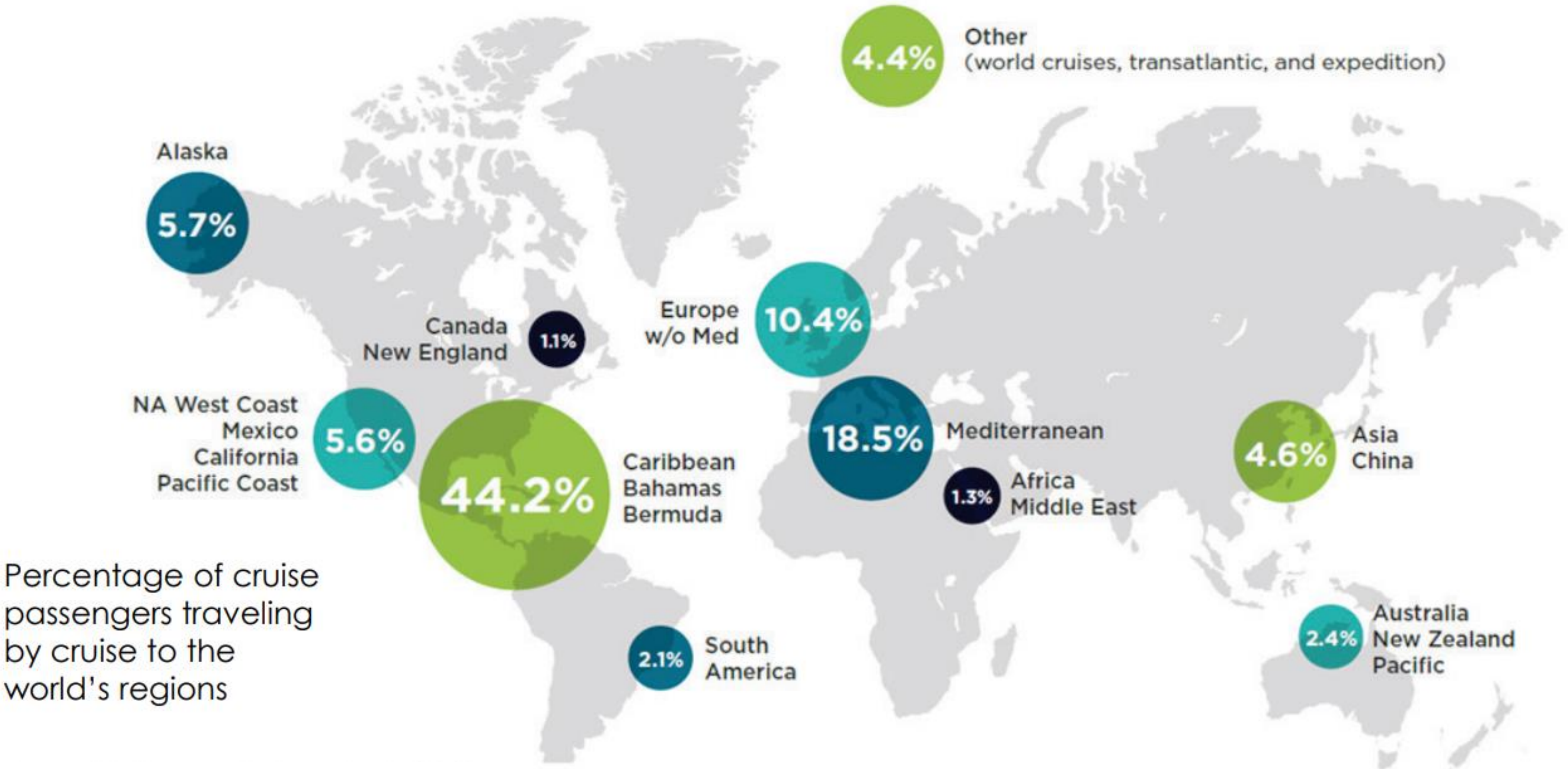
Expedition and exploration cruises are the fastest-growing itinerary types
The share of travellers sailing on expeditions itineraries has increased 71% from 2019 to 2023.

Private islands and beach clubs are the latest trend
Cruise lines are investing in private islands and beach clubs. 5 new private islands or beach clubs will open in the next two years.

Source: CLIA Sentiment, Perception and Intent Survey (March 2024)

CRUISE DESTINATIONS: 2019 and 2022 Passenger Volume

The Caribbean remains the top destination for cruise travellers



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Source: CLIA Resource Deployment Data (2023)

2 How likely are Cruise travellers in the Americas to visit and purchase in DF?

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CRUISE DUTY FREE SHOPPING KPIS – 2024

Conversion is in line in Airport and Cruise DF shopping, but Cruise DF stands out with significantly higher footfall and average spend per buyer!

	FOOTFALL (% of DF visitors out of total PAX)	CONVERSION (% of DF buyers out of DF visitors)	PURCHASE RATE (% of DF buyers out of total PAX)	AV SPEND ($)
Cruise	45%	65%	29%	$195
Airport	38%	62%	23%	$141

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3

Which demographic groups have the highest potential for DF shopping on cruises?

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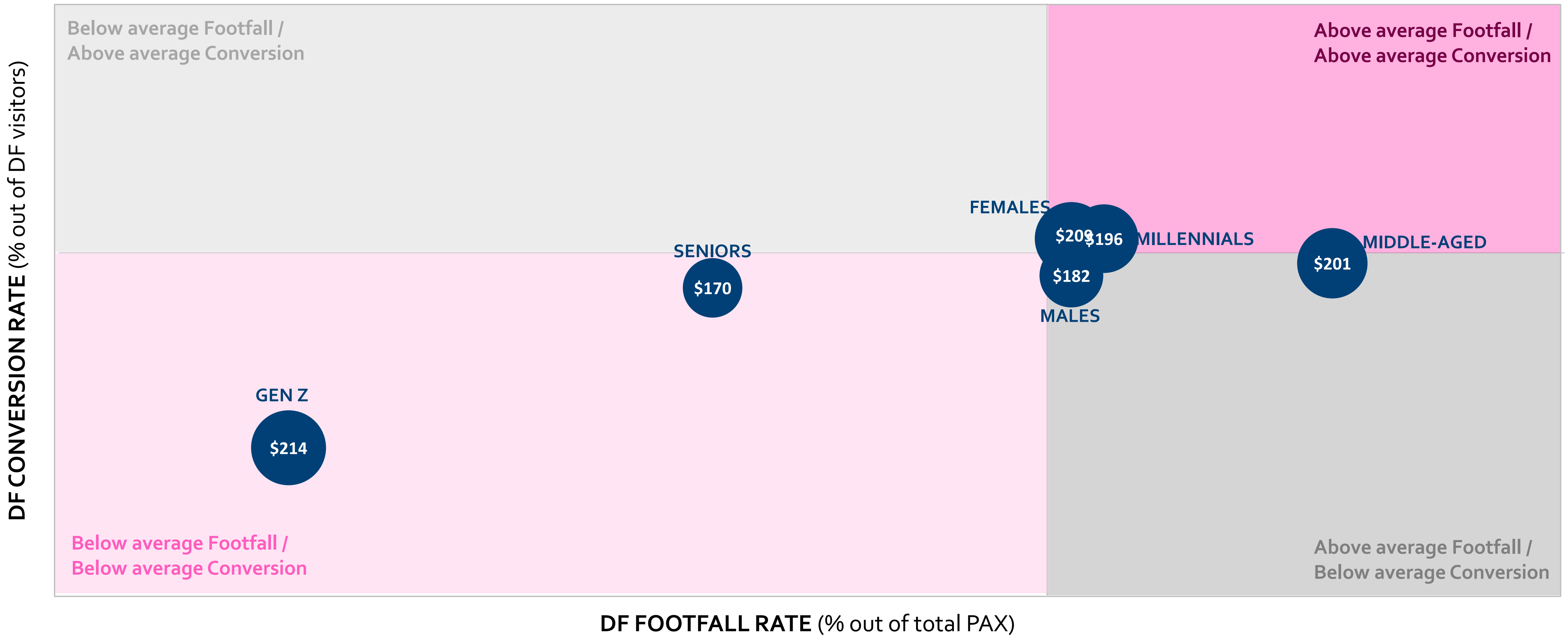
AMERICAS CRUISES DF SHOPPING KPIs: COMPARISON ACROSS DEMOGRAPHIC GROUPS

Millennials and especially Middle-Aged show the highest potential for Cruise DF shopping, driven by the strong footfall. Gen Z buyers are instead the least likely to browse and to convert, yet the highest spenders.



Indicates the total average for Cruises:
Footfall: 45% / Conversion65 65% / Average Spend: $195

4 What are the key appeal factors of Cruise DF shopping in the Americas?

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CRUISE DF SHOPPING APPEAL FACTORS - 2024

Convenience is the #1 appeal factor for cruise DF shopping. Store atmosphere, local authenticity and exclusivity play a more significant role in cruise DF vs Airports.

Convenience
24% (airports)
29%

More pleasant atmosphere
17% (airports)
24%

Souvenir from my trip / local product
15% (airports)
23%

Product's authenticity
15% (airports)
20%
+ Driven by GenZ (38%)

Products only available in DF
14% (airports)
20%

Promotions
11% (airports)
18%
+ Driven by GenZ (25%)

Sizes / formats only available in DF
12% (airports)
16%
+ Driven by GenZ (38%)

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5 Which aspects drive visits to the Cruise DF shops?

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CRUISE DF SHOPPING VISIT DRIVERS - 2024

Curiosity to discover is the most important driver to visit DF stores both in cruises and airports. However, on cruises, in-store experiences—such as shop ambiance, visible promotions, and special events—play a more significant role compared to airports, driven particularly by GenZ cruisers.

35%
25% ✈
Browse around to discover
+ Driven by GenZ (39%) and Boomers (52%)

27%
22% ✈
DF shop looking inviting / attracting
+ Driven by Boomers (32%)

18%
12% ✈
Specific purchase in mind
+ Driven by GenZ (22%)

17%
11% ✈
Accompanied someone else

13%
9% ✈
Sales staff advice

12%
6% ✈
Promotion visible from outside DF
+ Driven by GenZ (39%)

12%
8% ✈
Special event / entertainment
+ Driven by GenZ (22%)

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6 Who are the Duty Free buyers on-board cruises?

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CRUISE DUTY FREE BUYERS PROFILE - 2024

Duty Free shoppers on cruises in the Americas are younger, with a higher proportion of Millennials and women compared to Airport DF shoppers. They are also more likely to travel with their partner / family or friends.

AGE GROUP:
Higher share of
Millennials

GENDER:
Higher share of
Females

TRAVEL COMPANION:
Higher share of
cruises with **partners/ family** and **friends**

7

Which categories are the most purchased on-board Cruises in the Americas?

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TOP CATEGORIES PURCHASED AMONG CRUISE DF BUYERS - 2024

Alcohol is the most purchased category in both cruise and airport Duty Free stores, though it has a higher purchase rate on cruises. Cruise DF shoppers are also more likely to buy fashion & accessories, jewellery & watches and souvenirs.

ALCOHOL	PERFUMES	FASHION & ACCESSORIES	JEWELLERY & WATCHES	SOUVENIRS
35%	26%	25%	17%	11%
vs 23%	vs 23%	vs 8%	vs 5%	vs 5%
Driven by Boomers (53%)	Driven by Millennials (31%)	Driven by Boomers (31%)	Driven by GenZ (25%) and GenX (20%)	Driven by GenZ (25%) and Boomers (23%)

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8 For which purpose do Americas Cruise DF shoppers purchase?

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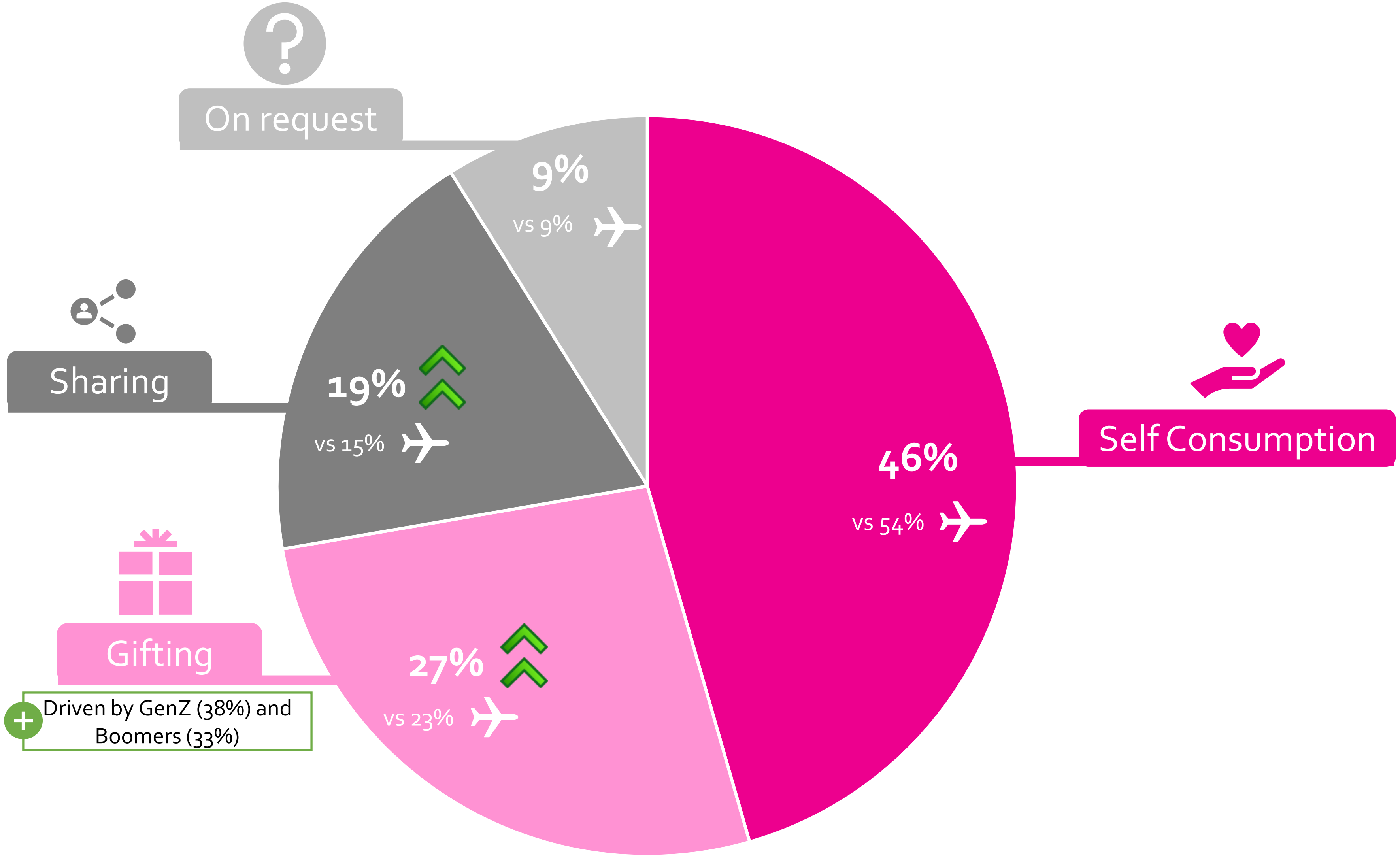
PURPOSE OF PURCHASE IN CRUISE DF - 2024

While self consumption is the #1 purpose of purchase in both Cruise & Airport DF, gifting and sharing is of much stronger importance for Cruises.



9 To which extent do Americas Cruise DF shoppers plan their purchases?

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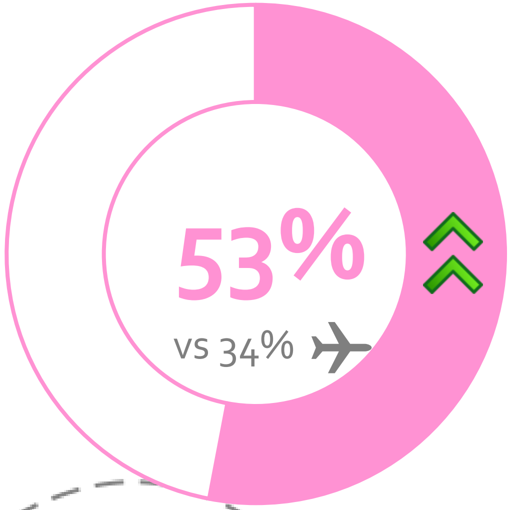
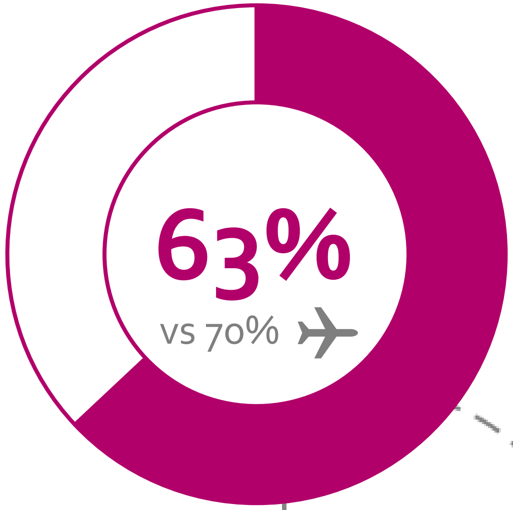
PLANNING LEVELS OF VISITS AND PURCHASES IN CRUISE DF - 2024

Cruise Duty Free visits are more planned compared to airports, as shown by the higher footfall rate. However, most final purchase decisions are made only once on-board – highlighting the importance of experiential retail in driving conversion.



OF DF VISITS ARE PLANNED



OF DF PURCHASES ARE PLANNED

(at least to some extent)

Specific Planners (at the brand / product level)	Undecided Planners	Impulse Buyers
vs 30%	vs 44%	vs 26%

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What is the role of sales staff?

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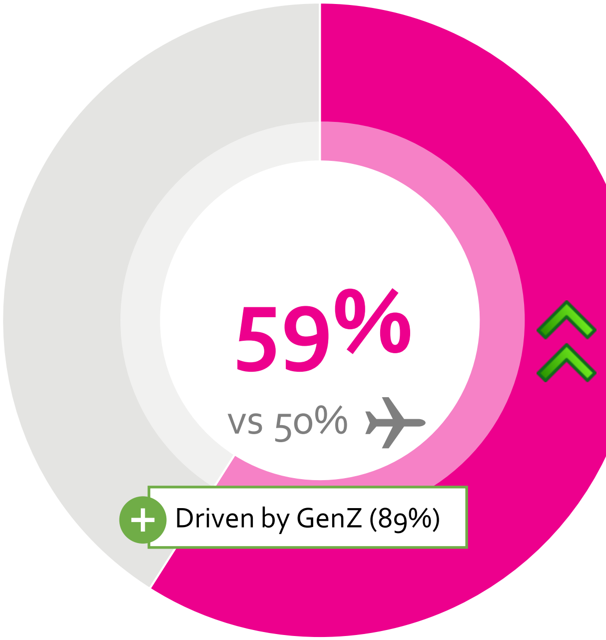
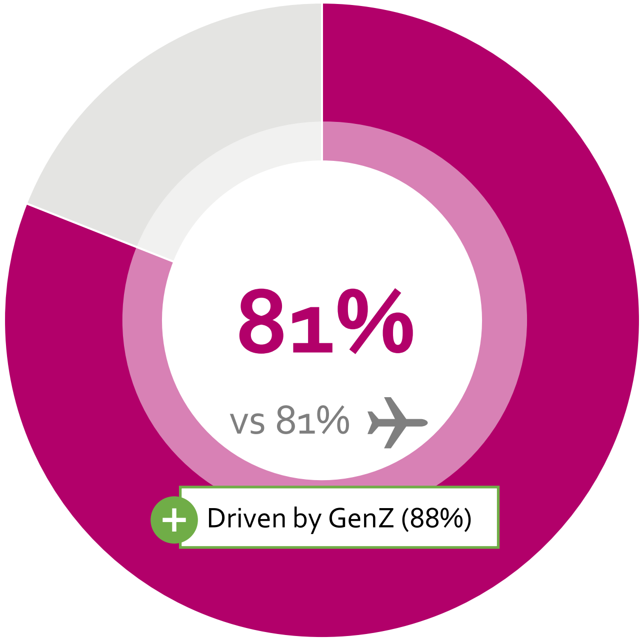
IMPORTANCE OF THE SALES STAFF IN CRUISE DF - 2024

Interaction of staff on-board cruises is major – significantly higher vs airport DF. Interaction on-board have a higher likelihood of persuading travellers to purchase something different from their original plans.



OF DF VISITORS APPROACHED THE SALES STAFF



OF DF BUYERS WERE INFLUENCED BY THE SALES STAFF

(among those who interacted)

Cruise travellers are more likely to **purchase something different** than **planned** after **interacting with** the **staff** (43% vs 27% for Airport DF)

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IMPACT OF THE SALES STAFF ON AVERAGE SPEND - 2024

Interaction with the sales staff is associated to a <u>+57% increase in average spend.</u>

AVERAGE SPEND IN CRUISE DF ...

$151

WITHOUT STAFF INTERACTION

+57%

$237

WITH STAFF INTERACTION

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11 What is the role of touch points?

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EXPOSURE TO TOUCHPOINTS PRIOR TO CRUISE DF SHOPPING - 2024

Exposure to touch points is much higher among Cruise vs Airport shoppers, particularly online.

49%

vs 37%

Driven by GenZ (55%)

OF CRUISE DF SHOPPERS NOTICE TOUCHPOINTS BEFORE ARRIVING TO THE STORE

Amongst those exposed to touch points

ONLINE	ON-BOARD	DUTY FREE STORE	STORES IN HOME CITY
64%	26%	25%	23%
vs 50%	Vs 20% at the airport	vs 19%	vs 19%
Driven by GenX (68%)	Driven by GenZ (40%) and Boomers (40%)		Driven by Boomers (38%)

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IMPACT OF EXPOSURE TO TOUCH POINTS ON AVERAGE SPEND - 2024

Exposure is associated to a +17% increase in average spend.

AVERAGE SPEND IN CRUISE DF …

SHOPPERS NOT EXPOSED TO TOUCH POINTS		SHOPPERS EXPOSED TO TOUCH POINTS
$178	+17% →	$209

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Overview of Key Findings

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OVERVIEW OF KEY FINDINGS – AMERICAS CRUISES DF SHOPPING

1 **HIGHER FOOTFALL, PURCHASE RATE AND AVERAGE SPENT ON-BOARD**
Significantly higher vs Airport DF, thanks to multiple shopping occasions, and driven by Millennials and Middle-Aged travellers.

2 **CONVENIENCE, EXPERIENTIAL RETAIL, LOCAL AUTHENTICITY AND EXCLUSIVITYARE KEY CRUISE DF APPEAL FACTORS**
Significantly higher vs Airport DF.

3 **HIGH PLANNING OF DF VISITS, YET MOST FINAL PURCHASE DECISIONS ARE MADE ON-BOARD**
Higher exposure to touch points vs Airport DF, especially online.
Importance of experiential retail and exclusivity in driving conversion.

4 **HIGHER PURCHASES FOR GIFTING AND SHARING**
However, purchases for self consumption remain the primary purpose of purchases.

5 **SALES STAFF INTERACTIONS ARE MORE FREQUENT ON-BOARD VS AIRPORTS**
Furthemore, staff is more likely to persuade travellers to buy something different than planned.

Thank You!

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