

Heathrow

Heathrow
BOUTIQUE

HEATHROW 'FUTURE OF ONLINE RETAIL' RESEARCH
Report by Join the Dots
November 2018

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BACKGROUND



YOUR GOALS & QUESTIONS



You want to understand how to adapt and grow your online retail offer to ensure it is future facing and fits the needs of current and future customers – ultimately growing revenue and sales

We therefore aimed to:

- Explore perceptions and experiences of Heathrow Boutique amongst current visitors to understand whether it is meeting their needs
- Understand the appeal and potential of new propositions to drive growth

OUR APPROACH

Trends

Cultural exploration of macro trends surrounding online and airport retail (informing stimulus in qualitative stage)

Quantitative Survey

10 minute online survey with n=263 recent Heathrow Boutique visitors to explore current attitudes and behaviours, pain and delight points, plus the appeal of new propositions

Qualitative Groups

90 minute groups to explore attitudes, behaviours and needs of airport shoppers and evaluate potential changes to the proposition

- 5 across the UK (Central London, Greater London and Birmingham)
- 2 in China (Shanghai)
- 2 in the US (New York)

OUR SAMPLE: QUAL STAGE

8-10 people took part in each of the 5 focus groups

All had:



Flown in past 12 months



Purchased online in past 12 months



Made purchases from airport retailers



In the UK, 3 focus groups were with people regularly using Heathrow and 2 groups were with people open to using Heathrow, but who were currently using other airports more regularly



In both the China and US, people were open to using Heathrow and all either flown or had plans to fly to/through the UK

Across the groups, we spoke to an equal mix of males and females, and people across a wide age range



OUR SAMPLE: QUANT STAGE

263 people took part in the online survey, all had visited Heathrow Boutique previously

Last usage:

33% Last month **27%** Last 2-3 months **11%** Last 4-7 months **29%** More than 8 months ago

Residency:

63% UK **6%** US **4%** China / Hong Kong **27%** Other

Gender:

53% Male **44%** Female

Age:

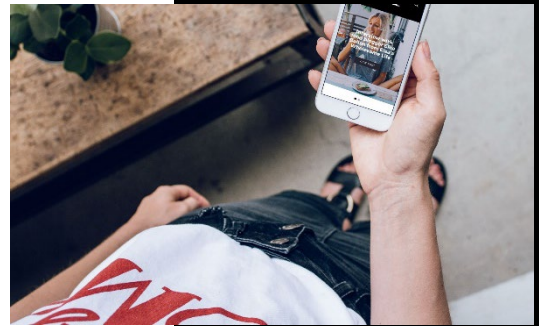
8% 18-34 **51%** 35-54 **41%** 55+

Social grade:

57% AB **30%** C1 **6%** C2 **8%** DE

Main reason for travel:

45% Holiday **25%** Visit friends / family **2%** Event **25%** Business travel **2%** Commute



Note: where percentages do not sum to 100%, a proportion of participants selected 'prefer not to state'

EXECUTIVE SUMMARY



MORE CAN BE DONE TO ENSURE THAT HEATHROW BOUTIQUE IS MEETING PEOPLE'S NEEDS

BLENDED JOURNEY

- Leaders in online retail are raising expectations in terms of efficiency and inspiration, and Heathrow Boutique needs to do more to keep up
- It will be key to offer a seamless shopping journey between online and offline touchpoints

BROWSING TOOL

- Most visitors to the site are currently using it to browse products and pre-plan their shopping at Heathrow
- There are few reasons to reserve items, as people do not expect to save time or money and they will not be able to check items personally

LACK OF RANGE

- Heathrow Boutique was seen as high-end and only meeting some shopping needs
- Both visitors to the site and those who were previously unfamiliar with Heathrow Boutique felt that more products and brands should be offered

WE BELIEVE YOU HAVE TWO OPTIONS AS YOU CONSIDER YOUR NEXT STEPS:

1) REFINE YOUR OFFER BUT STAY NICHE

2) MAKE LARGER CHANGES TO BROADEN YOUR APPEAL

WHICHEVER OPTION YOU CHOOSE, ADVANCED PAYMENT AND CENTRALISED COLLECTION ARE KEY



ADVANCED PAYMENT

- This gives people control over when and how they pay and may save some time on the day they travel
- It benefits all shoppers, and is expected by those from the US and China in particular
- Those in the UK and those buying more expensive items will still expect to be able to reserve items



CENTRALISED COLLECTION POINT

- This saves people spending time going to stores and ensures that all users have a consistent service
- It appeals to all shoppers, but those buying expensive items may prefer to go to individual stores to check and discuss purchases
- Both lockers and a manned desk will be needed to meet expectations of all users



WIDER PRODUCT RANGE

- This ensures the offer is relevant to more people and reflects all airport shopping needs
- It benefits all shoppers, but is most important if trying to appeal to a wider audience
- Whilst bringing in additional brands would support this, it is most important to consider how the website user experience can be personalised and existing brands such as Boots can be surfaced



HOME DELIVERY

- This gives people more flexibility especially if they are delayed or something changes
- Despite this, few felt that they would use this option in reality as it would be hard for Heathrow Boutique to offer greater efficiency, choice or a better price compared to retailers such as Amazon
- Improvements to home delivery options should not be prioritised

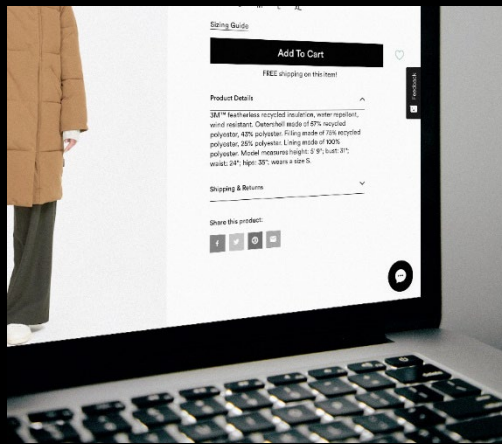
THE SHOPPING LANDSCAPE



THE BENEFITS OF, AND FRUSTRATIONS WITH, ONLINE SHOPPING HAVE NOT CHANGED GREATLY

BENEFITS

- Convenient - fits around you
- Full range
- Shop around easily
- No pressure to buy
- Cheaper – product and no travel / parking
- Product recommendations and reviews



FRUSTRATIONS

- Slow / missed deliveries
- Slow returns / refund process
- Lack of order updates
- Slow issue resolution
- Returns not free
- Products not meeting expectations
- Poor website / app

Note: fuller details on subsequent slides

ONLINE SHOPPING IS ASSOCIATED WITH A PLETHORA OF BENEFITS

Convenience is by far the most important benefit as it is the primary reason to shop online, but consumers recognise a number of benefits for including online in their journey

CONVENIENCE

- Often quicker to find items
- No need to carry heavy items
- Available 24/7 so can access on the move / spread journey out to fit pockets of time

EASE

- Do from anywhere – no travel or parking etc.
- Include or exclude others (e.g. kids) without impact
- Avoid the crowds and queues

INSPIRATION

- Recommendations on suggested / similar products
- Curated collections to browse

RANGE

- Wide variety at a click of button
- Shop multiple brands simultaneously
- Shop around get a cheaper deal or targeted product search

CHEAPER

- Fewer expenses – less impulsive buys, parking, incidentals etc.
- No external pressure to buy and no shame in abandoning shopping basket



“ I like the convenience of it. I can do it whether I'm going to work, out for a walk or when I am on the train. I don't need to worry about dragging the kids out. It is just quicker and easier to do! ”

HOWEVER THIS CAN BE UNDERMINED BY FRUSTRATIONS

Whilst online shopping is an established part of consumers' lives, this is despite a number of frustrations with execution

POOR LOGISTICS

- Slow or missed deliveries
- Need to collect from a depot / far away place
- Slow returns process
- Difficulties in getting refunds

LACK OF PHYSICAL CONTACT

- Inability to interact with the products - esp. important for clothes e.g. wrong sizing, wrong shade of colour, feel of fabric not as expected etc.

POOR WEBSITE OR APP

- Poor functionality – e.g. irrelevant search results, inability to filter to meet needs or difficult navigation
- Inadequate images or information
- Uninspiring to use

POOR COMMUNICATION

- Lack of sufficient updates on orders
- Few options for how to get in touch
- Slow issue resolution

ADDITIONAL EXPENSES

- Having to pay for returns
- Being offered store vouchers rather than cash refunds
- Hidden or over-priced postage and packaging costs



“ Sometimes you have to spend so much money to get free delivery. And, I work so I'm not in to get the delivery anyway

”

THERE ARE A NUMBER OF HYGIENE FACTORS RETAILERS NEED TO MEET NOW

The bar on the category table-stakes is continually being raised by online retail powerhouses, especially in China. These become the norm and expected from all online retailers

ONLINE SHOPPING HYGIENE FACTORS

EXPECTED IN CHINA AND INCREASING FOR UK AND US SHOPPERS

QUICK DELIVERY

FREE RETURNS

EASY TO USE SITE

QUICK REFUNDS

BETTER PRICES

EASY PAYMENT METHODS

CUSTOMER SERVICE

APP

"Everywhere offers quick delivery and delivery to lockers now" US

"I expect returns to be free on orders over £50, or at least cheap" UK

"Amazon is just easy. A few clicks and you have it" US

"It's really frustrating when they take ages to refund your money" UK

"You can look around, so you usually get it cheaper than in the shops" UK

"I need to be able to pay with one click using WeChat or Alibaba" China

"Amazon are good as they always take your side" US

"Do they really not have an app? We only use smartphones" China



Heathrow Boutique does not currently meet all expectations for online shopping, which causes some to question how it works and compares

AND AS THE MARKET CONTINUES TO MOVE TOWARDS BLENDED JOURNEYS, THE OFFLINE EXPERIENCE IS KEY



The 'New Retail Environment' is a seamless blend between online and brick and mortar stores

- As online becomes more convenient, brick-and-mortar stores need to become more experiential to drive consumers into stores

Customer experience, both on and offline, is key for retailers who want to stand out

- Retailers can utilise the strengths of multiple channels and touchpoints to meet needs throughout customer journeys

But the landscape is getting more advanced

- Smarter tech and use of customer data is helping to make habitual purchasing easier and quicker— freeing up time to shop for enjoyable purchases or retail experiences
- Payments are becoming cashless and done through apps
- VR and other technology are becoming key parts of creating a memorable in-store experience

EXAMPLES OF BLENDED RETAIL

Whilst Heathrow Boutique is a great example of blended retail, consumers are being primed to expect even more convenience, personalisation and control:

HEMA: smartphone-powered grocery shopping experience

Stores are kitted out with tech to streamline the in-store environment, and make shopping more enjoyable

Payment is cashless, done through the Alipay platform in the Hema app

Data analytics are used to make personalised product recommendations and showcase the freshest food in their location

Carvana: automotive vending machines

Instead of facing pressure from salesman in dealerships, customers browse online in their own time. They choose their car, pick it up from an un-manned vending machine or have it delivered to their home

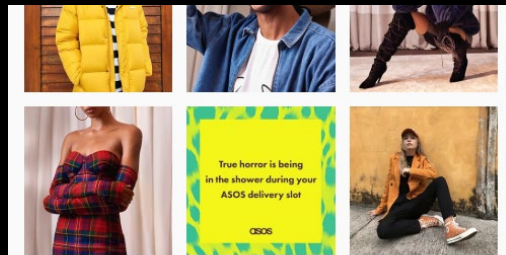
Other companies have adopted a variation on this, offering this experience for test driving but having the final sale via a traditional dealership



THERE ARE TWO WAYS TO BETTER MEET PEOPLES' NEEDS IN THIS LANDSCAPE: EFFICIENCY AND INSPIRATION

EFFICIENCY

- Offers based on previous spend, sharing personal details or location
- Curated recommendations based on browsing and purchase history
- Video and 360° images to show products accurately
- Live chats with customer service advisors
- Faster delivery and delivery to lockers or even car boots



INSPIRATION

- Editorial content highlighting fashion and beauty trends
- Travel guides highlighting 'must-haves' for particular destinations (blend practical and inspirational)
- Shoppable Instagram stories, and videos on social media
- Products linked to climates
- Apps providing early access to content and products



Customers are starting to expect some, but not all, of the emerging tech features

- Consumers expect offers based on previous shopping behaviour, offers based on location or other variables may still stand-out
- Entertainment brands are using data to curate personalised collections, whilst not expected, we are seeing an increase in consumers suggesting retailers follow suit by making tailored product recommendations
- Facial, voice and touch recognition are on the rise but are not expected and consumers will only adopt where there are clear benefits for them
- Videos and 360 views of products are now expected, product searches using photos or 3D images of items using AR/VR are not widely used
- Online chat bots are increasing, but personal live chats are generally preferred (and are helping brands feel modern but personal)
- One day delivery and lockers are now seen as standard, but Amazon is driving expectations towards one hour delivery, drone deliveries and deliveries to car boots



Heathrow Boutique does not need to be at the forefront of these changes, but more is needed to keep up with expectations

EFFICIENCY DRIVES LOYALTY TO SOME BRANDS

As there is risk associated with online shopping, shoppers typically stay loyal to trusted brands or to those that do something to add value



TRUSTED: easy returns, quick delivery, quick refunds

VALUE ADD: broad range of different brands, product and style recommendations



TRUSTED: easy returns, quick delivery

VALUE ADD: styling advice and social content – e.g. Instagram and Pinterest



TRUSTED: quick delivery, competitive pricing

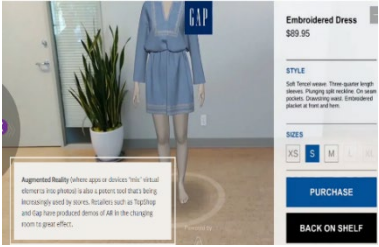
VALUE ADD: strong app functionality, quick and easy mobile payment, combining on and offline to create a memorable app



TRUSTED: quick deliveries, good customer service, reliable product range and descriptions / reviews

VALUE ADD: easy purchase journey, one-click buy, auto-renew on repeat products, hourly delivery slots etc.

EFFICIENCY: OTHER BEST IN CLASS EXAMPLES

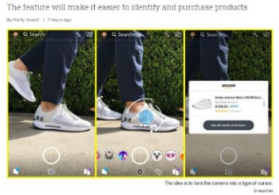


GAP offer 3D images to allow 360 degree images of products



H&M Chatbot answer questions and recommend products directly

Snapchat Is Partnering With Amazon to Test a Visual Search Tool



Brands allowing consumers to search for products on their website via images



Gatwick Airports app tracks the traveller's position, offering location-specific discounts

Munich T2 is trialling Emmasbox –a giant fridge with lockers containing 60 different meals or ingredient boxes. Customers order via smartphone whilst in baggage reclaim



INSPIRATION TO CREATE EXPERIENCE

Expectations around inspiration are lower, but there are numerous opportunities to stand out if you execute this well

Best in Class retailers are creating inspirational content to encourage purchase behaviour

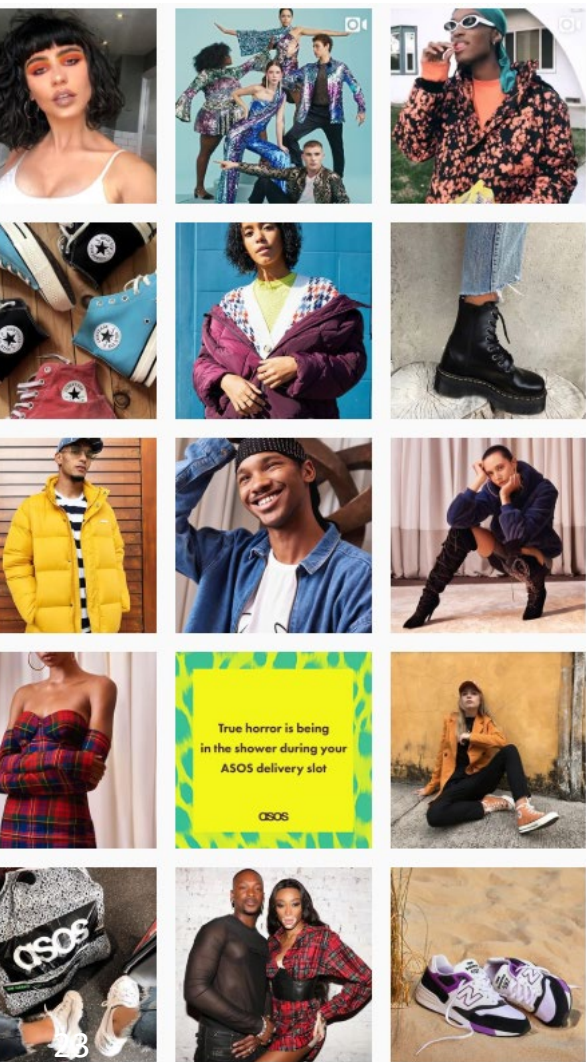
- Net-A-Porter, MatchesFashion.com and Whistles are positioning themselves almost as fashion magazines to push consumers to purchase, with beautiful editorial shots of clothes and articles to read

Social media content is catching people in a different mind set, where they are not necessarily set on a specific product

- 80% of generation Z and 74% of millennials say that social media currently influences their purchases, with Instagram being key

Geo-fencing is enticing some to shop and/or change where they are headed

- Push notifications inspire shoppers to pop in-store when they may otherwise have carried on walking



INSPIRATION: BEST IN CLASS EXAMPLES

13 long-haul flight beauty essentials tested IRL

Can sheet masks and face mists really save you from dehydrated plane food? We put these travel favourites to the test



5

Outbound Leg 2: This Works In Transit Camera Close-Up

For five weeks last year, I was flying great, but I found a constant struggle in flight is, I can't avoid about using this travel, no-camera and person's product as my skin is a combination of skin as the best of times, but when on a plane, the way the skin

Content hubs like Cosmopolitan offer product driven travel guides, highlighting must-haves and pleasant pick-me-ups to feel good



KATE'S FAVORITES

DISCOVER KATE'S SECRETS

SHOP

Brands such as Decorte are using influencers to pull people online, curating sections which emphasize their top picks



Test Your Skin for the Climate You're In

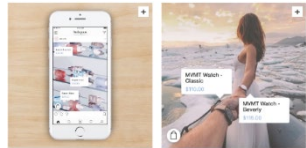
The weather has a big impact on your skin, and it's important to know what to do about it. We've got you covered with our new skin test, which will tell you what you need to do to keep your skin happy and healthy in any climate.

Personalize Your Skin Test

How to use the test

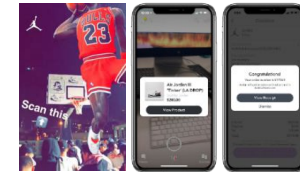
How to use the test

Pour Moi offers a range of skincare products that are based around temperature, weather conditions and customised to the consumers' location by postal code



Instagram unveiled a shoppable version of its popular Stories, featuring a tag that users can tap to navigate directly to the brand's website for in-app purchases

Snapchat, Nike's Jordan brand, Darkstore and Shopify teamed up to pre-release the Air Jordan III "Tinker" with same-day delivery after the NBA All-Star game. Using a geo-fence around the stadium, spectators had access to exclusive content to entice them in and then were served products



join the dots

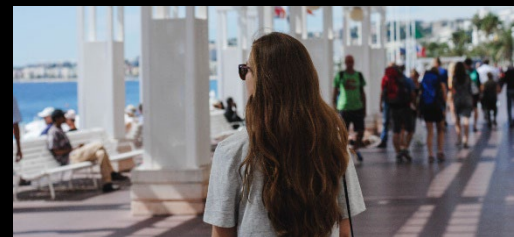
CULTURE + TRENDS

Join the dots

THE AIRPORT SHOPPING LANDSCAPE



PEOPLE HAVE A DIFFERENT MIND-SET IN THE AIRPORT



Airport shopping is a key part of the airport experience for many travellers – particularly women who reported planning in extra time to ensure they get into the ‘holiday mode’ before flying

MOMENTS OF DELIGHT

- Cheaper pricing (although UK and US are more sceptical about this)
- Impulse buying
- Time to fill (unlike in everyday life)
- Well-laid out, quiet shops (especially in Asian airports)
- Exclusive items

PAIN POINTS

- Delays during wider journey can mean rushed
- Flying from terminal with poorer range of shops
- Less stock and range
- Expensive (US report this particularly for gifts)
- Poor customer service (Chinese report slow service)



The wider experience at Heathrow will have a large impact on satisfaction with and use of Heathrow Boutique

EARLIER RESEARCH FOR HEATHROW HIGHLIGHTED 7 DESIRES WHILST IN AN AIRPORT

Seven key themes of the Horizon workshop



Give me information



Illusion of movement



Keep me in control



Make me feel welcome



Keep me connected



Balance tech with humans



Meet my differing needs

THE HORIZON WORKSHOP

One day workshop with 18 members of the Horizon community, to gather feedback from a range of passengers profiles on their current experiences when travelling through airports – including their likes/dislikes, improvements and ideal journeys.

THESE TRANSLATE INTO 3 KEY NEEDS FOR HEATHROW PASSENGERS

Human needs remain constant and unchanging, providing a good foundation for brands to understand consumer motivations and trends

Depending on the macro-environment and the specific situation, certain needs will rise in importance

Depending on cultural influence, the trends will manifest in different ways

In this context, we feel the following 3 needs are important:



Control

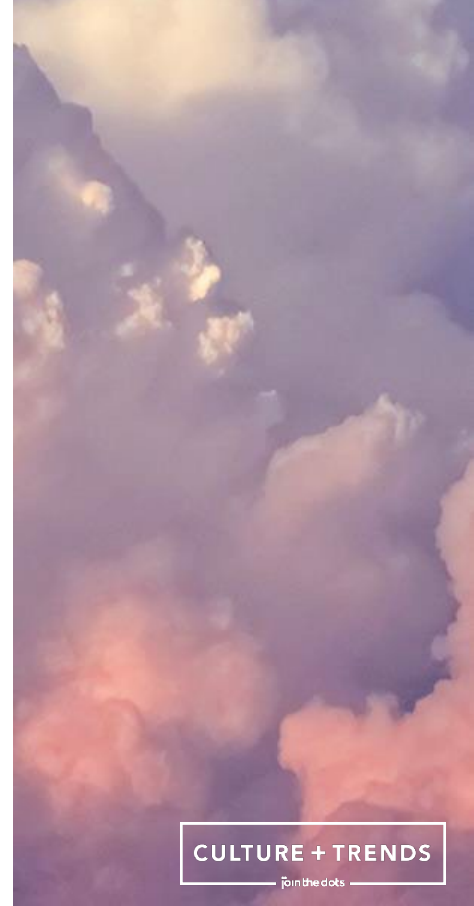


Productivity

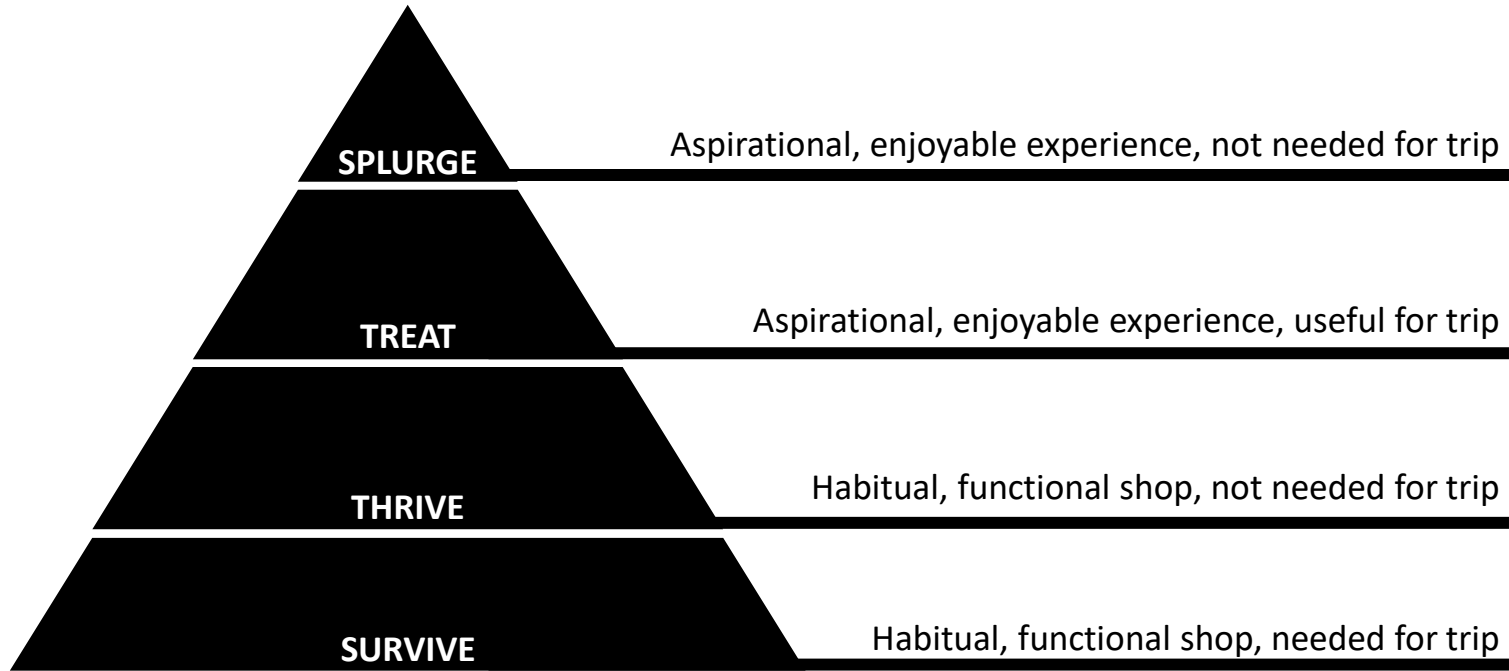


Togetherness

Note: we have included a deeper dive on these needs per market in the appendix



THEY HAVE 4 BROAD NEEDSTATES IN A SHOPPING CONTEXT




SURVIVE PURCHASES ARE HABITUAL AND USE UP VALUABLE BROWSING TIME



ITEMS: travel-size toiletries, food and drink for before and during the flight (incl. baby food), forgotten items such as headphones or travel pillows

DRIVERS: habitual behaviour to either pick up before the day or on the day (driven by whether checking-in luggage and length of flight etc.). Satisfaction comes from completing the task, not from purchase itself

EXPERIENCE: prefer to go to one location for multiple items shortly after security. Value short queues and range of stock, but tend to find stores are busy and hard to navigate around making this less enjoyable

 Heathrow Boutique meets this need for some 'survive' items, but improving in this area could save people time and open up new shopping opportunities


THRIVE PURCHASES ARE FOR ENJOYMENT, BUT THE EXPERIENCE DOES NOT ALWAYS MATCH THIS



ITEMS: alcohol, cigarettes, perfume, cosmetics and small gifts (to thank host when arrive or to take back to family)

DRIVERS: habitual behaviour to browse and pick up. For items buying for self, this is driven by price (note: online shopping is changing perceptions of airport shopping offering a good deal). For gifts, driven by convenience as do not to carry throughout trip

EXPERIENCE: typically shopping in duty-free. People browse to see if anything stands out, but often have categories and brands in mind already. An efficient experience or good deal can make this experience more satisfying, but many hesitate as they can live without items or buy them another time

 Heathrow Boutique could make this more enjoyable as people would be able to compare prices ahead of travel


TREAT PURCHASES ARE FUN TO BUY, BOTH DUE TO THE ITEM BEING CHOSEN AND THE SHOPPING EXPERIENCE



ITEMS: extra items for trip (especially if leisure) e.g. sunglasses, clothes, bags, books, or more expensive / special gifts for others

DRIVERS: whilst some pre-plan, this type of shop is often driven by having spare time in the airport. It is not a priority so can be rushed or skipped due to time or range of stores on the day

EXPERIENCE: enjoyable experience signalling the start of the holiday. Less rushed than typical shopping experiences, stores feel more open and inviting, and open to spending more than usually would. However, feel seeing smaller range and could be missing out

 Heathrow Boutique could help people plan their 'treat' time in the airport. Whilst some will reserve or buy, many will still want to go in-store on the day


SPLURGE PURCHASES ARE ASPIRATIONAL AND NOT PRIORITISED BY THE MAJORITY



ITEMS: high-end, designer items e.g. handbags, clothes, wallets etc., expensive alcohol and exclusive products not available from other locations

DRIVERS: whilst the majority are not driven to do more than browse items to pass time in the airport, cheaper pricing and exclusivity are drivers for Chinese travellers to purchase as is convenience for some more affluent business travellers

EXPERIENCE: many will have researched items and decided to buy before the day. Being well-treated in-store is important e.g. multi-lingual staff, personalised or exclusive experiences. People also appreciate high-quality packaging for items (especially if gifts)

 A seamless journey from Heathrow Boutique to in-store at Heathrow will be important as this market grows, as will an enhanced experience in-store

WHILST SMALL NOW, AIRPORT LUXURY RETAIL IS GROWING; SPLURGE WILL REMAIN IMPORTANT



Luxury retail is predicted to grow, particularly in-store airports

- According to a report by Bain & Company, three quarters of luxury purchases will still be made in-store by 2025 and 75% of luxury in-store purchases will be made in off-price stores and airports

Personalised experiences, secret and exclusive brand experiences and exclusive collaborations are key to attracting Luxury shoppers

- According to WGSN, the biggest luxury shoppers trends over the next five years will be:
 - Exclusive collaborations with relevant partners 78%
 - Secret and exclusive brand experiences 59%
 - Personalised online experiences 53%

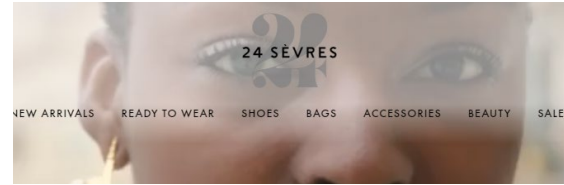
Digital experiences are influencing luxury purchases

- According to McKinsey, 40% of luxury purchases are influenced by peoples' digital experience—e.g. through online research of an item that is subsequently bought offline, or social-media “buzz” that leads to an in-store purchase

LUXURY RETAIL: BEST IN CLASS EXAMPLES



Net-a-Porter's "You Try, We Wait" personal shoppers deliver orders to shoppers homes and waits until the ordered pieces have been tried on so that they can collect any returns



24Sevres.com enables a personalised shopping experience through technology. Through a live video chat, shoppers can experience a bespoke style consultation tailored to their individual needs. Using the app, customers can chat with a stylist and browse the store at the same time



Alexander McQueen X Globe Trotter united to create a limited-edition luggage range. The label brings its signature details to the company's iconic luggage, featuring silver studs that wrap around the case and a lining of the signature McQueen black and ivory skull print pattern



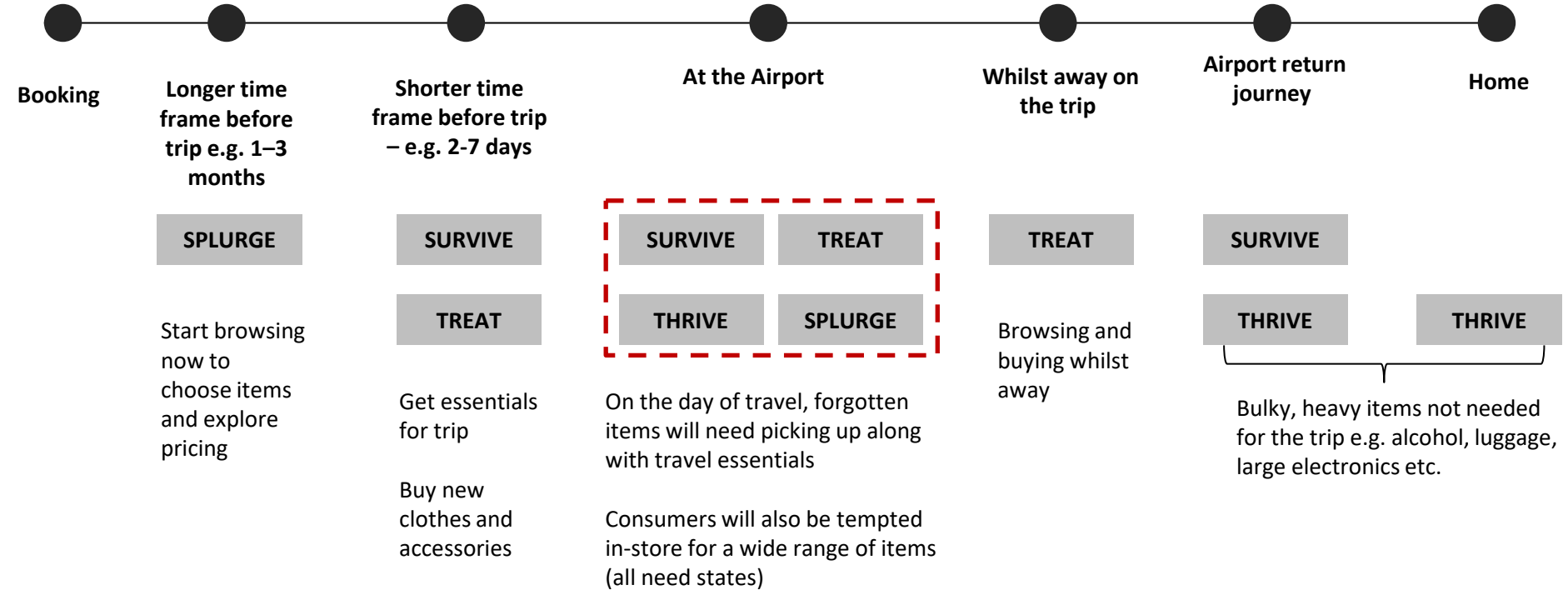
MatchesFashion.com launch collaborations and exclusives online. People book a private appointment to see the collection

join the dots

CULTURE + TRENDS

Join the dots

WITH THE EXCEPTION OF THRIVE, MOST NEEDS ARE PARTIALLY MET BEFORE THE DEPARTURE DATE



WHEN MEETING NEEDS ON THE DAY, CONSUMERS APPRECIATE MODERN, HIGHLY EFFICIENT SHOPPING

Asian airport shopping is perceived to be better than in UK or European airports, however, Americans recognise Heathrow as better than they are used to in the US (with the exception of Chicago O'Hare). This is largely because these airports are new, modern and spacious, but customer service and catering to travellers who do not speak good English is appreciated



“ *Amsterdam is so slow. The staff are inefficient. Their pace is too slow, too leisurely. It takes them an age to finish each task, and it's all in Dutch.*

”



“

Changi is a nice environment to be and spend time and it has great shops


”

What can we learn from Changi and other best in class airports in this context:

- IShopChangi allows customers to reserve product up to 18 hours before the flight (including exclusive items), collect them, and either have them delivered to their terminal or have them delivered to a convenient location in Singapore.
- OR Tambo in Johannesburg uses virtual reality to allow users to navigate around the airport before store arrival, plans are also in place to enable customers to shop and have items delivered to the appropriate gate

A STRONGER ONLINE OFFER & ASSOCIATED MARKETING COULD NUDGE PEOPLE TO CONSIDER ALL NEEDS EARLIER



 Heathrow Boutique is well-placed to encourage browsing, and potentially purchase of habitual items, earlier in the journey



FREE RESERVE & COLLECT
Reserve up to 24 hours before you fly



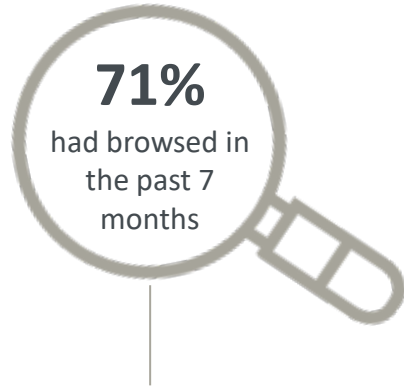
CONTACT US FOR MORE
We can help if you don't see what you want

HEATHROW BOUTIQUE SHOPPING EXPERIENCE



CURRENT VISITORS PRIMARILY GO TO THE WEBSITE TO BROWSE, WITH 1 IN 3 USING IT EVERY TIME THEY TRAVEL

Of the 263 Heathrow Boutique visitors we surveyed:



Primarily used to find out which shops / products are available in their terminal and to check pricing, only 1 in 10 frequently reserve



33% browse **every time** they travel at Heathrow



11% browse **frequently** but not every time



6% browse **regardless of whether they are travelling or not**

 Heathrow Boutique must do more to convert browsing into reserving



THEY LIKE THAT THEY CAN SAVE TIME BY PLANNING AHEAD AND RECEIVING ORDERS QUICKLY

Those who have visited the site rate it reasonably well:



They score it highly across all metrics:

- Range of brands: 3.5
- Range of products: 3.4
- Availability of products: 3.4
- Site navigation: 3.6
- Price: 3.3
- Special offers: 3.2

KEY STRENGTHS

- Easy to reserve online, guaranteeing item available and no delivery charges
- Able to plan ahead and better use time in airport
- Inter-terminal shopping
- High quality products



“A good way of checking and ordering before you go and getting what you want without disappointment”

HOWEVER, SOME VISITORS REPORTED ISSUES THAT MIRROR CONCERNS FROM THE WIDER POPULATION

RELIABILITY OF ORDERING

"I ordered a product from Dixons to collect, and they'd "accidentally" included an item £50 more expensive in the bundle. I didn't have a chance to challenge it"

NOT SAVING SUFFICIENT TIME

"Did not have all items requested initially and did not know where to go once inside duty free. Desk unmanned until someone came to help eventually"

RANGE NOT BROAD ENOUGH

"Heathrow boutique is probably great if you've got lots of money to spend but no good if you just want basics at an affordable price"

LIMITED SHOPPING 'EXPERIENCE'

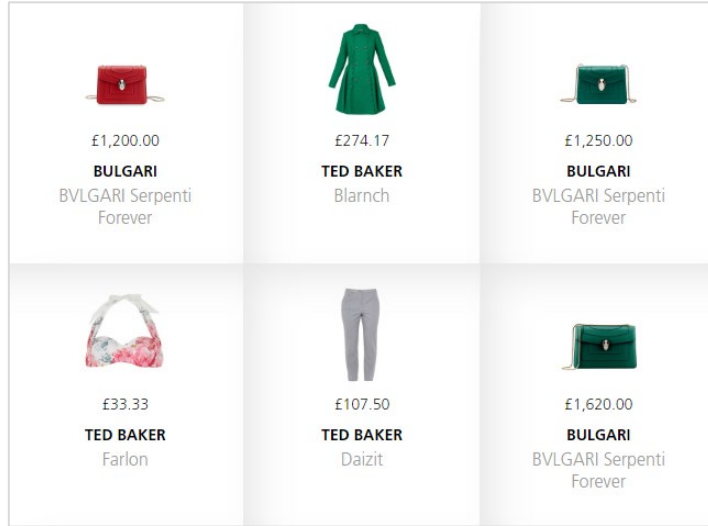
"Nice to have a look before you leave on holiday, but I still prefer to see it in real [life] and be able to touch it"



Whilst most report a good experience using Heathrow Boutique, more is needed to ensure people see this as a truly blended and valuable proposition

AND WHILST THE HIGH END PROPOSITION IS LIKED, IT DOESN'T FEEL RELEVANT TO A LARGE PORTION OF THE MARKET

Despite there being a broad range of prices on the site, many are distracted by the highest price points and the lack of 'basics':



“My perception is it is not aimed at us, this is for the super busy business man, or business women who's rushing and don't care what the price is and want to have a designer brand”



“How many people spend \$400 on a wallet? I like it, but I wouldn't be spending that!”



Heathrow Boutique's 'high-end' image is a barrier to increasing spend from users and to entry from non-users; surfacing a wider product range would be beneficial

CURRENT BARRIERS ARE UNANIMOUS ACROSS BOTH VISITORS AND THOSE UNAWARE OF THE SITE



TOO HIGH END: Strong focus on black and greys, personalised shopping & delivery services cue a high end luxurious service – alienating a broader audience

CHEAPER PRICING: Skepticism as to whether prices are cheaper or truly duty-free

DOESN'T CUE AN ONLINE SHOP: Feels like a brand site rather than an online shop. Overt shopping cues aren't obvious – e.g. shopping trolleys, promotions etc.

NO APP: A key barrier for China where apps are an online shopping expectation

LACK OF RANGE: Low awareness of mid ranged brands and products on the site (e.g. from Accessorize) and desire from both visitors and those new to the site to see more stock

NOT LOCALISED TO OVERSEAS MARKETS: Not in local language or currency, and no market specific targeted offers or products. This is a key area to address for China

THE FUTURE FOR HEATHROW BOUTIQUE




spirit

join the dots

HEATHROW BOUTIQUE HAS ROOM TO GROW, AND CHANGES WOULD HELP TARGET MORE NEED STATES



 The greatest opportunity lies in building trust and meeting ‘survive’ and ‘thrive’ needs, then priming people to meet ‘treat’ and ‘splurge’ at Heathrow

A WIDER PRODUCT RANGE AND ADDITIONAL RETAILERS WOULD BOOST INTEREST AND USAGE



APPEAL: both users and the wider population interviewed wanted a broader range of products (and lower prices) esp. competitor users and younger travellers



WIDER PRODUCT RANGE

Appeal
92%

Would use
86%



BRANDS NOT AT AIRPORT

87%

80%

Source: quantitative survey; Base 263 users



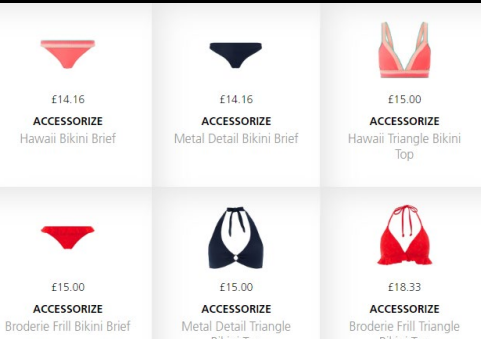
More high-street brands would be appealing and help to counter the feeling that this is 'not for people like me' – but care is needed to not detract from the Heathrow brand



International or familiar brands (e.g. Gap, H&M) could increase 'treat' purchases (although local preferred for gifts)



Whilst most are interested in high-end products, they also felt that the site would benefit from being a little less 'luxury' (tone and content)



Short-term, cheaper brands should be surfaced on the site; longer-term content changes, personalisation and the a new site design could be beneficial

ADVANCED PAYMENT IS EXPECTED AND SUPPORTS MOST OF THE OTHER PROPOSITIONS



APPEAL: wide appeal so long as coupled with a good returns and refund policy. Ideally also coupled with a centralised collection point so that more time to deal with any issues



ADVANCE PAYMENT

Appeal

87%

Would use

73%

Source: quantitative survey; Base 263 users



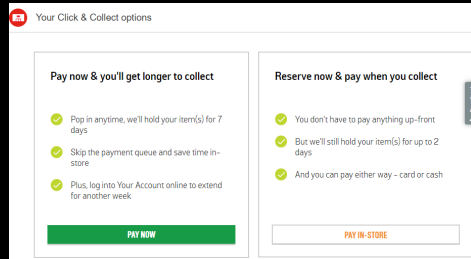
Many equated to the 'Argos' model, feeling that both reserving and prepaying should be possible



Reserving is not common in the US, and most would feel more comfortable pre-paying (unless high-end product that wanting to see first)



Assume that pre-payment will speed up collection and guarantee the item will be available, but for high-end a deposit was more acceptable



The facility to introduce advance payments should be introduced – it is acceptable and also increases commitment to purchase

CENTRAL COLLECTION POINTS ALREADY EXIST IN OTHER AIRPORTS AND WILL BECOME EXPECTED AT HEATHROW



APPEAL: centralised lockers and a manned collection point both appeal as they save people time and energy collecting items they have already decided upon



CENTRAL COLLECTION

Appeal

87%

Would use

73%

Source: quantitative survey; Base 263 users



Recognise benefits of going in-store to touch items or for returns, but feel this is needed to encourage reserving / purchase



Preference to collect from lockers or have delivered to gate. Feel that current process discourages shopping with more than one store



Experienced in local airports, and expected at Heathrow – some surprise that does not exist already



Centralised collection is expected; additionally it could free up time for more shopping and provide an opportunity to impress users and ensure repeat use

HOME DELIVERY NEEDS A CLEAR DIFFERENTIATOR TO STAND OUT



APPEAL: when discussed qualitatively, people have mixed opinions - feel should be offered, but expect low uptake and numerous logistical challenges



HOME DELIVERY

Appeal

87%

Would use

75%

Source: quantitative survey; Base 263 users



Unless getting access to exclusive products or prices, do not see benefits over using cheap online retailers



Could encourage use. Would deliver to hotel if 'survive' or 'treat' and home if 'thrive' or 'splurge' but suspect would cost too much to be viable

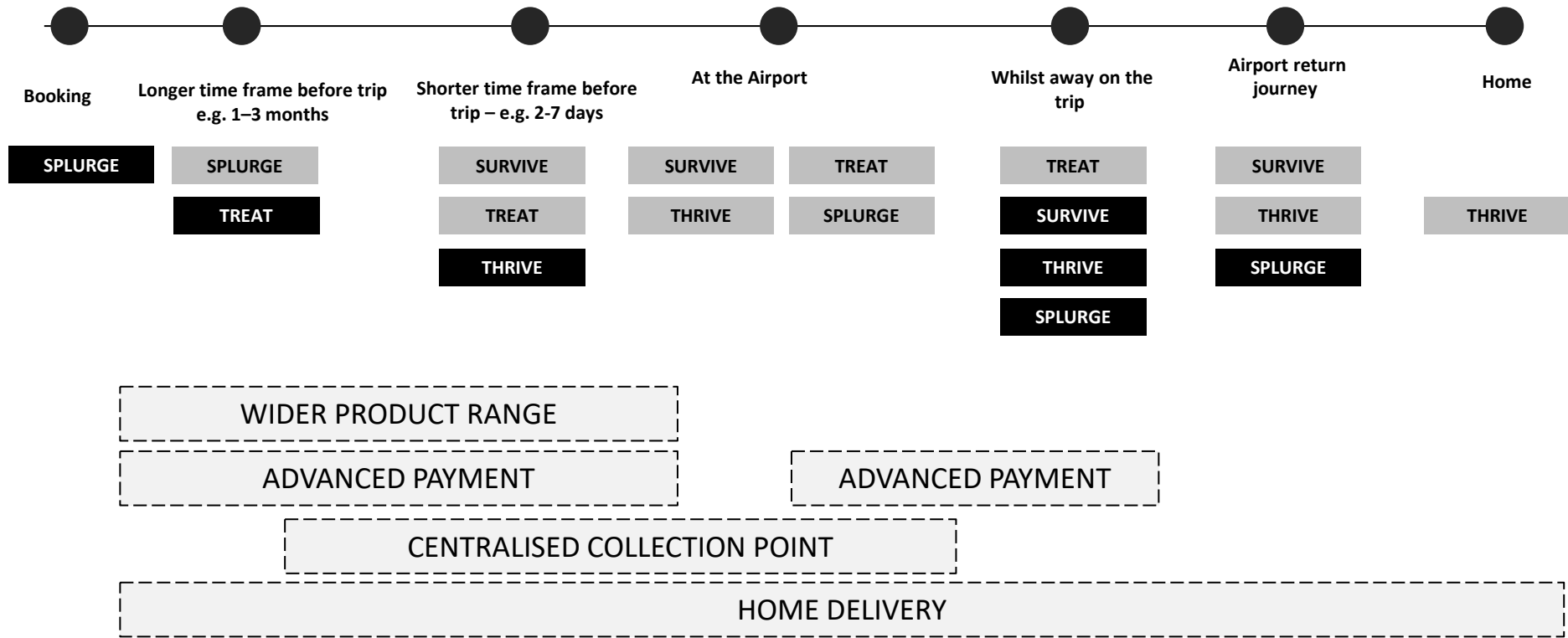


Did not see appeal of delivery to hotel, and assume that delivery and customs charges make delivery to China prohibitive



People do not easily identify the benefits of home delivery, it could, however, be a useful option for those who cannot collect expensive items due to delays

THE INNOVATIONS HAVE A ROLE TO PLAY ACROSS THE JOURNEY, ESPECIALLY BY TEMPTING USE BEFORE TRAVEL



THE INNOVATIONS ALSO FULFIL CORE NEEDS, KEEPING PEOPLE IN CONTROL, CONNECTED AND PRODUCTIVE

WIDER PRODUCT RANGE

This ensures the offer is relevant and reflects all needs, so addresses:

Desires



Keep me in control



Meet my differing needs



Make me feel welcome

Needs



Control



Togetherness

ADVANCED PAYMENT

This gives people control over when and how they pay and may save some time on the day, so addresses:

Desires



Keep me in control

Needs



Control



Productivity

CENTRALISED COLLECTION POINT

This saves people spending time going to stores and provides a consistent service, so addresses:

Desires



Illusion of movement



Balance tech with humans

Needs



Productivity



Togetherness

HOME DELIVERY

This gives people more flexibility especially if they are delayed or something changes, so addresses:

Desires



Keep me in control



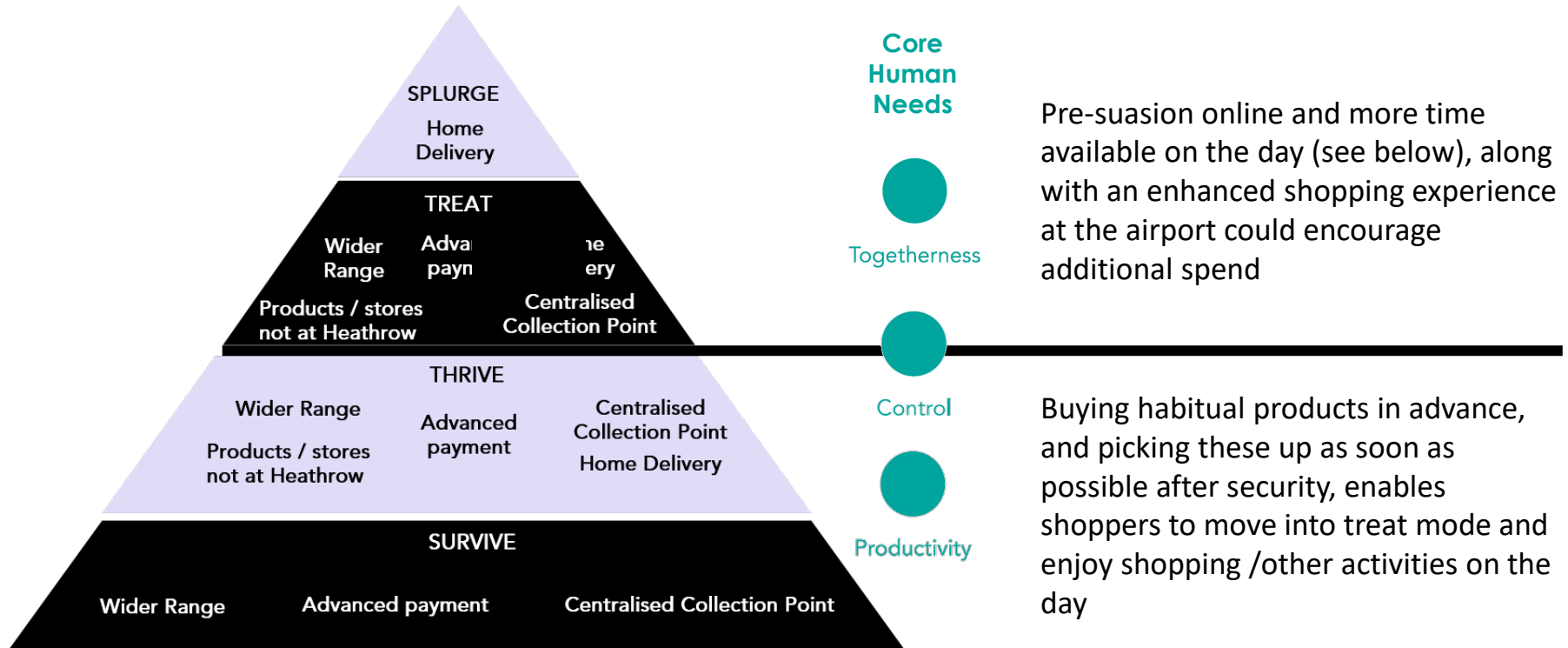
Meet my differing needs

Needs



Control

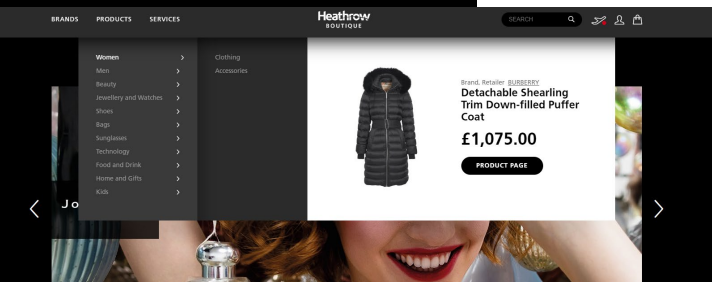
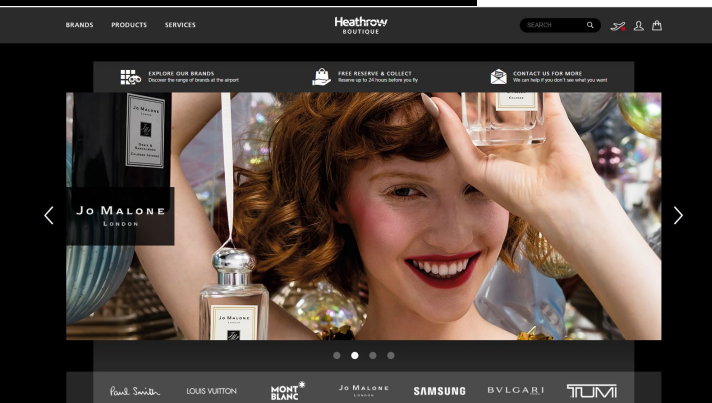
COLLECTIVELY THESE CHANGES IMPACT ON EFFICIENCY, AND CREATE OPPORTUNITIES FOR HEATHROW



CONCLUSIONS AND RECOMMENDATIONS

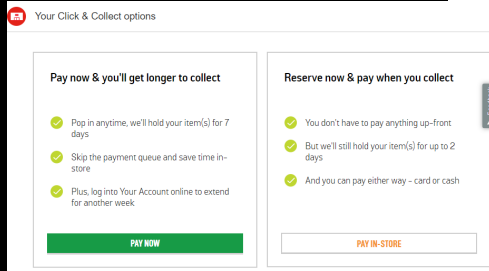


THERE IS ROOM TO GROW HEATHROW BOUTIQUE



- Visitors are primarily using Heathrow Boutique to browse and pre-plan their shopping at Heathrow
- Whilst rating Heathrow Boutique reasonably well, some reported issues such as orders being incorrect or collection points being unmanned
- Compared to other retailers and the direction they are taking, Heathrow Boutique is not currently doing enough to keep up with expectations around efficiency and inspiration
- Beyond this, both visitors and those new to the site feel that more brands and products should be shown to make the proposition relevant to a wider audience and meet more shopping needs

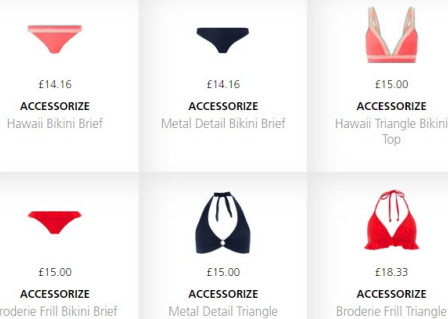
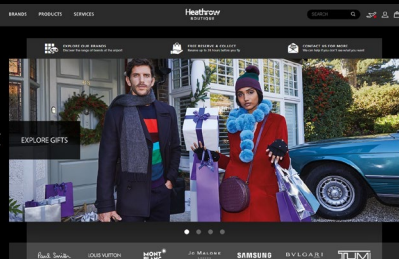
THE INTRODUCTION OF ADVANCED PAYMENTS AND CENTRALISED COLLECTION POINTS ARE KEY



- Plans to allow people to pay for items in advance will help Heathrow Boutique meet expectations, especially in the US and China where people were surprised to see this was not offered already
- Those in the UK, and people buying 'splurge' products will still want the option to reserve, however, as this allows them more control over when and how they pay
- The suggestion to introduce centralised collection points was well received, and expected by those in China and the US
- To meet expectations and maximise time for aspirational shopping, it will be important to consider how to support people to collect items quickly after security, and to ensure someone is on-hand to resolve any issues with orders

BROADENING THE RANGE AND MAKING CHANGES TO THE SITE WOULD ALSO HELP TO ATTRACT NEW USERS

- Those who were previously unfamiliar with Heathrow Boutique felt that it was too high-end and therefore not relevant to 'people like me'
- On first viewing, they also felt that it met 'splurge' needs, and not the more common needs 'survive', 'thrive' and 'treat'
- Whilst products at a lower price point and from high street names are on the site, these were not immediately apparent
- As well as introducing more products from brands such as Boots and Accessorize to the site, more could be done to help visitors filter and find relevant brands
- Additionally, many feel it would be beneficial to allow people to shop with more high-street brands



HOME DELIVERY SHOULD BE OFFERED, BUT HAS LESS POTENTIAL TO DRIVE GROWTH



- Home delivery is welcomed as it allows people more control over how to receive their items
- However, many struggled to identify when they would personally use this service
- Those in the US and China in particular assume that this service will be limited for them
- Overall, whilst worth offering, this is unlikely to drive growth

SHORT-TERM, A NUMBER OF IMPROVEMENTS SHOULD BE CONSIDERED

Heathrow
BOUTIQUE



To stay niche, but improve:

- Proceed with plans to introduce advance payment for items
- Consider free delivery and returns for purchases over certain values, and ensure variations per market are clear
- Identify ways to offer centralised collection now e.g. one retailer
- Offer text notifications to track orders and build trust
- Showcase recommended 'survive' items for business travel
- Showcase exclusive products and aspirational gifting (non-UK)
- Include more inspirational content and editorials on the site, ideally linked to travel destinations or reasons for travel
- Add more product images for fashion items on the site
- Use local languages and currency on the site



To broaden appeal, you would also need to:

- Include a wider variety of products and services available at Heathrow on the website (covering all need states and budgets), but review options to ensure the brand is still seem as premium*
- Consider inspirational content for different audiences e.g. travel essentials for particular destinations

LONGER-TERM, THERE ARE OPPORTUNITIES TO GO FURTHER BOTH IN TERMS OF EFFICIENCY AND INSPIRATION

Heathrow
BOUTIQUE



To stay niche, but improve:

- Introduce an app so that you can facilitate faster ordering, customisation and communication about orders and collection
- Introduce a range of collection point options to cater for preferences (after security, to lockers and gate/seat), and consider retailer partnerships to enhance the experience at centralised collection points (e.g. coffee shop, spa treatments, personal shoppers, entertainment)
- Introduce home delivery for orders placed after cut-off points and/or orders not collected



To broaden appeal, you would also need:

- A social content strategy to raise awareness and communicate efficiency benefits clearly
- Personalisation and curation on the site will be important to ensure a wide range of people feel the offer is relevant
- Review options to partner with airline cargo and delivery companies to improve global delivery capabilities

**FINAL THOUGHTS &
IMPLICATIONS FROM
HEATHROW
RESEARCH & INSIGHTS TEAM**



FINAL THOUGHTS & IMPLICATIONS FROM HEATHROW RESEARCH & INSIGHTS TEAM

- There are **clearly defined passenger need-states** in terms of shopping in an airport, and there is currently a **gap in delivery of those more urgent (Thrive & Survive) need-states** via our online offering, with Boutique currently more focused around the Treat & Splurge need-states given the perceived focus on high-end retail from users.
 - **Filling the needs of this gap** would likely involve a **larger overhaul** of our online retail offer to be able to deliver to a more **mainstream audience**, and further understanding would need to be explored around if and how this could be delivered whilst protecting what Boutique currently delivers in terms of sales and meeting passenger needs.
 - This approach **would need to consider the impact on both online and offline sales** generated via exposure to our online retail offer, given the high levels of browsing already taking place and also how delivering the Thrive/Survive essentials via a centralised delivery point early in the journey (via online) can help to encourage Treat/Splurge sales whilst in the airport (offline).
- Generally, response to the proposed future developments of particular features / offers **are positive**, and they are all **somewhat interdependent on each other** to deliver value to the fullest extent:
 - It's clear that **online payment and centralised collections fulfil a real need and want** from passengers and should therefore add value and remove barriers to usage. However they are now expected by passengers as 'par for the course' when shopping online.
 - **Increasing the range of retailers** including more high-street offerings (e.g. H&M was mentioned) **would be of benefit, and critical if the mainstream strategy is considered** in terms of delivering on Thrive/Survive need-states.
 - **Home delivery is more niche** and whilst it offers an extra feeling of purchase security for the passenger and could act as a sale recovery mechanism for failed collections, the passenger sees a refund as a better route for them in that regard.