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AIRLINE RETAIL CONFERENCE

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# How Technology Retail has adapted to changes in Consumer demand

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# Changing Technology Market

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- The past 3 years have seen major changes in customer demand, it is now all about:-
  - Connectivity, portability and the consumers hunger to have information at their finger tips.
  - Consumers want to touch and play with product, before making their decision
- So what's driven this change
  - Blackberry
  - The iPhone
  - Major development by all the mobile handset manufacturers
  - More recently the launch of the Apple Ipad.
- What's that meant for Dixons Travel
  - 3 years ago IT/Mobile was only 5 % of the product mix
  - Now over 25 % of our revenue is driven by these categories.

# Our price messaging has had to change...

- Tax Free was a confusing message for the consumer
  - Were we Duty Free?
  - Were we VAT Free?
- We compared ourselves to the “High Street”- What does that mean to consumers in the online world?
- Online is growing share at a staggering pace, not only of actual purchasers, but as a reference point for value. (60% of consumers are referencing the internet before purchasing)
- Exit surveys within airports were showing that the perception of our price and value for money was declining due to the mixed message.

# Look and Feel of Stores has had to change...

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- Our stores were very tired and cluttered
- Our hardware products were not demonstrable, and the consumer could not touch and play
- In store navigation was a mess
- Our value message was misunderstood

# Old v New.....



# New Platform and Performance....

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- We changed our name from Dixons “Tax Free” to Dixons “Travel”.
- We removed references to the High Street
- We now Guarantee to beat the internet against Amazon, Comet and JLP on all of our hardware products.
- We’ve installed Wi-Fi into all of our stores to allow consumers to “challenge” our claims
- All of our in store messaging has been cleaned up and we now concentrate singularly on Internet comparisons

# Messaging Old to New....

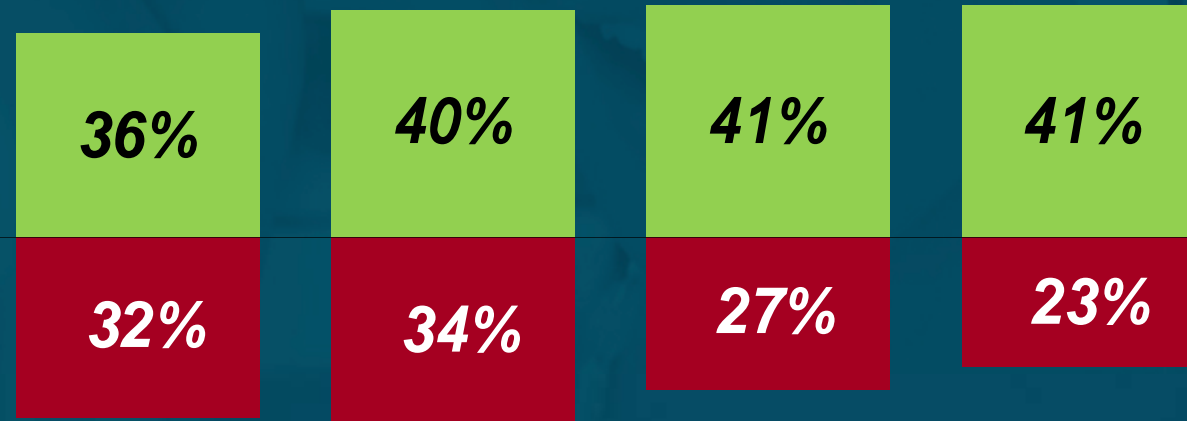


# Results of the New Strategy...

## Improvement of over 10% in value perception

December  
2009

December  
2010



Customers who believe Dixons Travel are cheaper than where they would normally purchase technology products

Customers who believe Dixons Travel are more expensive than where they would normally purchase technology products

We now have 3<sup>rd</sup> Best price perception in the airport

# Our store colleagues have had to change....

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- Products have become more technically complex
- Customer is demanding better service

We have introduced the career ladder

- 4 levels of experience
- 4 levels of pay
- Comprehensive training packages at all levels

# Conclusion.....

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- We have a business that is trading well ahead of last year, with pax relatively flat.
- We have a value message that is getting cut through with the consumer
- Our customers are able to play before they pay with all hardware products.
- Our stores look fantastic.
- Our customer engagement is 50% ahead of last year.

**Fact** • Asia is overtaking Europe as the world's largest inflight retail market\*

**Fact** • China is the only one of the top 15 inflight retail countries that grew in 2009\*

**Fact** • In late January 2011 the first ever Airline Retail Conference for Asia will take place in Macau

COMING SOON TO **asia**

# arc.2011

The Airline Retail Conference

Following on from the huge success of ARC2010, we are delighted to announce that the leading conference for inflight retail executives will be back in 2011 with two bigger and better events...



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\*Source Generation Research, July 2010