

# **Changes in buying behaviour in airport retail: A qualitative research of passengers' perception towards airport shopping**

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<p>The aim of this thesis is to gain understanding of passenger buying behaviour as it is now and how the changes in airport retail business and the rapid growth of e-commerce influence on passengers' way of making their purchases at airports. Based on the prior literature concerning this topic, researchers have been interested of the impulsive buying behaviour created by the unusual shopping environment of airport retailing and how pre-planned purchasing has been integrated more and more into passengers' buying behaviour because of technology and online shopping, as well as passengers are preferring to spend less time at the airport. The main goal of this study is to examine the following three research questions: (RQ1) Is there a change in passenger buying behavior? (RQ2) Which features are influencing on passengers buying from airport retail stores? (RQ3) How the possible changes of passenger buying behavior affects to airport retail business?</p> <p>The study examines prior literature and showcase how this topic has been research already from different perspectives. The conceptual framework of Kotler &amp; Keller's buying decision making process and Marketing mix of 4 Ps by Armstrong were used as a guide for creating the interview questions for the qualitative research in order to gather data for this study. Semi-structured in-depth interviews were conducted through online meetings with five passengers from different background of business and leisure travelling to gain understanding of passenger buying behavior from different perspective.</p> <p>The results show similarities to the prior literature but also introduce how passengers perceive differently the airport retailing and how it is influencing on their buying behavior. Based on the interviews, price is still a key factor whether passengers are willing to purchase products from airport. Need-based and pre-planned purchasing are common trends amongst the passengers. Impulsive purchasing is often influenced by the travel company and "dwell-time". The results showcase the needed changes in product selection and customer profiling by the retailers to keep passengers' valuating and interested of shopping at airport.</p>	
<b>Keywords</b> Passenger buying behaviour, airport retail, impulsive purchasing and pre-planned purchasing.	

## Table of contents

1	Introduction .....	1
2	Airport retail business .....	2
2.1	Commercialization of the airport industry .....	2
2.2	The change in “tax-free” policy .....	3
2.3	The impact of e-commerce and technology .....	4
3	Consumer Buying Behaviour .....	7
3.1	Impulsive vs pre-planned purchasing .....	7
3.2	Kotler & Keller’s model.....	10
3.3	Buying decision process.....	11
4	Marketing mix of airport retail .....	14
4.1	Product.....	16
4.2	Price .....	17
4.3	Place & Promotion.....	17
5	Qualitative research method.....	19
5.1	Semi-structured in-depth interviews .....	20
5.2	Data Collection .....	21
5.3	Data analysis.....	22
5.4	Reliability and validity .....	23
6	Results.....	25
6.1	Leisure versus business.....	25
6.2	“Dwell-time” .....	26
6.3	Social and mood shopping.....	27
6.4	Post-purchase satisfaction .....	28
6.5	The perception of duty-free .....	29
6.6	From online to offline.....	32
6.7	Customer profiling .....	34
7	Conclusion.....	35
7.1	Discussion .....	36
8	Limitation and future research suggestions.....	38
	References.....	39
	Appendices.....	43
	Appendix 1. Interview question guide .....	43

# 1 Introduction

Over the last few decades, the airport environment and the nature of the airport operations have evolved from infrastructure and operations providers for air travelling, to commercialized and business-oriented environment with a complex nature of changing continuously (Vogel, 2019). The airport retailing has changed rapidly since the time of providing tax-free prices at all airports including travelling within EU, passengers were able to purchase goods in better prices than from anywhere else. Online shopping and e-commerce opened a better possibility for consumers to have access for anything they desire to purchase. This has been a huge competition for airport retail which before offered exclusive luxury goods for passengers to purchase only from the airports. Have these internal and external changes influenced on passengers buying behaviour and if so, how it will be affecting on the airport retail industry.

This study aims to understand passengers buying behaviour as it is now and the possible changes. Will the traditional duty-free stores be under a threat of passengers not being interested to purchase the goods that they are offering, should there be a change by these retailers to meet the customers' needs and wants to keep airport retailing being the key source of revenue for airports. This is why the topic of passenger buying behaviour is relevant subject to be research, the results can be used part of a marketing strategy or re-thinking the business models of airport retailers.

Passenger buying behaviour has been researched from many perspectives. Many of the researches have been studying impulsive buying behaviour and in the recent studies, the researchers have been interested how pre-planned purchasing has been increasing behaviour amongst the passengers. This study will examine of these two different buying behaviours and will seek to understand what makes passengers to purchase impulsively or pre-planned. The study will conduct qualitative research of this chosen topic to gain insights and create useful results.

Based on the aim of this thesis these research questions were formed to be able to gain needed information and understanding:

**RQ 1. Is there a change in passenger buying behavior?**

**RQ 2. Which features are influencing on passengers buying from airport retail stores?**

**RQ 3. How the possible changes of passenger buying behavior affects to airport retail business?**

## **2 Airport retail business**

Airport retail is one of the fastest growing and developing market for retail business (Thompson, 2007) with the annual sales of 86 billion US dollars (The economist, 2021) by the enormous number of possible consumers spending their time at airports while having dwell-time to consume.

“Travel retail is the connecting and central element of three very important industries: retail, travel and leisure locations, as well as consumer goods brands” (Dufry, 2020).

Airport retail differs from regular retail business by the ability of knowing when their customers will arrive, who are their customers and where they are flying to. This advantage gives airport retail the opportunity to customize their services depending on their customers. (Naletina, Damic´ & Goricki, 2019.) In the other hand, airport retail faces many “shocks” compared to other retail environments, such as stress from security protocols, unfamiliar airport environment and the fact that shopping is not passengers main focus at the airport, is challenge for airport retail to attract passengers to purchase (Graham, 2009).

From the business perspective airports have two main customers; airlines (B2B) and passengers (B2C). The airlines are expecting the facilities to operate by the airports and the passengers are requiring services to use while consuming time at the airport. (Vogel, 2019.) This research focuses the perspective of passenger buying behaviour and the impact of that behaviour to airport retail business.

According to ICAO's annual global statistics the number of scheduled service passengers carried was 4.5 billion in 2019 which was 3.6 per cent higher than in 2018 (ICAO, 2019). With the positive growth of air traffic and the number of passengers, that airports must handle comes with higher demand of airport services and infrastructure (Vogel, 2019). Airports are dynamic income source for both developed and developing countries (Tourism Forecasting Committee, 2011) which is why it is important to maintain and possibly improve this income from airport industry to support our economy (London First, 2008).

### **2.1 Commercialization of the airport industry**

Since the commercialization of the airport industry in the 1970s and 1980s and the privatization of airports in 1990s, many airports started to provide retail possibilities for passen-

gers (Graham, 2008). Before, the definition for airport retail indicated the selling and purchasing from duty-free shops without local taxes or fees (Rossi & Tasca, 2012). So called duty-free shopping started in Ireland by the businessman Brendan O'Regan who worked at struggling Shannon Airport in the late 1940s. O'Regan took inspiration from on-board shop which at the time was selling duty-free goods. Four years later, it all started with 1,50 pounds per a bottle of whiskey. From there, the concept of duty-free spread into International hubs. The initial thought behind airport duty-free shops was to provide products which were yet not available on the high street and in prices without the taxes. (Berti, 2019.) Retailers understood that airport experience can be more than purpose for travel but an experience for shopping (Freathy & O'Connell, 1999).

Airport revenue is divided into aeronautical and non-aeronautical revenues (Graham, 2013). Aeronautical income arises from the airside operations. Non-aeronautical revenues are coming from the commercial activities and services as retail, car parking and food & beverage facilities. (Vogel, 2019). From 1980's -1990's airports started to focus on the non-aeronautical revenue sources such as retail services and car parking (Kramer, 2010). As the growth of air traffic has impacted to the number of passengers at the airports, airports began to develop their non-aeronautical services. (Klos, 2014). Because of this increase in revenue from non-aeronautical services, airports have been investing their space and infrastructure to retail shops (duty-free) (Little, 2009).

Retail concessions (28 per cent) is the main source of revenue from non-aeronautical revenues (ACI, 2014). Even though retail and commercial revenue is the leading revenue source it has had a decrease from the late 1990's. Commercial revenues peaked in the late 1990's by 54 per cent of the airport revenue but in 2006 it was decreased to 48 per cent (Graham, 2008). As many studies and literature has shown, airport retail is the key revenue source for airports and passengers are main customers. This is why retail stores and airport operators should be aware of passenger buying behaviour, the tendencies to purchase products and the changing nature of shopping.

## **2.2 The change in "tax-free" policy**

Airports started by providing few retail services for the passengers. Today, the retail environment has been sifted into so-called "shopping malls" or "airport cities", providing more services and focusing on the retail (Thompson, 2007; Vogel, 2019). Now, duty-free stores and other airport retail stores provide variety of products from alcohol to beauty products and try to attract as wide range of passenger by offering special prices, luxury items or

providing cultural experiences (Naletina, Damic´ & Goricki, 2019). Contrary for many passengers´ believes, the duty-free goods are not necessarily cheaper than on high street or online. Some products such as alcohol and tobacco might still be in the “tax-free” prices because these are so heavily regulated elsewhere. Even though, the price is not being any cheaper, airport duty-free stores still have the convenient aspect of passengers who are nevertheless spending their “dwell-time” on shopping at retail stores. (Berti, 2019.)

Even though, airport retail business is still one of the main revenue sources for airports, the last decade has been difficult for most of the European airports (Freathy, 2004). In June 1999, EU tax and duty sales were removed from the retail system and later in 2004, 10 new European countries joined the EU which made the travelling outside European Union in Europe even harder opportunity. This meant that passengers who travelled within Europe did not have the opportunity to get “tax-free” prices from the retail and still called “duty-free” shops. Other major impact of EU for the European airports was the transfer for using euro in majority of European countries which decreased the need for bureau de change outlets and passengers spending their “left-over” currency on shopping. (Graham, 2009.) These changes have had a huge impact on the prices and the selection at European airports. Without tax-free prices and the exclusiveness of the products passengers might think what the meaning of “duty-free” shopping at airports is.

The Economist article “call of duty” criticized the way of airport retail use this “tax-free” privilege where people who travel cross international border they can purchase without taxes and non-travellers just simply can´t which create inequality. This is also why Britain has been eliminating most of the duty-free advantages. The economist also stated in the article, that even after EU countries stopped using tax-free prices European cross-border travelling did not collapse but it has thrived till this day, and they believe that even without using tax-free option, the airports will continue as “shopping centres” by providing passengers possibilities to spend their time buying goods. (The economist, 2021.)

### **2.3 The impact of e-commerce and technology**

Even though there have been several researches about passenger buying behaviour and ways to improve airport retailing it is crucial to understand that e-commerce and online shopping has influenced on consumer buying behaviour and affecting on passengers´ purchasing from airport retailers. “E-commerce...All financial transactions online, i.e. all retail, payment, delivery, marketing, development, advice and services” (Thain & Bradley, 2012). As the e-commerce have many benefits to our society as buying and selling 24/7 and unlimited target market, it has downsides i.e. airport retailing is facing a challenge

how to compete with online retailers selling the same products that used to be exclusive for passengers to purchase the goods from airports. (Mourya & Gupta, 2014).

In 2019, the estimated sales from e-commerce was 3.53 trillion US dollars and estimated grow to 6.54 trillion US dollars in 2022 by being the most popular online activity worldwide (Statista, 2021). In today's world, the significant growth of e-commerce and the negative impact for in-store retailing, has had an effect for businesses to combine traditional and e-commerce (Mourya & Gupta, 2014). To create innovative solutions to increase the non-aeronautical revenue which studied earlier in the section 2.1, e-commerce could be an asset for airport retail business. Retailers could create omnichannel by introducing both an online shopping and offline shopping experience for the passengers. (AOE.)

Online stores such as eBay, Amazon and Alibaba have got their shares of consumers from other brands still using brick and mortar stores. (Vogel, 2019.) The Duty-Free World Council announced that recent studies showed, even though the airport retail has increased in revenue the average spend per passenger has decreased and they believe it is because of the competition by e-commerce (DFWC, 2018). It is studied that 79 per cent of today's purchases have involved online search method (AOE). Aviation business as a whole is been threatened by digitalization but it can also be used as an improvement to generate non-aviation revenue and the safety of the industry (AOE). These major changes within the industry and the change in consumer behaviour, should be the time for the industry and the businesses concerning these issues to rethink their business models to keep up with the changes.

The AOE whitepaper included a conclusion of latest surveys, conducting 50 000 passengers at twelve global airport hubs, showed that there is a change in passenger buying behaviour. The only growth in retail was in Asia-Pacific which was mostly because of their downtown duty-free shop. The research also showed that pre-planned purchasing was higher behaviour (71 per cent) within the passenger than impulsive purchasing (29 per cent) and the highest preference towards pre-planned purchasing were amongst Asian passengers who are overall the highest group of airport retail spenders. This survey showcases the importance of pre-planned purchasing, travelling is becoming more and more familiar and the frequent flyers are more willing towards spending less time at airports and prefer shopping online before arriving to the airport. (AOE.)

In the future, airports need to know their customers to present the best and suitable offers and deals. With the help of digital platforms and in this case, loyalty programs, they will have access to customer data which will benefit for creating personalized marketing and



customer experience. AOE believes that creating one common platform with all the stakeholders within the industry; airports, airline, retailers and brands will be the key to success. Providing only one platform for the passengers will maximize the possible use of consumers with a more easier user experience while all the parties will benefit and have access to the customer data. This development suggests that working together rather than competing against each other will provide more customer data and revenue. All of these stakeholders are impacted by e-commerce both positively and negatively but the importance to understand is that none of these can fully meet the requirement of e-commerce such as Amazon or Alibaba without working together. Alternative suggestion for future airport retail is to extend their shops to cities where passengers can purchase duty-free items and those would be delivered to the airport where the passenger can pick up after. (AOE.)

The largest global travel retail company Dufry stated in their annual report 2020 that stakeholders joining forces at airports could create inviting and attractive commercial spaces and maximize passengers' spending on retail (Dufry, 2020). The company highly believes that merging with technology in travel retail and collecting customer insights will create successful marketing initiatives to tailor the requirements of passengers for each retail locations and shop environment. To achieve these statement Dufry has implemented loyalty program working through mobile app called "Red by Dufry" to offer personalized offers for passengers. Based on their consumer behaviour research to increase customers purchasing, they offer Dufry-exclusive products and have partnered with numerous global brands. To engage with their customers, Dufry has created their own social media channel where they can interact with customers and market their products and services. The latest technological implementation made by Dufry is their Reserve & Collect service where passengers are able to search their products and offers through their online website and reserve desired products before arriving to the airport. Passengers can collect and pay the products from the duty-free shop when arriving to the airport. (Dufry, 2020.)

Digital revolution has had the most significant impact on consumer behaviour, and it will continue impacting by the development of e-commerce. Internet and electronic devices are an ease for marketing to reach more people (Solomon, 2020.) As Solomon (2020) describes in his book, consumer trends are highly important for businesses to forecast and understand to success in their business for providing products and services of wanted by consumers. One of his believes for future consumer trend AI and personalization which will be a challenge for business to hackle; how to do e-commerce and provide personalized service and products, or maybe it will be the solution (Solomon, 2020).

### **3 Consumer Buying Behaviour**

“A consumer is a person who identifies a need or desire, makes a purchase, and then disposes of the product during the three stages of the consumption process” (Solomon, 2020).

“Consumer behaviour...It is the study of the process involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desires” (Solomon, 2020).

All consumers are different which makes consumer behaviour complex and multidimensional study for businesses to understand their customers. Even though our society has a mass culture where many consumers have similar preferences and ways of behaving, demographical dimensions (age, gender, family structure, income, ethnicity and geography) and psychographics (psychological and lifestyle features) makes an impact for consumers to all be and behave differently. Psychographics techniques have been used to identify consumer “types” for marketing purposes and segmenting consumers motivations to purchase. Creating buyer personas, businesses will have better understanding of their core customers and their motivations to buy. (Solomon, 2020.)

#### **3.1 Impulsive vs pre-planned purchasing**

There are several studies of passengers purchasing from airport retail stores and what are the main drivers of passenger buying behaviour. Many authors believe that shopping is often a key driver of travelling (Kent, Shock & Snow, 1983). For airports to improve and maximize the benefits from passengers buying from retail stores they need to know why they tend to buy and is there certain types of buying behaviours (Chung, Wu & Chiang, 2013).

Impulsive buying is unplanned decision to purchase a product or service (Stern, 1962; Kollat & Wallet, 1969). Omar & Kent (2001) researched passengers impulsive buying behaviour and introduced that impulsive shopping excludes any conscious planning for purchasing but comes from urge to buy. For some individuals the impulsive behaviour is the dominant factor to purchase but for others it might be conflicted by their emotions towards this behaviour (Omar & Kent, 2001). Other authors have as well researched impulsive tendencies to buy from airport retail stores, (Geuens, 2004) claimed that 60 per cent of passengers have impulsive buying behaviours and (Topping, 2010) believes that almost 30 per cent of retail purchases at airports are made under impulsive decision. Geuen et al.

(2004) introduced a typology of three different types of shoppers at airports; mood shoppers, apathetic shoppers and shopping lovers. From these three types mood shoppers and shopping lovers were more likely to buy impulsively while apathetic shoppers were leaning on pre-planned purchasing.

(Lin & Chen, 2013) studied that airport environment and the atmosphere are related to passengers' motivations to purchase and this can be used as marketing tool to motivate passengers to buy. They also found that time pressure at airports has an effect to shopping motivations which means that airports should not only focus on the atmosphere but to the traffic flow and assistance of reduced time pressure (Lin & Chen, 2013).

A study conducted in Taiwan of airport shopping motivations introduced two intentions to purchase; impulsive shopping which has been studied before and pre-planned shopping tendencies. The study showcased that impulsive behaviour was higher compared to pre-planned buying behaviour but both behaviours were derived by the environment or airport retail. The results were that retailers should focus on innovative shopping environment and create brand engagement to influence passengers to buy impulsively or pre-planned. (Lu, 2014.)

A research done by Gangai & Agrawal (2016) showcased that there is a link between gender and personality traits and impulsive buying behaviour. They argued that men show more impulsive tendencies to buy than women because women are more likely to pre-plan their purchases. Lamacraft (1998) found in his research that most businesspeople are influenced by their colleagues which can create differences in buying behaviour wheatear the person is travelling because of business or leisure. Torres et al. (2005) researched the influence of waiting time so called "dwell-time" spend at airports on passengers buying and stated that more time spent at airports, the more payments are made.

(Castillo-Manzano, López-Valpuesta & Sánchez-Braza, 2018) studied the differences in passenger buying behaviour between six regional airports and two main hubs in Spain. The main approach to research was to find out if the variety of the products and so called "shopping mall" environment has an effect to passenger buying behaviour. The study was based on using different variables such as nationality, age, purpose of the trip, travel destination, if they travel with family, length of the stay, income and if the passenger were part of frequent flyer program which might lead to different buying behaviours. The results showed that passengers were more likely to purchase in hub airports were product variety was better and they tended to offer cheaper F&B and retail stores such as McDonald's

and H&M stores. The main findings were that developing “shopping mall” like retail environment will benefit airports and increase their revenue. (Castillo-Manzano et al., 2018.)

Many researchers have been studying the relations between time pressure and consumer’s impulse buying tendencies at airports and stated that the airport environment which can create stress and anxiety because of the limited time to spend for shopping can create impulsive behaviours towards purchasing products from retail stores (Omar & Kent, 2001; Lu, 2014; Lin & Chen, 2013; Geuens et al., 2004; Topping, 2010). Some of these researches also stated that pre-planned buying behaviour is also seen in airport retail business especially when technology and e-commerce is been used (Geuens et al., 2004; Lu, 2014).

Traditional consumer buying process started with a need or want but with this “social shopping” behaviour, consumers are much more influenced by external stimulus: consumer reviews, blogs, branded social media etc. (Ashman, Solomon & Wolny, 2015.) Wolny & Charoensuksai (2014) still believes that physical stores will be important for consumers even the popularity of e-commerce has risen, the trend of click-and-collect phenomena supports brick and mortar stores. Social shopping will affect most to consumer decision making process, consumers are able to interact with other consumers and use their experiences of products or services for deciding their purchasing. With the help of other consumers, social shopping is seen more rational behaviour than traditional consumer decision making process but in the other hand the way consumers have involved their emotions for being always online and interacting with others will influence for impulsive buying behaviours. (Ashman, Solomon & Wolny, 2015.)

Some researchers believe that product types have impact on which channel the consumer prefer to use. “High-touch” products such as clothes and perfumes where the senses are used the consumers prefer to buy from offline stores where as “low-touch” goods like airline tickets are easier for consumers to purchase online (Chiang and Dholskia 2003; Lynch, Kent, and Srinivasan 2001). If this hypothesis would be implemented into airport retail business, it would highly suggest that mortar-and-brick stores have valuable role in consumers buying decision process because the products sold are almost only “high-touch” goods. Still, like mentioned earlier it is common for today’s consumers to have the option for online website to use their pre-purchase stage online in the other words to be able to browse the selection of the goods before arriving to the airport and minimize the time spend on the offline store (Girard et al., 2002).

Supporting Wolny & Charoensuksai (2014) believes that physical stores will be important in the retail business even if online shopping has increased Wang, Tsai & Chang (2016)

researched online, offline and online-to-offline business models based on consumers behaviour and buying decision making process. In this research the authors created conceptual framework of consumer behaviour based on Engel, Kollat and Blackwell (EKB) model and consumer decision process (CDP) model by Aghdaie et al. (2014). They researched the differences and relationship among online, offline and O2O business models. The CDP model was divided into three categories: pre-purchase, purchase and post-purchase stage and the three business models (online, offline and O2O) were examined by this CDP model, what happens and how consumer behave in each stage when conducting three different models. The results showed that O2O shared online and offline model characteristics and these were: online model included convenience, low cost, practicality, rapid response and accessibility and offline business model included brand trust, fast delivery, high reliability and also convenience and rapid response. (Wang, Tsai & Chang, 2016.)

### **3.2 Kotler & Keller's model**

Consumer buying behaviour is influenced by three factors Figure 1.; cultural, social and personal (Kotler & Keller, 2016). Culture, subculture and social class are creating the deepest influence on consumer buying behaviour. People raised and lived in different countries will have different needs and wants which creates different behaviours. Addition to culture, social factors such as family, friends and social role are forming our buying behaviour. Lastly, different personalities of people have an enormous impact to their buying behaviour. To understand the concept of consumer behaviour it is important to showcase a stimulus-response model Figure 5. It is a model which combines consumer characteristics that influences the consumer behaviour and four key psychological processes; motivation, perception, learning and memory. (Kotler & Keller, 2016.)

Motivations are factors that lead consumers to behave certain way. This happens when consumer has a need to full and this process of reducing the need is the consumer behaviour. The need can be utilitarian (achieving practical or functional benefit) or hedonic (emotional desire and experience). Motives are goal-oriented to fill consumer need while wants are the personal ways to achieve the same need by experiencing own unique preferences. Often these two-element impact on consumer decision-making process and this can even make the decision to purchase a difficult process by competing with the mindset of practical or fun purchase. (Solomon, 2020.)

Perception is a process of humans where they take in the sensory information, organize it and eventually understand the information around their environment. It is collecting data

with their sensory which are touch, smell, sound, taste and vision. All of these senses are used often in so called sensory marketing where the main idea is to effect on consumers perception and behaviour via their senses. (Kotler & Keller, 2016.)

Learning is a one part of consumer behaviour, some part of how people behave is been learned by external factors which indicates behavioural learning theories. People learn by observing situations and others and can imitate behaviours which are called cognitive learning. The third learned behaviour is related to our memories, they are storage of learned behaviours. (Solomon, 2020.) Consumer behaviour is not only cognitive but often it might be emotional feeling which affects to consumers' behaviour. (Kotler & Keller, 2016).

As this stimulus-response model show Figure 1. there are several stimuli; product & service, price, distribution, communications, economic, technology, political and cultural which can create different consumer behaviours. E.g., consumers 'cultural differences create different needs and wants, or product price can have impact on whether consumer wants to buy or not.

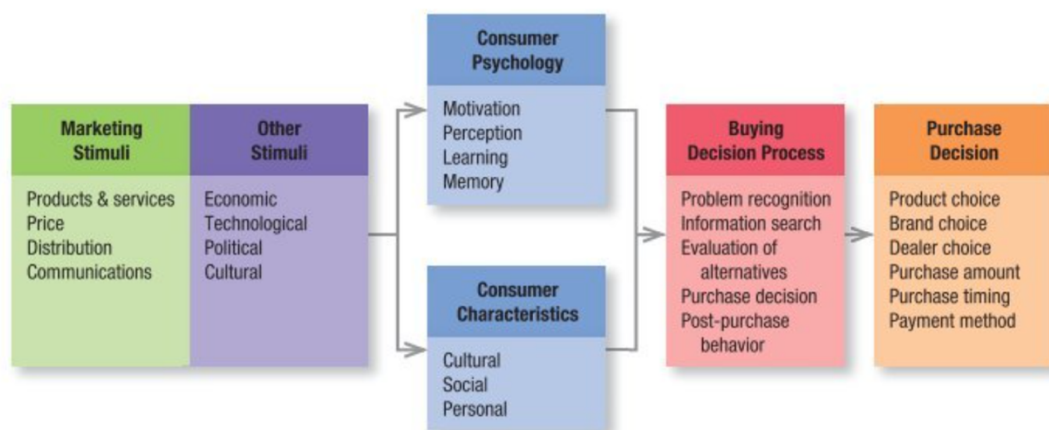


Figure 1. Model of Consumer Behaviour (Kotler & Keller, 2016)

### 3.3 Buying decision process

Kotler & Keller (2016) introduces a five-stage model Figure 2. of consumer buying decision process; problem recognition, information search, evaluation of alternatives, purchase decision and post-purchase behaviour. Engel, Kollat and Blackwell (1968) theory for consumer behaviour and decision-making (EKB) model share the same stages rather a creation of more complex model. The consumer decision-making model by Engel, Kollat and Blackwell (EKB) in 1968 is one of the core theories of consumer behaviour. The EKB

model is based on a research by John Dewey (1978) and the model has been since developed by Engel, Blackwell and Miniard (1995). (Engel, Kollat & Blackwell, 1968.) After comparing these two similar models, the Kotler & Keller (2016) five-stage model of consumer buying decision process was chosen to use as a conceptual framework in this research. This model showcase that the process of buying made by consumers starts before purchasing any goods. Even though this model has steps they are not necessarily followed in this order or some consumers may not follow all the steps every time they buy something. (Kotler & Keller, 2016; Engel, Kollat & Blackwell, 1968.)

The process of buying starts from consumer's recognition of a problem or a need made by internal or external stimuli, meaning that either the consumer has a normal need such as hunger or thirst, or the consumer might get inspired for a need from another consumer's possessions or other external factors. The next stage is for consumer to search information which they often limit to one store or brand even though there are several options available. The study conducted by Wang, Tsai & Chang (2016) resulted that often this pre-purchase stage is implemented online. Sources for information are provided by personal, commercial, public and experimental groups. Commercial sources (advertising, web sites, e-mails etc.) provides often the most information but usually consumers influenced buying decisions are provided by personal and experimental factors. Today's use of social media (public) might even overtake commercial sources. Evaluation of alternatives is the process where consumers ask themselves which one of these products will give the best benefits for them. (Kotler & Keller, 2016.)

Each consumer has their own believes and attitudes from their experiences and learnings which creates individual buying behaviours. Our attitudes are influencing factor towards an object to buy or away from it. After the consumer has made the mind of the product it is time for the purchasing process where the consumer still can decide which brand to go for, quantity, timing and payment method. (Kotler & Keller, 2016.)

What comes to post purchase behaviour it all depends if the consumer is satisfied with the product or service whether the purchase is made online or offline (Wang, Tsai & Chang, 2016; Kotler & Keller, 2016.) If the satisfaction is met the consumer might re-purchase the product or the other way around. (Kotler & Keller, 2016; Engel, Kollat & Blackwell, 1968.) There has been studies and theories about two types of consumers' involvement when purchasing products: high-involvement and low-involvement. Kotler & Keller (2016) stated that consumers often have low involvement in their purchase decision which are more irrational choices where as high-involvement choices are made in rational manner.



Figure 2. The five-stage model of consumer buying decision making process (Kotler & Keller, 2016)

As Kotler & Keller's (2016) five-stage model of buying decision making processes have been discussed extensively in chapter 3.3 it is worthy to mention that processes have also been included in other marketing research. The famous "marketing mix" of four Ps have later been extended to include physical evidence, people and processes. Though, next chapter will focus on the original four Ps – product, price, place and promotion – as the key component of any marketing environment.



## 4 Marketing mix of airport retail

To succeed in highly competitive marketplace, companies are needed to be customer centred. "Marketing is engaging customers and managing profitable relationships" (Armstrong, 2016). The basic two goals of marketing are to attract new customers and the same time, keep current customers satisfied. As mentioned earlier in chapter 2. building customer relationships and creating value is highly important today's economic, social and environmental challenges with surroundings of the technological developments. Marketing is not selling and advertising anymore but rather answering customers' needs and creating products with value. Even management guru Peter Drucker said, "The aim of marketing is to make selling unnecessary". Marketing has a vital role for brands and companies to build important customer engagement and relationships. From the traditional marketing of ads in TV and magazines it has spread into social media, blogs, smartphone apps i.e. as being part of the everyday life of consumers. (Armstrong, 2016.)

Marketing environment can be divided into microenvironment and macroenvironment. Microenvironment involves all the players which are close to the company i.e. suppliers, competitors, publics and customer markets. Macroenvironment is the opposite and consist of larger forces which affect the microenvironment i.e. political, cultural, economic, demographic, natural and technological forces. What comes to airport retail business, macroenvironment has an enormous impact on it and aviation industry as a whole is exposed to changing macroenvironmental factors which is one of the reasons why this topic was chosen to be researched. (Armstrong, 2016.) Political issues such mention before, EU removing tax-free inside of European travelling, technology and e-commerce changing the way consumers purchase products and have the access for almost anything they possible want to buy, and the most recent issue of natural forces as global pandemic caused by COVID-19 has created a situation of closed airport retailer stores, because air travelling has been reduced significantly in the last year.

The concept of human needs and wants is essential for marketing. From humans' physical needs and wants shaped by their surroundings, consumers create demand. Consumers starts to demand products and services which will create value and satisfaction. This is why companies uses marketing for researching their customers to understand what kind of products or services would create value and satisfactions based on these specific customers' needs and wants. "A market is the set of actual buyers of product or service...Marketing means managing the market." (Armstrong, 2016). In this case, airport retailers should understand their customers' needs and wants but also know which passengers are the ones who purchase from their stores, in the other words, understanding their

biggest markets. For example, In Helsinki-Vantaa airport it might be that Finnish travellers are not spending their money on duty-free store because of the restriction within Europe for buying products in “tax-free” prices but as the airport is a gateway for Asian routes it could be smart to target their marketing for Asian passengers if they are purchasing more products and bringing the revenue for the duty-free and other retail stores. (Armstrong, 2016.)

Consumer-generated marketing is trending by the use of social media, blog and other digital platforms. In this marketing the consumers have a vital role by shaping their own brand experiences. Companies are engaging their customers to help the business to create products and services reflected by the customers’ ideas. For example, aircraft manufacturer Airbus designed their new A330neo aircraft in 2017 based on their customers’ suggestions through social media. (Armstrong, 2016.) The results collected from this study could be used as consumer-generated marketing in airport retail stores.

Customers mostly purchase goods from a company who delivers the highest customer-perceived value meaning of customers’ evaluation of differences between price and benefits. This do not always mean the lowest price is the best, in airport retail it might be that the value comes from the convenience of buying products while spending “dwell-time” at airport. Positioning in marketing is created by delivering their value proposition to the target customers. Companies to deliver their valued products or services for their target customers, marketing strategy is needed to use. In this stage the concept of marketing mix shown in Figure 3. which is one of the major concepts in marketing is commonly use and it consist of a tool called four Ps of marketing: product, price, place and promotion. (Armstrong, 2016.)

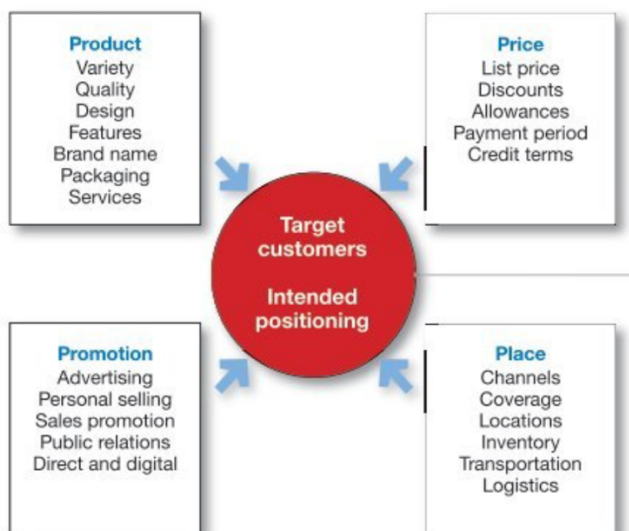


Figure 3. Marketing mix four Ps (Armstrong, 2016)

The concept of using these four Ps; product, price, place and promotion in marketing has been criticized in many ways. Some believes that these four Ps are enough to create marketing strategy and believes, as Armstrong states in his book, the issue is not to add more Ps but rather concentrate what framework to use to design integrated marketing strategy. Armstrong introduces other angle that these four Ps are rather from the seller’s point of view and introduces four As shown in Table 1. which are from the buyer’s point of view; Acceptability, Affordability, Accessibility and Awareness. This model is more customer-centred framework and works closely with the traditional concept; design of the product impacts on acceptability, price influences affordability, place correlate accessibility and promotion influence awareness.

Table 1. Marketing mix four As (Armstrong, 2016)

<b>Four Ps</b>	<b>Four As</b>
Product	Acceptability
Price	Affordability
Place	Accessibility
Promotion	Awareness

#### **4.1 Product**

Products means all the goods and services provided by the company (Armstrong, 2016). In this case airport retailers provide wide range of different products from beauty to food products, as the airport environment is “closed” for the passengers to only be able to purchase goods from there while waiting their flight. The main idea in marketing point of view is to fulfil customers’ demand or providing such products that the customers cannot refuse the temptation. In many cases, the successful business has created the first products in the category. In this case when airport retailing started providing goods in tax-free prices it was very compelling for the passengers and the offered products which possible were not available in the high street created unique feeling when purchasing from airport. Today, almost anything can be purchased online and delivered to home, airport retailers might struggle with the product selection, what they can sell that passengers do not already have. Some airports have created these “shopping malls” bringing huge retail stores such as H&M, Mango, Zara etc. to create a normal shopping experience like anywhere else for passengers who are not anymore interested these duty-free products such as alcohol,

candy, perfumes with now higher prices than before. Airport retailers need to adapt in this changing environment of passengers needing and wanting possibly different products than before.

## **4.2 Price**

Price is the cost which consumers are willing to pay for the products or services (Armstrong, 2016). This category in the airport marketing has changed enormously in the last few decades because of the EU legislations for tax-free prices. The higher prices may affect to passengers buying behaviour if they feel that they used to pay less from the same products, others might still link the memory of lower prices even though the case would be different today's airports and still purchase product from duty-free stores or the passengers travelling outside of EU might feel the extra need for buying because the so called "tax-free" is available for them. In some airports the retailers use the tactic of raising the prices for selling luxury products. The price of the product can change the image with the brand and this way target different passengers, this can be seen clearly in major hub airports such as in Dubai or London Heathrow which are hub airports for many travellers flying with "luxury" airlines such as Emirates or Qatar Airways. It has been researched that passengers flying with these airlines are more likely to pay more and purchase higher-end products than passengers using low-cost airlines which usually are travelling with a budget of some kind. The only products that airport retailers might still win in the prices comparing other retailers and online stores are alcohol and tobacco products because in other places these are still heavily regulated that airports are a rear place that the retailers can sell them in cheaper prices i.e. compared to Finland where Alko has the monopoly to only sell stronger alcohol products which surely affects to the prices by raising them because there is no competition. This is why there still might be passengers buying alcohol and tobacco products from airports because of the cheaper price.

## **4.3 Place & Promotion**

In this case, the place to sell the products and services by airport retailers is very simple, at the airport which is and quite possibly will be the main place because their customers will always be there, it is the place for waiting their flight. The other option would be online website for selling the products before the passengers are arrived at the airport. Because airport retailers cannot simply just sift to only selling online they have an option for creating an omnichannel by offering the option for the passengers to pre-purchase online and pick up the product when arriving to the airport or they can do the sopping in the brick and

mortar store as it is on their travel journey. As mention earlier in chapter 2.3. some retailers have created these services for their customers i.e. duty-free company Dufry has service called reserve & collect where passengers can online search products and reserved them (Dufry, 2020).

As the place for airport retailers is mostly at the airports' brick and mortar stores as is the promotion. Promotion is everything from advertising to public relations and is often combined in this marketing mix with the place. I.e. for the digital age of consumers, the place for promoting should be online because that is the place they mostly consume. In this case, the promotion is trickier because most passengers might not purchase from online but start the shopping experience at the airport. The traditional airport retail promotion is in-store advertising of new products, deals, sales etc. and what comes to alcohol and tobacco product it is allowed to promote them in-store and online.

## 5 Qualitative research method

Research described as a simple way is the process of collecting information about something to our knowledge. In scientific manner, research goes beyond only collecting information but creating a description of something and understanding of its existence. The main result is to find an explanation for the problem of the research and possible predict future events. (Oliver, 2010.)

The two most used research methods are qualitative and quantitative research. Erikson & Kovalainen (2008) claims that it is much easier to compare two types of researches: qualitative and quantitative, than defining what they are. In the table 2. is clearly seen how these two approaches differs from each other and explains different variations of research. Qualitative research approaches for understanding and interpretation and answers to the questions “how” and “why” whereas quantitative research cannot allocate social and cultural it focuses on statistical analysis, testing hypothesis. (Erikson & Kovalainen, 2008; Brinkmann, 2013.) Qualitative research uses “open-ended questions and is rather spontaneous than “close-ended” quantitative approach. Qualitative researcher is typically “unstructured” and focuses on social sciences such as values, opinions and behavior which is why this method was chosen to use in this thesis to research consumer behavior (Mack, Woodson, MacQueen, Guest & Namey, 2005). Dominika Maison states in her qualitative marketing research book (2018) that qualitative research has been evolving and it has shifted from researching sociological information to more psychological information, trying to understand the individual consumer and often unconscious, complex and psychological process of values, needs and motives creating decision-making process (Maison, 2018). Because qualitative research mainly focuses and is interested participants in everyday practices the methods should include people (Flick, 2007). The main methods of qualitative research are observation, interviews, ethnographic fieldwork, discourse analysis and textual analysis (Travers, 2001). How is something done and how is something experienced can be studied using qualitative research (Brinkmann, 2013). To be specific, this research will conduct qualitative semi-structured individual interviews as the research method.

Table 2. Comparison of qualitative and quantitative research approaches (Mack, Woodson, MacQueen, Guest & Namey, 2005)

	<b>Quantitative</b>	<b>Qualitative</b>
<b>General framework</b>	Seek to confirm hypotheses about phenomena  Instruments use more rigid style of eliciting and categorizing responses to questions  Use highly structured methods such as questionnaires, surveys, and structured observation	Seek to explore phenomena  Instruments use more flexible, iterative style of eliciting and categorizing responses to questions  Use semi-structured methods such as in-depth interviews, focus groups, and participant observation
<b>Analytical objectives</b>	To quantify variation  To predict causal relationships  To describe characteristics of a population	To describe variation  To describe and explain relationships  To describe individual experiences  To describe group norms
<b>Question format</b>	Closed-ended	Open-ended
<b>Data format</b>	Numerical (obtained by assigning numerical values to responses)	Textual (obtained from audiotapes, videotapes, and field notes)
<b>Flexibility in study design</b>	Study design is stable from beginning to end  Participant responses do not influence or determine how and which questions researchers ask next  Study design is subject to statistical assumptions and conditions	Some aspects of the study are flexible (for example, the addition, exclusion, or wording of particular interview questions)  Participant responses affect how and which questions researchers ask next  Study design is iterative, that is, data collection and research questions are adjusted according to what is learned

## 5.1 Semi-structured in-depth interviews

Interview is a method for research where interviewee and the interviewers are having conversation about specific topic or topics. The main results are insights of people's values, opinions, experiences, attitudes etc. Qualitative interviews can be divided into four categories: structured interviews, semi-structured interviews, unstructured interviews (focused) and groups interviews (focus groups). (May, 2011.)

Semi-structure interviews include beforehand made questions to structure the interview, but the conversations are freer than in structured interviews. The main point is to allow the interviewees to answer how they want. (May, 2011.) "It is defined as an interview with the purpose of obtaining descriptions of the life world of the interviewee in order to interpret

the meaning of the described phenomena” (Kvale & Brinkmann, 2008.) This research will use semi-structured interviews. To understand passenger buying behaviour it is needed to interview passengers who have made purchases in airport retail shops and preferably several times to have valuable data for the research.

## 5.2 Data Collection

In this research, the data was collected by interviewing passengers who have had an experience in shopping from airport retail stores. A qualitative interview was conducted with five passengers with different backgrounds to gain passenger buying behaviour insights from different perspective. The sample was made by the type of travelling (business or leisure) and the frequency of flying in year (light, medium or frequent flyer). These three categories were divided by how many times the passenger had flew or usually travel in a year; light flyer 1-5 times, medium flyer 5-30 times and frequent flyer more than 30 times.

Table 3. The sample of interviewees (Keskinen, 2021)

<b>Interviewee</b>	<b>Age</b>	<b>Frequency of flying (in a year)</b>	<b>Reason for travelling</b>
1	40+	Medium flyer	Leisure
2	30+	Frequent flyer	Business & Leisure
3	50+	frequent flyer	Business
4	40+	Light flyer	Leisure
5	60+	Frequent flyer	Business & Leisure

When designing the interview questions the goal was to create questions which would gain insight of passengers’ buying behaviour and answer to the thesis research questions (RQ1), (RQ2) and (RQ3). The questions were designed in a way they would not give any direction to or influence on interviewees’ answers (open-ended questions) and always remember ask why and how after an answer to gain reasons and more in-depth answers. The questions were designed to guide the interviewee and the participants, but the goal was to give interviewees a free will to answer and not to influence in any ways to their answers.

The questions were divided into five categories which are listed below.

- (1) background information
- (2) travel information
- (3) Buying products
- (4) Buying process



(5) Channels (online, offline and O2O).

Firstly, (1) background and demographics were asked because these variables might affect to the results (e.g. age, profession, ethnicity). After background questions the interviews continued with more of quantitative questions of their (2) travelling information for creating the samples for this research. The main idea was to divide the passengers into business or leisure passengers and to ask how many times they commonly travel in year. Then came the qualitative question which started with asking question what makes them (3) buy products, these questions were based on the theoretical framework Figure 5. of marketing mix tool four Ps. The questions asked about the product, price, place and promotion when shopping at airport retail stores, what makes them buy products and what kind of products. The next questions about (4) the process of buying the products, used the conceptual framework used in this research Figure 4. as a guide. The questions were designed to ask the passengers, how their process of buying happens, do they plan their purchasing beforehand or is it based on impulsive behaviour. The last category (5) channels for buying the products, asked the interviewees of their preference of buying from online or using brick and mortar stores at the airport.

The interviews were conducted online because of the pandemic and recorded with the permission of the interviewees, otherwise it would have been face-to-face meetings. After the interviews, the recordings of 173 minutes were written in paper of 23 pages into transcripts. The interviews were conducted in Finnish because it was the native language of all the attendance. The interviews took place in weeks 14 and 15 of year 2021. The privacy of the interviewees was ensured by not including names or companies in this thesis and after transcripts were written the recordings were deleted. This was explained and discussed with the interviewees before starting the recordings.

### **5.3 Data analysis**

What comes to analysing qualitative data, there is not a clear rule that must be monitored compared to analysing quantitative data. According to Wolcott (2009) the goal in qualitative interviews is not how much has been done (e.g. number of interviews), but how well the interviews have been conducted and analysed. The results from qualitative analysis is mostly based on the experience of the researcher. There is a broad range of benefits what comes to qualitative results, but the researcher needs to be careful not to draw wrong conclusions. The first stage in analysing qualitative data is to remove the content that is

not related to the research question and then start to categorize the material to correspond the research goals. The researcher should find links between different themes covered and finding meanings for the researched issues. (Maison, 2018.)

In this research, the data analysis started by transcribing the recorded interviews into 23 pages of transcripts. After this phase, was time to start analysing the data. For the clarity and ethical reasons any names are not said in this thesis, the interviewees are named with numbers of 1-5 based on the order of the interviews. The transcripts were read through several times to understand the content which continue to notice themes and finding similarities as well as difference amongst the interviewees' answers. The conceptual framework (Figure 4. & Figure 5.) was kept in mind when categorizing the themes and creating the final results of the data collected. The results are written in the next chapter 6. with citations from the interviews to deeper understanding for the reader.

#### **5.4 Reliability and validity**

As declared earlier in this chapter 5. quantitative research and qualitative research differ from each other and the same apply for analysing results in qualitative or quantitative research. In qualitative research the researcher's involvement and role are to be embraced but also being present at the interviews the study needs to be credible. Researcher can unconsciously influence on the results; it is human perception of natural tendency to listen to what confirms their believes and reject what could upturn them. In quantitative research speaking about reliability and validity of the research is commonly referred to the instrument used such as digital diagrams and other tools in qualitative research the instrument is the researcher itself which can be tricky for being involved in the data collection as well as keep the reliability and validity in mind. (Golafshani, 2003.)

Some researchers believe that reliability is misleading concept to use in qualitative research because reliability as a concept is often linked to quantitative research to test the quality of quantitative study. These researchers think that if reliability is been used and discussed in qualitative research the study is not good. (Stenbacka, 2011; Healy & Perry, 2000.) Other researchers suggest that reliability and validity should be used in qualitative research for designing the study and analysing the results and the quality of the research. (Patton, 2001; Seale, 1999. Patton (2001) articulates "the researcher's ability and skill in any qualitative research also states that reliability is consequence of the validity in a study."

Like concept of reliability, validity has shared opinions amongst qualitative researchers. Others believe that the term of validity do not apply in qualitative research, but they still recognize that there is a need for measurement for quality check. This idea has created researchers to use their own variation of validity and in their word's quality, trustworthiness or rigor of the study. (Davies & Dodd, 2002; Lincoln & Cuba, 1985; Seale, 1999; Stenbacka, 2001.) For creating reliability and validity or other words the trustworthiness, rigor and quality in qualitative research is for the researcher to avoid creating any biases and increasing the truthful results (Golafshani, 2003.) Validity is created with using multiple academic sources of information for creating themes and categorizing the results (Creswell & Miller, 2000.)

Considering these academic sources for achieving reliability and validity in this research the researcher used several sources for gaining knowledge of the topic but as well creating trustworthiness and quality study. What comes to the interviews conducted in this research the sample group was thoroughly considered for creating the reliability and validity. The first idea was to interview personnel from airport retail stores but after realising that the main idea behind this research is to gain understanding of passenger buying behaviour the plan was changed and the interviews was conducted with five passengers with different backgrounds. The participants were chosen to have different travel experiences from business to leisure travelling as well as the quantity of travelling in a year because the researcher believed that different travelling backgrounds would give different aspects for passenger buying behaviour.

The chosen method of semi-structured in-depth interviews played vital role for gaining valuable insights of passengers' buying behaviour at the airport. The interviewees were free to express their feelings and emotion without any restriction of yes or no questions but keeping the main idea throughout the interviews, the beforehand designed questions were benefitted as a guide for both the interviewee and for the interviewees. It was seen that the same themes started to rise amongst similar passengers based on their travelling (business and leisure). What comes to analysing the data and creating the results, the researcher kept in mind the conceptual framework and earlier studies researched of this topic and used these as a guide answering the best way of possible to the research questions of this thesis to create reliable and valuable research.

## 6 Results

From the interviews conducted the different type of travelling (business or leisure) is affecting on passenger buying behaviour in many ways. Interviewees who were business travellers had tendencies for pre-planning their purchases and commented that purchases made on impulse is rather nonexistence while travelling for business, compared to interviewees who travel for leisure have more experiences of impulsive buying. Also, based on the interviews, the quantity of flying in a year is affecting to the buying behaviour, which can be linked in a way that the interviewees with a higher number of flying times were flying for business and other way around. Overall, it can be said that the type of travelling and the familiarity of the travelling with the shopping experience affects to the passenger buying behaviour. These results of different buying behaviours and indicators impacting on the passenger buying behaviour based on the interviewees' will be explained more detailed in the next sub-chapters.

### 6.1 Leisure versus business

The leisure travellers have more tendencies for impulsive buying behaviour while shopping at airport retail stores. The motives were not unambiguous why the passengers travelling for leisure have impulse purchases, but it was certainly much more common than for business travellers. As one interviewee said, there is a huge difference in her buying behaviour when she is travelling for business than leisure.

The opposite for impulsive buying behaviour, the interviewees repeated saying that they usually do some kind of pre-planning concerning their purchases. Business travellers were only buying on pre-planned, but overall this pre-planned buying behaviour was more noticeable tendency than impulsive amongst the interviewees, even if they were travelling for business or leisure. For most of the interviewees, need-based buying was very relevant habit or somehow it was brought by all of them. Especially for business travellers it was the only reason for buying from airport retailers, they needed something, they went to the airport, they bought the needed product and that was their most common buying process.

*"I travel so much that what makes me buy is the concrete need, people who fly for business it is the only place for shopping because of the limited time."  
– Interviewee 2.*

*“Buying is reason based, mainly I know exactly what I buy, or I have thought what I can buy” – Interviewee 3.*

## **6.2 “Dwell-time”**

For most leisure travellers the main difference compared to business was that when travelling for leisure there is more “dwell-time” to spent at the airport meaning of the waiting time for flight. One interviewee who was a frequent flyer both in business and leisure thought and other leisure travellers agreed that it is common to arrive earlier to the airport when you are going for a holiday and some of the times these flights can be delated which creates even more “dwell-time”. This time is often spent on walking around in the retail stores which creates these possible situations of buying something impulsively.

*“Usually in leisure travelling the buying process is different, A I am often earlier at the airport than when travelling for business” – Interviewee 2.*

*“It is also partly such a thing as entertainment, when I have layover there is time” – Interviewee 1.*

For pre-planned purchasing time spent at airport was as well an influencing factor but in other way than “dwell-time”, now it was seen more as limited time. The reason planning beforehand what to buy was that it saves time. Or they did not want to spend time for “shopping” it was rather the convenience for buying a needed product because they will go through the stores anyways because they have flight. Interviewee (2) even said that for very busy business traveller like she was it was the only time in a week to do the “shopping”, so it was just the convenience, time saving and quick shopping rather than the airport shopping experience. In these cases, it was convenient to pre-plan the buying or at least know their needs and just buy these specific products which eliminate any impulsive buying.

Interviewees who were business travellers the “dwell-time” and shopping around was eliminated because they often have access to airport lounges where they spend most of their waiting time working and consuming free food and beverages, which even decreases the possibility to buy anything impulsively.

*“Immediately after the security check I will go and buy the thing I need and that is it. This of course is because of I mainly have the access for airport lounges where I eat and drink before the departure.” – Interviewee 3.*

### 6.3 Social and mood shopping

One recurring theme for impulsive shopping based on the interviewees experience was the company while travelling. In this case it did not matter if the type of travelling was business or leisure but most of the times the interviewees said that if they are travelling with friends, family or colleges it had influence on their shopping and often created impulse buying. Either it was going to the stores influenced by the company and then ended up buying something or the college or friend recommended a product and influenced on impulsive purchasing. One of the interviewees even said that is “social shopping” when you just want to have the experience of shopping with your travel company.

*“Often it is a kind of social shopping aspect that going with sister and both buy something what makes feel like buying” – Interviewee 2.*

*“For example, in the business trips colleges, they always tell what they have bought which made me a need for trying the products if they are cheaper here or better access.” – Interviewee 5.*

The interviewee (4) who had the least number of flying times in a year and was only travelling for leisure stated that it is nice to shop around at the airport while waiting the flight because of the feeling of going for a holiday influence on a good mood. This can be called mood shopping and was noticeable factor from other interviewees that the mood is completely different if they are flying for business or leisure and this happy mood of going on a holiday can create impulsive tendencies to purchase from the retailers.

As for leisure travellers the mood possibly influenced on the shopping in a positive manner it was the opposite for business travellers, they feel less exiting about the airport retail environment and can be numb for that experience because of the flying times and spent time at airport per week or month.

*“I am a bit blinded because I have those traveling days so much that I would claim that I am quite immune for the environment which I buy from, either I have decided what I buy but the environment do not influence on me per se.” – Interviewee 3.*

For business travellers and passengers travelling alone eliminates the opportunity of social shopping and impulsive purchasing influenced by the travel company. The interviewee (2) said that she minimizes her waiting time at the airport till the point she had miss her flight but would not do this if it would be an own paid leisure trip. This amount of time spent at airport is simply too less for any shopping or if something it would be pre-planned.

#### **6.4 Post-purchase satisfaction**

Overall interviewees said that when they had bought products, they were not that satisfied with the purchase and products compared to when they pre-planned their purchases. This was explained that the purchase maybe was not needed in the end or friends' recommendations of certain products often cosmetics did not work for this person. When asked if this have affected in the future purchases on impulsively, all of them said that they would not maybe buy the specific product again but felt that their buying behaviour has not change because it is easy to forget that "mistake" purchase and buy something impulsively again next time travelling.

*"I quite rarely buy impulsively something, if it has been something to drink or eat then I have always been satisfied but if it was some cosmetics, clothes or some rubbish then I have rarely been satisfied" – Interviewee 2.*

*"Yes, only two times in my history of purchasing I have not been satisfied. The first was some kind of infra-red keyboard for above the computer from where you could write but the problems were that it was missing Finnish alphabet (in Finnish "ääkköset") even if it was marketed in Finnish. The other a bit newer which I bought a few years ago, when I bought counter-noise headphones which based on the package was meant to be wireless, but they needed the wire. Those I gave to my partner and I bought new wireless ones for me" – Interviewee 3.*

*"I guess I have been more or less satisfied but maybe after I have realised that maybe I did not need it after all." – Interviewee 4.*

*"In cosmetics I have to say that I have not been satisfied, if I have bought something what someone has suggested and lead on and tried one or two times the product and then it has remained unused." – Interviewee 5.*

The opposite for impulse buying, interviewees uniformly felt that they were 100 per cent satisfied with the products and purchase decisions when they had pre-planned the buying. The interviewee (2) even said that she gets the satisfying feeling when she can “check” something done, almost a feeling of achievement when she finds and buys the product.

*“Yes, it is that feels good when finding the searched products.”*

*– Interviewee 4.*

*“For example, perfumes are good that you have found some good fragrance and here it costs quite much, and you ask the price at the airport and it is a few tens cheaper so of course you buy the product as it is good.” – Interviewee 5.*

When planning ahead, everything from cosmetics to liquor was typical for business passengers as higher tendency for impulsive purchasing were amongst leisure travellers, the perception of the airport shopping experience differed depending on everything from cheaper prices, customer service to atmosphere of the airport retail environment.

## **6.5 The perception of duty-free**

For some passenger's airport shopping can be part of the travel experience and as exciting as the travelling itself, based on the interviews conducted it usually is leisure passengers who travels 1-10 times in a year. For others it can be almost exhausting or at least the only convenient time and place for buy the needed products because they are at the airport a matter of what, these are commonly business travellers with high experience of travelling and spending at airports.

Passengers have different images and believes about prices at airport retail stores especially after the changes about selling “tax-free” in European airports made by EU. Some interviewees states that before EU changed the “tax-free” in European airports they used to buy more because it was cheaper, and the selection of products was more special because of now online retailers offer the same brands and products which is creating competition for airport retailers. Some interviewees said that they rather order online if the price is cheaper as other interviewees still had the idea of “cheaper prices” at airports and this is why they purchase products from airport retailers.



*“Well when we joined EU then happened the change completely, then everything started to be the same price in everywhere that then was only these long-haul flights where you got cheaper from airports. That influenced a lot for buying.” – Interviewee 5.*

*“This still costs 60 euros in Helsinki, 60 euros at the airport and in the online store 40 euros, then I will rather order from online.” – Interviewee 2.*

For others the price was still the factor for actually buying from the airport retailers. One of the interviewees even said that theoretically he knows it might not be true but still has the idea of better deals and prices in duty-free for alcohol and some cosmetics. For others it was simply the habit of doing it and not thinking it beyond other variables.

*“Maybe the thought that there is lot of selection and the price level is lower.” – Interviewee 4.*

*“The reason is that in theory the products are cheaper but maybe it is more the habit of buying but in theory you justify the purchases always at that “cheaper” price.” – Interviewee 3.*

*“Yes, this is not based on any research, but I have the idea that maybe there is somehow cheaper. And then it is a bit like a habit that I have collected specific thing often cosmetics what I need and then I will go and buy those.” – Interviewee 1.*

Most of the time, in impulse purchasing the price was a notable factor. The interviewee (2) said that if the price is good, she might buy something what was not needed at the specific moment for “storage” to use later whereas the interviewee (1) said that mostly if she buys impulsively it is related to sales or deal products. For others it was price and a specific product which influenced impulsive buying behaviour i.e. interviewee (3) said that he only buys interesting electronic devices with a good price or new releases on impulse from airport retail stores.

The most common products to purchase were cosmetics and alcohol., these products often pre-planned to purchase because of the price, availability and the convenience to purchase from airport retailers. Why these were pre-planned and some cases search before the arrive at airport was because of the changed prices by the cut out of tax-free selling

inside of EU travelling. The interviewees said that this change has created pre-plan purchasing because now days they cannot trust that the price is cheaper at the airport so they might compare the prices and availability for online stores, high street stores and airport retail stores. This case did apply for both business and leisure travellers.

*“Five years ago and before was so that certain branded products just was so much cheaper at airports and that was just shared information and the same for alcohols were cheaper so then there was not this kind of need for searching information beforehand, You knew beforehand that it was the best “deal” what you get from there.” – Interviewee 2.*

*“I have sometimes tried to search if I have travelled to London so I have compared prices if I buy from London or from Helsinki so where I should buy but quite poorly can be found information.” – Interviewee 1.*

Interviewee (2) also stated that there are specific product categories which she might buy impulsively but it was related only specific airports where the retail environment was created into “shopping mall” like. She said that on these airports she had bought clothes and electronics on impulse because the shopping experience was better than in traditional “duty-free” stores, the selection of brand and products were better, and the prices was “tax-free” with the convenience of waiting the transfer flight.

Interviewee (5) said that she highly believes that at airports, there will always be retailers selling products and services but maybe the time for traditional duty-free store is gone and retailers should think what they sell. She thinks that specialization for local goods and service rather than the same “duty-free” products which are sold in every store could be the future key for passengers to be excited to buy “exclusive” products in a way it is related to the culture of the country. These goods should also be offered in higher and lower price range so these could be something for everyone depending of each passenger’s budget.

*“I believe that there always be store at airports, I do not think they would ever disappear, but they will specialize more as I would believe i.e. we would have in Helsinki-Vantaa airport more Finnish products which are made in Finland so real Finnish products what people who comes from other countries as our airport is kind of “gateway” type so they would find other than the same “pap” products that is everywhere and would be those very*

*expensive Finnish products and then it would be these basic stuff so something for everyone.” – Interviewee 5.*

Other divided perception of the airport retailing by the interviewees was the staff. They were asked about how the staff has affected to their purchasing. Other felt neutral towards the staff and said that they usually do not affect almost at all, good service is always positive and other way around, but they did not have any experiences where staff would have influence on their purchasing. Interviewee (2) said that too aggressive selling i.e. spraying perfume towards her did affect negatively and she mention that she immediately left the store without buying anything. Although she added that this do not happen in Helsinki-Vantaa and she understand that this way of selling might be successful for other cultures.

*“The staff do not effect on my buying almost at all, I am a bit of a boring buyer so either I want to look something if it is an impulsive purchase or if I have a specific purchase in mind the staff do not effect on that.” – Interviewee 3.*

*“The staff has affected negatively to my buying decision specially in the cosmetic section by attacking and in the worst possible way by spraying some perfume and then I have left immediately.” – Interviewee 2.*

Store ambience can also be influencing to passengers’ buying behaviour whether they enjoy the experience and environment of airport retail stores. One interviewee (2) said that she does not want to spend time on these traditional duty-free stores because the smell of strong perfume, hard lighting and echoing space is unpleasant experience for her while she enjoyed the “shopping mall” experience of another airport.

*“I do not want to spent time in the cosmetic section because these departments smell so bad because people have sprayed every perfume in there and these stores are often super brightly lightened, echoey spaces, these traditional “duty-free” stores not the “shopping-mall” like stores.”  
– Interviewee 2.*

## **6.6 From online to offline**

In the interviews the participants were asked about pre-ordering from airport retail stores and using online channels for purchasing goods. None had made pre-orders from the air-

port retail store, some because they felt that there is not any added value for them because they are going to walk through the duty-free store anyways so why pre-order and still go to the store and others had not used any pre-order services because they did not know the existence of this service but felt that it could be a good idea for saving time.

*“I have never used it, I have not checked anything beforehand, but my daughter has if I have gone to the airport. I have not even considered pre-ordering from the duty-free to the airport. That has not been advertised much or it might be that I have not read about it” – Interviewee 5.*

*“I have not used internet part of the shopping rather than maybe checking if you can find certain brands from the airport.” – Interviewee 4.*

What comes to using online for buying from airport retailers, the interviewees opinion mostly was union that it is not necessary, and they would prefer buying from the brick and mortar store, but they think there might be a target audience for this kind of service i.e. for Asian passengers who possible are used to using electronics and could prefer pre-ordering.

*“I like the brick and mortar experience; it is nice to walk around there. It is nice to watch things in person rather than scroll websites at least for me it is nice when you can see the products on live.” – Interviewee 5.*

*“I like the brick and mortar store; it has some atmosphere that you are going to a trip so you can bring that feeling of a coming holiday in there.” – Interviewee 4.*

The most important factor was that if the passenger would use online pre-ordering part of the buying process it should be more convenience than pick-up from the airport retail store where they will go anyways i.e. getting the product straight to the plane or lounge so they do not have to carry the product at the airport.

*“I would use this service only in the situation of the product would be delivered straight to the plane because then I would avoid carrying the product at the airport.” – Interviewee 3.*

## 6.7 Customer profiling

In the end of each interviews the interviewees had a chance to add anything related to the topic or questions for the interviewer, almost each participant had an opinion about the current situation and possible future suggestion that could benefit retailers at airports. One thought from interviewee (2) was that retailers should focus on profiling their customers. She stated that before the one duty-free store served everyone. Passengers were behaving quite similarly, and the products bought were the same cosmetics, alcohol, tobacco and sweets but in tax-free prices.

*“Maybe before was more the same type of passengers but maybe in the future the retailers should profile more their customers and passengers who they should target the selling. Before there was one duty-free store which served all, and the same concept was matching more or less for all but now airport buying behaviours are different kind compared how it used to be. For example, in Helsinki-Vantaa the portion of Finnish has decreased and hoe for Asian passengers this “pre-ordering” could fit better such as Finnish themed surprise package of food and souvenir goods, what can be pre-ordered online. So, such a different thing can work for different passengers.”*

*– Interviewee 2.*

She believes that now passengers are behaving differently because travelling and aviation is changing all the time which creates different consumer buying behaviours. By understanding their customers and concentrating what is the need of passengers and creating shopping environment based on those needs as well as understanding which passengers are bringing the revenue for the business and targeting the selling and product selection based on their needs should be the focus for the future airport retailing.

## 7 Conclusion

The aim of this study was to understand passengers buying behavior and possible changes influenced by the changing environment of airport retailing. The results showed that, for many passengers perceived value is still strong. How they see the airport “duty-free” and the retail world at the airport, has an impact on their buying behavior. For others, this perception has changed rapidly, and the worth of airport shopping has decreased because of the increase in prices, and the selection of products is not seen as exclusive anymore as it used to be. In the other hand, some passengers still feel that buying from airport, you can get better deals and products than from other places because it is “tax-free”. The perception can also be influenced by the store ambience or by the staff members. Based on the interviews, other passengers simply do not enjoy the traditional “duty-free” shopping experience and not appreciate overly eager selling by the staff, whereas for other passengers the environment of airport retail can be part of the feeling excitement created by travelling and going for a trip.

Price is still a key variable in airport retail, not only the fact of duty-free and tax-free or the elimination of, it has had huge impact the decision making of customers. Based on the qualitative research conducted, the increase in prices of retail products has led passengers to pre-plan their purchasing, as well as competition of online stores’ easy accessibility for consumers to purchase products has had impact on “shopping” at airports. If passengers feel that they can purchase the needed product for better price from somewhere else, it is not seen valued to purchase from the airport, unless it will be more convenient way of buying the product they might consider it to cover the higher price by the saved time of walking through the retail stores anyways at the airport rather going to a shopping mall or high street. What comes to impulsive purchasing, the results showed that deal products and sale items influenced passengers to purchase impulsively products. In the airport retailing the price can be seen as negative or positive factor for purchasing which leads to back the perceived value of each passenger.

What comes to a lot researched impulsive and pre-planned purchasing in the airport retail environment, these both buying behaviors were strongly seen in the interviews conducted. Pre-planned purchasing was overall much more common amongst all of the interviewees and for business travelers pre-planned purchasing was the only way of purchasing products while travelling at airport. The main reasons for pre-planned purchasing was that the passengers often only buy need-based products, increased prices drive passengers to check the prices of certain products from other sellers and plan their purchasing before arriving to the airport. By pre-planning the purchases passengers felt that they can saved

time and be smart consumers by purchasing only needed goods. Impulsive buying was strongly influenced by the travelling company and the dwell-time which indicated that mostly leisure travelers who often fly with family or friends and have more time to spend at airport are under influence of wandering in the retail store and purchase impulsively products partial by the recommendations of the company or the good deal that the store is advertising.

Overall, what comes to passengers shopping at airport, the brick and mortar retail stores is being challenged by online shopping which the being fastened by the global pandemic Corona-19 by increasing the number of consumers buying online. Even though this is a challenge for all retailers, based on the interviews passengers still believe in traditional brick and mortar shopping experience at the airport. They believe that it would take a lot from airports to create online channel for retailing to overcome the benefits from buying from the actual store rather than buying or pre-ordering online from airport retailers.

## **7.1 Discussion**

It would be important to explore online and e-commerce opportunities in airport retail as the needs and motives may differ for different passengers and nationalities. As one interviewee stated, she sees no added value in “Click & Collect” already – pre-ordering and collecting at the airport – which is already offered by airport retailers such as Dufry. Then again passengers from different cultures i.e. Asian passengers may be interested in local products and services and would appreciate the convenience of pre-ordering online.

Based on the interviews “Shopping mall” types of airports increased their shopping; more purchases (quantity), different products (clothes, electronics, i.e.) and style of shopping was more towards impulsive buying behaviour. Overall, the passengers would spend more time on shopping in this style of airports and retail environment which is something to consider when designing airports. One of the interviewees even said that it feels more like shopping in environment like this rather than inside of the traditional duty-free stores.

For airport retailers to keep revenue coming they should understand that passengers have different needs and their buying behaviours differs from each other’s. Business travellers are just looking for the need-based products and spending minimum time at the retailer stores compare to leisure travellers who most likely will spend their “dwell-time” in the store and possibly by impulsively something. Targeting customers in each airport to understand who their best customers are and how to fill their need. With customer profiling it would be highly important to understand what their customers wants to purchase these

days. The one duty-free concept might not anymore fill the needs of each passenger and especially the product selection has been seen already in every airport in a few decades now. If almost everything that the airport retailers are now offering can be bought online what could they provide to create the “exclusive” product selection again. Based on the research, passengers could now be interested of something more relatable towards the specific culture of the destination to create the feel of “unique” products rather than offering the same fast fashion or cosmetics. Providing local products in different price ranges could lure passengers to purchase something they do not already have or have seen. This could possible more targeted to leisure travellers who most often spend more money on shopping at airports than business travellers.



## 8 Limitation and future research suggestions

The global pandemic Covid-19 was one of the limitations in this research. The interviews were needed to conduct online because of social distancing, even though the researcher would have preferred face to face interviews. The pandemic has had a huge impact to the whole aviation industry and the current situation of almost “non-existing” airport retailing because of the fact that there have not been enough passengers travelling to keep retail stores open. This of course affected to the interviewees’ current mind set of purchasing from airport and they needed to reflect the time before Covid-19 to answer in the interviews.

Another limitation in this study was that, it did not specifically focus on long haul versus short haul travelling, although it was spontaneously mentioned when discussing for example layover or transfer flights. How the spend time at layovers are used at the airport when the time is needed to spend on something. Can it create more impulsive purchases when passengers are “locked” in airport environment where most often these hub airports provide wide range of retail possibilities.

The sample of the qualitative research conducted was limited to only Finnish people and mostly participants travelled from Finland to other countries, mostly inside of Europe excluding one interviewee whose experience was reflected mostly to the time she lived in the Middle East and travelled a lot inside and from that area. The country and culture centrality became limitation because passengers with other background such as culture and the geographical location of travelling might have quite different passenger buying behavior as now this study examines Finnish passengers and their buying behavior.

Future topics to research could be, learning more about different tax-free policies in different countries and areas of the world, comparing the passenger behavior in countries where the “tax-free” prices are not available anymore to other areas where the passengers are still able to buy in those prices. In other words, comparing passengers’ buying behavior who travel inside of EU to outside of EU and vice versa. As well as, is it possible to merge online shopping and airport retailing in the future?

It would be suggested to conduct quantitative research of this topic to compare results from qualitative perspective to quantitative results. The quantitative research could support this qualitative study by creating quantitative statistics of product selection, price, place and promotion using the same theory as used in this study as conceptual framework of Marketing mix of 4 Ps by Armstrong (2016).

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## **Appendices**

### **Appendix 1. Interview question guide**

#### **Demographic/small talk about background:**

- age?
- ethnicity?
- gender?
- education?

#### **Travelling info:**

- how many times do you travel in year?
- What kind of (business/leisure) travelling?
- Do you fly long haul or short haul flights or both?
- What is your typical or common destination (Europe, Asia, USA etc.)?
- Do you travel alone or with someone(s)?

#### **Purchasing products:**

- Can you tell, what makes you buy from airport retailers? Why?
- Can you tell, how often you buy from airport retail stores, why?
- What kind of products you usually purchase, why?
- What has been the reason for buying these products?
- How much time do you commonly spend for shopping, why?
- Do you remember any situation where you bought something on impulse, why?
- What/what kind of products you bought impulsively, why?
- Can you remember a situation where you knew before arriving to airport retail store what you want to buy (pre-planned), why?
- Can you remember any situation where you bought discounted or offer products, why?
- In which situation price has affected to your purchasing, why?
- In what kind of situation, the staff has affected to your purchasing, or does it?

#### **Buying process: Pre-purchase, purchase and post-purchase**

- Can you tell your typical buying process of shopping at airport retail stores?
- In what kind of situation have you searched information about products before arriving to the airport, why?
- If so, where have you found the information?
- what makes you choose certain product in the moment of purchasing, why?
- Have you been satisfied with your purchase from impulsive buying, why?

- Have you been satisfied with the purchase and products bought by pre-planned, why?
- Which one impulsive or pre-planned purchasing feels more natural for you to do, why?

**Channels for buying online, offline, O2O:**

- Can you remember/tell any situation where you have used online as part of the buying process from airport retailers, why?
- Have you done any pre-buying/ordering before arriving to airport, why, how?
- Can you say, would you see any benefits of using online stores as part of the buying process regarding airport shopping experience, why?
- In which situation have you used online stores for buying products from airport retailers, why?
- Do you know any online airport retail websites, why?
- Have you used any of these online channels, why?
- Do you prefer using your electronics for shopping, why?
- Which would you prefer online store or brick and mortar shopping experience while traveling, why?

**Anything you want to add?**

**Any questions for the interviewer?**