Photo by Anshuman Sinha
Kearney, Mumbai

Ready for takeoff: why India's travel retail market is set to soar

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Contents

Executive summary

Fueled by the world's largest population and the fastest-growing global economy, India's travel retail market is set to become the industry's newest rising star. Travel retail here is expected to grow to nearly $1 billion by 2030, reflecting a conservative estimate with a CAGR of 7.3 percent; however, under an optimistic and more realistic scenario, the market could experience growth rates of up to 19 percent CAGR, reaching approximately $1.8 billion annually by 2030. While that may not match China, India—under an optimistic scenario—has the potential, by 2035, to reach today's market sizes of more established markets such as Türkiye, the UAE, or Thailand.

India's travel retail growth is driven by more than $10 billion in planned investments in airport infrastructure, such as the $4.2 billion Noida International Airport in Uttar Pradesh, close to Delhi, as well as massive expansions for carriers such as Air India and IndiGo, which together have placed more than 1,000 plane orders in the past two years and continue to launch new long-haul international routes. This expansion is expected to boost both domestic and international traffic, reaching 745 million passengers by 2030, with a CAGR of 9 percent.

To better understand India's travel retail growth engine, Kearney conducted this comprehensive study combining a wide range of primary and secondary data sources, in conjunction with more than a dozen interviews from executives in Indian airports, travel retail, and brands that are deeply connected with the Indian market.

Key findings

— Multiple trends are opening up retail opportunities throughout India's 159 airports. Already, 21 of them are either jointly managed or part of a public–private partnership, and the government plans to privatize 11 more by 2026. This alone represents 17 million passengers—and potential consumers—annually.

— Further, domestic travel in India is growing rapidly, and with that travel boom new airports are being built and established ones are getting eye-catching updates. As infrastructure developments meet this demand, outlets for reaching travelers within the country are developing as well.

— Non-aeronautical (or non-aero) revenues for some major airports in India could reach up to 50 percent, which is why many retail spaces in the most attractive travel hubs are already occupied by established players such as Ospree in Mumbai's Chhatrapati Shivaji Maharaj International (CSMI) and Avolta in Bengaluru's Kempegowda International (KI) airport. To create winning retail experiences for future Indian travelers, multi-lateral pentarchy partnerships are needed between governments and airports, carriers, retailers, brands, and digital and media.

[1] Travel retail market value covers duty-free and duty-paid, but excludes food and beverages and convenience and press stores.

- Traditionally, arrivals have seen the larger share of duty-free shopping in India. This side of the business will certainly continue to grow, but retailers have a vast untapped market in departure sales. One key to unlocking it is closing the gap in conversion rates compared to other leading international travel hubs. India's average duty-free conversion rate across airports is currently estimated at roughly 5 percent, aligning with the global average range (5 to 10 percent). That rate is much higher at India's top-performing international airports, Mumbai's CSMI airport and Delhi's Indira Gandhi International (IGI) airport, which achieve conversion rates estimated between 8 and 10 percent, but all of the country's airports have immense retail growth potential. Consider the conversion rates at other top international hubs such as Dubai (about 15 percent) and Istanbul (about 25 percent). As India's international passenger traffic continues to mature, conversion rates nationwide are anticipated to progress toward Dubai's benchmark. But for this to happen, it's imperative to fully focus relevant experiences and propositions on the market's most important emerging consumer segments: curious experiential shoppers, booming gifters, affluent international connectors, non-residential workers, and first-time travelers.

- Aside from established airports, there is a unique window of opportunity now to exploit the rapid expansion and privatization of airports, whose number across tiers is expected to increase from 159 airports currently to between 350 and 400 by 2047. Furthermore, brands and retailers need to adopt a holistic duty-free and duty-paid strategy, considering that 80 percent of air traffic is domestic and other domestic travel, such as by train and bus, is also showing traction.

Using the insights gained from this study, we have defined five frontiers for growth in India's travel retail market and consolidated this with in-depth analysis to provide actionable strategies for airports, retailers, and brands.

For players still undecided about entering the Indian market the growth momentum in travel retail presents a true gateway to India, with the potential to prepare the market for the decades to come. For those who are keen to benefit from the projected growth of travel retail in India, now is the time to act. As this study is being published, new long-lasting concessions are being negotiated, and foundational rules of the game in the country are being defined. This is an opportunity that must not be missed.

Travel retail in India, under an optimistic estimate, has an expected growth rate of up to 19 percent CAGR until 2030, with projections reaching $1.8 billion annually.

1. Understanding the opportunity

India's travel retail market at a glance

In just a few years, air travel from India has undergone a dramatic transformation—even in historically underserved regions. Guwahati is a prime example. Not long ago, a trip from here to Thailand meant a 12-hour ordeal with layovers in Kolkata or Delhi's Indira Gandhi International (IGI) airport. What's more, there was little by way of diversion at the start of the trip, as Guwahati's terminal housed just a handful of basic shops and places to eat.

Today, direct flights have cut that journey to just three hours. But there's a much bigger transformation on the horizon. Scheduled to open in late 2025, a new terminal at Guwahati promises expansive retail spaces, a local craft village, and a premium shopping zone called The Vault, as well as the ability to handle more than 13 million passengers each year.[2]

But this is just one ripple in a huge tide of developments reinventing the air travel experience to, from, and inside the entire country, signaling its growing momentum as a travel retail destination. There's a major opportunity waiting to be tapped—if ecosystem players can build the market. But what exactly is up for grabs?

Sizing up India's travel retail potential

India is going through a period of significant growth, both economically and in terms of its population. This means a new and growing generation of Indian consumers is ripe for a world-class travel retail experience.

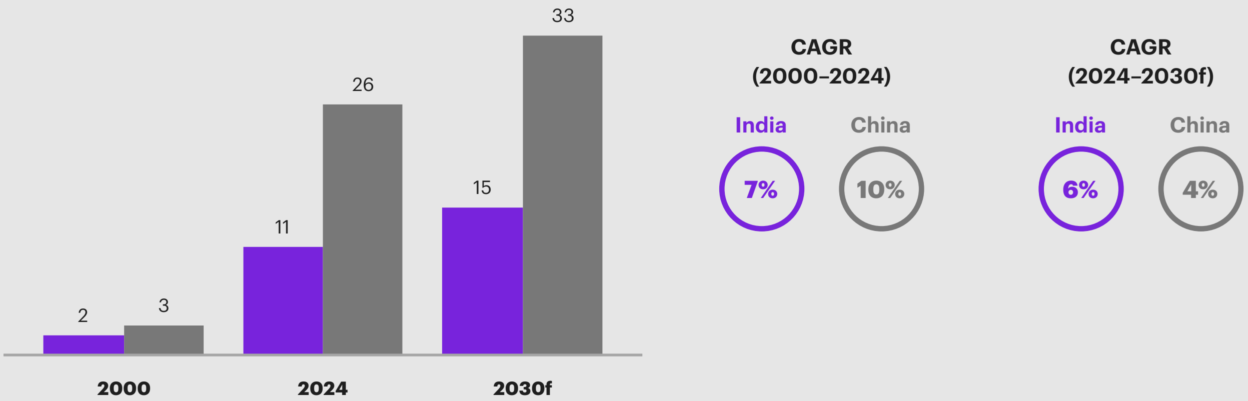
Strong economic foundations

As the world's fastest-growing major economy, India has established a firm position as a leading exporter of goods and services, while attracting increasing levels of foreign direct investment.[3] It's a growth surge that is set to continue: between 2024 and 2030, India's GDP will expand at a compound annual growth rate (CAGR) of 6 percent, increasing relative GDP per capita, based on current prices, from $11,000 to $15,000. By contrast, China's GDP growth will level out at 4 percent CAGR, rising from $26,000 to $33,000 over the same period (see figure 1 on page 4).[4]

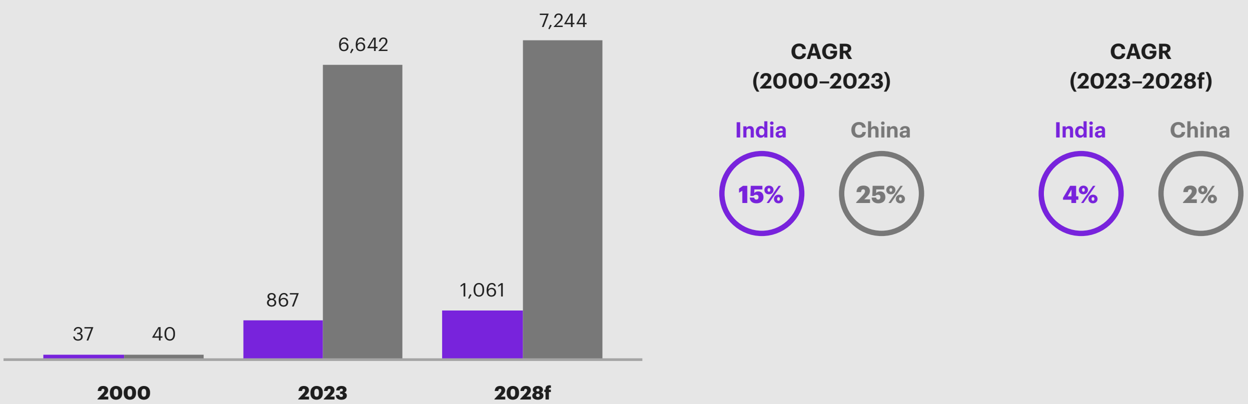
[2] The Economic Times
[3] World Bank, 2024
[4] Focus Economics, 2024

Figure 1
India is growing in prominence but still lags China

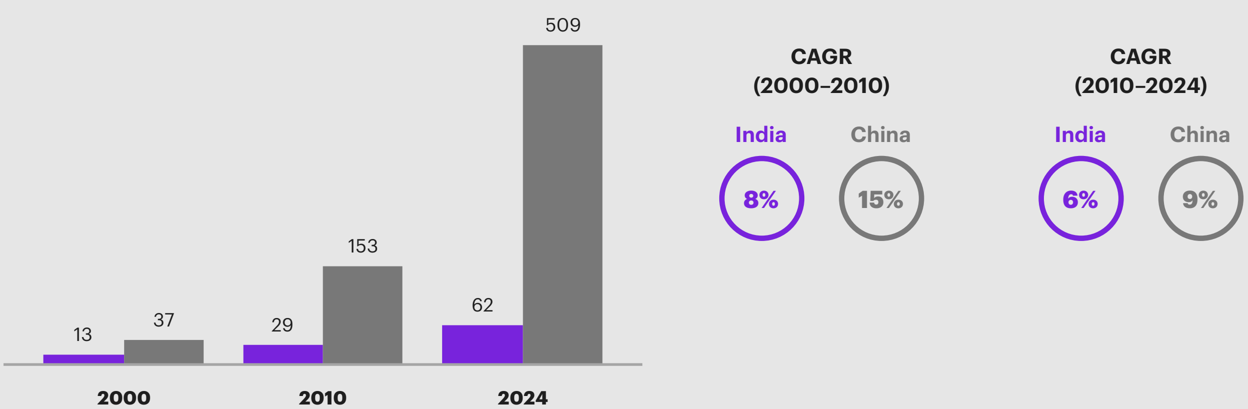
Growing economy
GDP per capita in current prices, under purchasing power parity (in USD thousand)



Social mobility
# of USD millionaires



Rising consumerism
Average monthly per capita consumption expenditure (in USD)



India China

Sources: secondary research (market data: Census of India, National Bureau of Statistics of China, UBS Global Wealth Report, World Bank); Kearney analysis

A growing population with more money to spend

India's population—already the world's largest at more than 1.4 billion citizens—is also swelling and its consumers are increasingly primed for the travel retail market.[5,6] Higher disposable income is driving greater consumption: as an illustration of this, average monthly per capita spending more than doubled between 2019 and 2024, going from $29 to $62. While China maintained a lead in this respect—growing from $153 to $509 in the same period—India's consumption growth, at a CAGR of 9 percent, points to a strong and expanding consumer base ready to stoke demand in the travel and retail sectors.

Combined, these changes are expected to spur a growing inclination toward aspirational purchases, including luxury goods and international travel, as our recent study India: The next luxury hotspot? reveals. And while ongoing trade disruption—for example, from US tariffs on Indian exports—could add a layer of complication that should be monitored closely, we expect the direct impact on travel retail to be limited in the short term.

Still, India is not a "second China"—at least not in current economic terms. As figure 1 shows, China's footprint in GDP, consumption, and affluence is significantly larger and is expected to remain so in the near future. But if we glance in the rearview mirror, India stands today where China was roughly 15 years ago: a fast-growing economy with advancing disposable income and a rapidly expanding consumer base. This suggests strong long-term potential for India despite the current gap.

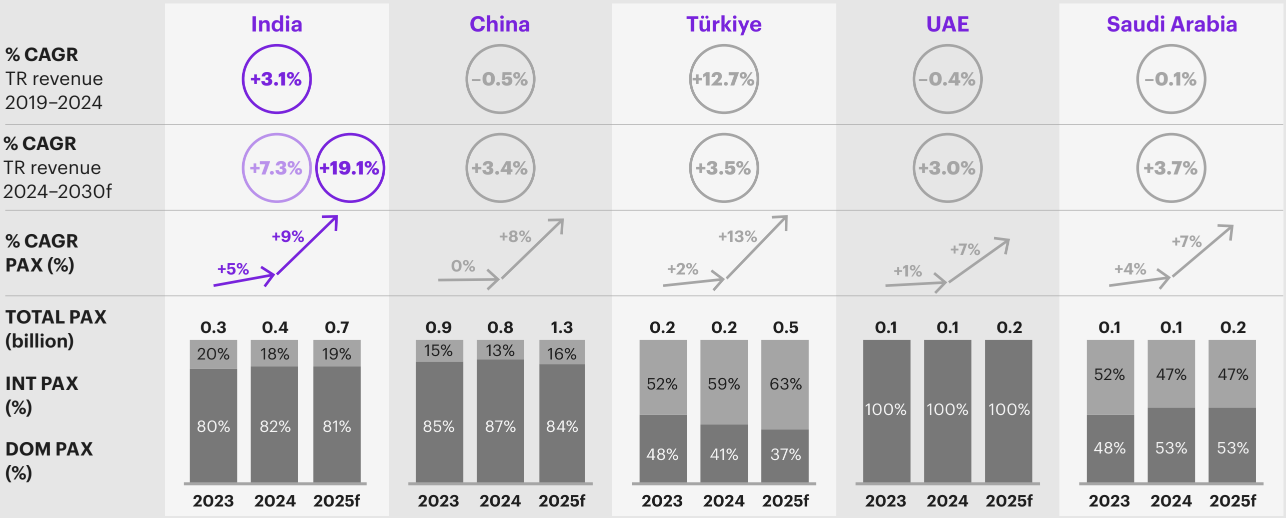
A surge in travel and passenger numbers

India is currently experiencing a steep growth curve in air travel. Between 2019 and 2024, its total air passenger volume increased by 5 percent. This growth is expected to accelerate to 9 percent CAGR through 2030, reaching more than 745 million passengers and making India the world's third-largest air travel market in terms of passenger volume by the end of the decade.[7] It's a momentum that signposts market transformation, echoing the growth already experienced by other global travel hubs, notably China, Türkiye, the UAE, and Saudi Arabia (see figure 2).

[5] Statistic Times, 2025
[6] Research Center, 2023
[7] Moodie Davitt Report, 2025

Figure 2
India's travel retail growth compares favorably to other leading markets

Comparison of TR revenue and passenger traffic development
2019–2030f (in #)



x% CAGR 2019–2024 vs. 2024–2030f for India's TR actual/optimistic estimate
x% CAGR 2019–2024 vs. 2024–2030f for India's TR conservative estimate
x% CAGR 2019–2024 vs. 2024–2030f

Notes: DOM is domestic, INT is international, TR is travel retail, and PAX is passenger.
Sources: Airports Council International; Kearney analysis

India's rapid ascent in commercial aviation stands out even further when we compare the outlook in these other countries:

— Between 2019 and 2024, the **UAE and Saudi Arabia** saw more muted growth. Air passenger volumes increased slightly, by 1 percent and 4 percent, respectively. Looking ahead, while both markets are projected to grow by 7 percent annually, reaching around 200 million passengers by 2030, their overall growth rate and scale remain well below India's.

— In **China**, air travel stagnated between 2019 and 2024, largely due to the impact of COVID-19, and passenger volumes fell from 900 million to 800 million as a result. However, from 2024 onward, the market is expected to see a significant rebound, with 1.3 billion passengers taking flight by 2030.

— **Türkiye** provides the most direct comparison. After a modest 2 percent increase in passenger volume between 2019 and 2024, it is now the only country in this group forecast to outstrip India in annual passenger growth. Between 2024 and 2030, this is expected to surge to 13 percent, translating into an increase from 200 million to 500 million passengers.

A closer look at domestic versus international travel further highlights India's potential.

In some countries, air travel is almost entirely international. Saudi Arabia shows a more balanced mix, evolving from a domestic majority of 52.4 percent in 2019 to a slight international lead of 52.8 percent in 2024, which is expected to hold through 2030. By contrast, most air travel in India takes place internally: as of 2024, it had an 82:18 domestic-to-international ratio, boosting its travel retail potential with a steady traveler flow, and—by extension—a level of resilience. At the same time, international travel is set to see a marked increase: in 2023 alone, two major airlines (Air India and IndiGo) struck fresh deals to supplement their already growing order books. Under the terms of these agreements, they will take delivery of an additional 1,000 planes from Airbus, among them several widebody models to support more long-haul flights and expand global connections.[8,9,10] Looking at other countries, India is very similar to China in the sense that domestic travel accounts for the lion's share of flights taken. Here, there is an 87:13 split between internal and international journeys (see figure 2).

While India is on a path that other leading international travel destinations have already followed, what sets it apart is the speed and scale of its transformation. This leaves it in prime position to become the travel retail sector's next major success story.

Most air travel in India takes place internally: as of 2024, it had an 82:18 domestic-to-international ratio, boosting its travel retail potential.

[11] Hyderabad Annual Report 2023-24
[12] Ministry of Corporate Affairs
[13] New Delhi Airport Annual Report 2023-24

A travel retail market preparing for takeoff

With domestic and international passenger volumes both trending up, India's airports are experiencing significant growth in non-aeronautical (or non-aero) revenues—now a key driver of profitability. Mumbai's Chhatrapati Shivaji Maharaj International (CSMI) Airport and Delhi's Indira Gandhi International (IGI) Airport are at the forefront, with non-aero revenues representing 57 percent and 61 percent of total revenue, respectively. This is all the more striking if we compare other major tier 1 airports such as Bengaluru Kempegowda International (KI) and Hyderabad Rajiv Gandhi International (RGI), where non-aero revenues are at around 30 percent of total revenue in each location.[11,12,13] That said, this picture is changing fast in Bengaluru. Between 2022 and 2024, its non-aero revenues achieved a substantial CAGR of 29 percent.

Travel retail, duty-free, and food and beverage concessions are pivotal. At Delhi IGI, they contribute approximately 38 percent of non-aero revenues, while at Hyderabad RGI it is even higher, at about 50 percent, positioning India's airports at the very heart of its travel retail economy.

Examining these domestic trends in line with other international airports provides some perspective. Many of these, including Singapore Changi, Sydney, and Beijing, along with Thailand's six airports and two in Paris, have a roughly 50:50 split between aero and non-aero revenues.[15,16,17,18] With Amsterdam Schiphol and London Heathrow seeing a lower-than-average non-aero contribution, at 37 percent and 22 percent of total revenue, respectively, this implies that India is on a solid footing to become a global travel retail player.[19,20]

Airport operators have tuned in to this potential. Adani Enterprises, which operates Mumbai CSMI and six other airports, plans to increase its share of non-aero revenues to 75 percent across the board, scaling up from Mumbai CSMI's current figure of 61 percent and around 25 percent at each of the others.[21] This strategy will see public-facing airport spaces being used for enhanced retail and commercial developments.[22]

Going down a level to understand non-aero revenues in more detail, retail concessions—including food and beverage outlets—play a significant role for many global leaders. For example, the airports mentioned in Thailand and Paris bring in more than half of their non-aero revenues this way, while in Beijing it is almost a quarter.[23,24,25]

In summary, non-aero revenues playing an outsized role in airport economics shows that travel retail is no longer a side business—it's reshaping airports into fully fledged commercial destinations.[26]

Further, while air travel often dominates the conversation around travel retail (thanks in part to its historic association with duty-free purchasing), the opportunity is a much broader one if we take other travel modes and Indian travel patterns into account. In India, railways (including metropolitan and intercity lines) see the highest share of passengers by far. With an estimated 19 million passengers hopping on and off trains each day, this equates to around 6.9 billion passenger journeys over the course of a year.[27] Coupled with the fact that we know the majority of Indian air travel takes place within its own borders, this means that both duty-free and duty-paid formats are essential components of the travel retail ecosystem.

[14] CRISIL Ratings, 2024
[15] Suvarnabhumi Airport (BKK), Don Mueang International Airport (DMK), Chiang Mai International Airport (CNX), Phuket International Airport (HKT), Hat Yai International Airport (HDY), Mae Fah Luang-Chiang Rai International Airport (CEI)
[16] Paris Orly and CDG
[17] Sydney Airport Annual Report 2023
[18] Changi Airport Group, Annual Report 2023/24
[19] Royal Schiphol Group Annual Report 2024
[20] Moodie Davitt Report, 2025
[21] Lucknow, Ahmedabad, Jaipur, Guwahati, Thiruvananthapuram, and Mangalore
[22] Times of India, 2024
[23] Beijing Capital International Airport Company Limited, 2024
[24] Management Discussion of Airports of Thailand Public Company Limited, 2024
[25] Group ADP Full Year Results 2024
[26] IBEF, 2025
[27] NFR Indian Railway Yearbook, 2024

Current industry data puts the market value of India's travel retail industry at $0.6 billion in 2024—around one-fifth the size of Türkiye's—indicating substantial growth potential in comparison with larger markets.[28,29] And despite its relatively modest scale today, India has demonstrated strong momentum in recent years: between 2019 and 2024, it outpaced other major global travel retail markets with a CAGR of 3.1 percent, while others including China, the UAE, and Saudi Arabia contracted over the same period.

Looking at how this could play out going forward, we have projected two growth scenarios for India over the coming years, based on comprehensive travel and retail data and insights from industry experts. Under a conservative estimate, travel retail in India is expected to grow to nearly $1 billion by 2030, reflecting a CAGR of approximately 7.3 percent. However, in an optimistic yet more realistic scenario, the market could experience higher growth rates of up to 19 percent CAGR, reaching approximately $1.8 billion annually by 2030 (see figures 3 and 4 on page 9).[30]

What's more, the optimistic yet more realistic scenario will mirror the rapid double-digit growth that China experienced during its own historic acceleration phase, as depicted in figure 4.[31] In essence, India will be following a much more aggressive growth path than both the UAE, where the travel retail market is expected to grow at a CAGR of 3 percent, and China, where the CAGR is projected at 3.4 percent.

Now turning the focus internally, our analysis shows that travel retail's optimistic scenario in India will accelerate faster than the country's air passenger volumes, throwing a spotlight on both consumers' ability to spend and the rapid transformation taking place within its aviation ecosystem (see figure 3). This outlook is supported by travel retail operators themselves, who suggest that revenue growth in the Indian travel retail sector is outpacing that in shopping malls, growing at a robust 15 to 20 percent.[32]

All of this means that, under this optimistic and more realistic scenario, India is poised to undergo a significant evolution, one in which it will overtake Thailand in terms of market size ($1.5 billion) by 2030 and catch up to other prominent nations such as the UAE ($3 billion) and Türkiye ($3.6 billion) by 2035. However, it will take longer to match today's size of China, where the travel retail market is valued at about $9 billion. Nonetheless, the starting pistol has been fired, and India is ready to get out of the blocks.[33]

What does the future hold?

In our opinion? There's a lot to be excited about. India's travel retail market is on the cusp of a breakthrough. Consumer spending power, changing shopping and travel preferences, and a heightened appetite for diverse and innovative retail environments are all leading indicators that players in the travel retail ecosystem should be paying close attention to. With that in mind, let's consider how this is coming into focus for India.

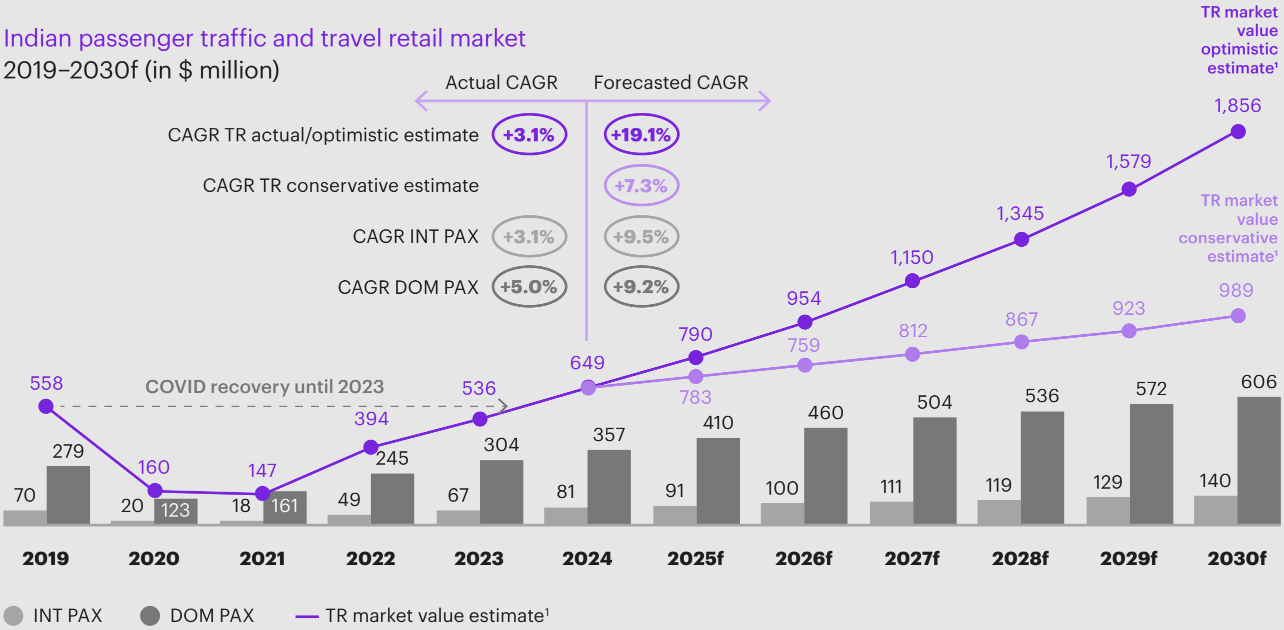
"India is a key and fast-growing market in travel retail.... The outlook is highly promising, with rising traffic, major airport renovation projects, and significant infrastructure development."

Guilhem Souche, SVP Global Travel Retail, Coty

[27] NFR Indian Railway Yearbook, 2024
[28] Excluding food and beverages and convenience and press stores
[29] Generation Research, 2025
[30] Excluding food and beverages and convenience and press stores
[31] Generation Research, 2025
[32] Expert interview, 2025
[33] Generation Research, 2025

Figure 3
India's travel retail market is outpacing passenger growth

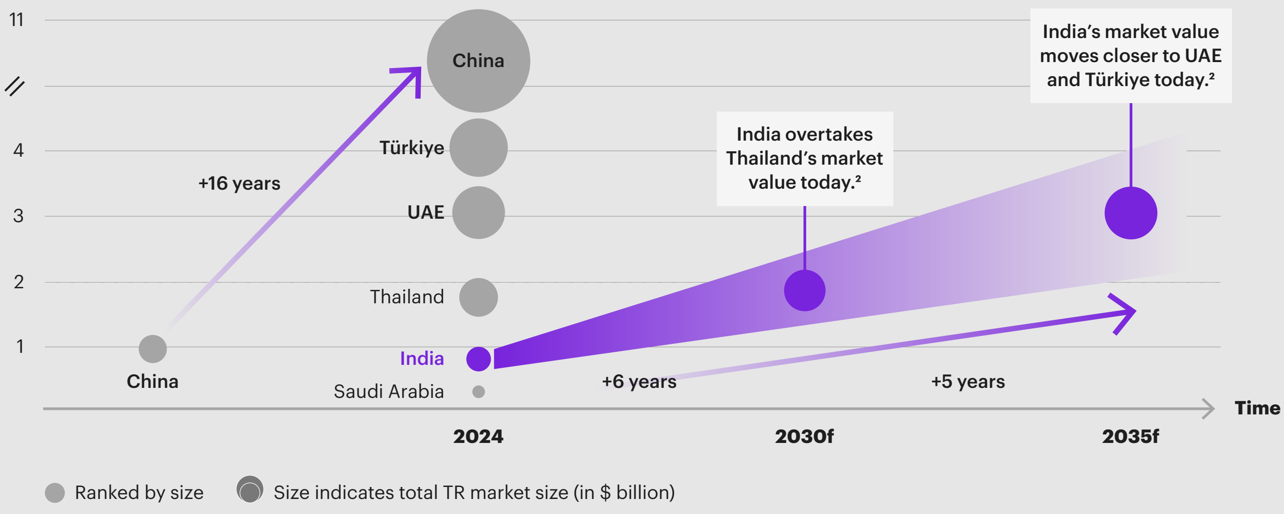
Indian passenger traffic and travel retail market
2019–2030f (in $ million)



Notes: DOM is domestic, INT is international, TR is travel retail, PAX is passenger.
[1] TR market value covers duty-free and duty paid, but excludes F&B, convenience and press stores.
Sources: Airports Council International, Generation Research; Kearney analysis

Figure 4
India's acceleration in travel retail will bring it closer to other leading markets

Travel retail market value[1] (2008–2030f (in $ billion))



Notes: TR is travel retail.
[1] TR market value covers duty-free and duty-paid, but excludes food and beverages and convenience and press stores.
[2] Based on India's optimistic market value estimate.
Sources: Generation Research; Kearney analysis

The Indian travel retail ecosystem is taking shape

As outlined in our report from the 2024 TFWA World Exhibition & Conference, advances in travel infrastructure and technology have created new openings to connect with passengers beyond traditional duty-free and duty-paid environments: before they step into the airport (or train station); once they are en route to their destination; and even when they have completed their journey. This has brought carriers such as airlines and rail operators along with digital and media partners firmly into the travel retail equation, creating a pentarchy of key stakeholders that also encompasses the well-known trinity of airports, retailers, and brands.

Let's delve into how this ecosystem is developing in India, unveiling new commercial potential, and turning the country into a prime travel retail destination.

Airports

A rapidly expanding network

India already has a thriving aviation industry. Between 2014 and 2025, the number of operational airports across the country more than doubled from 74 to 159. Among this number are flagships such as Bengaluru, designed and built to showcase the power, ambition, and innovative thinking of the Indian air travel sector through modern concepts and future-ready infrastructure.

But the government isn't stopping there. It plans to ramp up this expansion, with a target of 350 to 400 functioning airports by 2047, which will greatly enhance not only connectivity but also the Indian travel retail market.[34] More than $10.7 billion has been plowed into the effort, and it has already borne fruit.[35]

New facilities in the pipeline before the end of the decade include larger hubs such as Noida International Airport (Jewar), Navi Mumbai Greenfield International Airport, and Chennai International Greenfield Airport. The first two of these will give Delhi and Mumbai twin airport status, another part of the government's plan to boost the country's aviation infrastructure, meet rising demand for travel, and ease congestion at some of India's busiest airports.

However, regional connectivity is also a key priority. Under the Ude Desh ka Aam Naagrik (UDAN) scheme, which means "Let the common citizens of the country fly" in Hindi, many new facilities are also planned, with Kurnool, Jamshedpur, and Madhya Pradesh just a few examples.[36] In addition, several established airports are being upgraded to meet the needs of the fast-growing international travel brigade. In addition to the forthcoming new terminal at Guwahati mentioned at the beginning of this report, Chennai and Pune airports are among those set to take up more tarmac, and others, like Bengaluru, are rapidly expanding their roster of international destinations.[37]

Further, the latest phase of the Indian government's ongoing airport privatization program, which plans to sell off selected airports by the end of the 2025–2026 financial year, will lay the ground for more travel retail opportunities, given private airport operators' focus on commercial results and non-aero revenues (we'll discuss this privatization program in more detail in chapter two). Add in the potential for operators to boost their profits further by being able to build shopping complexes, offices, and conference centers on airport land, and suddenly there's a lot more to the Indian travel retail opportunity.

[34] The Economic Times, 2024
[35] Businessworld, 2024
[36] Ministry of Civil Aviation, 2021
[37] Expert interviews

Three tiers to hone the travel retail proposition

As part of our study, we have classified Indian airports based on key factors such as passenger traffic, share of international passengers, and international connectivity—enabling them to be compared in terms of key statistics such as passenger volume and the rate at which each group is expanding (see figure 5 on page 12).[38] Let's examine how they stack up in relation to the travel retail opportunity:

— **Tier 1:** These airports serve as the country's primary aviation gateways, each handling more than 12 million passengers per year. They are mature in terms of both infrastructure and commercial opportunities, with substantial retail turnover and international connectivity. In fact, many are comparable to India's largest shopping malls with respect to the retail experience they provide, making them key entry points for premium and luxury brands.

— **Tier 2:** Airports in this category handle between 3.1 and 12 million passengers annually—or fall below this threshold but carry high international traffic from Indians traveling for work or visiting friends and relatives, particularly in Middle East countries.[39,40] This makes them an ideal target for early movers to introduce new brands and premium categories such as watches, jewelry and fine writing, fragrance and cosmetics, and wine and spirits.

— **Tier 3:** These tend to be smaller regional hubs that have fewer than 3.1 million passengers coming through their doors each year and also have limited international connectivity—or none at all. They are mostly publicly owned concerns, where commercial infrastructure is minimal and duty-free operations are largely absent (much like Guwahati before the start of its transformation). However, back-end retail sourcing or logistics could be taking shape behind the scenes. Recognizing the latent potential at these regional connection points, the Airports Authority of India (AAI) has embarked on a modernization program covering 150 of around 400 airstrips and smaller airports, upgrading runways and passenger amenities to International Civil Aviation Organization (ICAO) standards, and digitizing services.[41] So, while options to integrate travel retail might seem limited right now, as more tier 3 facilities become efficient regional connectors and cargo hubs, this will create the foundations for more significant commercial development.

Zooming in, we see that India's largest three airports are all classed as tier 1 (see figure 6 on pages 13 and 14). Of these, Mumbai CSMI and Delhi IGI airport carry a larger proportion of international passengers (27 percent and 26 percent of total traffic, respectively), while at Bengaluru this is much lower at around 12 percent, despite more than 37 million travelers crossing the concourse each year.

Not unexpectedly, Delhi IGI and Mumbai CSMI bring in more travel retail revenue than Bengaluru: in 2023, each airport in turn rang up $215 million, $159 million, and $30 million in sales. Interestingly, there are notable differences in the amount of retail space across the three airports, which we explore in more detail in figure 6 on page 13. Despite these variations, Bengaluru currently stands out as the highest-yielding airport for travel retail per international passenger, suggesting that there's room to maximize its potential.

In terms of further development, all three airports are undergoing or planning significant upgrades. Terminal 2 at Delhi IGI airport is being renovated, while Bengaluru is adding a $1.8 billion state-of-the-art second terminal of its own to expand its capacity and create new world-class commercial zones, which should position it as a core regional gateway in the long term.

[38] Airports Council International, 2024
[39] The Economic Times, 2025
[40] New Indian Express, 2025
[41] CW Construction World, 2024

Figure 5

A snapshot of air travel in India today

Inbound

40.4M passengers

Top foreign tourist nations

Bangladesh (22%), US (18%), UK (10%), Australia (5%), Canada (4%)

Carriers

Emirates and Qatar Airways from the **Middle East**

IndiGo and Air India as **national carriers**

Others, including: British Airways, Virgin Atlantic, SriLankan Airlines

Outbound

40.5M passengers

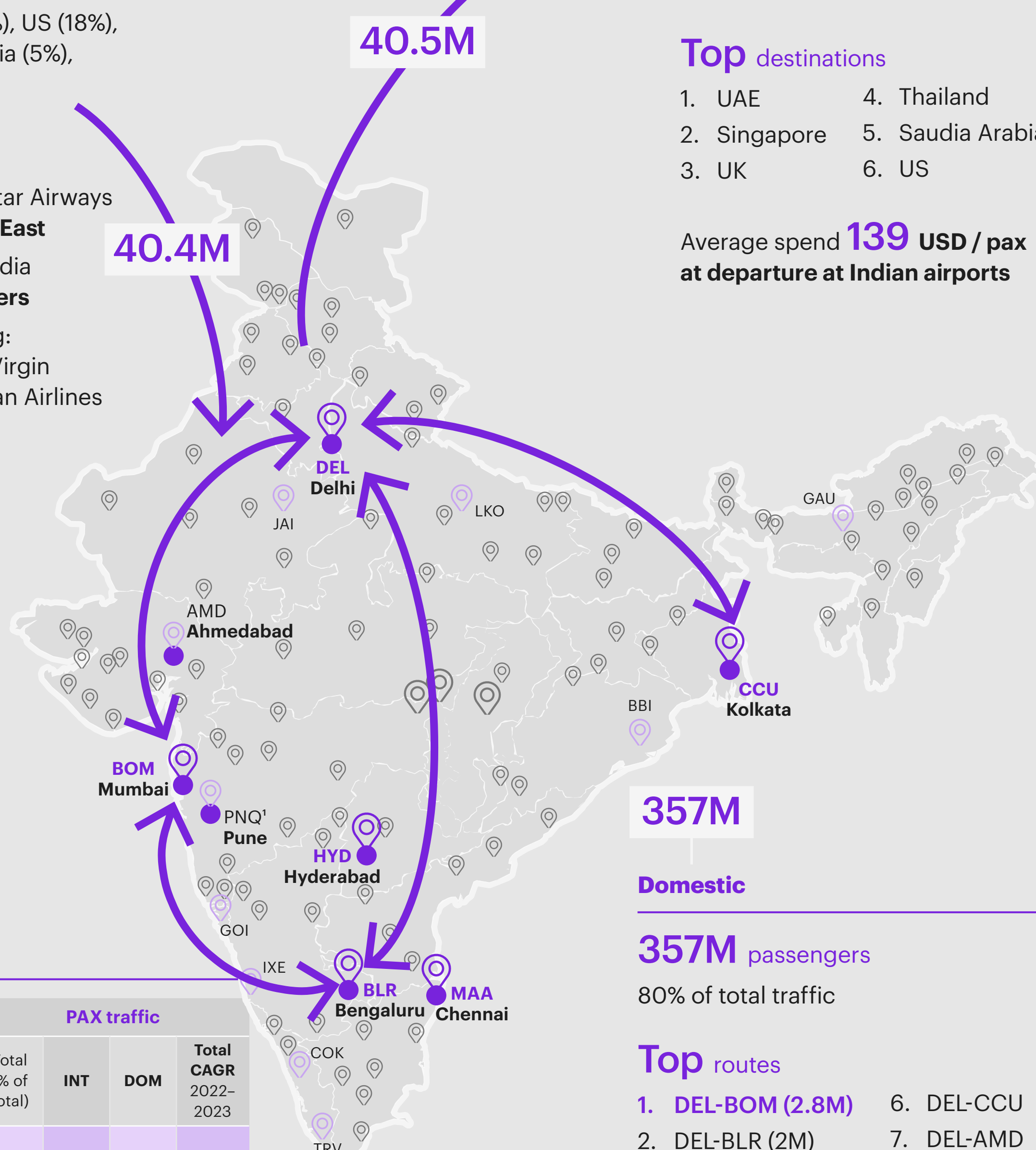
34.7M APAC 1.4M Europe

3.4M MEA 1M Americas

Top destinations

1. UAE
2. Singapore
3. UK
4. Thailand
5. Saudia Arabia
6. US

Average spend **139 USD / pax at departure at Indian airports**



Airports

	# airports[1]	PAX traffic			
		Total (% of total)	INT	DOM	Total CAGR 2022–2023
Tier 1	7[2] (5 private, 2 public)	>225M (>60%)	>48M	>176M	6%
Tier 2	21	>83M (~23%)	>16M	>67M	7%
Tier 3	>100	>62M (~16%)	<2M	>60M	4%

Domestic

357M passengers

80% of total traffic

Top routes

1. DEL-BOM (2.8M)
2. DEL-BLR (2M)
3. BOM-BLR (1.7M)
4. DEL-HYD
5. DEL-PNQ
6. DEL-CCU
7. DEL-AMD
8. CCU-BLR
9. HYD-BLR
10. HZD-BOM

Carriers

IndiGo >**90 domestic destinations**

Air India **45 domestic destinations**

Notes: The arrows for domestic routes are illustrative and non-exhaustive. PAX is passengers, INT is international, DOM is domestic.

[1] Numbers are based on 2023 with varying INT vs. DOM PAX share split.

[2] Noida International Airport included in T1 as expected PAX traffic will hit 12 million in first phase.

Sources: Airports Council International, Cirium, Generation Research; Kearney analysis

Figure 6

Indian airports: three tiers of travel retail potential (1/2)

Delhi International Airport

Tier 1

Name, City:	IATA code:
Indira Gandhi International Airport, Delhi	DEL
Operator: Delhi International Airport Ltd. (DIAL)	**Ownership:** JV of GMR Airports Infr. Ltd. (74%) and AAI (26%)
Travel retailer: New Delhi Duty-Free Services (DDFS)	**Concession type:** Exclusive

Traffic:
PAX INT (% total): **~21M (27%)[1]**
PAX DOM (% total): **~57M (73%)[1]**
Flights: **>442K, thereof >106K INT (+17% YoY) and >336K DOM (+3% YoY)**

Airlines:
Airlines: **80**
Destinations: **150 (80 DOM and 70 INT)**
Hub for Air India, IndiGo, and Alliance Air

Remarks:
— **Largest** airport in India
— Travel retail and duty-free sales (excluding F&B, convenience, and press stores): **USD 215M**
— Retail space **4,135 sqm**

Mumbai International Airport

Tier 1

Name, City:	IATA code:
Chhatrapati Shivaji International Airport, Mumbai	BOM
Operator: Mumbai International Airport Ltd. (MIAL)	**Ownership:** JV of Adani Airport Holdings Ltd. (74%) and AAI (26%)
Travel retailer: Ospree Duty Free	**Concession type:** Exclusive

Traffic:
PAX INT (% total): **13.8M (27%)**
PAX DOM (% total): **37.8M (73%)**
Flights: **>324K, thereof >83M INT (+22.7% YoY) and >241 DOM (+8.6% YoY)**

Airlines:
Airlines: **>50**
Destinations: **124 (68 DOM and 56 INT)**
Secondary hub for Air India

Remarks:
— **Second-largest** airport in India
— Travel retail and duty-free sales (excluding F&B, convenience, and press stores): **USD 159M**
— Retail area: **6,627 sqm**

Bengaluru International Airport

Tier 1

Name, City:	IATA code:
Kempegowda International Airport Bengaluru, Bengaluru	BLR
Operator: Bangalore International Airport Ltd. (BIAL)	**Ownership:** PPP of private investors (74%) and government (26%)
Travel retailer: Avolta	**Concession type:** JV of Avolta and BIAL in T2

Traffic:
PAX INT (% total): **4.5M (12%)**
PAX DOM (% total): **32.7M (88%)**
Flights: **>244K, thereof ~28K INT (13% YoY) and ~217K DOM (9% YoY)**

Airlines:
Airlines: **39**
Destinations: **98 (65 DOM and 33 INT)**
Hub for Air India, Alliance Air, and Star Air

Remarks:
— **Third-largest** airport in the country
— Travel retail and duty-free sales (excluding F&B, convenience, and press stores): **USD 30M**
— New international terminal with new retail space of **3,600 sqm**

Chennai International Airport

Tier 1

Name, City:	IATA code:
Chennai International Airport, Chennai	MAA
Operator: AAI	**Ownership:** AAI
Travel retailer: Flemingo International (JV with Adani Group)	**Concession type:** Exclusive

Traffic:
PAX INT (% total): **5.7M (27%)**
PAX DOM (% total): **15M (73%)**
Flights: **>145K, thereof >38K INT (+20% YoY) and >107K DOM (+1.6% YoY)**

Airlines:
Airlines: **~35**
Destinations: **69 (43 DOM and 26 INT)**
Hub for IndiGo and Air India

Remarks:
— Among **top 5 busiest** airports; **third-busiest** for INT PAX
— Undergoing **expansion** of T2

Kolkata International Airport

Tier 1

Name, City:	IATA code:
Netaji Subhash Chandra Bose International Airport, Kolkata	CCU
Operator: AAI	**Ownership:** AAI
Travel retailer: Flemingo International (JV with Adani Group)	**Concession type:** Exclusive

Traffic:
PAX INT (% total): **2.4M (12%)**
PAX DOM (% total): **17M (88%)**
Flights: **>140K, thereof >20K INT (+13% YoY) and >120K DOM (+1% YoY)**

Airlines:
Airlines: **NA**
Destinations: **64 (49 DOM and 15 INT)**
Hub for IndiGo

Remarks:
— **Single integrated terminal** for both domestic and international

Noida International Airport

Tier 1

Name, City:	IATA code:
Noida International Airport (Jewar Airport), Uttar Pradash	NIA
Operator: Yamuna International Airport Pvt Ltd (subsidiary of Zurich Airport International AG)	**Ownership:** Government of Uttar Pradesh/YEIDA
Travel retailer: Heinemann Asia Pacific and BWC Forwarders Pvt Ltd	**Concession type:** Strategic partnership

Traffic:
PAX initial phase: **12M**
PAX ambition: **70M**
Flights: **~23K, thereof <1K INT and >22K DOM[1]**

Airlines:
Airlines: **NA**
Destinations: **28 (25 DOM and 3 INT) - Initial**
Hub for IndiGo and Aksa Air

Remarks:
— Operated by **100% subsidiary of Zurich International Airport**
— TR operator **Avolta operates F&B outlets**
— Expected to be operational in **May 2025**

Notes: PAX from 2023 if not stated otherwise. AAI is Airports Authority of India, AAHL is Adani Airport Holdings Ltd., CIDCO is City and Industrial Development Corporation of Maharashtra Ltd., DOM is domestic, INT is international, PAX is passenger, PPP is public–private partnership, YEIDA is Yamuna Expressway Industrial Development Authority.

[1] PAX from 2024

[2] Noida International Airport included in T1 as expected PAX traffic will hit 12 million in first phase.

Sources: Airports Council International, airport websites and annual reports, Moodie Davitt Report, expert interviews; Kearney analysis

Figure 6

Indian airports: three tiers of travel retail potential (2/2)

Navi Mumbai International Airport

Tier 1

Name, City: Navi Mumbai International Airport, in greater Mumbai region	IATA code: NMI
Operator: Navi Mumbai International Airport Limited (NMIAL)	Ownership: Navi Mumbai International Airport Limited (NMIAL)
Travel retailer: Undisclosed	Concession type: N/A

Traffic:
PAX initial phase: **20M**
PAX ambition: **90M**
Flights: **Undisclosed**

Airlines:
Airlines: **N/A**
Destinations: **N/A**
Carriers such as IndiGo and Air India

Remarks:
— Operated by **NMIAL**, a JV between AAHL (74%) and CIDCO (26%)[1,2]
— Expected to be operational in **June 2025**

Sardar Vallabhbhai Patel International Airport

Tier 2

Name, City: Sardar Vallabhbhai Patel International Airport, Ahmedabad	IATA code: AMD
Operator: Adani Ahmedabad International Airport Ltd.	Ownership: Adani Airport Holdings Ltd.
Travel retailer: Ospree Duty Free	Concession type: Exclusive

Traffic:
PAX INT (% total): **1.9M (16%)**
PAX DOM (% total): **9.8M (84%)**
Flights: **>87K, thereof >13K INT (+25.6% YoY) and >74K DOM (+6.2% YoY)**

Airlines:
Airlines: **21**
Destinations: **56 (40 DOM and 16 INT)**
Hub for Air India, IndiGo, and SpiceJet

Remarks:
— **Seventh-busiest** Indian airport

Cochin International Airport

Tier 2

Name, City: Cochin International Airport, Kochi, Kerala	IATA code: COK
Operator: Cochin International Airport Limited (CIAL)	Ownership: PPP, Kerala government, (~32%), Indian government, and others
Travel retailer: CIAL Dutyfree & Retail Services Ltd (CIAL subsidiary)	Concession type: Exclusive

Traffic:
PAX INT (% total): **4.8M (47%)**
PAX DOM (% total): **5.5M (53%)**
Flights: **>68K, thereof >30K INT (+14.7% YoY) and >38K DOM (+16.6% YoY)**

Airlines:
Airlines: **24**
Destinations: **36 (15 DOM and 21 INT)**
Hub for Air India, Air Asia India, Indigo, Jet Airways, and SpiceJet

Remarks:
— Handles **~63.5% of Kerala's air traffic**
— **Fourth-busiest** airport for INT PAX
— Duty-free area at departure: **800 sqm**

Pune International Airport

Tier 2

Name, City: Pune International Airport/Lohegaon International Airport, Maharashtra	IATA code: PNQ
Operator: AAI	Ownership: AAI
Travel retailer: Flemingo Duty Free	Concession type: Exclusive

Traffic:
PAX INT (% total): **171K (1.8%)**
PAX DOM (% total): **9.3M (98.2%)**
Flights: **>64K, thereof >1.4K INT (+19.6% YoY) and >63K DOM (+7.5% YoY)**

Airlines:
Airlines: **23**
Destinations: **38 (35 DOM and 3 INT)**
Hub for Air India, IndiGo, SpiceJet, and Vistara

Remarks:
— PAX increase 2023–2024: **8.8%**
— **Significant aviation hub for western India**

Biju Patnaik International Airport

Tier 3

Name, City: Biju Patnaik International Airport, Bhubaneswar	IATA code: BBI
Operator: AAI	Ownership: AAI
Travel retailer: N/A	Concession type: N/A

Traffic:
PAX INT (% total): **0.06M (1%)**
PAX DOM (% total): **4.4M (99%)**
Flights: **>35K, thereof >0.6K INT and >34K DOM (+13% YoY)**

Airlines:
Airlines: **~15**
Destinations: **32 (29 DOM and 3 INT)**

Remarks:
— Consideration of a **public–private partnership model** for future operations

Amritsar International Airport

Tier 3

Name, City: Amritsar International Airport/Sri Guru Ram Das Ji International Airport, Amritsar	IATA code: ATQ
Operator: AAI	Ownership: AAI
Travel retailer: Flemingo International	Concession type: Exclusive

Traffic:
PAX INT (% total): **0.9M (31%)**
PAX DOM (% total): **2M (69%)**
Flights: **>21K, thereof >5.6K INT (+23% YoY) and >16K DOM (+7.2% YoY)**

Airlines:
Airlines: **10**
Destinations: **23 (11 DOM and 12 INT)**
Carriers such as Air India and Alliance Air

Remarks:
— Public but plans to bundle with other airports and **privatized by EO26**
— PAX increase 2023–2024: **22%**

Notes: PAX from 2023 if not stated otherwise. AAI is Airports Authority of India, AAHL is Adani Airport Holdings Ltd., CIDCO is City and Industrial Development Corporation of Maharashtra Ltd., DOM is domestic, INT is international, PAX is passenger, PPP is public–private partnership, YEIDA is Yamuna Expressway Industrial Development Authority.

[1] PAX from 2024

[2] Noida International Airport included in T1 as expected PAX traffic will hit 12 million in first phase.

Sources: Airports Council International, airport websites and annual reports, Moodie Davitt Report, expert interviews; Kearney analysis

Going beyond the "big three," two other tier 1 airports—at Chennai and Kolkata—are currently under the public ownership of the AAI (see figure 6 on pages 13 and 14 for profiles of selected airports).

Other airports worth a second look are the new builds at Noida International Airport, which will be just a 21-minute train ride from Delhi, and Navi Mumbai in the Greater Mumbai region. Both of these have ambitions to move into tier 1 territory, meaning big traffic, big international passenger volumes, big retail spaces, and big spending opportunities. Noida is set to come into operation in May 2025 and will be operated by a subsidiary of Zurich Airport. In passenger numbers, it is aiming to handle 12 million initially and ramp up to 70 million over time, which would put it almost neck and neck with where Delhi IGI airport is today. Navi Mumbai, meanwhile, will also be operated privately and is expecting even greater things, projecting initial passenger numbers in the region of 20 million and eventually reaching 90 million.

Tier 2 and tier 3 airports showing travel retail potential include Cochin International (CI) Airport in Kochi, along with Biju Patnaik International (BPI) Airport in Bhubaneswar and Amritsar International (AI) Airport. These warrant some attention. For example, even though Cochin is a tier 2 airport due to its total passenger numbers—carrying 10.3 million in comparison with its larger peers—almost half (47 percent) of these are traveling abroad, making it India's fourth busiest airport for international passengers. This is mainly because Cochin is a connection point for Kerala, a region that has high tourist footfall, and also operates direct flights to the Middle East, where many non-resident Indians are based. Meanwhile, Bhubaneswar BPI Airport is already operated under a public–private partnership (PPP) model, while Amritsar AI Airport, which has seen its passenger volumes grow by a considerable 22 percent during the past year, has been slated for privatization by the end of 2026.

Together, these developments are laying the groundwork for a more commercially driven airport ecosystem across all three tiers, spelling significant growth for India's travel retail market.

Carriers are gearing up for more international travel

India's air carriers are also pushing the boundaries to meet growing demand for international travel and position the country as a core hub for global travel retail brands alongside others such as Dubai, Singapore, and Hong Kong.

As we outlined on page 6, two of the country's leading airlines—Air India and IndiGo—are expanding their fleets to serve more long-haul routes and cater to the increasing swing toward global travel. Since 2023, more than 1,000 new Airbus planes have been put on order. These are set to swell the ranks of both carriers, with Air India taking on 570 and IndiGo 530.[42,43] What this effectively means is direct competition for limited widebody production slots, emphasizing a broader shift among Indian carriers from narrowbody models—which are typically used on short- to medium-haul routes—to widebody, twin-aisle alternatives.[44]

Given the long lead times associated with aircraft manufacturing, Air India was happy to accept 50 Boeing 737 Max jets originally produced for Chinese carriers in 2023, after regulatory concerns blocked their delivery to China.[45] It then supplemented its initial Airbus order with a deal for 100 additional aircraft in December 2024, with 10 A350 widebody models as well as 90 A320 family jets for shorter routes.[46] As of March 2025, it was in advanced talks to acquire another 30 to 40 widebody planes, with both Airbus A350s and Boeing 777Xs on the order book, and as things stand today, it could benefit further from China's ban on US manufactured planes as the trade war between both countries continues.[47,48,49]

[42] CNBC, 2024
[43] Times of India, 2024
[44] Times of India, 2024
[45] Business Standard, 2025
[46] Airbus, 2024
[47] Reuters, 2025
[48] Bloomberg, 2025
[49] Reuters, 2025

Starting off as a budget airline, IndiGo today is India's biggest carrier. With around 106 million passengers as of 2023, it is almost six times the size of Air India and since launching in 2005 it has added more than 1,300 Airbus aircraft to its fleet, including a record-breaking order (for both sides) of 500 planes in 2023.[50,51] Traditionally a narrowbody operator, it is now sizing up further with a landmark order for 30 Airbus A350-900 jets at the end of 2024 (and an option for 70 more), with deliveries set to start in 2027. This strategic investment, valued at more than $9.5 billion, suggests that IndiGo intends to challenge Gulf carriers on international routes by launching non-stop flights from India to far-flung destinations. In the meantime, a leasing agreement with Norse Atlantic Airways for four Boeing 787-9s will enable it to do just that in the summer of 2025, via new routes to Amsterdam and Manchester.[52] Adding to all this expansion news, there are reports that IndiGo is also considering other major Western European destinations such as London and Paris. This makes sense if we consider the fact that annual non-stop seat capacity between Europe and India is at a record 11.4 million seats, and it is expected to grow again by another 6 percent year-over-year.[53] But it seems as though IndiGo has even more ambitious plans: when announcing its launch at Amsterdam and Manchester, it referenced a long-range ambition to cover around 40 international destinations.

Travel retail operators

Integration, concentration—and division of control

The rapid growth in passenger traffic and aviation infrastructure currently sweeping India has also sparked a fresh wave of investment in travel retail, bringing new names onto the playing field. Where once the airport shopping landscape was dominated by a fragmented mix of domestic retailers and discount-driven duty-free shops, today it also plays host to a suite of international players. But the real transformation has come from a small number of global–local partnerships and airport-integrated operators that are setting new standards in execution, experience, and scale, which will ultimately reshape the travel retail experience.

Two domestic powerhouses—Ospree Duty Free, a joint venture between Adani and Flemingo, and Delhi Duty Free Services (DDFS), operated by GMR and Aer Rianta International—are at the core of this shift.[54] Ospree manages duty free across Mumbai CSMI airport and seven other airports—part of Adani's portfolio—while DDFS is the sole duty-free operator at Delhi's IGI terminal 3, offering a premium mix across liquor, beauty, and luxury goods. Both have traditionally leaned into their deep local market knowledge, regulatory familiarity, and strong airport integration to build competitive advantage.

However, in recent years, global players including the Swiss firm Avolta and Germany's Gebr. Heinemann have entered the market, bringing international operating models, premium store formats, and bespoke global brand partnerships in their wake. Avolta, through partnerships and its joint venture with Bengaluru International Airport Ltd., operates retail and food and beverage concessions across multiple hubs, including immersive formats at the airport's ultra-modern second terminal, while the launch of Gebr. Heinemann in India at Noida International Airport demonstrates growing global interest in the Indian aviation and travel retail market.[55]

[50] Airbus 2023
[51] BBC, 2023
[52] IndiGo, 2025
[53] Air Service One, 2025
[54] Moodie Davitt Report, 2023
[55] Moodie Davitt Report, 2024

These moves reflect a growing trend for airport–retailer integration, in which airport groups such as Adani, GMR, and BIAL co-own travel retail spaces through joint venture partnerships, helping them to retain value and influence over the end-to-end passenger experience. While this isn't market consolidation in the traditional sense, there is now a concentration of control in that a handful of joint ventures now operate the biggest share of the travel retail footprint at India's tier 1 airports. These partnerships blend global and local strengths—combining international brand portfolios and best practices with localized operations and airport access.

So far, so simple. But in broader terms, the duty-free environment in India isn't so straightforward. While operators (whether from home or abroad) are increasingly in charge of the duty-free space for international departures, when it comes to domestic travel, it's a more complex picture. Noida International Airport is a good example here. In 2024, Heinemann Asia Pacific and local firm BWC Forwarders jointly won the duty-free concession for the new facility, the terms of which have Heinemann operating the retail space in international departures and arrivals, and BWC in control of the airport's domestic retail areas.[56] This enables Noida to offer global retail standards while catering to local cultural tastes, for example by offering crafts and artifacts from Uttar Pradesh. In parallel, Avolta secured a 10-year contract for its Autogrill brand to run Noida's food and beverage concession.[57]

For some travel retail and airport operators, however, arrangements like this are just too complicated. Adani, for example, which owns Ospree Duty Free and has eight airports in its portfolio including Mumbai CSMI, is working to harmonize duty-paid and duty-free retail across its entire network, while Ospree itself came into being as a result of Mumbai Travel Retail Private Limited's (MTRPL) strategy to integrate its duty-free holdings.[58,59]

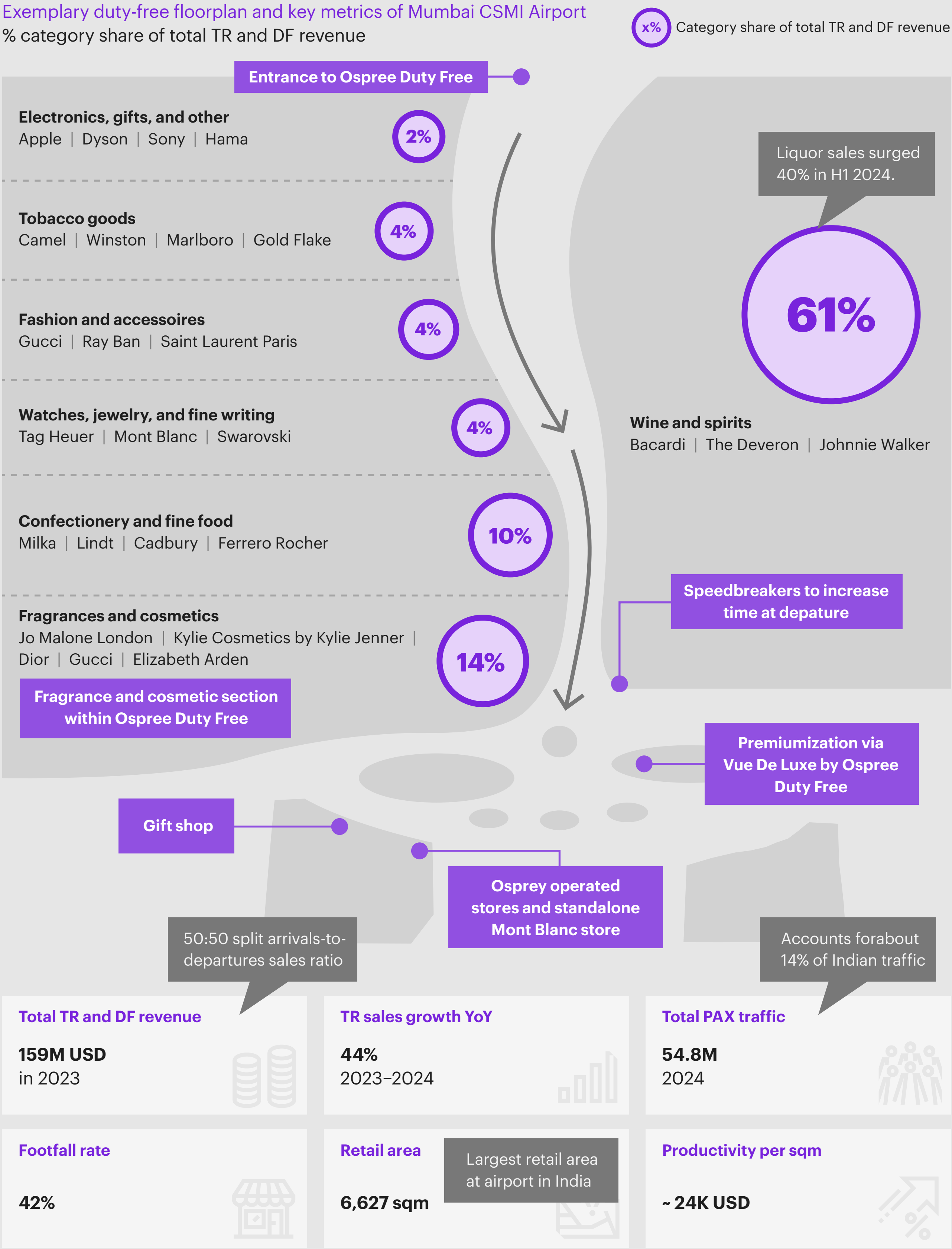
Wave goodbye, or say hello?

Another notable change can be observed in terms of where passengers are picking up their duty-free treats. Traditionally, duty-free sales in India have largely taken place at arrivals, with departing passengers spending less before they board their flights—a trend that can be attributed to lack of dwell time (which we'll discuss further a little later) and sometimes lengthy security procedures. However, Ospree Duty Free's "Project Departures" initiative has challenged this state of affairs (see figure 7 on page 18 for their concept at Mumbai CSMI airport).[60] By investing in consistent, cohesive branding, a high-end product assortment, and digital transformation, along with interactive and experiential retail concepts such as "hydration stations" at its store entrances, Ospree has created a more engaging and less stressful shopping environment for time-pressed travelers, with the aim of turning them into active shoppers.[61] It's a move that has paid off: in the 2024 financial year, it increased departure sales from 25 percent to 52 percent year-over-year.

Traditionally, duty-free sales in India have largely taken place at arrivals, with departing passengers spending less before they board their flights.

[56] Moodie Davitt Report, 2024
[57] Avolta, 2024
[58] Adani Enterprises, 2021
[59] Moodie Davitt Report, 2024
[60] DFN, 2024
[61] TR Business, 2024

Figure 7
A breakdown of travel retail at Mumbai CSMI Airport



Notes: All brands listed in this figure are examples of brands present at the DF shop and are non-exhaustive. DF is duty free, TR is travel retail.
[1] TR market value excludes food and beverages, convenience, and press stores.
Sources: Moodie Davitt Report, Generation Research, m1ndset, Mumbai airport; Kearney analysis

From functional and promotional to premium and experiential

As airports expand and consumers spend more, the focus is shifting from rent collection to experience delivery, from shelf space to shopper engagement. In short, India's travel retail operator landscape has moved beyond just securing concessions—it's about owning the full passenger journey.

In fact, India's tier 1 airports are now setting global benchmarks for modern travel retail journeys, which brought activities such as a live DJ set with drinks sampling, music performances, an interactive circus-themed animation including entertainment, spin-the-wheel giveaways, and unique photobooths, as well as a meet-and-greet with Bollywood celebrities to Indian air travelers. Ospree has doubled down on providing a sleek omnichannel experience, with discounted pre-orders available for duty-free products complemented by paper-free invoicing.[62]

Bengaluru and Delhi IGI airport have also turned up the volume on premium experiential formats. In 2024, Bengaluru debuted "Terminal in a Garden" at departures in its new second terminal, reflecting the airport's broader commitment to incorporating natural elements and the overarching garden theme. Inspired by the Lalbagh Botanical Garden, a local beauty spot, the walkthrough format takes consumers on a sensory journey through a vast glass pavilion of more than 1,740 square meters of retail space, combining local design and global brand presence. DDFS at Delhi IGI airport, meanwhile, has a range of branded boutiques from the likes of Dior, Jo Malone, Hugo Boss, and Coach over its 4,100-square-meter footprint, bringing the luxury department store experience into departures. It also runs high-profile promotions such as top-end car lotteries and organizes special events to mark occasions such as Republic Day, Lohri, and Holi, in addition to its own category "festivals."[63]

Could the days of transactional, duty-free-only shopping in India be over? These developments suggest things are already heading that way.

Travel retail spreads its wings

Pretty much everything about the duty-free experience at India's airports is now bolder, brighter—and bigger. This includes the floor space that has been dedicated to the pursuit of pre- and post-travel purchasing. Airport retail is scaling up, fast. So fast, in fact, that the best travel hubs now rival top urban shopping complexes such as Oberoi Mall and Select CityWalk in giving the retail "wow" factor. Mumbai CSMI is out in the lead with 6,627 square meters—approximately the size of one-and-a-half football fields—followed by Delhi IGI airport's retail area of 4,135 square meters, roughly 60 percent of a full-sized football pitch (see figure 6 on pages 13 and 14).

That isn't all. A prominent trend in India's travel retail market is that leading airports such as Mumbai CSMI and Delhi IGI outperform even the highest-performing malls in revenue. How's that for commercial potential? Even in Bengaluru, where passenger traffic is much lower than at Mumbai CSMI or Delhi IGI airport, airport retail earns about 90 percent of what the city's Orion Mall pulls in, making it clear that Indian airports are fast becoming a go-to destination for global brands and retail earnings.[64]

New formats are also emerging to draw travelers in. Ospree provides a good case in point. In 2024, it launched two concept stores at Mumbai CSMI. The first, Bon Voyage, is a one-stop convenience store with all the usual fare you would expect at an airport—snacks, confectionery, travel essentials, and so on—while the Bharat Story, named after a tale in Indian mythology, is touted as an "Indian destination store" and stocks local luxury brands offering products such as liquor, sweets, souvenirs, marble, and exclusive spice and tea gift boxes.

It's very much not the average bargain-basement, discount-heavy airport retail setup, but a more aspirational aesthetic and ambience that is gradually taking hold at India's leading airports.

[62] Adani, 2025
[63] Delhi Duty Free, 2025
[64] India Retailing, 2024

So, what's the business case for travel retail operators?

Behind the sleek new storefronts and backlit designer displays of India's new travel retail areas, the economics are starting to speak for themselves. While still smaller in scale than established mega-hubs like Dubai and Paris, India's travel retail market is increasingly holding its own on the global stage. Although average spend remains relatively modest, this—along with conversion efficiency and revenues—is starting to take off, especially in tier 1 airports. This is a telling trend that indicates maturing shopper behavior and increased value per visit.

If we delve deeper into the data, average revenue per international passenger (excluding food and beverage purchases) at Indian airports currently stands at around $8. For top performers, it's between $11 and $14. This places them just below Istanbul, where the range is $12 to $14, but significantly behind Dubai and Paris, where revenues per passenger are substantially higher, $23 to $25 and $23 to $26, respectively.[65]

Conversion rates at Indian international airports are currently sitting at roughly 5 percent, in line with the bottom end of the average global range, which is 5 to 10 percent. But leaders such as Mumbai CSMI and Delhi IGI are forging ahead. These are now achieving conversion rates of approximately 8 to 10 percent, and overall, India is on an encouraging ascent: between 2019 and 2025, conversions grew at a CAGR of 3.4 percent, which suggests that consumer engagement is maturing.[66] Still, even India's frontrunners are lagging behind mature travel retail destinations like Dubai and Singapore, where conversion rates range between 15 and 18 percent, and Istanbul, which is some way ahead with a 25 percent conversion rate—a measure of success that travel retail operators would be wise to examine in more detail. As for footfall in duty-free areas, this also tells a promising story. It is at 38 percent in India, slightly below both Türkiye (40 percent) and the UAE (41 percent), and improving steadily as better layout planning and experiential store strategies attract more passengers.[67]

Mumbai CSMI provides a good example of this favorable trend. Here, retail sales surged by 44 percent year-over-year between 2023 and 2024, with average spend per passenger growing by 15 percent year-over-year over the same period, thanks to more strategic selection of tailored product groups and deeper consumer engagement, particularly driven by leading players in the spirits, fragrance, and confectionery categories.[68] For brands, these metrics prove that high conversion efficiency is possible even where footfall is moderate, particularly at flagship locations like Mumbai CSMI.

"India ... boasts the highest average basket size in duty-free retail across the region—particularly in makeup and fragrances—a clear sign of Indian travelers' strong appetite for fragrances and beauty and of this market's strategic importance."

Guilhem Souche, SVP Global Travel Retail, Coty

What's more, this means that travel retail in India is no longer a white space, but a commercially sound investment opportunity with real, scalable return potential. As we will explore in chapter three, early movers who claim prime locations on the retail footprint and invest in enhanced product mixes, engaging experiences, and other tactics to drive traffic will be best placed to realize maximum value as new airports attract fresh footfall, unlock shelf space, and send spend per passenger on its own upward journey.

For retailers and brands, the message is clear: India might not be in the top league—yet—but it is breaking through cruising speed. Those who double down now, especially with the right partners and formats, stand to reap the rewards of the next decade of growth.

[65] Expert interviews
[66] Expert interviews
[67] M1ndset, 2025
[68] M1ndset, 2025

Brands

More choice, more refinement, and more cultural relevance

As we saw in chapter 1, Understanding the opportunity, India's travel retail landscape is fast maturing into a globally competitive retail ecosystem. With major hubs such as Delhi IGI, Mumbai CSMI, and Bengaluru setting the tone, airports are becoming high-impact venues for brands to showcase premium assortments selected to meet specific shopper needs and preferences. Scale and diversity are the watchwords here: Delhi Duty Free alone features more than 1,000 brands offering liquor, tobacco, perfumes, cosmetics, food, fashion, electronics, and more.[69] And with a growing blend of global prestige labels and culturally resonant Indian names on the shelves, the country's airports are increasingly tailored to the expectations of the modern traveler.

Operators are in the pilot's seat for brand visibility and experience

The section on travel retail operators starting on page 16 highlights the increasing influence that travel retail operators such as Avolta, Ospree, and DDFS now have over not just duty-free shopping, but the entire passenger experience. By leasing retail rights from airports and working directly with brand partners to develop store formats and launch platforms and category strategies, they have significant control over what's on offer to travelers, how this is presented to them, and how it feels to engage with their favored brands while they are in transit.

Turning our attention to a couple of pertinent examples, DDFS at Indira Gandhi International Airport hosts a variety of global beauty and fashion brands via multi-brand duty-free areas and exclusive boutiques for Hugo Boss, Michael Kors, Coach, and Jo Malone. In 2024, DDFS enhanced this lineup by introducing a dedicated Dior boutique featuring the La Collection Privée fragrance line, strengthening its showing in the premium beauty category.[70]

Mumbai CSMI is another notable illustration of this trend. Here, Ospree Duty Free has opted to cater to a younger, digitally engaged audience by launching trending global names like Kylie Cosmetics. As we discussed on page 19, it is also one of the locations where premium and experiential experiences are a core part of the duty-free strategy, as represented by its concept stores, Bon Voyage and the Bharat Story.

With flagship megastores, standalone boutiques, themed pop-ups, and franchise-led counters at India's airports increasingly occupied by global brands, this is another strong indicator that the country's travel retail market is on an upward swing.

Wine and spirits win out, but other categories are catching up

A glance at duty-free and travel retail sales reveals a clear category preference in India's travel retail market. This is heavily weighted toward liquor, with wine and spirits alone accounting for more than half (58 percent) of total duty-free revenues and expected to achieve the joint highest CAGR (8 percent) between 2024 and 2030, as figure 8 on page 22 reflects. Fragrances and cosmetics follow at 16 percent, while confectionery and fine foods contribute 10 percent. Other categories such as tobacco goods and fashion and accessories contribute a smaller share (5 percent and 4 percent, in turn), but as figure 8 on page 22 also demonstrates, these are gaining traction thanks to their high margin potential and (no doubt) more prominent positioning in new travel retail areas. Tobacco is growing at 8 percent CAGR, matching wine and spirits, while fashion will see a slightly lower CAGR of 6 percent.

[69] New Delhi International Airport, 2024
[70] DDFS, 2024

If we place India side-by-side with China, Türkiye, the UAE, and Saudi Arabia again, it's immediately apparent that there's a keener appetite for shopping across the board here (see figure 8). When it comes to category growth, only China is comparable in relation to the wine and spirits, tobacco goods, and confectionery and fine foods categories, with India making its strongest showing in watches, jewelry and fine writing, fashion and accessories, and fragrances and cosmetics.

Diving further into which brands are winning in the category mix, there are some interesting nuggets for travel retail players to consider (see figure 8):

— **Wine and spirits** revenues are significantly higher in India than in all other markets—even Türkiye, where they account for 19 percent of total travel retail income, doesn't come close. This reflects both cultural buying habits and Indian travelers' inclination for shopping at arrivals. International brands such as Johnnie Walker, Glenfiddich, and Hibiki are most popular, although Indian brands such as Amrut and Paul John are quickly becoming more sought after. This is particularly evident at higher price points ($100–$300), as our interview with Ashish Chopra, the CEO of Delhi Duty Free, demonstrates (see page 45).

Figure 8
A category comparison shows India's travel retail potential

Category share of total TR and DF sales and projected category growth per country[1] (2024–2030f, %)

	India		China		Türkiye		UAE		Saudi Arabia	
	Share of total TR and DF sales[2]	Conservative CAGR estimate 2024–2030f[3]	Share of total TR and DF sales[2]	CAGR 2024–2030f	Share of total TR and DF sales[2]	CAGR 2024–2030f	Share of total TR and DF sales[2]	CAGR 2024–2030f	Share of total TR and DF sales[2]	CAGR 2024–2030f
Watches, jewelry, and fine writing	2%	4.9%	7%	2.1%	5%	1.7%	16%	1.5%	18%	2.8%
Fashion and accessories	4%	6.1%	15%	2.9%	7%	2.7%	7%	2.3%	12%	3.2%
Fragrances and cosmetics	16%	6.0%	61%	2.8%	18%	2.7%	21%	2.7%	29%	3.6%
Wine and spirits	58%	7.8%	5%	6.3%	19%	3.8%	17%	4.1%	1%	n.a.
Tobacco goods	5%	7.7%	7%	6.9%	36%	4.2%	14%	4.4%	9%	5.3%
Confectionery and fine food	10%	7.4%	1%	6.7%	11%	3.8%	9%	3.8%	13%	4.8%
Electronics, gifts, and other	5%	6.1%	5%	4.8%	5%	2.8%	15%	2.5%	18%	3.4%

Note: TR is travel retail, DF is duty free.

[1] Based on 2024.
[2] TR market value covers duty-free and duty-paid, but excludes food and beverages and convenience and press stores.
[3] CAGR estimates 2024-2030 are based on conservative TR market value view.

Sources: Generation Research, Kearney analysis

- **Fragrance and cosmetics.** In this category, China is the clear leader, with these purchases making up 61 percent of total revenues. However, as we established, this is a significant growth category for India. International brands including Burberry, Gucci, Davidoff, Calvin Klein, and Bvlgari dominate in fragrance, due to Indian consumers' tendency to discover and buy perfumes at duty free. This makes it a critical channel for exposure and growth in this category. Likewise, Indians have a strong affinity for global makeup brands such as Coty, Clinique, Estée Lauder, Lancôme, Kylie Cosmetics, and MAC, especially those whose portfolios are tailored to local needs and preferences. Skincare also remains an important sub-category, with offerings adapted to align closely with local market dynamics, and seamless brand experiences the norm across both duty-free and domestic retail channels.[71]

- **Confectionery and fine food** sales are heavily linked to gifting and family sharing, which we know are key motivators for Indian travel retail consumers. Top brands for the Indian market include Cadbury, Toblerone, Lindt, Godiva, and Milka, as well as local favorites such as Haldiram's and Smoor.

- **Fashion and accessories** are building from a small base, but this segment is evolving with the arrival of mid-luxury standalone stores and shopping mall brands on the terminal floor. Notable names in this respect include Coach, Hugo Boss, Montblanc, Lacoste, and Da Milano.

- In **tobacco goods**, global brands like Camel, Winston, Marlboro, and Davidoff mingle with Indian counterparts including India Kings and Gold Flake. Some international tobacco products are only available in duty-free outlets, as they haven't yet reached the local market, while brands such as IQOS or Ploom are completely absent due to India's ban on all forms of electronic cigarettes.[72]

- **Watches, jewelry, and fine writing instruments.** Here, high-end brands such as Montblanc, Omega, Tissot, and Tag Heuer feature heavily. While they represent a relatively small share of travel retail revenues today, this could change in the near future as jewelry and watches are Indian consumers' favorite luxury purchases.

- **Electronics, gifts, and other** remains a relatively niche category, but there is a level of regional variation here. For instance, 8 percent of Delhi IGI airport's revenue is driven by electronics, compared to just 2 percent in Mumbai CSMI and less than 1 percent in Bengaluru and Chennai. However, terminal 2 at Cochin stands out by drawing 9 percent of its revenues from this category, suggesting that there could be an opportunity to push upscale gifting in airports outside India's major metropolitan cities, or those with a strong link to other tourist destinations. After all, is there anyone who's never forgotten to pack their earbuds or phone charger?

Picking up the scent of new potential in fragrance

While across India as a whole there's room for fragrance and cosmetics to grow, a more detailed look at the airport level uncovers some interesting patterns. For example, Delhi IGI actually over indexes on this category, which accounts for 18 percent of its total lineup, hinting at the possibility of similar potential elsewhere. Mumbai CSMI and Bengaluru are also demonstrating promise here, although they are slightly behind Delhi IGI at 14 percent and 15 percent, respectively, while Chennai and Kolkata are sitting at just 10 percent. This goes to show that if the setup is right, demand will follow.[73]

[71] National Tobacco Control, 2019
[72] Expert interview
[73] Generation Research, 2024

Terminal trends

Last but not least, for brands considering how and where they should play on the Indian travel retail scene, as well as the differences across airport tiers that we discussed in chapter 1, Understanding the opportunity, there's a pronounced distinction between international and domestic terminals, both of which are influenced by spending behavior.[74]

International terminals are predominantly characterized by coveted international names such as Swarovski, Hugo Boss, MAC, Mont Blanc, and Lacoste, along with high-end Indian brands like Forest Essentials and Fabindia. These are designed specifically to appeal to affluent, globally minded travelers who are more likely to indulge in premium-grade purchases, particularly at departures, where discretionary spending is typically higher.

In contrast, domestic terminals tend to emphasize mass-to-premium Indian brands, including Biba, Renée, Manyavar, and Go Colors, reflecting the broader demographic profile of domestic passengers who, as we know, still dominate air travel in India. Considerations for brand selection and positioning should include the fact that average spending per passenger is lower than at international terminals, reflecting more practical shopping habits and behavior.[75]

Despite these differences, the importance of maintaining a consistent brand identity and product range across both duty-free and duty-paid environments has been proven. While arrivals spending is typically higher and subject to a greater degree of planning, and purchases at departures are more inclined toward a wider category mix and assortment, creating a cohesive consumer experience across the end-to-end journey helps brands capture revenue opportunities and deepen consumer loyalty through personalized interactions that enhance their overall satisfaction. This is an important topic that we'll explore further in chapter three.

Brands that are able to deliver on all these fronts stand to make the most waves as India's travel retail market opens up further.

Unpacking the Indian travel retail consumer: young, curious, value-driven—and ready to spend

Infrastructure upgrades and ecosystem players are laying the foundations for rapid growth in India's travel retail market. However, as we referenced at the beginning of this report, there's another—arguably more important—influence at play: the evolution of its consumer base. Our research shows that Indian travelers stand out in relation to who they are, how they shop, what they value—and what switches them off.

Who are travel retail players catering to today?

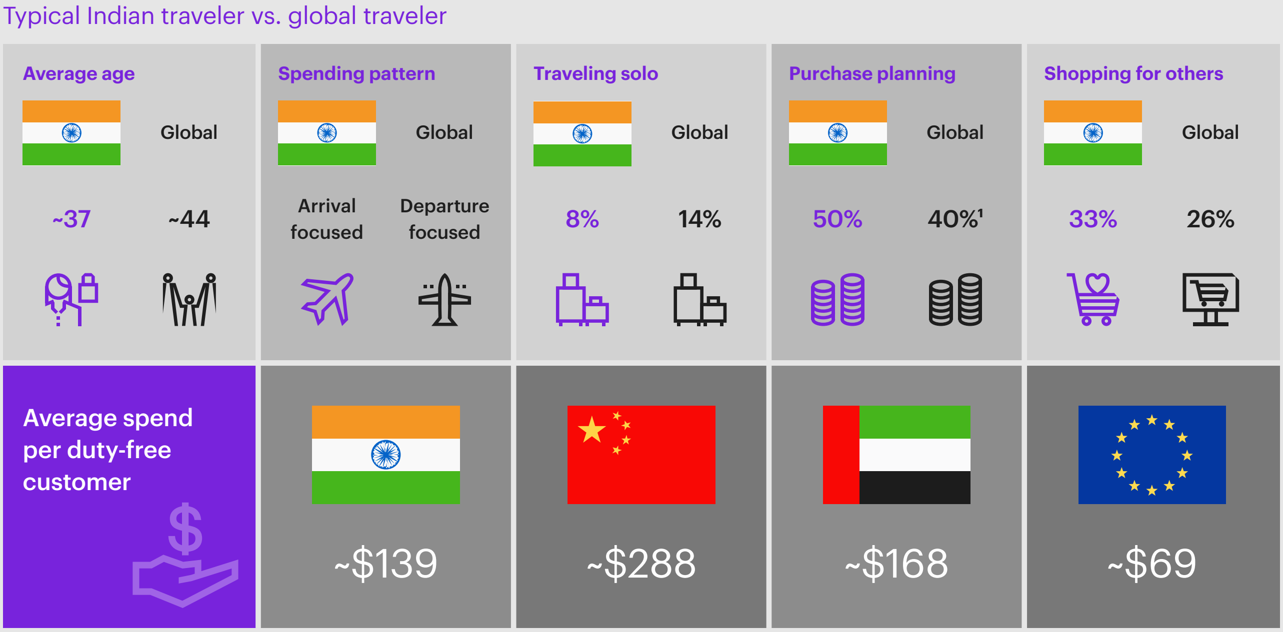
Several factors distinguish Indian travelers from those in other countries, as we lay out in figure 9 on page 25.

Let's start with the demographics. The first thing that jumps out here is an age gap: compared to the global traveler profile, Indians are young, at 37 years of age vs. 44 years of age on average. But there's more to this when we dig beneath the surface. In contrast to Europe and North America, where the traveler base is aging, Millennials and Gen Z account for more than two-thirds of international travelers in India, at 46 percent and 23 percent, respectively. What's more, with 60 percent of the population aged under 40 and more Gen Z travelers lined up to enter the travel ecosystem, India will soon prove to be a dominant force in global travel.[76]

In terms of socioeconomic status, air travel in India is still dominated by the middle and upper classes. Travelers tend to be highly educated, with 57 percent holding a master's degree or higher. They are also frequent flyers: almost 60 percent took more than 4.5 international trips in the past year, which means they are quite used to the glossy contours and refined aesthetic of the global travel retail experience. Here, we can also see a new travel retail generation in waiting. While Gen Z consumers fly less frequently than their older counterparts, they are just beginning to emerge as international shoppers.[77]

[74] Generation Research, 2024
[75] Expert interview
[76] DFNI India Report, 2025
[77] M1ndset, 2025

Figure 9
How Indian travel retail consumers compare to those from other countries



Sources: Kearney Survey 2024, m1ndset, Pi insights, DFNI magazine 2024

Peeling back the layers on Indian travel patterns, we can see that consumers are less inclined to travel alone. Only 8 percent of Indian travelers fly solo, compared to 14 percent globally.[78] With family, friends, and partners in attendance, this makes shopping more of a social occasion and gives travel retail operators and brands the opportunity to create shared experiences. As for the "Are you traveling for business or leisure?" question, the majority of trips in India are for personal or recreational reasons, rather than for work. That said, this differs for some regions and airports. Bengaluru, for example, which is a core tech hub for India and is often referred to as the country's "Silicon Valley," is well served by busy Indian and international commuters.[79]

As for shopping habits, time (or rather, timing) is of the essence in India. As referenced on page 17, a unique behavioral trait in India is that most purchases happen on arrival, a distinct contrast with other markets, where departure shopping is the norm.[80] It's a habit partly driven by the fact that around 50 percent of Indian travelers plan their airport purchases ahead of time, and one that has made arrivals a high-performing travel retail zone. But as we discussed on page 17, departures are catching up, thanks to campaigns such as Ospree Duty Free's Project Departures, which doubled its departure sales in a year.

[78] Pi Insight in DFNonline, Mar/Apr 2025
[79] M1ndset, 2025
[80] Moodie Davitt Report, 2024

The Indian traveler is somewhere in the middle of the pack when it comes to how much they splash out on their travels. With average spend per duty-free consumer sitting at around $139, this makes India a significantly more lucrative travel retail opportunity than the European Union (EU), where it is $69. However, it still lags the UAE ($168) and has some way to go to catch up with China, which has the highest average spend of $288. As for who benefits, we have observed that gifting is a major driver across all age groups. One in three (33 percent) Indian travelers shop not for themselves but for others—ahead of the global average of 26 percent.[81] Cultural celebrations like Diwali and Holi amplify this behavior, with travelers seeking out meaningful, personalized presents to bring home.

Time is precious—even when it's plentiful

Our report from the 2024 TFWA Asia Pacific Exhibition & Conference put dwell time under the microscope. This is the period spent at an airport before a passenger's flight departs and has emerged as an increasing challenge for travel retail across the region as a whole. Between 2018 and 2024, dwell time fell from 125 minutes to 104 minutes, and with the bulk of that (58 percent) spent on check-in, immigration, security checks, and boarding, travelers only have around 40 minutes of free time.[82]

But it's not exactly the same story in India. Many Indian travelers arrive early, and the average time spent after they get through security ranges from 90 to 150 minutes. However, as we also established last year, retailers are not only competing with one another for passengers' attention, but with food and beverage concessions, entertainment, and even travelers' own connected devices.

Indian travelers spend an average of 25 minutes in duty free, which is slightly below the average across APAC, but still a considerable interval. Meanwhile, check-in and security processes are becoming smoother, particularly in larger, more modern airports such as Delhi IGI and Mumbai CSMI, as advances in technology like the face-recognition app Digi Yatra enable airports to streamline the experience. This could sound like good news for retailers and brands, as simple arithmetic would suggest that there's now more time for airport shopping. But the actual outcome is that travelers now need to build in less of a buffer, leading dwell times to shrink further. This makes enticing consumers in and speaking to their tastes and travel priorities even more important.

What's most important to Indian travelers?

Figure 10 on page 27 shows what drives Indian duty-free shoppers. Three themes stand out:

1. Value: duty-free retail is expected to bring savings

At their core, Indian travel retail consumers are interested in competitive pricing and value. For example, we can see that they are well ahead of both other travelers across APAC and the global average when it comes to price sensitivity. We already know that around half of Indian travelers plan what they'll be buying upfront, and most expect better prices than what they would get at home—although as we discovered in a previous study, the perception that travel retail offers more value isn't as strong as it used to be. Still, comparing prices between airports is a common occurrence, and money-off promotions, bundled offers, and obvious savings all help those crucial conversion rates.[83,84,85,86]

[81] Pi Insight, 2023 in DFNonline, Mar/Apr 2025
[82] Kearney Travel Retail study 2024
[83] DFNonline, Mar/Apr 2025
[84] DFNonline, Mar/Apr 2025
[85] Flemingo TR CEO, DFNI, 2020 and 2024
[86] Pi Insight, 2023 in DFNonline, Mar/Apr 2025

2. Differentiation: switched-on shoppers are looking beyond the bargain bucket

But there's more on their minds than discounts: as figure 10 illustrates, Indian travel retail consumers are catching up to their counterparts in other APAC countries in regard to their interest in products that look the part, along with well-known brands and exclusives. In addition, younger travelers—especially Millennials and Gen Z—are open to premium offerings if they have that standout feel. Three in four (around 75 percent) are willing to try new brands and are drawn to travel-exclusive items, well-designed packaging, and branded storytelling. These generations are also all over new trends and product categories, thanks to TikTok and other social media channels. All of which means that while retailers have an opportunity to diversify sales, they must offer relevance, uniqueness, and experience—as well as price—if they're to be considered good value.

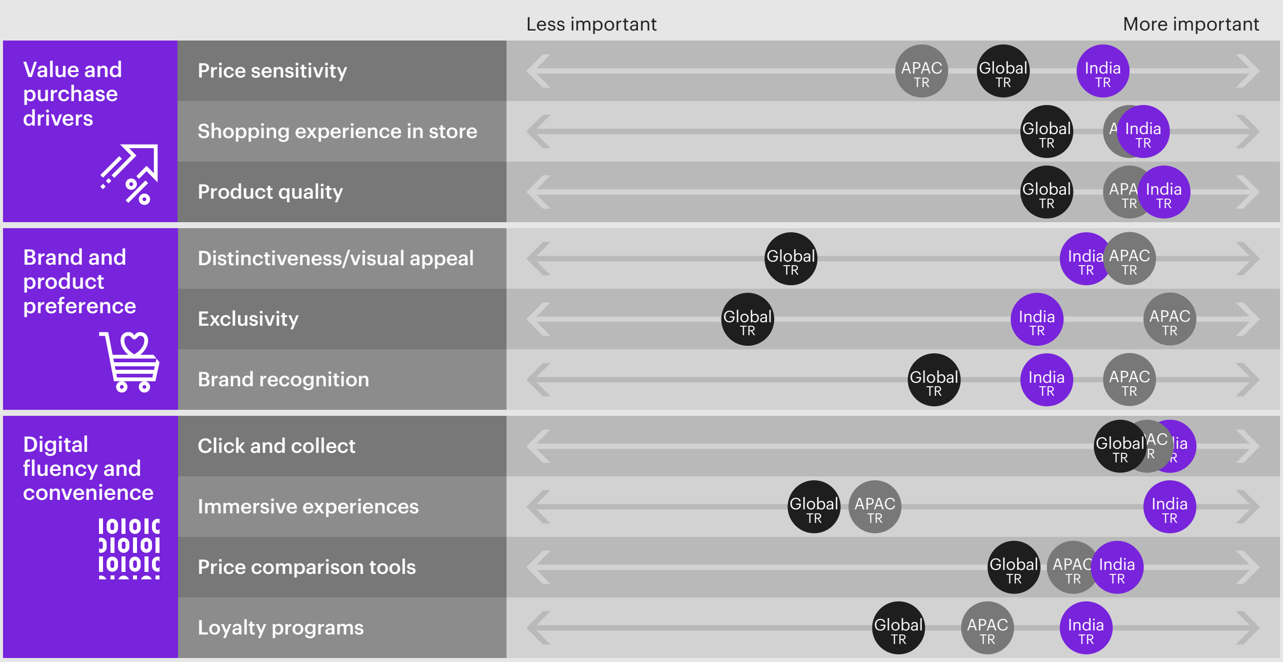
3. Digital—but with the human touch

Indian travel retail consumers are digitally plugged in—and they bring these habits into the airport. This is highlighted in figure 10, which shows that Indian travelers are more likely to prize digital channels like click and collect and online price comparison tools than their peers in the APAC and global markets. They also have more of a preference for mobile payments and interactive shopping experiences such as virtual try-ons. Interestingly, they place greater value on these immersive elements (such as virtual reality environments and 360-degree product tours) than on self-checkout terminals, which distinguishes them from the general trend across APAC. They even prefer digital signage and digital loyalty programs: 76 percent of survey respondents said they would be more likely to visit a duty-free store if it had such a scheme—far higher than the global average of 55 percent. For brands and operators, it's a great chance to keep travelers coming back with personalized rewards and ongoing engagement.

And yet, the human touch still matters. Around 80 percent of Indian consumers say that interacting with retailer and brand representatives influences their purchase decisions—again, well above the global average. This presents a high-tech, high-touch duality that is key for retailers to get right.

Figure 10

Indian travelers prize value, differentiation, and immersive digital experiences



Note: TR is travel retail.

Sources: m1ndset 2024, Kearney consumer survey from June 2024 n = 986

Getting past the pain points

With duty-free shoppers that are younger, more deliberate in their choices, and increasingly brand conscious, this creates a compelling but complex environment for brands. Targeted offers, immersive experiences, and better design will all help. But it's not all consumer delight on the travel retail floor.

Common friction points include the age-old air travel problem of just how much you can carry. Extra packages are therefore a strong deterrent, especially bulky items such as boxed liquor and beauty sets and family-sized confectionery items, or fragile goods such as electronics and luxury pens. Unavailable stock is another sticking point, especially in confectionery, along with items that carry a higher-than-expected price tag.

To win with the Indian traveler, brands need to strike a balance between meeting their rising aspirations and smoothing out any pain points that stop them from spending or feeling that they've had full value from the experience.

To win with the Indian traveler, brands need to strike a balance between meeting their rising aspirations and smoothing out any pain points.

Stuck in a holding pattern: what's stalling India's travel retail ambitions

Despite the size of the travel retail opportunity in India and its intent to become a leading force in the global market, it's a mission that comes with its own challenges. Structural bottlenecks remain a problem and have spun a web of operational, regulatory, and commercial constraints. These will hinder progress and prove to be difficult hurdles for brands and retailers if left unchecked. There are four main types of trouble spot to bear in mind.

Bureaucracy and regulatory bugbears

For brands and retailers looking to enter or expand their presence in India's travel retail market, the route to market remains highly fragmented and operationally complex, thanks to ongoing struggles with inconsistent regulatory frameworks and varying airport operator requirements.

Getting access to the market is a problem in its own right. Foreign retailers and operators such as Avolta and Lagardère are constrained by restrictions on foreign direct investment (FDI) and murky airport bidding processes, while getting a foot in the door is frequently only possible via joint ventures with Indian partners. For brands, there are also substantial barriers to entry. For example, product registration is often a lengthy endeavor, especially in beauty and cosmetics, thanks to complex regulatory requirements, multiple separate governing bodies, detailed documentation processes, local labeling laws, and FDI intricacies, while electronics firms face strict compliance regulations.[87,88,89]

[87] India FSSAI Labeling Guidelines
[88] BIS Compliance for Electronics
[89] Bureau of Indian Standards

Time to market is also an issue. Setting up retail operations can take between three and five months and is an often-complex effort that requires firms to obtain an assortment of licenses and certifications. National rollout plans are also a challenge due to disparities across various jurisdictions with regard to import duties, criteria around which product variants are eligible, and compliance obligations, which all further complicate an already blurry picture.[90]

Once they're in, brands and retailers find that they're part of a highly dynamic market, where unpredictable change is the norm. This is due to the fact that regulatory oversight is uneven and, with the travel retail market still maturing, is still taking shape from a policy perspective. This has previously led to some sudden shifts with little time for ecosystem players to react, with changes to user development fees (UDFs) and mandatory local currency pricing just a couple of cases in point.[91,92]

State-level differences only add to these already rigorous demands, creating an extra layer of challenge for travel retail operators trying to get a toehold in the Indian market.[93]

This patchwork of requirements and restrictions contrasts sharply with the open, streamlined licensing frameworks seen in other global travel centers such as Singapore and Dubai, making it harder for operators to grow or operate efficiently in the Indian market.[94,95] So, while the Indian government's push for regional airport expansion under the UDAN scheme suggests long-term opportunity and industry partners are keen to move things forward, the pace has yet to pick up. Clarity and consistency in the regulatory environment will be critical if India is to attract more global players, boost domestic participation, and unlock the sector's full potential.

Low duty-free allowances, high taxes, and rising internal competition

In addition to regulatory hurdles and cumbersome bureaucracy, duty-free retail in India is further hampered by a one-two punch of relatively low shopping allowances and heavy taxation. On arrival, travelers are limited to bringing in goods worth INR 50,000 (around $600), two liters of alcohol, and 100 cigarettes or the equivalent. These thresholds have been the same since 2016, despite the fact that both international travel and disposable income have seen a sharp uptick in the interim.[96,97]

A glance at duty-free allowances in other countries makes this distinction clear. Starting with the United States, passengers here are allowed to bring in up to $800 in goods, one liter of alcohol, and 200 cigarettes, while limits in the UAE are similarly high at AED 3,000 ($820) in gifts, four liters of alcohol or two cartons of beer, and 400 cigarettes or the equivalent.[98]

As for China, today it is on roughly level pegging with India by allowing RMB 5,000 (which equates to approximately $690) of goods, up to 1.5 liters of alcohol and 400 cigarettes or the equivalent. However, the introduction of a vast offshore duty-free zone on Hainan Island has changed the Chinese government's stance and policies are being eased to attract more global shoppers and stimulate spending. To put this in perspective, residents entering from Macau and Hong Kong can now bring goods worth RMB 15,000 (around $2,100) home with them.

[90] Expert interview
[91] Moodie Davitt Report, 2017
[92] Economic Times, 2025
[93] Expert interview
[94] Charles Russel Speechlys, 2025
[95] Expert interview
[96] Delhi Duty Free, 2025
[97] Moodie Davitt Report, 2020
[98] Dubai Duty Free, 2025

Adding to these imbalances, if travelers within India go over the duty-free allowance, they face a punishing excess goods customs duty of more than 36 percent.[99,100] The penalties are even higher in selected categories. For example, there is a 100 percent import duty on most spirits (with bourbon the exception at 50 percent), which means that pricing is prohibitively high on these products outside the duty-free zone. Combined, these levies make airport retail a less attractive proposition for both international and domestic passengers.

This isn't the only concern for duty-free operators: as international brands pop up in India's shopping malls and e-commerce environment, making domestic retail increasingly competitive, the price advantage they were traditionally able to offer is being eroded.

If India wants to give consumers access to an international-grade experience, lend duty-free shopping more of a shine and, ultimately, put itself on the same growth trajectory experienced previously by countries like the UAE and China, authorities might have to consider establishing a more liberal, strategically structured duty-free environment.

Lagging infrastructure, steep costs, and other commercial pressures

Although India's aviation sector and airport infrastructure are undergoing a remarkable transformation, bringing many terminals up to the standards expected by international travelers, the same can't always be said for the country's broader transport and logistics network. Despite years of investment, the logistics sector is straining under the load of rapid expansion. Poor road quality, combined with an overreliance on road transport (which still accounts for more than 60 percent of freight movement), congested seaports, and limited rail connectivity are all causing delays and inefficiencies in last-mile delivery.[101] The result is more expense and reduced availability—two factors that weigh heavily on brands and retailers operating in a highly seasonal, demand-sensitive market. Adding to this already heavy baggage, rail and port haulage rates are high, sending direct logistics costs sky high.[102]

Operating costs at Indian airports rank among the highest in retail.[103] To meet travelers' thirst for choice, retailers must carry large inventories—demanding more space and driving up rental costs. But when rents outpace revenue or return on investment, the balance quickly tilts. Annual price hikes only add to the pressure, pushing up overheads and squeezing margins if revenues don't keep pace.[104]

These pressures are amplified by legacy agreements that continue to create challenging economics. At tier 1 airports, revenue-sharing models require airport operators to hand over a sizeable chunk of their total revenue (aero- and non-aero) to the AAI (for instance, 46 percent at Delhi IGI and 39 percent at Mumbai CSMI I).[105] These costs trickle down the chain—meaning retailers and brands have to work even harder to achieve the sales volume needed for a healthy return.

Elsewhere, while newer airport privatization deals have moved toward a per-passenger fee structure—bringing India closer to global standards—concession rights are still awarded to the highest bidder. Add to that the bundling of high-traffic airports with less profitable ones, and operators could still be forced to pass the cost burden onto retail partners and brands to stay commercially viable themselves.[106,107]

Finally, as we noted earlier, rolling out a nationwide travel retail concern in India means dealing with a long list of partners. From domestic firms such as GMR and Adani to international joint ventures and the AAI, each airport requires firms to set up separate deals and relationships. For retailers, that means high costs and intricate contractual arrangements.

At the heart of the pressure is the minimum annual guarantee (MAG) model: fixed financial commitments tied to passenger numbers rather than actual sales. These guarantees drive up fixed costs, limit flexibility, and make it harder to take creative and commercial risks such as experimenting with new formats or working with smaller brands—especially in a fluctuating market. Many in the industry see MAGs as outdated, unreasonably expensive, and out of step with today's dynamic retail environment.[108]

[100] Expert interviews
[101] RSM Global, 2025
[102] RSM Global, 2025
[103] Moodie Davitt, DFNI
[104] Moodie Davitt Report, 2023
[105] Government of India Ministry of Civil Aviation, 2021
[106] Business Standard, 2020
[107] Bloomberg, 2025
[108] Government of India Ministry of Civil Aviation, 2021

2. Five frontiers for the next phase of growth

Buoyed by a growing travel industry, both domestically and internationally, India's travel retail market is poised for substantial expansion. Now is the time for industry players to identify the best ways to capture emerging opportunities and prepare for an expanded consumer base that is eager to shop.

Five major growth frontiers will define the next phase of development—each presenting unique opportunities and requiring distinct capabilities from those seeking to unlock their full potential.

— Capitalize on increasing airport privatization.

— Grow departure shopping and maximize arrivals shopping.

— Drive conversion rates across diverse consumer segments.

— Make the market for international brands through travel retail.

— Embrace the full potential of domestic duty-paid travel retail.

The relative impact and timing for each differs, and not every frontier will hold equal relevance for all (see figure 11 on page 32). Some are already gaining momentum, while others will take longer to materialize as infrastructure, investment, and consumer behavior evolve. But players who act early and decisively today will gain first-mover advantages tomorrow.

The power of collaboration cuts across all five of these frontiers: the combined efforts of airport operators, retailers, international brands, carriers, and media can accelerate the progress of Indian travel retail in a way that, alone, no single player could achieve.

Now is the time for industry players to identify the best ways to capture emerging opportunities and prepare for an expanded consumer base.

Figure 11
Five growth frontiers for Indian travel retail

	Frontier #1	Frontier #2	Frontier #3	Frontier #4	Frontier #5
	Capitalize on increasing airport privatization	Grow departure shopping and maximize arrivals shopping	Drive conversion rates across diverse consumer segments	Make the market for international brands through travel retail	Embrace the full potential through domestic duty paid
Value potential	High	Medium	High	Medium	High
Time until takeoff	Short	Mid	Short	Mid	Long
Most relevant for	Airport, Retailer, Brand	Airport, Retailer, Brand	Retailer, Brand	Brand	Retailer, Brand

Source: Kearney analysis

Frontier #1: Capitalize on the privatization push

The majority of India's 159 operational airports are under the control of the state-owned AAI, with only 21 currently managed through joint ventures or public–private partnerships (PPPs). But the government's plan to privatize 11 additional airports by the end of FY 2025–2026 is a key driver of anticipated travel retail growth. Collectively, these airports handle roughly 17 million passengers annually, split approximately between 15 percent international traffic and 85 percent domestic.

To accelerate infrastructure development, the government is using a bundling strategy—pairing larger, more profitable airports with smaller regional ones. For example, Biju Patnaik International Airport in Bhubaneswar (serving more than 5 million passengers annually) has been bundled with Hubballi and Dharwad's much smaller Hubli Airport (fewer than 0.5 million passengers).[109] (See figure 12 on page 33 for an overview of all airport bundles in India's upcoming privatization wave.)

India has six tier 1 airports, two of which remain under government control: Chennai International Airport (MAA) and Netaji Subhas Chandra Bose International Airport (CCU) in Kolkata. Together, these airports serve 41 million passengers annually. While no formal plans have been announced, Chennai was previously mentioned as a candidate for privatization—though this has recently been denied by government officials—and similar suppositions have materialized around Netaji Subhas Chandra Bose.

[109] Bloomberg, 2025

Figure 12
Airport bundles for privatization

Bundle	City	Tier	Total # PAX in million	Split domestic vs. international traffic: International	Domestic
1	Varanasi	Tier 3	2.91	4%	96%
	Gaya	Tier 3	0.31	32%	68%
	Kushinagar	Tier 3	0.02	0%	100%
	Total		**3.24**	**7%**	**93%**
2	Bhubaneswar	Tier 2	4.48	1%	99%
	Hubli	Tier 3	0.37	0%	100%
	Total		**4.85**	**1%**	**99%**
3	Amritsar	Tier 3	2.95	31%	69%
	Gaggal	Tier 3	0.19	0%	100%
	Total		**3.14**	**29%**	**71%**
4	Raipur	Tier 3	2.42	0%	100%
	Aurangabad	Tier 3	0.60	1%	99%
	Total		**3.03**	**0%**	**100%**
5	Tiruchirapalli	Tier 2	1.70	76%	24%
	Tirupati	Tier 3	0.88	0%	100%
	Total		**2.57**	**50%**	**50%**

Tier 2 · Tier 3 · International · Domestic

Note: PAX is passengers.
Source: Kearney analysis

Greenfield airport projects offer investors an opportunity to enter the market beyond privatizations. For instance, Zurich Airport International is investing $790 million to develop Noida International Airport in Uttar Pradesh close to Delhi, under a 40-year concession. The airport will have an initial capacity of 12 million passengers annually; plans call for that number to expand to more than 70 million.[110]

The impact of airport privatization on duty-free sales is both clear and substantial, as reflected in travel retail conversion rates—the percentage of international passengers who make purchases in duty free. As noted earlier, India's national average duty-free conversion rate hovers around 5 percent. However, privatized airports with well-developed commercial zones, such as Delhi and Mumbai, report significantly higher rates of 8 to 10 percent. When comparing public versus private airports, the contrast becomes even starker. Privatized airports consistently outperform their public counterparts, achieving more than double the conversion rate. At public Indian airports, estimated average conversions are as little as 1 percent of total passengers. This illuminates two crucial points: the commercial retail advantages that privatization offers; and the role of high-quality, experience-led duty-free environments in driving customer engagement and sales. Well-designed retail zones—featuring curated brand portfolios, strategic store layouts, and enhanced shopper experiences—translate directly into higher conversion and revenue. In frontiers #2 and #3, we explore how aligning travel retail strategies with traveler behavior and consumer segmentation can further elevate performance and unlock untapped value.

[110] Zurich Airport

Several privatized airports are already creating strong brand portfolios, and many are expected to leapfrog in quality over the next one to two years, particularly as infrastructure investment takes shape and consumer spending power increases.

For retail players, this rapid progress creates openings for strategic partnerships—either directly with airport operators or through specialized airport retail firms—to gain a lasting foothold in one of the world's fastest-growing aviation markets. However, it must be noted that opportunities are limited. Many of the most attractive airports are already tied up in long-term contracts. This means timing is crucial, and close monitoring and swift action will be key to securing a long-term seat at the table.

Frontier #2: Grow departures, maximize arrivals

India's travel retail market is characterized by distinct consumer behaviors that present significant growth opportunities. For instance, Ospree Duty Free inside Mumbai CSMI airport has historically reported that 75 percent of its sales come from arriving passengers.[111] The marketplace at Delhi Duty Free is similar: more than half of its transactions occur upon passengers' arrival.[112] This pattern suggests that Indian travelers approach travel retail with transactional, preplanned intent, viewing it as a channel for replenishment rather than one for spontaneous discovery.

Transforming underperforming duty-free shopping on the departures side requires modifying traveler behavior to a more exploratory retail experience. This entails leveraging data-driven insights to understand consumer preferences, reimagining store layouts, and introducing engaging, experiential retail formats, which is difficult because many retail operators lack deep consumer insight capabilities, limiting their ability to drive this change effectively. However, targeted interventions have shown promising results. For example, Ospree Duty Free successfully increased its departure stores' sales by 33 percent, three times the passenger growth rate, using strategic initiatives such as the "Speed Breakers" campaign, which engaged travelers with live entertainment, personalized services, and immersive experiences strategically placed to capture their attention and encourage purchases.[113]

"A large share of travelers don't enter retail, and among those who do, many don't make a purchase. The biggest opportunity lies in departures, where longer dwell times encourage exploration."

Ashish Chopra, CEO, Delhi Duty Free

While arrivals shopping currently dominates sales, there is still significant potential to optimize the shopper journey and unlock further growth by tailoring offerings to the unique needs of arriving Indian consumers. Key initiatives include strategic product placement at terminal exits, targeted messaging and promotions for returning travelers, and integrated e-commerce platforms to support pre-ordering and seamless pickup.

The solution for realizing the full potential of India's travel retail sector is cross-industry collaboration. Airport operators, travel retailers, brands, and airlines must work together to build a nuanced understanding of traveler behavior, design seamless omnichannel experiences, and execute tailored engagement strategies.

The final chapter of this study explores how stakeholders can align their efforts to fully capitalize on India's evolving travel retail opportunity.

"To drive meaningful growth, Indian travel retail needs deeper collaboration among airports, retailers, and brands, built on longer-term commercial agreements."

Vipin Palliyath, GM India, Middle East & Africa Global Travel Retail, Pernod Ricard

[111] Article TR Business, 2024
[112] Delhi Duty Free
[113] Article TR Business, 2024

Frontier #3: Drive conversions

Travelers in India are as diverse as the country itself, as are the methods for converting them into travel retail shoppers. At roughly 5 percent, India's travel retail conversion rate remains at the lower end of the global average (5 to 10 percent), significantly behind leading destinations such as Istanbul (25 percent) and mature markets such as Dubai and Singapore (15 to 18 percent). Additionally, India's footfall rate (38 percent) also falls short of the global average (42 percent). Closing this gap would deliver significant growth potential for players in the industry.

"India is incredibly diverse—a continent within a continent—which is reflected in the diversity of consumer needs."

Ashish Chopra, CEO, Delhi Duty Free

With the caveat that these numbers present a generalist view of "the Indian duty-free consumer"—in reality, no such archetype exists—shoppers at major Indian airports report a decreasing value on price (19 percent) and promotions (15 percent). On the other hand, around 30 percent are impressed by the wider choice, better service, and convenience found at duty free vs. the traditional domestic channel or online shopping. This provides great opportunities for travel retail to be a relevant and profitable business.[114]

Identifying demand spaces and truly understanding traveler needs is key to dialing up conversion rates in India. Five relevant shopper personas are emerging, and they need further exploration for brands, retailers, and operators to effectively cater to their needs and tap into the potential of a diverse captive consumer base.

1. Curious experiential shoppers. The first group of shoppers favors experience and self-indulgence, with a partial planned approach to duty-free shopping while leveraging technology before or during the shopping spree. These travelers tend to be curious and open to discovering new products and are well informed on product innovation. They are early adopters of new trends and value superior experiences in the duty-free space. Interestingly, the growing Gen Z population makes up a large portion of this group—half of them tending to partially preplan their purchases and one-third of them wanting to treat themselves. These shoppers also appreciate the convenience and wide choice of products available at the duty free (both are ranked highest by this group for choosing duty free vs. online or domestic—convenience rating 36 percent, with choice at 31 percent). In tier 1 airports, the average basket size of these shoppers grew by 10 percent between 2023 and 2024. To satisfy the needs of Gen Z consumers, it may be most relevant to propose select portfolios with new products in their preferred categories (fragrances and cosmetics, wine and spirits, and confectionery and fine goods), as well as offering meaningful interactive experiences.

2. Booming gifters. This group loves gifting and views it as a component of Indian culture and traveling. This holds true for outbound (who seek products that are either from India or that have a strong connection to India, providing a proud sense of place and heritage) and inbound (they tend to value exclusivity and established global brands, as well as products that represent their international travel) travelers. Both inbound and outbound consumers are boosted by attractive duty-free prices and exclusive offers. While gifting is prevalent among all Indian consumers, the Boomer generation is twice as likely to purchase for gifting purposes as Gen Z (30 percent of Boomers vs. 14 percent of Gen Z). Boomer shoppers also appreciate the duty-free area for its wide choice range, better service, and lower prices. They prefer to purchase confectionery and alcohol products and are highly influenced by sales staff (88 percent agree). Expanding gift options in the confectionery and fine goods and wine and spirits categories to target Boomers during their duty-free shopping, complemented by stellar service, upselling, and cross-selling, is key.

[114] Kearney research, 2024

3. Affluent international connectors. Avid travelers, they have high expectations for convenience, assortment, and efficiency that require a step up for duty free, particularly in the rushed arrivals business. In addition, they are almost equally split between non-resident Indians and other international tourists. A significant group among the non-resident Indians are wealthy white-collar expats, commuting to the Gulf and economic hubs across APAC (for example, Singapore), as well as the United States and the United Kingdom. As airport infrastructure expands and more airports launch direct connections to India—plus the worldwide rise of regional travel (for instance, within APAC or the Gulf region)—the number of international tourists could rise. Despite their differences in demographics and travel purpose, these tourists and expats share certain purchasing patterns and characteristics: they tend to purchase local products for their own consumption as well as unique gifts and souvenirs with a local flair to bring a piece of India home with them.

4. Non-residential workers. In 2022, the World Bank reported more than 8.5 million Indians living and working across sectors in the Gulf economy. This group is highly concentrated in tier 2 and 3 international airports in the southern regions, and they are well connected to major Middle Eastern destinations such as Dubai, Abu Dhabi, and Doha. These consumers typically purchase more affordable gifts for their families, but given the high number of these travelers, they represent an attractive opportunity for arrivals business in smaller airports. Across Calicut, Tiruchirappalli, Kannur, and Mangalore, more than 5 million passengers were international travelers, a large share of whom were traveling for work.

5. First-time travelers. Those boarding a plane for the first time represent a substantial market waiting to be tapped. In 2023 alone, the Indian government issued more than 13.7 million new passports—nearly 40,000 each day.[115] As the Indian middle class rises to higher economic prosperity and air travel infrastructure continues to expand, boosted by ambitious government plans and significant private-sector investment, air travel is becoming more affordable and frequent. Increased connectivity with international destinations, the large Indian population living in various places around the globe, and a highly dispersed population within a country of India's size are all factors favoring the mainstream uptake of international and domestic air travel. With higher affluence, travelers also start younger. Capturing these travelers from their first exposure to airports could turn them into loyal consumers who value the experience, convenience, attractive value, and localized assortment in travel retail. The key to this is understanding them more deeply across their travel journeys, presenting them with attractive welcome offers and building lasting connections via loyalty programs.

[115] Ministry of External Affairs India, 2024

Frontier #4: Make the market for global brands

Some of the most prestigious Western luxury fashion brands are no stranger to India—not only do they rely on the country's craftsmanship for the delicate embroidery work and exquisite handcraft presented on catwalks around the world, they are also highly sought after by Indian consumers shopping abroad.[116] Despite this, the overall international luxury brand assortment across India, including travel retail, remains underwhelming in the eyes of most Indian consumers (with the exception of the strong performance of the wine and spirits category).

Several barriers—such as complex route-to-market structures, pricing pressures, and the demand for high short-term returns through minimum annual guarantees—have slowed progress and created a cautious environment. Only a handful of new prestige brands have entered the market since the 1990s, largely confined to metro luxury hubs such as Delhi and Mumbai, but meaningful expansion has stalled. Many brands have approached India tentatively, running limited pilots rather than making bold moves.

Moreover, many Indian consumers currently have a perception that the latest luxury products and innovations are not on their country's shelves. This correlates with Indian travelers favoring upscaled shopping experiences abroad (they are a highly sought after group, with targeted campaigns directed at them to increase spending in the Middle East, Europe, and APAC). Currently, there is a need to build trust and the right experience to unlock growth in India

Despite all this, our recent study, India: The next luxury hotspot?, found that India is on the cusp of becoming a crucial market for international luxury brands. India's luxury environment is becoming increasingly fertile as investment in airport infrastructure transforms the country's travel retail marketplace. This transformation is not confined to the most upscale metro areas; it's expanding across a wide range of other cities as well. New and upgraded international airports throughout the country are scaling up fast, with great potential for high-end retail experiences.

In this context, travel retail is no longer just a channel—it is becoming a destination in itself. Bengaluru's new terminal presents a pioneering blueprint with an end-to-end concept infused with local culture, while Delhi IGI airport's ambitious expansion includes building a full-fledged fashion and luxury destination within its airport ecosystem. City-side developments like Delhi Aerocity are now being replicated across all major private airports—Hyderabad RGI, Mumbai CSMI, Kochi's Cochin International (CI), and more—establishing thriving commercial ecosystems anchored around travel. These structural updates open an opportunity to showcase luxury in highly concentrated, high-traffic environments, bypassing some of the challenges that have traditionally restricted luxury expansion in India. Airport operators and retailers are already acting on the opportunity by exploring ways of amping up the presence of luxury brands. And they're willing to innovate and take risks to make it happen, for example by offering lower rents or a higher share of revenues to make sure everyone wins.[117]

At the same time, Indian consumers are more than ready for luxury. Across generations, they are becoming increasingly exposed, curious, and aligned with global luxury preferences. Whether they are young or seasoned travelers, they seek experiential and immersive shopping, especially at duty free, interacting with staff, discovering new products, and indulging in moments of self-reward. Their definition of luxury is evolving as well, influenced by travel, digital influence, and aspirational lifestyles. They are drawn to heritage, craftsmanship, and authenticity—core values embodied not only by local brands but also by many Western luxury brands.

[116] Business of Fashion, 2020
[117] Expert interviews, 2025

“[Successfully connecting with Indian consumers in travel retail] is about fostering connections, celebrating heritage and traditions, and creating memorable experiences in a meaningful way.”

Guilhem Souche, SVP Global Travel Retail, Coty

Plus, this demand is not limited to metro cities. The rising popularity of luxury shopping in Indian e-commerce—specifically in fashion and accessories, watches, and beauty—demonstrates widespread appetite and aligns with the affluence of the population in various locations. But quality retail infrastructure is sparse across many cities, which is where airports can play a vital role. With state-of-the-art terminals emerging across the country, travel retail offers a unique opportunity to consolidate access to India’s dispersed, affluent consumer base while delivering luxury experiences in environments that match or even reset global standards.

Luxury brands often cite a lack of scale or uncertainty in demand as reasons to delay entering India. But in reality, demand cannot grow without exposure. Indian consumers need the opportunity to see, touch, and experience international prestige brands within their own market—not just overseas. By holding back, luxury brands may unintentionally reinforce the current dynamic, in which consumers associate premium shopping with outbound travel.

The duty-free channel offers more than just sales. It provides a smart gateway for luxury brands to build presence, equity, and consumer preference in India. By using this platform to introduce exclusive launches and services, brands can mold consumer perception and build demand in a controlled, high-impact setting. And they can do this without waiting for domestic infrastructure or retail partnerships to catch up.

Brands must take the first step, seeding the market with engaging presence and aspirational value to create future demand. Those who wait risk ceding a highly valuable first-mover advantage to bolder competitors or to agile Indian brands already building consumer loyalty with speed and relevance.

"To drive meaningful growth, Indian travel retail needs deeper collaboration among airports, retailers, and brands."

Interview with Vipin Palliyath

GM India, Middle East & Africa Global Travel Retail, Pernod Ricard

India has emerged as a critical market for global travel retail. What makes it so significant?

India's significance in travel retail is anchored in the rapid expansion of its middle class, driving demand for premium travel-related experiences. Indian travelers, for example in the Gulf, are a dominant shopper group within spirits, accounting for more than half of category sales in key airports within the region. Their growing preference for ultra-premium spirits reflects a broader trend toward premiumization, influencing both travel retail and domestic consumption. This evolution creates significant commercial opportunities to innovate and capture higher value.

What changes are needed to elevate travel retail across Indian airports?

To elevate India's travel retail landscape, a strategic pivot expansion beyond established hubs like Mumbai and Delhi toward tier 2 airports is essential. These airports are building world-class infrastructure which now warrants investment in premium retail solutions. Accelerated retail development in these locations, particularly in underrepresented categories such as ultra-premium spirits, perfumes, cosmetics, and watches are crucial. Additionally, travel retail serves as an essential platform for international brands, enhancing their visibility and brand-building efforts in the Indian market. Proactive collaboration among airports, brands, and operators can address existing investment hesitations, transforming emerging airports into sophisticated retail destinations that cater to the growing aspirational Indian traveler.

What are key developments on the consumer side?

Consumers, especially younger shoppers such as Gen Z, are significantly reshaping travel retail. They're increasingly looking for unique, genuine, authentic experiences rather than traditional offerings. This generation appreciates brands that tell a story and offer something distinctive, particularly in segments like premium malts, new-age non-scotch spirits, and authentic Indian craft spirits. To truly resonate with these younger consumers, brands need practical and innovative approaches—embracing digital tools, creating engaging narratives, and delivering products that genuinely reflect their tastes and cultural identities.

What barriers need to be unblocked to accelerate growth in Indian travel retail?

To drive meaningful growth, Indian travel retail needs deeper collaboration among airports, retailers, and brands, built on longer-term commercial agreements. Practical sharing of consumer data and insights can greatly enhance understanding of traveler preferences and behaviors. Real-time, actionable insights across all touchpoints—digital engagement, airport experiences, and retail interactions—will help tailor offerings precisely to consumer expectations. Such a focused, cooperative effort can quickly turn insights into impactful consumer experiences, solidifying India's position as a leading market for travel retail globally.

Frontier #5: Get on board with domestic duty paid

India's domestic travel ecosystem is massive and growing: in 2024, domestic travelers made up 82 percent of India's total air passenger base, driven by a resilient and increasingly connected domestic aviation network. However, these numbers tell a different story when it comes to spend. While domestic air traffic generated $321 million in duty-paid travel retail revenue, international air travel—despite its much smaller volume—generated more than 4.4 times more revenue than duty-paid domestic travel retail at Indian airports in 2023.

This striking disparity shows both the untapped potential and the structural challenges within the domestic travel retail segment. International travel in India continues to be high effort, requiring updated passports, complex visa processes, and high ticket prices. Because of this, international journeys are often restricted to a wealthier, urban consumer base who are not only more able to travel, but also more inclined and financially equipped to spend in duty-free retail environments.

Meanwhile, domestic air travel is on a different path, far more accessible and long-term in its potential. India's vast geography and population dispersion create strong, structural demand for frequent domestic mobility. Add to that the country's significant investments in aviation infrastructure and a clear picture emerges: India is laying the groundwork for domestic air travel to become both more accessible and convenient.

New airports are being built and older ones revamped, connecting smaller cities and underserved regions to national air routes. Affordable carriers and better flight connectivity are lowering entry barriers for the emerging middle class. However, physical access alone is not enough to convert first-time fliers into active travel retail consumers.

A deeper challenge lies in the consumer mindset and travel experience itself. For many Indians, especially first-time travelers, it's important to understand any reasons they may have to be hesitant about flying, whether they involve safety concerns or simply being unfamiliar with rules and regulations. Replacing a multi-day train and bus journey with a flight that takes a few hours may sound obvious, but it doesn't always feel like a clear win when the process is stressful or alien.

That's why unlocking the domestic travel retail opportunity must follow a phased approach. The first step, already well under way, is building world-class infrastructure to support safe and efficient domestic travel. The second is helping passengers become comfortable with flying, through education, simplification, better passenger experience, and patience; comfort comes with routine and increased exposure. Navigating terminals, going through security, and managing identification and boarding processes gets easier with every flight.

Only then can the third step be addressed: turning the act of flying into a moment of exploration and enjoyment. Once the stress of the unknown fades, passengers have the headspace to browse, discover, and, ultimately, shop. This is where the opportunity begins to emerge, not just for convenience players and food and beverage (F&B), but eventually for more explorative categories such as personal care, beauty, or lifestyle gifting.

For international and premium brands, entering this space may not deliver high sales conversion in the short term, but it can be a valuable strategic move. Stripped of the price advantage vs. other domestic channels, brands and retailers need to find other ways to appeal to the consumer and create a sense of urgency to achieve conversion. Domestic airport terminals represent a branding and equity-building opportunity. Even with a 10 to 15 percent price disadvantage vs. duty-free shopping, brands can win over travelers with exclusive assortments, smart bundles, and localized offerings that cater to India's diversity in tastes, preferences, and price sensitivities.[118]

But the story doesn't end at the airports. Another frontier is quietly emerging: non-airport duty-paid travel retail, including train stations, metros, and intermodal transport nodes. While air passenger numbers are growing, India's train network still carries the vast majority of long-distance travelers—6.9 billion passengers in fiscal year 2024, 40 percent of which took non-suburban travel, at an average distance of 325 kilometers.[119] These consumers may not yet be shopping for international brands, but they represent enormous volume. Given the right retail offer, they could be reached meaningfully.

Retail experiences at older train stations remain far from indulgent. But with modernization efforts under way and new pilot projects at religious travel centers such as Katra and Tirupati, the vision is beginning to change. These pilgrimage centers attract a broad spectrum of travelers, many of whom are accustomed to making emotional and practical purchases on their journey.[120] Pilgrim-focused retail markets, developed around upgraded station experiences, offer a compelling testbed for targeted retail propositions that could combine convenience, cultural relevance, and emotional resonance.

India's domestic travel retail space is therefore not just a volume game. It requires patience. To capture it, brands must think beyond immediate ROI and lean into storytelling, localized design, and presence in the right moments of the passenger journey. Domestic airport terminals and—eventually—multimodal transport stations can set the stage for brands to build trust and resonance with India's next billion consumers.[121] Those who do will help define the new era of domestic travel retail in India.

Another frontier is quietly emerging: non-airport duty-paid travel retail, including train stations, metros, and intermodal transport nodes.

118 Expert interview
119 Indian Railways Yearbook 2023–24
120 Travel World from The Economic Times, 2023
121 Council of Architecture, Ministry of Education Government of India

3. Winning strategies for key pentarchy players

As travel retail in India quickly expands, the dynamic environment requires strong cooperation across five key players—in other words, a pentarchy partnership: governments/airports, carriers, retailers, digital and media partners, and brands (see figure 13 on page 41). Within each stakeholder group, local and international players must find strategic new ways of working together to reach consumers at every stage of the journey: before, during, and after travel.

Future growth enablers

In addition to these collaborations, each player will need to establish its own winning formula. For the purposes of this report, we are focusing on key strategic moves for those we see as being pivotal to India's future growth. This is the original travel retail trilogy of airports, retailers, and brands—with the addition of government to reflect its central role in both aviation infrastructure development and airport operations. See figure 14 on page 42 for an illustration of the major themes and selected examples for these critical groups.

Airport operators

Anticipate the near future

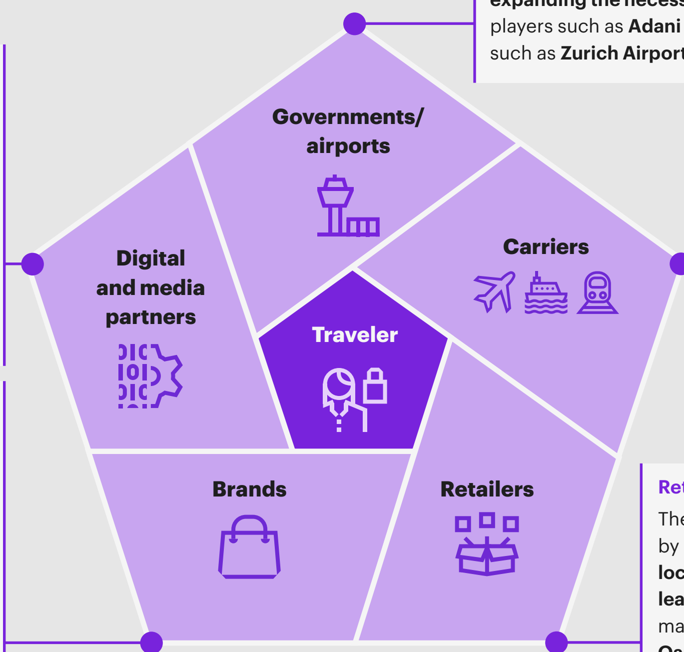
A future-looking lens, especially for tier 1 airports, allows operators to proactively react to market shifts, including expanding or modernizing infrastructure as the number of travelers grows. Having enough capacity to cope with future demand will be critical for travel retail growth, which means having the right supporting infrastructure to accommodate greater traveler flows, allow processes to run smoothly, and—crucially—leave passengers enough time to indulge in browsing and buying. Bengaluru International Airport, established as a greenfield in 2008, is one airport that got this right. Operators anticipated an air passenger surge and expanded terminal 2 (in partnership with Avolta) to accommodate four times more travelers and provide generous retail space that can house world-class luxury boutiques and experiential formats when the timing is right.

While infrastructure improvements are still in plan or under way, technology can act as a temporary stopgap. This includes apps and technology that can free up space for high-value retail outlets, or enable delivery-friendly food and beverage concessions that cut queuing time and free up storefronts. Another tactic is using tech to process passengers faster. Rajiv Gandhi International Airport (RGIA) in Hyderabad provides a good example of this: by switching up its technology tools, it was able to handle 20 million passengers temporarily, even though its actual capacity was 12 million.[122]

[122] Expert interviews, 2025

Figure 13

India's travel retail pentarchy



Governments/airports

This group is key to **shaping regulatory framework** and unlocking future growth, as well as **developing and expanding the necessary travel infrastructure**. Local players such as **Adani Group** or international investors such as **Zurich Airport** are operating in this space.

Digital and media partners

Media plays a vital role in augmenting the retail space with **engaging displays, campaigns, and assets. Digital solutions** to enhance the pre- and post-travel experiences are highly demanded by a **tech-savvy and young population** of Indian travelers.

Carriers

Air carriers are essential to **increasing regional connectivity** between the newly built infrastructure, as well as **opening new international direct long-haul routes**. Leading local players such as **IndiGo and Air India** as well as international airlines are decisive players.

Brands

For the most demanded categories in India, brands need to **shape traveler-centric** and **exclusive product offerings**. Pricing alone is not sustaining the market. While **home-grown Indian brands** become increasingly popular, **international players** such as Coty and Chanel are competing in India.

Retailers

The actual **retail offering** is shaped by this important group. Creating **locally relevant** and **globally leading experiences** for consumers matters most. Local players such as **Ospree** or **Delhi Duty Free** are in the market, but international groups such as **Avolta** and **Heinemann** are also entering now.

	Types of collaboration	Pentarchy players: Govern-ment/ airports	Carriers	Retailers	Brands	Digital and media partners
Infrastruc-ture	**Public–private partnerships** **Government entities** and **private investors** jointly **build, own, and operate** airports.	✓				
Retail planning and operations	**Retail operations joint ventures** **Airport operators and retail operators** can jointly **plan and operate the duty free. Retail operators can undertake joint ventures** together to gain **negotiation power** or increase chances of successful bids.	✓		✓		
	Other retail agreements International brands can **enter the market via franchise, licensing, or concession agreements** with Indian travel retail specialists. **Retail operators can collaborate with carriers** to provide in-flight shopping for consumers.		✓	✓	✓	
Capability sharing	**Data sharing** All ecosystem players can cooperate to **share data across the traveler journey** to better understand Indian travelers and fast-changing trends.	✓	✓	✓	✓	✓
	Retail space media cooperation **Retailers and brands** can collaborate to **co-create assets**, shape **interactive in-store experiences**, and conceptualize impactful **retail spaces**.			✓	✓	✓
	Upskilling Brands can uplift airport retail capabilities with their **highly skilled locally relevant staff** also providing trainings to retailer staff.			✓	✓	

More strategic ↑ / ↓ More operational

Sources: expert interviews; Kearney analysis

Figure 14

Individual growth strategies beyond collaboration

Governments/airports

Bold investments in the future

- Bengaluru International Airport was **established greenfield** in 2008, and has risen to the **country's third-largest airport** since then.
- To anticipate **for four times more passengers in the coming** years vs. today, the **terminal 2 retail space was expanded to accommodate** the increasing population of travelers.

Bengaluru International Airport

Privatization: funding and expertise

- Noida Airport **has been privatized** to attract investment and improve infrastructure and efficiency while leveraging **investors'** expertise.
- **More profitable** Varanasi Airport **was bundled with less profitable** Kushinagar and Gaya airports to **increase privatization attractiveness**.

Zurich Airport | Noida International Airport | LAL Bahadur Shastri International Airport, Varanasi | Kushinagar | Gaya Airport

Airport-city developments

- **Aero-City** is a city-side infrastructure project by GMR infra conglomerate to capitalize on Delhi airport development with **residential/business infrastructure** around the airports.
- **Noida airport connectivity is being developed** with a semi-high-speed rail line, a metro connect, and better road infrastructure **to increase the airport's connectivity and attractiveness**.

Aerocity New Delhi | Noida International Airport

Retailers

Localized visionary spaces

- Avolta's retail space at Bengaluru International Airport duty free was heavily **influenced by the local area** and its Lablagh Botanical Gardens, bringing to life the "terminal in a garden" vision.
- A **highly engaging, hybrid and visionary retail space with a "sense of place"** was created, setting new standards for the Indian retail spaces.

Avolta | Bengaluru International Airport

Distinct branded retail milestones

- The **Kylie Cosmetics store in Mumbai Duty Free is a milestone "first" for the brand in APAC**, a pivotal location with exclusive in-store experiences in line with brand identity.
- The **Macallan's first Indian store in Delhi Duty Free** was also a pivotal moment for the brand, unveiling the new visual identity.

Delhi Duty Free | Kylie Cosmetics by Kylie Jenner | The Bacallan | Ospree Duty Free

Digital and loyalty offerings

- Kempegowda International Airport Bengaluru provides **in-app exclusive "BLR Pulse" rewards program.**
- The platform allows travelers to **earn and redeem points across the airport commercial ecosystem** and even book flights, taxis, and lounge access.

Kempegowda International Airport Bengaluru

Brands

Travel retail exclusive assortment

- The Balvenie **exclusively launched the new "12-Year-Old Golden Cask" expression**, in partnership with Ospree Duty Free, at Chhatrapati Shivaji Majaraj International Airport.
- This is an **exclusive addition to the curated portfolio** already present at this duty-free location.

The Balvenie Single Malt Scotch Whisky

Local brands and heritage

- Highlight the **local heritage in the portfolio, augmented with local brand storytelling** such as Bharat story, Biba with its ethnic wear, Renée cosmetics, or Krishna pearls and jewelers.
- International players like Pernod Ricard are expanding their top sub-categories, introducing Indian malts such as **Imperial Blue and Royal Stag.**

Biba | Renée | Krishna Jewellers, Pearls & Gems | Imperial Blue | Royal Stag | Pernod Ricard | Bharat

Upskilling and right-skilling

- International brands like COTY or Estée Lauder upskill staff to **meet Indian consumers' expectations, providing own (branded) highly trained sales teams**, able to answer questions and recommend products to inquisitive Indian consumers.
- This can also include training of **retailer operators' teams** on own products and on more general selling techniques.

Coty | Estée Lauder

Note: All brands listed in this figure are examples of brands and are non-exhaustive.

Source: Kearney analysis

Before committing to their own expansions, airport operators should critically assess both location and demand, taking lessons from several currently underutilized airports. For example, Kushinagar International Airport in Uttar Pradesh, inaugurated in October 2021 for religious tourism, has struggled to find private investors. It was constructed by the government and the AAI, and today it has no flights operating. Many other airports—including large ones such as Gaya International Airport and lower-cost domestic fields such as Pondicherry, Sindhudurg, Kurnool, and Pakyong—are facing similar challenges. Low passenger demand makes it difficult for airlines to offer regular flights, so connectivity is lagging behind the plans set by the government.

Unlock the power of privatization

Two levers for attracting investment and improving infrastructure and efficiency were discussed in the previous chapter. First, the Indian government is privatizing airports and selling them off fully or partially via public–private partnerships, such as with the Indira Gandhi International Airport in New Delhi.

Even more powerful is when airports collaborate with other industry players, joining forces to share expertise and bring in the right knowledge and capabilities to maximize profitability. The construction and operation of Noida International Airport are the result of a close collaboration between the government of Uttar Pradesh, the government of India, and Zurich Airport, which has invested close to $700 million in the project. Meaningful international expertise also comes from nine airports in South America.

The second lever used by governments is increasing investment in less profitable airports by bundling them with more profitable facilities. Varanasi Airport is being bundled with Kushinagar and Gaya airports, and India's government plans 11 other bundles.

Expand the airport footprint

Airport developments of course lead to increased passenger flow at the airport, but they can also boost traffic in surrounding areas, particularly by catering to a young population of travelers. It begins by developing nearby infrastructure to provide a viable way to diversify revenue streams. This is what the GMR Group achieved with Aerocity, capitalizing on international and domestic airports near Delhi with residential, business, and hospitality infrastructure. Similarly, Manohar International Airport at Mopa (Goa) has become a destination in its own right. With options for drinking and dining—including its own microbrewery, along with gaming, shopping, and regular events, it now attracts visitors from nearby resorts for full-day outings.

The Delhi Airport Metro Express (DAME) and proposed metro links for the Mumbai and Bengaluru airports are among many new multi-modal commuting networks, including roads and rail-based public transport. The National Highways Authority of India (NHAI) is also working on improving road connectivity to airports, such as joining the Bengaluru-Chennai Expressway to the Bengaluru-Kolar Highway.

Noida International Airport is slated to incorporate a multi-modal Ground Transportation Centre (GTC), which includes metro, high-speed rail, and taxi and bus services. A new 76-kilometer expressway will link the airport to the Ganga Expressway, and a 240-kilometer railway line is also planned. Additionally, a 72-kilometer rapid rail corridor is in the works, connecting the airport to Delhi, and a light rail transit system will link the airport to Film City.

Operators should also think about offering convenient airport services—but in the city itself. In Hong Kong, travelers can check into their flights at designated areas in town, dropping off their baggage before heading to the airport luggage-free with the Airport Express train.

City-side developments would open new opportunities in India, since quality retail space is often lacking. Airports also have fewer restrictions on operations (for example, 24/7 kitchens and longer retail hours), ample parking, and modern facilities overall, so creating shopping and leisure destinations helps diversify revenue streams.

Retailers

Blend global feel with local appeal

Retail concepts with a sense of place and time in line with the city's history and personality are a solid starting point. This approach makes the travel retail area more than just a destination, increasing the share of precious consumer dwell time. High-quality engagement also appeals to Indian consumers' sense of pride and provides a comforting yet exciting shopping environment, with ever-changing displays and reflections of culturally relevant festivals and occasions.

At the new Kempegowda International Airport Bengaluru, Avolta's departures retail walkthrough was inspired by the city's Lalbagh Botanical Garden. The food and beverage space follows a consistent garden theme, including on the menu. In recent years, retailers such as Coty (as we detail in an interview with Guilhem Souche on page 50) have started collaborating with big brands to celebrate Diwali, with opulent displays, special assortments, and staff dressed for the occasion.

Use brand buzz to draw shoppers in

Retail operators are creating dedicated travel retail space to highlight specific brands—especially when it comes to milestones or popular brands being introduced in India or the broader region. This elevated positioning creates media buzz and a sense of excitement for shoppers.

One recent debut is the Kylie Cosmetics store at the Mumbai Duty Free, which offers high-end in-store experiences. It also gives the brand a pivotal location in one of Asia's busiest airports. Proving that impactful retail media (for example, digital or dynamic signage) and interactive in-store entertainment can further boost consumer engagement, Kylie Cosmetics brought in makeup artists to help build excitement and showcase products for consumers.

Connect with the digital generation

An important characteristic of Indian consumers is their expectation of receiving stellar and convenient services, both on- and offline. Retailers must match the services they provide to Indian consumers' habits and expectations: convenience (very fast domestic deliveries) and the ability to preplan purchases. In fact, Indian consumers are used to highly developed digital services in the domestic arena.

Across the board, Indian duty-free operators are embracing digital. All major players (Delhi Duty Free, Ospree, HDF, Flemingo) now have online preorder platforms. Some are integrating with airport apps (Adani One, GMR). For instance, DDFS often advertises on Delhi Airport's social feeds about new products or festival deals.

Avolta went one step further at the Bengaluru airport with the BLR Pulse program, allowing travelers to earn and redeem points across the airport commercial ecosystem, including booking flights, taxis, and lounge access.

New digital offerings and technology from airport operators could be used for a more targeted approach to new consumers. Hyderabad has deployed more than 3,000 digital luggage trolleys enabled by long-range IoT (Internet of Things) service. They are automatically routed to where passengers arrive, and travelers can find them via an app. Passengers enter their flight details or scan boarding passes to get directed to the gates and around the airport. This technology can also be used by retailers to advertise offers to specific traveler groups and attract more consumers.

Retailers at Heathrow collaborate with the airport CRM team to access anonymized traveler data, which allows them to send personalized offers based on departure terminal, destination, and travel class. Travelers can also pre-book duty-free shopping and collect it at the airport. The implementation of these systems, plus the Heathrow Rewards app, has contributed to a 30 percent increase in digital revenue since 2019.[123,124]

Other airports around the world are getting innovative by linking airline loyalty programs and duty-free offers (for example, Munich Airport's connection with Lufthansa Miles & More, Singapore Airlines, and KrisFlyer, and Hamad International Airport's Qatar Airways Privilege Club and Qatar Duty Free).

[123] Beijing Capital International Airport Company Limited, 2024
[124] Salesforce, 2023

Interview with Ashish Chopra

CEO, Delhi Duty Free

The Indian travel retail market is evolving rapidly. Can you share some insights on the current growth trajectory in Delhi and beyond?

Terminal 3 (T3) at Delhi International Airport (DIA) already hosts more than 21 million international passengers and is expected to grow by approximately 10 percent next year. Over time, two additional piers will be dedicated to international traffic, further enhancing the airport's capacity. Airlines are making massive investments in the Indian market. For instance, IndiGo and Air India alone have placed orders for more than 1,000 aircraft. This means that, for the next 15 to 20 years, India will see one new aircraft delivered every week.

What makes the Indian consumer base unique in travel retail?

India is incredibly diverse—a continent within a continent—which is reflected in the diversity of consumer needs. Brands and retailers must cater to a broad spectrum of income groups, from luxury buyers to first-time international and domestic travelers. The market is evolving; while liquor remains dominant, new categories are emerging, shaping a new market. Success requires collaboration between retailers and brands to understand demand, enhance experiences, and create tailored offerings.

What do you see as the key factors for success in Indian travel retail?

Two major themes define success in the Indian travel retail market: premiumization and penetration.

Premiumization is driven by consumers seeking quality and exclusivity, looking for products they can't get elsewhere. There's a strong sense of local pride, and homegrown brands are thriving. Indian whisky is a rising star among citizens and the Indian diaspora, with consumers spending \$100–\$300 per bottle. Premium brands such as Jo Malone and Tom Ford have gone from being unknown to becoming bestsellers in travel retail. Fashion is the next frontier, with Delhi Duty Free (DDFS) doubling down on the category and international brands expanding their presence.

Penetration focuses on turning more travelers into active shoppers. A large share of travelers don't enter retail, and among those who do, many don't make a purchase. The biggest opportunity lies in departures, where longer dwell times encourage exploration. Offering a wider product range across categories can help attract more shoppers. Don't lose sight of penetration, though! Even a 1 to 2 percent increase in conversions per year would drive significant growth.

Brands

Go all-out on exclusives

Brands adapt their portfolios to propose exclusive products to travelers, especially in the duty-free section and in addition to already highly curated duty-free portfolios. This makes their offerings more compelling and enhances the shopping experience—creating a sense of uniqueness and rarity, which is particularly appealing to Indian travelers who value distinctive assortments and well-defined price points. Travel retail is also a gateway to introducing new products: Indian consumers perceive travel retail as an explorative channel and are willing to try new things. Together with exclusivity, this combination can be successful and outperform a mere focus on pricing.

As such, many brands—in collaboration with travel retailers—take the opportunity to exclusively introduce and market select products in travel retail, especially for Indian consumer favorite categories such as spirits and cosmetics and fragrance. One such example is the exclusive introduction of the Balvenie "12-Year-Old Golden Cask" expression, in partnership with Ospree Duty Free, at Chhatrapati Shivaji Maharaj International Airport. The way Suntory brings to life its portfolio in the House of Suntory in Delhi Duty Free is another example.

Making sure that the assortment is tailored to shoppers in arrivals instead of departures is essential, given the still underdeveloped departure potential in Indian duty free.

Home in on heritage

Traction has already been gained and continues to grow from Indian heritage brands, representing consumers' pride in their home-grown brands. This is why several local and heritage brands are experiencing success in Indian travel retail, such as Biba with its ethnic wear, Krishna for its 40-year presence in the jewelry segment, and Renée's presence in cosmetics. "Bharat Story" is an initiative focused on showcasing luxury Indian destination goods in international airports, particularly for international travelers. It aims to offer a curated selection of local luxury brands, including liquor, sweets, souvenirs, and unique gift boxes, creating an evocative sense of place and boosting sales.

International companies are also learning from the success of these home-grown brands, moving one step closer to Indian consumers by introducing an Indian brand portfolio. This is the case with Pernod Ricard, whose spirits portfolio in India includes Indian malts such as Imperial Blue and Royal Stag. Beauty players are building on national icons, such as Estée Lauder's Diwali campaign featuring Bollywood star and former Miss World Manushi Chhillar and their limited makeup edition featuring Indian fashion house Sabyasachi. Another standout example is Coty, which created a full-sensory, culturally resonant experience around Diwali. Activations included special product bundles and assortment highlights, show-stopping perfume displays across the terminal, Diwali-themed perfume blotters, and sales staff styled with festive makeup—turning the shopping experience into a celebration in itself.

A good story can go a long way in terms of connecting with Indian consumers. This is why these locally targeted portfolios are also augmented with some good storytelling, which can propel the brands even further by connecting with consumers more deeply.

Put your people at the heart of every sale

The presence of knowledgeable sales staff is critical to ensure Indian consumers are properly tended to and staff can answer their questions and provide them with needed guidance to make purchases. Indian consumers are inquisitive and approachable, and they expect the same standard of luxury hospitality across retail, whether at the airport or at a shopping mall store. They rely on staff recommendations, especially for gifting, a key driver of purchasing. The presence of experienced staff can also be a gateway to increase upselling and cross-selling.

Many international brands are including their own branded team members to maximize travel retail. This ensures their consumers receive the stellar experience that they expect. Coty and Estée Lauder are just two examples. Experienced branded staff can also train operator staff and right-skill them—a win-win collaboration.

Prioritize premiumization

Throughout this report, we have seen the importance of emphasizing quality and exclusivity—to lend brands and their products premium appeal—come through strongly, especially when it comes to drawing in younger travelers and affluent middle-class consumers who are drawn to categories such as fragrances, fashion, and ultra-premium spirits. As Ashish Chopra of Delhi Duty Free explains on page 45, "consumers are looking for products they can't get elsewhere." But it's not all about travel-exclusive items: travelers are also seeking premium experiences. Brands should lean into this and look for their own opportunity to stand out on the travel retail floor.

"Premiumization is driven by consumers seeking quality and exclusivity, looking for products they can't get elsewhere."

Ashish Chopra, CEO, Delhi Duty Free

It's not all about travel-exclusive items: travelers are also seeking premium experiences.

Interview with Guilhem Souche

SVP Global Travel Retail, Coty

How do you view the role of India in the global travel retail landscape, especially from Coty's perspective?

India is a key and fast-growing market in travel retail. Coty was the leader in prestige cosmetics in India's travel retail sector again in 2024 and sees strong potential for sustained growth. The outlook is highly promising, with rising traffic, major airport renovation projects, and significant infrastructure development. The middle class is expanding rapidly: more people are entering the beauty category, while others are becoming increasingly sophisticated consumers. India also boasts the highest average basket size in duty-free retail across the region—particularly in makeup and fragrances—a clear sign of Indian travelers' strong appetite for fragrances and beauty and of this market's strategic importance.

Are there any specific consumer behaviors or market dynamics that make India stand out?

India stands out for several unique dynamics. First, India displays remarkable diversity in both consumer expertise and purchasing power. With a rapidly expanding middle class, demand is rising across the board—from accessible products to premium offerings. Some travelers are highly sophisticated, particularly in the fragrance category, driving strong performance for collections such as Chloé Atelier des Fleurs. Second, India has a higher-than-average share of male shoppers in travel retail, especially in fragrances. Bestsellers include Boss Bottled, Burberry Hero, and Davidoff Cool Water, alongside female favorites like Gucci Flora. Third, Gen Z and Alpha travelers are reshaping expectations—less transactional, more experiential. They're digital natives who want engagement and exploration. The success of Kylie Cosmetics in makeup and now fragrance is a great example: a digital brand brought to life through a high-traffic, phygital retail space. To succeed in India, brands must offer tailored solutions for both aspirational and premium consumers—flexibility is key to reach all levels of customers.

In your view, what's needed to successfully connect with Indian consumers in travel retail?

It all comes down to being culturally relevant and creating experiences that really resonate with consumers. One of the best examples I can share is our recent Diwali campaign, where we created an immersive experience at Delhi and Mumbai airports that celebrated the spirit of the festival. We co-developed the multi-brand campaign with our India team and worked closely with our retail partners to bring it to life for travelers. The activation included Diwali-inspired packaging to themed decorations and fragrance blotters shaped like lanterns. And that's really the key. It is about fostering connections, celebrating heritage and traditions, and creating memorable experiences in a meaningful way.

How has Coty's travel retail portfolio evolved in India over time?

India's travel retail business is evolving fast, with world-class airports and the emergence of retail hubs in secondary cities. Our diverse portfolio allows us to be widely present. In major hubs like Delhi, Mumbai, and Bangalore, most of our brands are available. We see growing demand from savvy shoppers for our prestige collection lines, and we attract younger travelers with Kylie Cosmetics. In secondary cities, we typically enter through fragrances with accessible brands and expand from there. Our strategy is tiered and adaptive—deploying more high-end offerings where the market is ready. With brands ranging from Adidas and David Beckham to Calvin Klein, Davidoff, Boss, Marc Jacobs, Chloe, Gucci, and Burberry, Coty is well positioned to grow alongside India's airport retail landscape.

What makes collaboration with Indian travel retail partners effective from your perspective?

Collaboration is a key driver of success in India. Travel retailers here are ambitious, agile, and deeply invested in building India into a top-tier destination. This mindset allows us to test firsts—like the launch of Kylie Cosmetics in Mumbai, a regional debut for APAC. We also collaborate closely on digital innovation. Digital engagement is booming, with loyalty and e-commerce apps scaling rapidly and driving strong consumer interaction across platforms. It's incredibly exciting to witness the growth of travel retail in India, and at Coty, we are deeply committed to supporting and accelerating this momentum through strong partnerships, consumer-centric innovation, and long-term investment.

> "Digital engagement is booming, with loyalty and e-commerce apps scaling rapidly and driving strong consumer interaction across platforms."

A word from TFWA

Franck Waechter

Managing Director, Tax Free World Association

The study conducted by Kearney on the development of travel retail in India provides a valuable perspective on a market undergoing profound transformation. Through rigorous analysis of economic, demographic, and infrastructure dynamics, the study highlights the impressive momentum of an aviation ecosystem driven by ambitious vision and significant investment. With tens of thousands of new passports issued daily, expanding commercial routes, and large-scale airport projects, India is laying the foundations for a high-potential travel retail market that could, in time, rival more established markets such as Türkiye.

This growth is largely fueled by the structuring of a strong domestic market, supported by the rapid development of second- and third-tier cities and the broad modernization of infrastructure. The new airports emerging from this transformation will be among the most modern in the world, designed from the ground up to integrate cutting-edge technologies and best practices in terms of efficiency, customer experience, and commercial performance.

In this context, low-cost carriers—with business models focused on volume and accessibility—will play a key role in the democratization of air travel. The growing integration of airports into local commercial ecosystems—through the development of airport cities and the proliferation of arrivals-area retail—is blurring the lines between travel retail and domestic commerce. This convergence could lead some brands to absorb travel retail into their domestic strategies, thereby diluting its unique identity, objectives, and its essential role in promoting international offerings. It is therefore crucial to maintain a clear and distinct positioning for travel retail, both for brands and airport stakeholders.

TFWA warmly thanks Kearney for this high-quality study, which provides valuable insight into the ongoing changes within this fast-evolving strategic market. It is an indispensable tool for anticipating future transformations and reaffirming the unique role of travel retail in India's commercial landscape.

Conclusion

Travel retail in India is on the brink of taking off. Significant infrastructure developments across major urban centers and emerging regional cities, rising affluence, booming global and regional air connectivity, a growing appetite for international brands and exciting offers, and the emergence of new traveler groups are all contributing to this opportunity.

India is uniquely positioned to leapfrog the gradual development seen in more mature travel retail markets. But for this opportunity to become a compelling business case, it must be seized—and actively shaped.

Market observers, early movers, and potential entrants have sensed this opportunity for years—alert and expectant, waiting for the long-promised boom to finally unfold. Yet if they continue to watch from the sidelines, this immense market potential will remain unrealized.

Yes, we are seeing momentum—thanks to positive developments and bold steps from government bodies, airport operators, travel retailers, and some pioneering brands. But cautious optimism is not enough. Now is the time for bold moves to shape the future of Indian travel retail.

For airport operators

— Increase your presence and relevance in the next wave of privatization.

— Double down on non-aero revenue streams—build true destinations for passengers and visitors alike.

— Partner with airlines and retailers to create integrated travel and retail hubs.

For travel retailers

— Build bold new experiences and anticipate rapid growth in both size and consumer expectations.

— Diversify and create space for experimentation—new brands, formats, and concepts to win over a demanding, diverse consumer base.

— Boost digital adoption with intuitive, value-adding solutions that excite digitally savvy Indian travelers and turn them into loyal shoppers.

For brands

— Establish your presence early—with high-end, relevant offers that attract attention and capture a meaningful share of travelers' dwell time.

— Tell stories that resonate with Indian consumers, while staying true to your heritage and brand core.

— Consider exclusive India-focused offers in travel retail as a gateway into the broader Indian consumer market.

For all stakeholders

— Seize the tier 2 and 3 opportunity—expand your reach and help establish travel retail as a lifestyle and shopping concept among affluent regional travelers and first-time flyers.

Above all, collaborate. Share insights and data. Partner to shape and grow the market together. Let's establish India as the must-win market in travel retail—where those aiming to shape the future are already making moves.

"Deeper collaboration among airports, retailers, and brands … can quickly turn insights into impactful customer experiences, solidifying India's position as a leading market for travel retail globally."

Vipin Palliyath, GM India, Middle East & Africa Global Travel Retail, Pernod Ricard

India is uniquely positioned to leapfrog the gradual development seen in more mature travel retail markets.

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About TFWA

TFWA is an association of brands whose mission is to identify trends and opportunities, build awareness, and provide a business platform for the global duty free and travel retail industry to prosper.

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