



REPORT

# The global Tax Free shopping report 2026



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# Executive summary



**Global travel demand remains resilient, with increasing tourist volumes driving sustained Tax Free spending. While geopolitical tensions have temporarily influenced traveller flows in certain regions, overall international mobility continues on a positive trajectory.**

Regional performance varies significantly. Europe has lagged behind the Middle East and Asia in travel recovery, and currency fluctuations have impacted average transaction volumes with source market currency strength or weakness influencing shopper spending power.

Digital transformation is reshaping the Tax Free landscape. Markets with digital systems in place are seeing a higher proportion of completed transactions, and several European and Asian countries are now looking to implement digital solutions to improve shopper experience and reduce friction in the refund process. Planet is at the forefront of this shift. Our merchant and government systems are eliminating barriers and simplifying what has traditionally been a cumbersome process.

On the shopper side, our Portal products continue to evolve, enabling travellers to complete and manage their refunds with ease.

**Looking ahead, 2026 is expected to bring another year of growth for travel and tourism, resulting in more seamless experiences and happy shoppers worldwide.**

# Global market performance



**The Tax Free industry is undergoing a fundamental transformation, and recent performance data reveal what the sector must prepare for next. While international travel has largely recovered, Tax Free spend has not kept pace. This gap reflects a structural reset rather than a cyclical slowdown, driven by weaker traveller mix, increases in some luxury pricing, and shifting destination preferences.**

Europe is gradually losing its historical advantage as the default luxury shopping destination. High-spending travellers are travelling less frequently to Europe, spending more selectively, and increasingly allocating discretionary luxury spend to alternative destinations.

This shift is structural, not seasonal, and marks the end of the post-COVID luxury overspend phase that temporarily inflated results in 2022–2023.

**Luxury price inflation in Europe has reduced the perceived value of Tax Free shopping, particularly versus Asia, where pricing has become more competitive.**

As a result, transaction volumes alone increasingly overstate market health. Value capture is under pressure, with declining Average Transaction Values (ATV) exposing inefficiencies across refund execution and conversion.

In this environment, growth depends less on footfall and more on conversion discipline, refund certainty, and traveller mix optimisation.



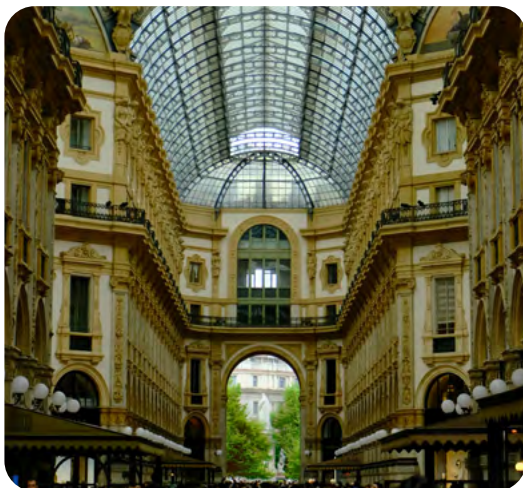
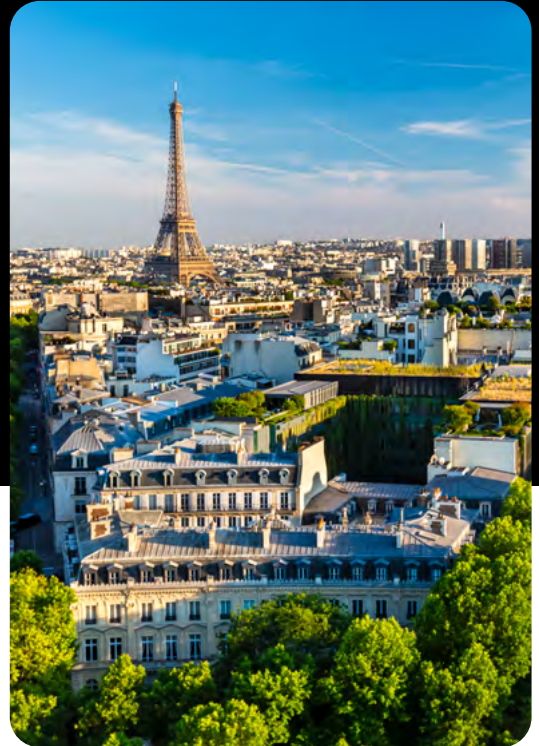
# Destination performance

Destination performance last year highlights a growing disconnect between footfall recovery and value capture. Europe's core markets continue to attract travellers, but struggle to convert high-value spend due to structural shifts in luxury demand and traveller mix.



**France remains the largest European Tax Free market, but is structurally exposed. Its heavy reliance on luxury flagships, department stores, and historically high-spending Asian travellers has amplified the impact of luxury normalisation and slower Asian recovery.**

Chinese arrivals still represent just 1.70% of total European inbound traffic, and while 8.86% year-on-year growth signals momentum, it remains far from the volumes needed to restore the high-ATV spend France's luxury infrastructure was built around. Until that gap closes, France's largest revenue driver remains structurally underweight. A post-Olympic "halo effect" has been evident, but luxury remains in single-digit growth territory, reinforcing that merchants in this market must shift focus from footfall to conversion quality to protect revenue.



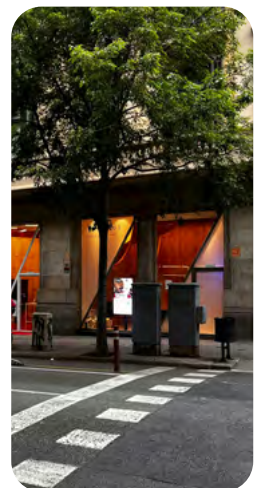
**Italy continues to benefit from strong inbound travel, particularly from the US, but with lower basket values.**

Slower recovery of Asian group travel and the exit of key merchants have constrained value growth.



**Spain shows resilience in transaction volumes driven by higher footfall and growing Latin American demand, with Brazil and Mexico posting 6.31% and 7.67% year-on-year arrival growth respectively.**

However, while these markets bring volume, they do not replicate the basket sizes of traditional high-ATV segments, meaning Average Transaction Value remains under pressure, compounded by luxury merchant churn and department store exposure.



**Overall, destination performance is no longer driven by brand density or tourism appeal alone. Markets that fail to adapt to changing traveller mix and value expectations are losing share, even as visitor numbers remain stable.**

# Nationality trends



EUR/USD forecast:



**1 EUR =  
1.20 USD**

By the end of 2026

**Nationality mix remains the primary driver of Tax Free underperformance last year. The decline is structural, reflecting where high-value travellers are choosing to shop rather than a reduction in travel itself.**

In Europe, Asian nationalities are the main source of value erosion. Luxury spend has shifted back toward Asia as regional pricing becomes more competitive and Europe's post-COVID luxury price inflation erodes perceived value. Recovery remains slower than pre-COVID, materially impacting Average Transaction Values across core European markets.



United States travellers continue to deliver scale but with reduced purchasing power. With EUR/USD forecast to reach 1.20 by the end of 2026, up from an average of 1.13 in 2025, American shoppers face a roughly 6% erosion in purchasing power in Euro terms. Travel volumes remain solid, yet this currency shift is translating into more selective spending and lower basket sizes, limiting overall value growth.

Emerging and regional nationalities contribute volume but at lower ATVs, increasing operational complexity without offsetting the loss of premium spend.

Overall, performance is no longer driven by total traveller numbers but by who is travelling and how they spend. Markets overly dependent on historically high-ATV nationalities face prolonged pressure unless traveller mix diversifies.

# Merchant performance



**Merchant performance last year reflects structural shifts in luxury demand and traveller mix rather than short-term volatility.**

The post-COVID period of exceptional luxury overspend has ended, exposing categories and formats that were heavily reliant on high-spending international shoppers. As pricing has risen and traveller behaviour shifted, performance has become increasingly uneven.

### Structural slowdown in luxury demand

Luxury brands are facing demand normalisation following the post-COVID surge. Price inflation has eroded perceived value, reducing the relative attractiveness of Tax Free refunds and suppressing high-ticket basket growth.

The global market for personal luxury goods is forecast to grow by 3-5% in 2026 (Bain Luxury Insights, 2025), but that growth is concentrated in jewellery, eyewear, and beauty, categories with broader traveller appeal and lower price points. The high-ticket fashion and leather goods segments most exposed to Tax Free decline are not expected to lead the recovery, meaning merchants reliant on these categories face a structural mismatch between where luxury growth is heading and where their Tax Free revenue has traditionally come from.



#### Department store exposure

Department stores remain under pressure due to their concentration in premium categories and high exposure to Asian travellers. Slower recovery among these nationalities has driven consistent declines in both value and conversion.



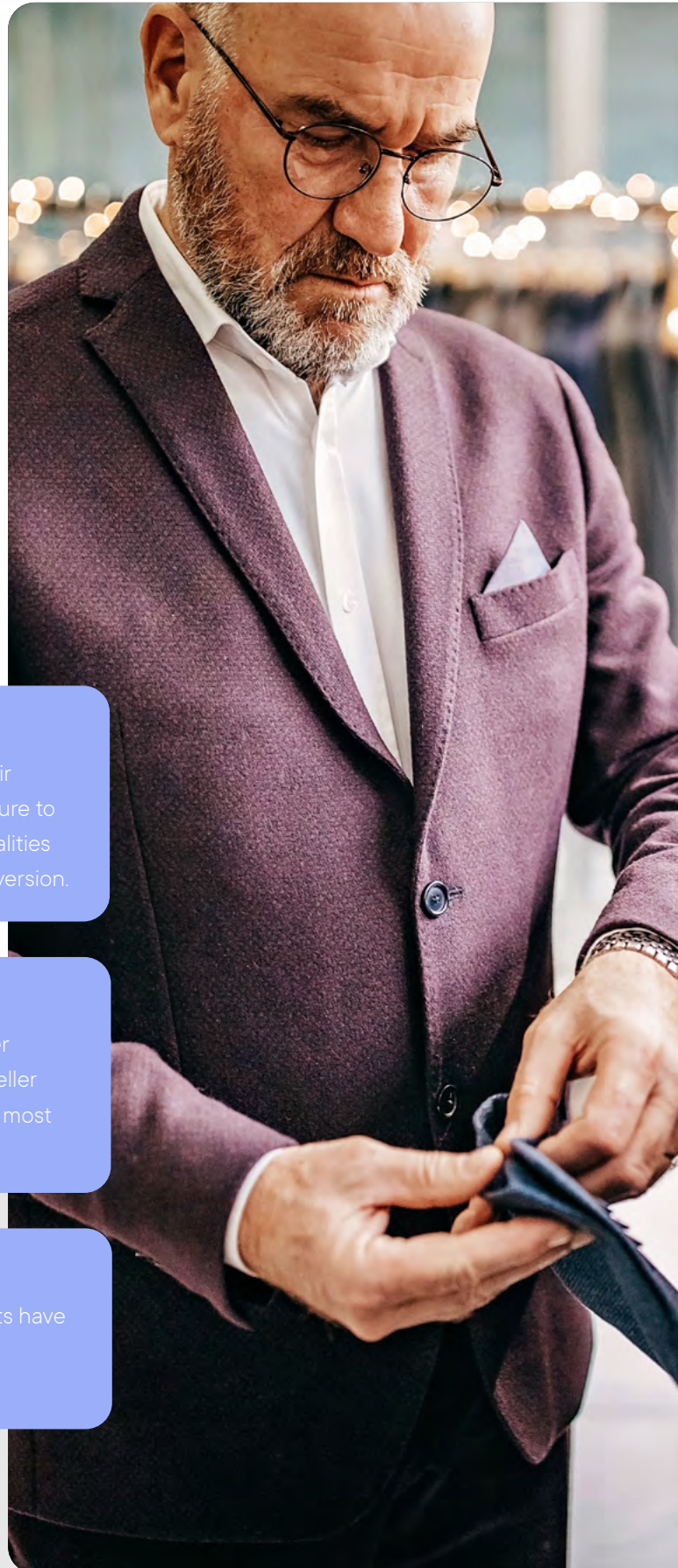
#### Category divergence

Beauty and accessible luxury categories show greater resilience, supported by lower ATVs and broader traveller appeal. High-ticket fashion and leather goods remain most exposed to premium demand contraction.



#### Impact of merchant churn

Merchant exits and footprint reductions in key markets have accelerated value leakage, reinforcing the need for diversification beyond traditional luxury anchors.





# Conversion and refund performance

**Conversion and refund execution have become the single greatest determinant of Tax Free performance.**

As high-value traveller volumes declined, the cost of operational inefficiency increased sharply. Each failed refund, eligibility error, or abandoned validation now represents a meaningful loss of realised revenue rather than marginal leakage.



Refund friction continues to suppress value across markets. Unclear eligibility at point of sale, slow or unpredictable refund completion, and validation bottlenecks reduces shopper confidence, particularly for high-ticket purchases where certainty is critical. In response, travellers either limit basket size or disengage from the Tax Free process entirely.



Fully completed Tax Free transaction rate remains the clearest indicator of execution quality. The gap between high-performing and underperforming markets widened significantly last year, demonstrating that operational maturity, not market size, determines revenue capture.



**Three root causes explain the majority of failed transactions:**

- Eligibility errors at point of sale remain the most preventable failure mode. Without clear prompts and hard stops built into POS logic, staff inconsistency leads to avoidable leakage at the very start of the journey.
- Validation abandonment erodes completion rates. Long queues, unclear signage, and language gaps discourage shoppers from following through, particularly during peak periods when transaction values are highest.
- Poor documentation quality introduces downstream failure. Incomplete or illegible forms create processing delays and rejections that could be eliminated through digital-first capture at point of sale.

Refund method mix is an increasingly important lever. Markets relying heavily on cash payouts consistently experience lower completion rates and higher abandonment, while digital refund adoption improves processing times, reduces errors, and cuts queuing. Where wallet infrastructure has been made available, adoption has been strong, proving that shopper preference for digital is activated the moment the option exists.

This is where Planet excels. We partner with merchants to maximise potential across these critical areas through integrated technology at point of sale, measurable KPIs with tailored training, localised refund methods aligned to shopper expectations, and performance governance that drives accountability. In a market where every completed transaction carries greater value, conversion excellence is the most immediate and controllable path to revenue growth.

# Revenue optimisation and KPI strategy

In a structurally constrained Tax Free market, revenue optimisation depends on operational discipline rather than traffic growth. Traditional volume-led metrics no longer reflect true performance. Instead, retailers must prioritise KPIs that measure value realisation, execution quality, and conversion certainty.



Two metrics now anchor effective governance: refunded match rate and refund speed. Together, they determine how much issued value is ultimately realised. Sustained underperformance below accepted thresholds signals systemic leakage rather than demand weakness. Even small improvements in either metric deliver disproportionate revenue uplift, particularly in high-ATV environments.

Supporting KPIs, refund method mix, eligibility error rates, validation queue times, and ATV benchmark gaps, provide diagnostic insight into where friction suppresses conversion. Managed together, they allow retailers to intervene early, allocate resources precisely, and protect margin.

In 2026, competitive advantage will belong to operators who treat Tax Free as a measurable revenue system, governed with the same rigour as pricing, inventory, and conversion funnels.

## Core metrics include:



### Sales in Store (SiS):

Gauges eligible demand.



### Average Transaction Value (ATV):

Indicates premium concentration.



### Issued vs. Processed Forms:

Reveals operational leakage.



### Refund Method Mix:

Predicts speed and satisfaction.



### Refunded Match Rate:

Most direct measure of revenue capture.

# Merchant playbook for 2026



To capture growth in a premium, high-intent market, retailers must reposition Tax Free operations as a revenue engine.

## 01.

### Elevate match rate accuracy

- Use POS eligibility logic.
- Deploy express validation lanes during peak periods.
- Ensure digital voucher capture to eliminate documentation issues.
- Track issuance vs. processed forms weekly, flagging stores below 80 – 85%.

## 02.

### Strengthen performance governance

- Complete eligibility checks, documentation, and refund initiation immediately at the point of sale, using a 48-hour view only as a governance control to surface stalled or unmanaged claims.
- Track Fully Completed Tax Free Transactions and claim progression within 48 hours as diagnostic KPIs, with any delays signalling operational friction that requires prompt intervention.
- Use store- and nationality-level scorecards to pinpoint where claims break down, enabling targeted fixes rather than broad, ineffective remediation.
- Incentivise accuracy, real-time execution, and smooth claim flow over issuance volume, ensuring performance improvements are driven by discipline rather than scale.

### Match Rate Controls

● On track

● At risk



#### POS eligibility hard stops

Prevent ineligible Tax Free issuance at POS



#### Express validation lanes

Activate during peak periods to cut abandonment



#### Digital voucher capture

Eliminate incomplete or illegible forms

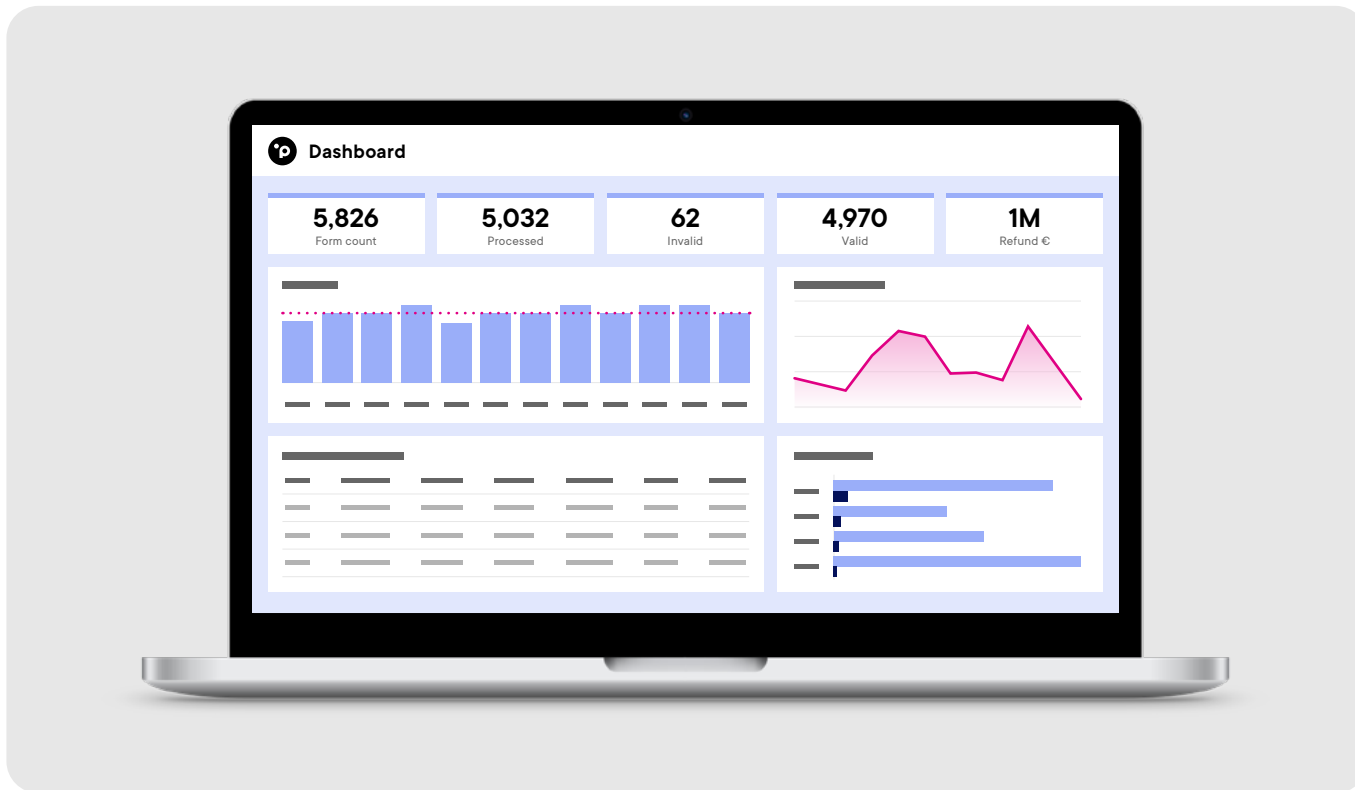


#### Issue vs. process tracking

Flag stores below 85% processed rate



**Target:**  
Refund match rate > 85%



### 03.

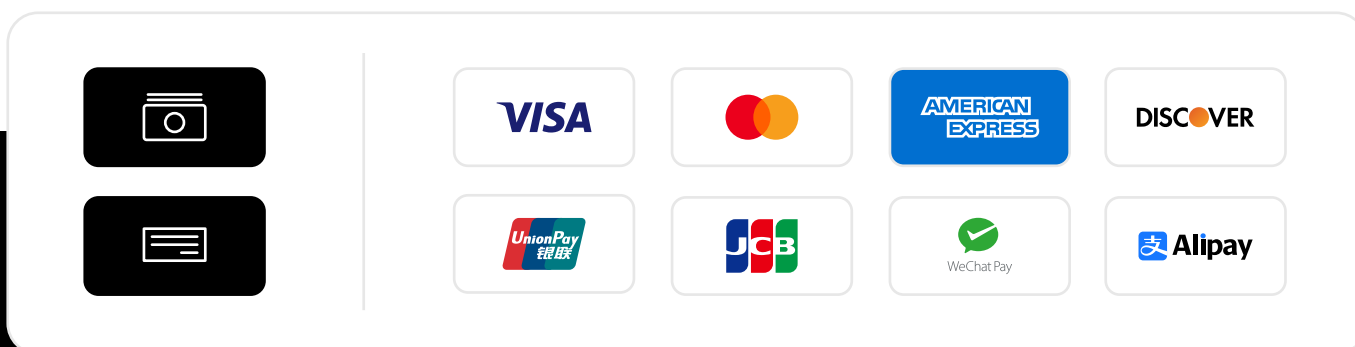
#### Localise to shopper expectations

- Deploy wallets in Chinese-heavy locations (Alipay, WeChat Pay).
- Prioritise fast, card-linked refunds for GCC and US shoppers.
- Offer multilingual prompts, real-time tracking and QR guidance.
- Maintain queue times below 10 minutes to protect conversion.

### 04.

#### Invest in staff capability and integrated systems

- Provide scenario-based training to reduce errors.
- Integrate Tax Free into CRM and clienteling workflows.
- Use dashboards to identify trends and intervene early.
- Ensure omnichannel readiness for shoppers who research digitally before purchasing in-store.



# Conclusion

**The Tax Free landscape confirms a fundamental shift rather than a temporary slowdown. Europe's historical advantage as the default luxury shopping destination is eroding as traveller mix weakens, luxury pricing inflation reduces perceived value, and high-spending segments redirect spend elsewhere. Recovery is constrained not by travel demand, but by who is travelling, how they spend, and how effectively value is converted.**

In Asia, the same strategic approach applies, and understanding who is visiting the country and what they expect remains essential to delivering the right experience. Intra-Asian travel is strong and has seen a net increase since COVID, yet these shoppers demand a fundamentally different and largely digital experience.

Markets, merchants, and destinations that relied on post-COVID luxury overspend are now exposed. Performance increasingly diverges along lines of category mix, pricing discipline, and operational execution. Footfall alone no longer translates into revenue.

In this environment, Tax Free becomes a conversion and execution challenge, not a volume game. Improving match rate, refund speed, and eligibility accuracy offers the most immediate and controllable path to revenue recovery. Operators who treat Tax Free as a governed revenue system, measured, optimised, and aligned to changing traveller behaviour, will protect margin and remain competitive in 2026.



**Improving match rate, refund speed, and eligibility accuracy offers the most immediate and controllable path to revenue recovery.**

# About Planet

**We are a global leader in seamless payment solutions for hotels, retailers, payment handlers, and acquirers. Among our offerings is a flexible, scalable payment gateway that integrates Dynamic Currency Conversion (DCC), creating a more seamless payment experience for end customers and reducing operational admin for merchants.**

With operations in 120+ markets, we partner with over 100 banks and serve 800,000+ merchants globally, facilitating seamless payments for both in-person and online transactions. Our global focus and extensive experience across international markets make us the ideal payments partner for businesses seeking to expand and grow.



## Partner with Planet

Our payment solutions enable merchants to deliver secure, seamless, customer-focused payment experiences. By helping your merchants grow and succeed, we strengthen your institution's value proposition, drive mutual growth, and facilitate lasting relationships strong enough to endure the ever-evolving challenges of modern commerce.

**Learn more about partnering with Planet and contact our team of experts:**