

Special Issue  
SUMMIT  
OF THE  
AMERICAS  
March  
2019

# TRAVEL MARKETS INSIDER

## Travel Retail expands its vision



*Traditional product categories are also showing great creativity as seen by the surreal launch of The Macallan Concept No. 1 at JFK Terminal 1 with International Shoppes. See page 88.*

The one trend that has stood out strongest as we put this semi-annual magazine together is that many in the industry are looking beyond the traditional boundaries of duty free and travel retail as they prepare for the future.

Both operators and suppliers are developing new parameters. While some retailers are moving into new channels within the industry, such as Heinemann's and Dufry's successful foray into cruise shops, or Paradies Lagardère's expansion into the airport food & beverage/restaurant sector, others are developing in completely new areas.

Roberto Graziani, Executive Vice Chairman of 3Sixty Duty Free & More (formerly DFASS), in speaking with *TMI* about the company's massive investment into omni-channel for its inflight business, says 3Sixty will eventually expand omni-channel to their ground stores as well, in order to stay in contact with their customers. "We are in retail now and if

you want to be successful in the end you need to go in that direction. The demand is there," he notes.

Suppliers, too, are expanding their horizons. Panama-based Duty Free Dynamics is aiming to make a big impact at the Summit of the Americas by showcasing several interesting new product categories and brands – ranging from high-profile toys, to shoes and outdoor equipment, and it will offer the brands almost in a "franchise" format, providing services beyond just supplying product.

Along the same lines, several companies are introducing fashion brands that have never before been in the channel. These range from classic names like Cole Haan, Nautica and Adidas from new to the channel company Brand Strategy, to a very clever travel retail exclusive scarf from Couture by Raja, whose design is so original it is patented. There are also some very intriguing eco-friendly travel related products that appeal to the increasingly

important younger demographic.

Completely new to the channel – with the potential to eventually generate huge sales – certain hemp and CBD products are now legal throughout the U.S. and will be highlighted at the Summit by none other than Nick Tamma, one of the industry's most experienced and respected pioneers.

All of these innovations could inject excitement and new life into the traditional product mix in travel retail, as well as make for a very interesting Summit of the Americas. With travel numbers still reaching record levels throughout the world, the market is certainly there for the taking.

All this and more, as the industry gathers in Orlando, Inside Insider.

*Lois Pasternak  
Editor/Publisher*

## INSIDE INSIDER

*TMI* speaks with some of the leading travel retailers and influencers in the Americas to discover what they see ahead for the industry in 2019.



*Gregg Paradies, President & CEO, Paradies Lagardère*



*Rene Riedi, Division CEO Central & South America, Dufry*



*Roberto Graziani, Executive Vice Chairman, 3Sixty Duty Free & More*



*Nadine Heubel, VP/CEO The Americas, Heinemann*



*Monica Ariaudo, Owner, Estudio Ariaudo*

**Plus Products-People-Places  
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## BY THE NUMBERS

# IATA: Healthy air passenger demand continues in 2018; 2019 starts on a positive note

The International Air Transport Association (IATA) reports that global passenger traffic results for 2018 rose by a healthy 6.5% compared to full-year 2017. Although this represented a slowdown compared to the 2017 annual growth of 8.0%, it was another year of above-trend growth.

Full year 2018 capacity climbed 6.1%, and load factor edged up 0.3 percentage point to a record 81.9%, exceeding the previous high set in 2017.

December RPKs (revenue passenger kilometers) rose 5.3% against the same month in 2017, the slowest year-over-year pace since January 2018 and a continuation of the trend that saw demand growth decelerate to an annualized rate of 5% over the course of the 2018 second half compared to a 9% pace in the first half.

## 2019 starts positively

Global passenger traffic results for January 2019 rose 6.5% compared to January 2018, however. This was the fastest growth in six months. January capacity (available seat kilometers or ASKs) rose 6.4%, and load factor inched up 0.1 percentage point to 79.6%.

“2019 has started on a positive note, with healthy passenger demand in line with the 10-year trend line. However, market signals are mixed, with indications of weakening business confidence in developed economies and a more nuanced picture across the developing world,” said Alexandre de Juniac, IATA’s Director General and CEO.

## International Passenger Markets

For full year 2018, international passenger traffic climbed 6.3% compared to 2017, down from 8.6% annual growth the year before. Capacity rose 5.7% and load factor climbed by 0.4 percentage point to 81.2%.

All regions recorded year-over-year increases in traffic, led by Asia-Pacific. North America and Africa were the only two regions to post stronger demand growth in 2018 compared to the prior year’s performance.

## The Americas

•North American airlines had their fastest demand growth since 2011, with full-year traffic rising 5.0% compared to 2017, an increase from 4.7% annual growth in 2017. Here too, however, demand growth slackened noticeably in the last two quarters, says IATA. Capacity climbed 3.7%, and load factor edged up 1.0 percentage point to 82.6%, second highest among the regions.

•Latin American airlines’ traffic climbed 6.9% in 2018, a slowdown compared to 8.8% annual growth in 2017. Capacity rose 7.7% and load factor dipped 0.6 percentage point to 81.8%. Traffic was affected by the mid-year general strikes in Brazil as well as by political and economic developments in some of the region’s other key economies.

## Rest of the World

•Asia-Pacific airlines’ 2018 traffic rose 7.3%, compared to 2017, driven by robust regional economic expansion and an increase in route options for travelers. Although this was a slowdown from the 10.5% year-over-year growth recorded in 2017 versus 2016, it was strong enough to lead all the regions for a second consecutive year. Capacity rose 6.4%.

•European carriers’ international traffic climbed 6.6% in 2018 compared to the previous year, which was down from 9.4% growth the year before. Capacity rose 5.9% and load factor increased 0.6 percentage

point to 85.0%, which was the highest for any region. On a seasonally-adjusted basis, traffic growth has softened a bit in recent months, likely owing, in part, to uncertainty over the economic backdrop and Brexit.

•Middle East carriers’ traffic increased 4.2% last year, down from 6.9% growth in 2017. It was the second year in a row of moderating demand growth. Capacity climbed 5.2% and load factor slipped 0.7 percentage point to 74.7%. The deceleration in growth reflects the impact of policy measures and geopolitical tensions, including travel restrictions and the temporary ban on large portable electronic devices. Traffic actually declined 0.1% year-on-year in December, but this may reflect volatility in data, says IATA.

•African airlines saw 2018 traffic rise 6.5% compared to 2017, which was an increase compared to 6.0% annual growth in 2017. The strong performance took place in spite of the mixed economic backdrop of the continent’s largest economies, Nigeria and South Africa.

## Domestic Passenger Markets

Domestic air travel climbed 7.0% last year, which was unchanged from the rate in 2017. All markets showed annual growth, led by India, China, and Russia, which all posted double-digit annual increases.

The domestic U.S. traffic rose by 3.8% and domestic traffic in Brazil was up by 3.4%.

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TRAVEL MARKETS  
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**MOSCHINO**

TOY 2

EAU DE PARFUM

## BY THE NUMBERS

## Americas' busiest air route: Mexico City to Cancun

The airplane route that connects Mexico City and Cancun was the busiest air route in the Americas in 2018, according to the latest research by Routesonline. According to preliminary figures from Sabre Market Intelligence, a total of 4.87 million passengers flew between Mexico City and Cancun in 2018, a rise of 4.6% compared with the previous 12 months.

The MEX-CUN route is served by four carriers - Aeromexico, Interjet, Volaris and Vivaaerobus - with national flag carrier Aeromexico and low-cost carrier Interjet each commanding a 30% capacity share of the market.

The second busiest route in the Americas connects São Paulo with Rio de Janeiro. More than 3.9 million passengers

traveled between São Paulo Congonhas Airport (CGH) and Rio de Janeiro's Santos Dumont Airport (SDU) last year, although the figure was a 4.6% drop compared with 2017.

Completing the top five is the Colombian domestic route of Bogota (BOG) - Medellin (MDE) with 3.89 million passengers; Los Angeles (LAX) - San Francisco (SFO) with 3.66 million and Los Angeles (LAX) - New York JFK (JFK) with 3.60 million.

Routesonline's research also found the ten major routes which have grown at the fastest rate over the last 12 months. This was compiled by ranking the top 100 routes in the Americas during 2018 by passenger numbers and calculating the percentage change from 2017.

At number one is Los Angeles (LAX) - Boston (BOS), which added more than 320,000 passengers over the 12 month period. More than 1.65 million passengers flew on the route in 2018, compared with 1.33 million in 2017.

The rise came as two-way capacity jumped by 23% to 1.88 million available seats, according to figures from OAG Schedules Analyser. The growth was mainly driven by American Airlines, which added almost 170,000 seats; United Airlines, which added more than 110,000; and JetBlue, which upped capacity by nearly 94,000.

Belo Horizonte (CNF) - Sao Paulo (GRU) is the second fastest-growing route in the top 100, while Santiago (SCL) - Sao Paulo (GRU) is third.

## ForwardKeys: U.S. suffers 3% Asian setback in 2018

The number of tourists arriving in the United States from the Asia Pacific region fell by 3.2% last year, according to latest findings from ForwardKeys.

The Kilauea volcano eruption in Hawaii (a top destination for Japanese travelers to the U.S.) contributed to a drop in U.S.-bound tourism in the second half of 2018.

In addition, the number of Chinese visitors to the U.S. during the year remained flat (0.0% growth) amid the ongoing trade war between the two countries.

Asia Pacific represents a 20% market share of U.S. inbound travel.

On the plus-side, the figures show a 3.2% increase in European visitors to the U.S. compared with 2017, representing a 38% market share. But German tourists stayed away, down 8.7% on 2017.

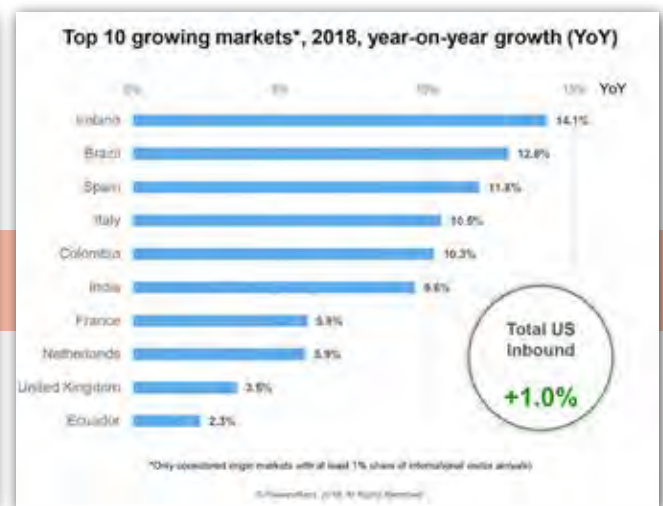
The European nations leading the tourism growth are Ireland, up 14.1%, Spain, up 11.8%, and Italy, up 10.5%. Elsewhere, Brazil, up 12.8%, and Colombia, up 10.3%, helped account for a 1.3% growth from The Americas.

Overall, total international tourist

arrivals in the U.S. in 2018 showed very modest growth, up 1.0% on the previous year.

New York City consolidated its position as the top U.S. destination for international travelers, up 2.1%. The Northeast as a whole grew by 2.8%. Fort Lauderdale, in the South, and Detroit, in the Midwest, were the fastest-growing destinations, up 12.8% and 12.5% respectively.

ForwardKeys analyzes 17 million flight booking transactions a day.





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## NPD Travel Retail takes a look at Americas travel stats

NPD Travel Retail, formerly known as Counter Intelligence Retail (CiR), has created an exclusive overview of the Americas passenger flight data for 2018 for TMI.

In the graphic top right, NPD Travel Retail reports on Key Destinations. The numbers in the bubbles represent percent weight /and percent share of the destination as well as Traveler Statistics.

In the graphic on the lower part of the page the grey bar represents full year 2017, the blue bar full year 2018 and the orange % is the YoY change.

Part of the globally recognized NPD family since December 2016, the CiR name change took place on Jan. 23, 2019, to better align the division with the rest of the business.

Alongside the rebrand, NPD plans to introduce new services, including an airport level sales performance product linked to an enhanced traveler statistics and shopper intelligence service.

“With NPD’s global presence and their experience across more than 20 industries, this gives us enviable access to global domestic market knowledge and intelligence that we believe is key for supporting travel retail industry growth,” said Garry Stasiulevicus, president of NPD Travel Retail.

“Combine this with the company’s technical and data management expertise and this puts us in a leading position of being able to bring to market the most accurate and wide coverage levels of data,” he continued.

NPD’s Travel Retail practice specializes in traveler statistics, shopper and nationality insights, and key market trends for all the major categories sold in duty free. The company says that the practice provides clients with an understanding of this channel so they can create action-oriented plans to drive revenue.

For more information, visit [npd.com](http://npd.com).  
Twitter: @npdgroup.







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## TFWA Asia Pacific Exhibition & Conference offers critical information to conduct business in Asia

Registration is currently open for the TFWA Asia Pacific Exhibition & Conference taking place at the Marina Bay Sands Expo & Convention Centre in Singapore from May 12-16, 2019.

The event provides a platform for those looking to do business in the important Asian region and is essential for learning more about recent market developments. The Exhibition will present the latest innovations from leading duty free and travel retail brands in Asia and beyond.

Among the brands featured will be Kering Italia showcasing fashion accessories, jewelry and watches, and Kering Eyewear, which exhibited last year. Other brands include Havaianas and Silhouette International from fashion and accessories, Lamy from gifts and toys, Ya-Man from electronics, Georg Jensen from jewelry and watches, Eu Yan Sang from confectionery and fine food, Pierre Fabre and Foreo from fragrances and cosmetics, and Rémy Cointreau from wine and spirits.

The Conference provides delegates the opportunity to hear from and network with key figures and experts from within the industry and beyond. Among the themes to be explored during the day-long plenary conference will be travel retail's omni-channel future, the role technology can play in helping improve conversion rates,



*The TFWA Asia Pacific Exhibition & Conference continues to go from strength-to-strength with another record-breaking performance last year. A total of 3,194 delegates from across the duty free and travel retail industry attended the event in 2018, up 3% from 3,087 in 2017.*

sustainability in travel retail, and the future for brands in a hyper-regulated world.

"Asia remains the largest duty free and travel retail region and is continuing to expand at a rapid pace," said TFWA President Alain Maingreaud. "The latest Generation Research figures show preliminary duty free and travel retail sales in Asia Pacific standing at US \$8.9bn for Q1 2018, up 11.5% year-on-year.

"Buyers from around the world come to TFWA Asia Pacific Exhibition

& Conference to do business, and many leading duty free and travel retail companies have expressed their interest in attending this year's show – with a number of the industry's most exciting brands already confirming their participation. I'm certain the new contacts made, as well as the strengthening of ongoing relationships during a busy week, will help to ensure further business success in Asia in 2019 and to the next decade."

The TFWA Asia Pacific Exhibition & Conference will be supported once again by the Singapore Tourism Board, and by Changi Airport Group as Diamond Sponsor of this year's Conference. Other confirmed sponsors include Neuhaus as Lunch Sponsor, Leonidas as Coffee Break Sponsor, Incheon Airport as Afternoon Networking Session & Workbook Sponsor, Nestlé as Afternoon Networking Session Sponsor, Pourchet as Hostess Outfit Sponsor, and Skross as Conference Charging Station Sponsor.

Social events include a golf tournament sponsored by Interparfums, and the Welcome Cocktail at Fort Canning on Sunday May 12, a Chill-Out Party, sponsored by Lacoste and Korea Ginseng Corporation at the Mandarin Oriental Hotel on Tuesday May 14, and the Singapore Swing Party at Ola Beach, Sentosa Island on Wednesday May 15.

To register, please visit [www.tfwa.com](http://www.tfwa.com).

## Record attendance at TFWA China's Century Conference

More than 400 industry delegates attended the fourth TFWA China's Century Conference, held in partnership with APTRA, at Grand Hyatt Hotel in Haitang Bay on March 5-7.

A total of 418 people, up from 412 in 2017, attended the Conference and 115 meetings took place during the TFWA ONE2ONE networking service.

The conference was co-hosted by the Departments of Commerce and Finance of Hainan Province, with the country's leading travel retailer China Duty Free Group as Diamond Sponsor.

Cartier and Interparfums were

Platinum Sponsors, while Sanya Phoenix International was Official Airport.

In addition to the well-received conference content, attendees also enjoyed a comprehensive program of social events during the course of the three-day event. The Welcome Cocktail, sponsored by Lagardère Travel Retail and Swarovski, was held at The Sand at the Shangri-La Sanya Resort & Spa, and the Gala Dinner, hosted by DFS, took place at the Grand Hyatt.

Haitang Bay, near Sanya, is home to the CDF Sanya International Duty Free Shopping Complex, the world's largest duty free shopping center.

The logo for TFWA (The Free World Association) is a blue square with the letters 'TFWA' in white, sans-serif font.

**TFWA**

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## Asian airports sweep new categories at ACI World’s Airport Service Quality awards

Airports Council International (ACI) World revealed the winners of its Airport Service Quality Awards, which recognize those airports around the world that deliver the best customer experience in the opinion of their own passengers.

Repeat winners from around the world include Indianapolis International Airport, Beijing Capital International Airport, Singapore Changi Airport, and Toronto Pearson, Aeroporto di Roma-Fiumicino, Mumbai’s Chhatrapati Shivaji International Airport, Delhi’s Indira Gandhi International Airport, Shanghai Pudong International Airport, Sheremetevo International Airport, among others.

Airports winning their first ASQ Award include Aeropuerto Internacional Ramón Villeda Morales in Honduras, as well as Dublin, Oslo, Helsinki, Southampton, Bristol, and London City

airports. Spain’s Aeropuerto de Almería, Aeropuerto de Girona, Aeropuerto de Melilla, Aeropuerto de Zaragoza, and Aeropuerto de Alicante-Elche are also first time winners. Fort McMurray Airport in Canada and Muscat Airport in Oman are also newcomers to the ASQ Awards.

In the new “Best Infrastructure and Facilitation” category, seven Indonesian and eight Chinese airports are recognized in their size category.

In another highlight, Kempegowda International Airport, Bangalore, India, has won the first ever ASQ Arrivals Award, and is the first airport to win both a Departures

and an Arrivals award.

“The Airport Service Quality Awards celebrate the achievements of airports in delivering the best customer experience and represent the highest possible accolade for airport operators around the world,” said ACI World Director General Angela Gittens.

The ASQ Departures program measures passengers’ satisfaction across 34 key performance indicators. Three quarters of the world’s 100 busiest airports are part of the ASQ program meaning that in 2018 more than half of the world’s 8.3 billion travelers passed through an ASQ airport.

LATIN AMERICA-CARIBBEAN		
Under 2 million passengers	Aeropuerto Internacional Ramón Villeda Morales Aeroporto Internacional Daniel Oduber Quirós	San Pedro Sula, Honduras Liberia, Costa Rica
2 – 5 million passengers	Aeropuerto Internacional de los Cabos Aeropuerto Internacional José Joaquín Olmedo	Los Cabos, Mexico Guayaquil, Ecuador
5 – 15 million passengers	Aeropuerto Internacional Punta Cana Tancredo Neves-Confins International Airport	Punta Cana, Dominican Republic Belo Horizonte, Brazil

## DFW, YYZ both named “Best Large Airport” in North America for Customer Satisfaction

Dallas Fort Worth (DFW) International Airport and Toronto Pearson International Airport were both named Best Large Airport in North America serving more than 40 million annual passengers by Airports Council International (ACI).

“This is the second time in three years that DFW has earned the distinction of Best Large Airport for customer satisfaction, underscoring the efforts that our 2,000 employees have taken to make the customer experience our top strategic priority,” said Sean Donohue, CEO of DFW Airport. “With the recognition from ACI and the Global Airport of the Year Award from Air Transport World, the industry and our customers are taking notice of our investments in technology, infrastructure and people to transform travel.”

“We’re extremely grateful to our passengers, who took time out from their travels to give their feedback and for choosing Toronto Pearson as the best large airport in North America again this year,” said Howard Eng, President and CEO, Greater Toronto Airports Authority. “This achievement is possible thanks to the

collaboration and innovation of the 50,000 airport colleagues and partners who made a commitment to creating a better airport experience for our passengers and who continue to work every day to bring that vision to life.”

This is the second year in a row YYZ was named Best Large Airport in North America. Toronto Pearson was also recognized with a second 2018 ASQ Award—the Most Improved Airport in North America.

NORTH AMERICA		
Under 2 million passengers	Fort McMurray International Airport Portland International Jetport	Fort McMurray, Canada Portland, United States
2 – 5 million passengers	El Paso International Airport Ottawa International Airport	El Paso, United States Ottawa, Canada
5 – 15 million passengers	Indianapolis International Airport Jacksonville International Airport San Antonio International Airport	Indianapolis, United States Jacksonville, United States San Antonio, United States
15 – 25 million passengers	Dallas Love Field Airport	Dallas, United States
25 – 40 million passengers	Detroit Metropolitan Wayne County Airport Minneapolis/St Paul International Airport	Detroit, United States Minneapolis, United States
Over 40 million passengers	Dallas/Fort Worth International Airport Toronto Pearson International Airport	Dallas, United States Toronto, Canada

### Indy Airport named ‘Best Airport’ for seventh straight year

Indianapolis International Airport (IND) has been selected as the Best Airport in North America for its size and region in the ACI World’s 2018 Airport Service Quality Awards.

This is the eighth year and seventh consecutive year, travelers have named the Indy airport as the best among airports serving 5 to 15 million passengers. In 2018, more than 9.4 million passengers flew out of the Indy airport, setting a new all-time record.





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## Atlanta keeps top ACI traffic ranking

It's official. Atlanta-Hartsfield-Jackson Airport kept the top place in ACI World's latest airport traffic rankings report, handling over 107 million passengers in 2018.

Beijing Airport came in at the number two spot, surpassing the 100 million passengers mark in 2018, the only airport besides ATL to have passed that milestone. Traffic at Beijing grew by 5.4%.

Dubai Airport managed to hold on to its third position even though traffic grew by only 1%, after years of double-digit percentage traffic growth.

Airports Council International (ACI) World airport traffic rankings

published this month found that passenger traffic remained resilient in 2018. ACI estimates passenger traffic reached 8.8 billion, growing by an estimated 6% compared to the previous year, above the 4.3% compound annual growth rate for passenger traffic from 2007 to 2017.

Passenger traffic at the world's 20 busiest airports – which represent 17% of all global passenger traffic – grew by 4.7% in 2018 as more than 1.5 billion passengers used these airports, reports ACI.

The air cargo market did not fare as well as passenger traffic with a year-end growth figure of 3.2%. This is in contrast

to a much stronger year of growth in 2017 but comes against a backdrop of global trade tension between the United States and several of its closest trade partners, says the industry group.

In other significant findings, India became the world's third-largest aviation market in terms of passenger throughput, behind the U.S. and China in 2018. India's move towards a more liberalized aviation market and the nation's strengthening economic fundamentals have helped it become one of the fastest-growing markets with its traffic growing rapidly in a relatively short time, says ACI.

## LAX sets another record for passengers in 2018

Los Angeles International Airport (LAX) set a new all-time record for passenger traffic in 2018 with 87.5 million travelers, up 3.52% over 2017's previous record.

International passenger traffic slightly outpaced overall traffic growth at LAX, with a record-setting 26 million international travelers last year. More than 61 million domestic passengers traveled through LAX.

In 2018, nonstop flights from LAX served 109 U.S. markets and another 93 internationally. Top international markets included London, Mexico City and Seoul, while New York (JFK/Newark), San Francisco, Chicago and Las Vegas were the most popular U.S. markets.

Over the last five years, LAX has experienced continued growth. From 2014 to 2018, LAX added 21 new airlines and 36 new nonstop routes to international destinations. Passenger traffic has grown 31.2% during that time, maintaining LAX's position as the second-busiest commercial airport in the country. In 2018, these new routes included Lomé, Togo; Shenyang and Xian, China; and Buenos Aires. New domestic routes included Arcata/Eureka, Calif., and Flagstaff, Ariz.

## MIA surpasses 45m pax for first time in banner year

Miami International Airport passed the 45-million-passenger milestone for the first time ever in 2018, serving nearly one million more travelers than the previous year.

MIA is also the busiest U.S. airport for international freight, and also set a new record of 2.3 million tons of freight, adding 60,000 tons to the 2017 total.

MIA served nearly 21.9 million international passengers for the year – up 403,380 from 2017 – and more than 23.1 million domestic travelers in 2018, compared to 22.6 million the previous year, according to the airport's audited 2018 traffic statistics.

Hub carrier American Airlines launched new international routes to Bonaire, Netherland Antilles in June, and Saint Vincent and the Grenadines, Pereira, Colombia and Georgetown, Guyana in December, as well as new and increased service to 11 domestic destinations.

MIA also added four new passenger airlines: Air Italy to Milan; Brazilian low-cost carrier GOL began daily flights to Brasilia and Fortaleza; Sunwing Airlines began 10 weekly flights to Montreal, Quebec City,

Toronto and Ottawa; and Flair began weekly service to Edmonton, Winnipeg and Toronto. Existing carriers Viva Air and United Airlines also added additional routes.

Four international carriers are scheduled to enter into the Miami market in 2019: Low-cost carrier Norwegian will begin first-ever service at MIA on March 31 to London Gatwick Airport; Moroccan national carrier Royal Air Maroc will launch the first-ever Miami-Casablanca route on April 3 – MIA's first passenger flights to Africa since the year 2000 and Florida's only nonstop service to the continent; LOT Polish Airlines will begin four weekly flights to Warsaw on June 1 – MIA's first service to Poland and the only nonstop route between Florida and Eastern Europe; and French airline Corsair will launch service to Paris Orly Airport on June 10, with four weekly flights.

"We are extremely encouraged by the substantial gains made at MIA last year, from both our passenger and cargo operations," said Lester Sola, MIA Director and CEO. "With more new international service launches coming soon, we are expecting another strong year of growth."



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## DFW named Air Transport World's 2019 Global Airport of the Year

Dallas Fort Worth International (DFW) Airport has been recognized as the 2019 Airport of the Year by Air Transport World (ATW). The award recognizes DFW's innovation in providing a world-class customer experience, global leadership in sustainability, cost effective and efficient operations, excellent partnership with airlines, and collaboration with local communities to further develop the economic benefits of aviation in the Dallas-Fort Worth region.

"It's truly an honor to be recognized

as Air Transport World's Global Airport of the Year, and it's a credit to the nearly 2,000 employees of DFW Airport, who continually go above and beyond to take care of customers, address the needs of stakeholders, and engage with our surrounding communities," said Sean Donohue, CEO of DFW Airport. "DFW is experiencing the fastest growth in more than a decade, and we see it as an opportunity to welcome the world to the Dallas Fort Worth region and advance the innovation and collaboration that

deliver for our customers and make our communities stronger."

In 2019, DFW anticipates serving nearly 200,000 customers per day with new domestic and international destinations and nearly 1900 flights per day.

In 2018, DFW announced 28 new destinations, offering more domestic destinations than any other U.S. airport; announced 9 new international flights; and completed a \$2 billion renovation and renewal of three legacy terminals.

### Dulles International and Reagan National airports passenger traffic tops 47.5 million in 2018

Washington DC's two airports served 47.5 million passengers in 2018, growing 1.6% over 2017, reports the Metropolitan Washington Airports Authority.

Increases were driven by a surge in both international and domestic activity at Dulles International and steady passenger traffic at Reagan National.

More than 24 million passengers traveled through Dulles last year, with nearly one-third coming from domestic travel, which was up 6.3% versus the

previous year. The growth was fueled by domestic carriers including Frontier Airlines, Southwest Airlines and United Airlines, with United adding 12 new domestic routes in 2018 and 2019.

At Reagan National Airport, which is operating at capacity, passenger traffic was relatively flat with 23.5 million passengers in 2018, despite challenges throughout the year of decreased domestic airline load factors and weather impacts up and down the East Coast. Most of Reagan's traffic (23.1 million) was domestic.

### Orlando International busiest airport in Florida in 2018

Orlando International Airport (MCO) was the busiest airport in the state of Florida in 2018 with a record 47.7 million annual passengers, up 6.9% over 2017.

International traffic climbed 11.64% to a new record of 6.6 million for the year, while domestic traffic was up 6.2% to 41,095,987 passengers for 2018.

MCO surpassed 150 non-stop domestic and international destinations in 2018 and is the 11th busiest airport in the U.S.

## Hawaii visitors up in 2018, spending more than last year

A total of 9,954,548 visitors came to Hawai'i in 2018, an increase of 5.9% from 2017, according to preliminary year-end statistics released by the Hawai'i Tourism Authority. Visitors to the Hawaiian Islands spent \$17.82 billion in 2018, up 6.8% compared to 2017.

Total visitor days rose 5.3% in 2018. On average, there were 242,629 visitors in the Hawaiian Islands on any given day in 2018, up 5.3% from 2017.

Arrivals by air increased to 9,827,132 visitors (+5.9%) in 2018, with growth from U.S. West (+9.6%), U.S. East (+7.9%), Canada (+2.7%) and All Other

International Markets (+2.0%) offsetting a slight decrease from Japan (-1.0%).

Visitor arrivals from China dropped 9.9% to 136,276 in 2018. Although average Chinese visitor spend increased to \$356 per person (+7.3%) in 2018 and was the highest of Hawai'i's visitor markets.

Arrivals by cruise ships rose slightly to 127,415 visitors (+0.5%) compared to 2017.

A total of 13,248,069 trans-Pacific air seats serviced the Hawaiian Islands in 2018, up 8.3% from 2017. Growth in air seat capacity from U.S. West (+10.7%), Oceania (+10.3%), U.S. East (+8.9%),

Canada (+5.6%) and Japan (+2.7%) offset fewer air seats from Other Asia markets (-6.5%).

Spending by visitors generated \$2.08 billion in state tax revenue in 2018, an increase of \$133.1 million (+6.8%) from 2017.

In 2018, visitor spending increased from the U.S. West (+9.1% to \$6.64 billion), U.S. East (+8.1% to \$4.57 billion), Japan (+2.1% to \$2.31 billion), Canada (+5.6% to \$1.10 billion) and All Other International Markets (+4.5% to \$3.17 billion) compared to 2017.

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## More record traffic for NY area airports in 2018

New York's airports had another record year in 2018, with the Port Authority's four commercial airports – John F. Kennedy International, Newark Liberty International, LaGuardia and New York Stewart International airports – handling 137.9 million passengers. This breaks the previous record, set in 2017, by 3.8%.

Newark Liberty reported a 6.3% annual increase, JFK reported a 2.5% increase and LaGuardia saw its annual passenger volume rise by 2.3%. New York Stewart reported a 44.2% surge in traffic,

driven in part by new, low-cost nonstop service offered by Norwegian Air to destinations overseas.

To accommodate future airport demand, the Port Authority and its private airport partners have committed \$28 billion – the most in agency history – to maintain and build new airport facilities across the system.

At LaGuardia, an \$8 billion rebuilding of the legacy airport is in progress, and in December, the first new concourse in Terminal B opened to the public.

Newark Liberty broke ground in

October for a new Terminal One, which will replace the aging and obsolete Terminal A.

And at JFK, New York Gov. Cuomo announced a \$13 billion project to rebuild the airport, including the addition of 4 million square feet to the airport's north and south sides to increase airport capacity by at least 15 million passengers annually.

The first new gates of the redeveloped terminal are scheduled to open in 2023 with projected completion in 2025.

## DEN sets passenger mark for fifth year in a row

Denver International Airport (DEN) shattered the 2017 passenger traffic record with nearly 64.5 million passengers and a new all-time high for international passenger traffic in 2018. This is the fifth-consecutive year of record-breaking growth for the airport.

Overall, a total of 64,494,613 passengers traveled through DEN in 2018, an increase of 5.1% over the previous record of 61,379,396 in 2017.

DEN's international passenger traffic increased nearly 14% over 2017, reaching

an all-time high of nearly three million passengers.

Many DEN records were set in 2018, including the busiest day in DEN history on July 13 with over 207,000 passengers traveling through the airport; fifty-six days in 2018 were busier than the airport's busiest day in 2017. July was also the first time passenger traffic surpassed six million in a single month.

DEN marked a major milestone in 2018 becoming one of only five U.S. airports to provide scheduled service to

200 destinations. In 2018, DEN served 204 nonstop destinations, 178 domestic and 26 international, including service to 46 states, two more than the previous year.

In 2018, the airport welcomed Edelweiss Air and WestJet, new foreign flag carriers, and added nonstop service to two new international destinations, Paris and Zurich, as well as new service to Calgary and London.

Denver International Airport is the fifth-busiest airport in the United States.

## Pittsburgh International Airport reveals \$1.1 billion modernization program

The Allegheny County Airport Authority Board of Directors approved a visionary concept design for the Terminal Modernization Program at Pittsburgh International Airport (PIT).

The new facility will be built adjacent to the current Airside facility between the airport's C and D concourses as part of its \$1.1 billion modernization program.

Specifics of the design for the new terminal – scheduled to open in 2023 – which consolidates check-in, ticketing, security and baggage operations into one connected facility, will continue to be refined over the next phase of the project – Schematic Design – which is expected to

run through summer 2019, said the airport.

While subject to change, the concept design currently features:

- Separate levels for departing and arriving passengers and a non-public level for building systems such as baggage belts
- Additional space for an expanded TSA checkpoint
- Shorter walking distances for arriving and departing domestic and international passengers
- Indoor and outdoor green plazas and gathering spaces
- Additional space for concessions, artwork and other amenities
- Planning for technological improvements

and more automated systems

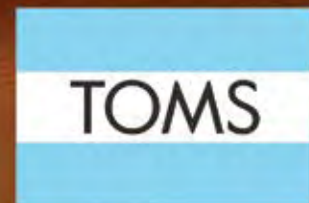
- Emphasis on sustainability

PIT is going through a major revitalization. Considered ground-breaking in design (including its AIRMALL shopping facilities) when opened in 1992, the airport declined significantly after its main tenant US Airways downsized (it is now part of American Airlines).

No longer a hub airport the way it was under US Airways, it now serves a number of low-cost carriers including Spirit, Frontier, Allegiant, JetBlue and Southwest, as well as the main legacy airlines.



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## Canada breaks its tourism record for second year in a row

For the second consecutive year, Canada had its best tourism year ever in 2018 with 21.13 million travelers to the country, according to Destination Canada, Canada's national marketing organization.

This is an increase of 1.2% from 2017, which had previously set the record.

U.S. visitors (14.44 million, +1.4%) continued to make up the majority of tourism arrivals to Canada in 2018. The positive performance, the highest level recorded since 2004, was driven by steady growth in auto arrivals (8.18 million, +2.4%), which are the largest source of overnight visitors to Canada, making up 56.7% of U.S. arrivals in 2018. Combined with increased arrivals by other modes of transport such as bus, train, and cruise (+10.1%), they outpaced declining air

arrivals (-3.1%) in 2018.

With global economic and political uncertainties weighing on arrival performances from Destination Canada's long-haul markets in 2018 (+0.0%), growth in air arrivals direct from overseas (+3.7%) largely offset declines in cruise (-2.8%) and air arrivals via the US (-17.3%).

Overnight arrivals to Canada from countries other than the United States reached an all-time high of 6.7 million in 2018, representing 32% of the total arrivals.

China, France, Mexico, and India each set arrivals records to Canada in 2018. More than 700,000 Chinese (737,379) visited in 2018, an increase of 6% over 2017. More than 600,000 French (604,166) came, an increase of 5%. More than

400,000 (404,402) Mexicans traveled north to Canada, up 5% over 2017. Almost 300,000 (287,416) Indians visited Canada last year, a jump of 15% over 2017.

This record-breaking year is due to a number of contributing factors, including Destination Canada's marketing efforts. In recent years the Government of Canada has implemented visa changes for priority markets by introducing the eTA and opening additional visa application centers in China, Canada's third largest source market.

New flight routes and increased service to Canadian airports have flight capacity soaring by 6% over 2017 to the highest level ever and representing an additional 2 million seats on flights to Canada.





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## Vancouver International Airport's traffic soars to new record in 2018

Vancouver International Airport (YVR) had another year of record-breaking growth in 2018, welcoming more than 25.9 million passengers, a 7.3% increase over 2017. YVR reached its 25 million passenger milestone two years ahead of its forecast.

More than 12.1 million domestic passengers traveled through the airport in 2018, up 6.1%. International passengers (including transborder) reached 13 million last year, up 9.5%.

The airport's passenger growth is fueled by expanded services from its airline partners, including significant continued

growth from Air Canada which has chosen YVR as its premier trans-Pacific hub.

In 2018, the airline introduced new flights to 10 destinations, including Paris and Zurich, and increased service on five existing routes. It also made its popular non-stop service to Delhi year-round.

YVR is on track to serve more than 29 million passengers in 2020, with projections indicating the airport will serve 32 million by 2022.

To facilitate recent and projected growth, YVR is investing \$9.1 billion in its expansion program, which includes 75 major capital improvement projects

scheduled over the next 20 years.

"This is an exciting time of incredible growth at YVR. We look forward to unveiling some of the projects under our current multi-billion-dollar construction program to address this growth and build the airport of the future," said Craig Richmond, President & CEO of Vancouver Airport Authority.

YVR uses a unique, not-for-profit operating model, which ensures all profits are reinvested back into the airport for the benefit of its customers, partners and communities.

## YVR announces revamped Food and Beverage and Retail options

YVR has partnered with several leading operators to introduce more than 30 new food and beverage and retail options over the next two years.

Working with SSP Canada, San Francisco-based boutique airport restaurant operator Tastes on the Fly, and Paradies Lagardère, the new options include many first-time concepts to YVR, and will complement the airport's existing portfolio of more than 170 shops, services and restaurants located before and after security.

"Our vision for YVR's commercial experience is to remain relevant and authentic, while creating an engaging environment with a balance of local and international brands," said Scott Norris,

Vice President, Commercial Development.

Some of the new options will open as early as summer 2019.

SSP Canada is introducing ten new concepts, including Hawksworth Kitchen, the first airport location for Canadian chef, David Hawksworth; The Dirty Apron, a chef-driven hometown deli, and Steamworks Bar & Restaurant, Whistler Brewing Lodge and Red Truck Beer Stop developed in conjunction with Red Truck Beer Co to add to YVR's artisanal craft beer scene.

Tastes on the Fly, creator of the award-winning Napa Farms Market, is bringing a British Columbia-inspired local marketplace concept —Pacific Farms Market --to YVR.

The International Terminal food market will be anchored with five made-to-order food stations and be flanked by a full-service restaurant and bar featuring a seafood menu offering fresh, local catches.

Travel retailer Paradies Lagardère will also be introducing four new stores. They include its travel essential brand Relay, as well as three Vancouver inspired travel essentials concepts. Opening in 2020 in a new expansion area of the ITB, new concept Deepwater Spirit will reflect Vancouver and the surrounding area with an exciting design concept and popular local products.

Relay will also feature a new design that will offer a full-service illy Café.



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## Canadian airport DF sales up 6% in 2018, land border sales flat

Duty free sales at Canadian airports reached \$486.6 million in 2018, up 6.65% versus 2017, reports the Canada Border Services Agency.

Perfume, Cosmetics, Skincare, the number one category in Canada's airports with 37.47% of sales, jumped 11.97% for the year. Number two category Alcohol (20% of sales) rose 3.3% in 2018. Tobacco, with 10% of sales, increased 10.63%.

At Canada's land border duty free stores, sales were flat in 2018 (+.43%) reaching \$156.9 million.

Alcohol, by far the biggest category on the land border with 43.55% of sales,

was also flat for the year (-.19%). Tobacco, the second most important category on the land border with 22.33% of sales, rose 3.72% in 2018. Perfume, Cosmetics, Skincare (13.43% of sales) slipped less than 1% for the year (-.87%).

Duty Free sales in the Pacific land border region were up 4.99% for the year, to \$24.54 million. Prairie, the smallest land border region with \$8.47 million, dropped 2.49% for the year. Ontario land border sales slipped .94% in 2018, to \$89.76 million. Atlantic-Quebec sales increased 1.73% last year to \$33.88 million.

## Edmonton International Airport has best year ever in 2018

Edmonton International Airport (EIA) served more travelers than ever before in 2018, with more than 8.2 million people flying in or out of the airport, up 5.8% over 2017.

Domestic traffic rose by 6.3% and travel to the U.S. increased 9.9%.

The airport added new service to and from EIA in 2018 including non-stop Air Canada stop service between Edmonton and San Francisco; non-stop Air Canada Rouge service to Las Vegas; WestJet winter flights to Huatulco, Mazatlán, Puerto Vallarta and Cancun; and new Flair Airlines service to Las Vegas, Phoenix-Mesa, Orlando, Miami and Palm Springs. Flair announced EIA as the airline's headquarters and main connecting hub. Swoop began new daily service to Las Vegas and twice-weekly service to Phoenix-Mesa and domestic service to Abbotsford, Winnipeg and Hamilton.

*The amount of passengers traveling through Toronto Pearson has increased by almost eleven million since 2014, jumping from 38.57 million to nearly 50 million in 2018. YYZ served 49.5 million passengers last year, up 5% versus 2017. Of those 18 million were international (+7.6%), 17.8 million were domestic (+2.2%), and 13.57 million were transborder (+5.6%).*

## Calgary International Airport has record 2018

Calgary International Airport (YYC) served 17.3 million passengers in 2018, one million more (+6.6%) than in 2017. All passenger segments grew last year: 12.2 million domestic passengers traveled through YYC, up 7%; 3.3 million transborder passengers, up 6.95%; and 1.76 million international passengers, up 2.95%.

This year the airport is welcoming WestJet's Boeing 787 aircraft and hangar opening as the airline's Dreamliner base, adding direct flights to London (Gatwick), Paris and Dublin in 2019. WestJet has also announced that it will be launching a non-stop flight to Atlanta starting in March, as well as Austin and Portland this upcoming spring. Air Canada has added direct flights to Palm Springs, California. Aeromexico will be making a return to YYC in May with seasonal service four times weekly to Mexico City.

YYC Calgary International Airport offers non-stop flights to more than 82 destinations across Canada and around the world with more than 270 daily flights.

Year-to-date Arrivals by Port of Entry

		Australia	China	India	Japan	South Korea
YYZ	Arrivals	15,450	217,773	133,021	47,732	53,251
	YOY%	-14.7%	1.1%	10.0%	-36.0%	-17.0%
	% of Total	4.4%	29.5%	46.3%	19.0%	21.7%
YVR	Arrivals	125,621	289,816	59,727	105,729	75,362
	YOY%	9.5%	4.9%	62.5%	-10.7%	-11.4%
	% of Total	36.0%	38.1%	20.8%	42.1%	30.7%
YUL	Arrivals	2,887	40,608	7,801	10,904	1,125
	YOY%	-4.7%	9.1%	-20.4%	521.7%	0.1%
	% of Total	0.8%	5.5%	2.7%	4.3%	0.5%
Air Arrivals from Overseas	Arrivals	1,539	11,074	10,822	12,047	997
	YOY%	0.5%	-15.6%	18.7%	-26.2%	-44.1%
	% of Total	0.4%	1.5%	3.8%	4.8%	0.4%
All other airports	Arrivals	880	573	2,465	243	153
	YOY%	-6.4%	-16.8%	-8.1%	10.5%	-11.0%
	% of Total	0.3%	0.1%	0.9%	0.1%	0.1%
Subtotal	Arrivals	146,577	550,844	213,826	176,655	130,895
	YOY%	6.0%	3.2%	19.3%	-16.4%	-14.0%
	% of Total	41.9%	74.7%	74.4%	70.3%	53.3%
Air Arrivals via the US	Arrivals	123,236	80,888	37,375	46,034	29,066
	YOY%	-8.1%	-9.7%	13.1%	-20.8%	-21.2%
	% of Total	35.3%	11.0%	13.0%	18.3%	11.8%
Sea Arrivals	Arrivals	43,950	12,186	10,863	5,028	5,340
	YOY%	-7.9%	-20.1%	12.7%	14.3%	-3.2%
	% of Total	12.6%	1.7%	3.8%	2.0%	2.2%
Land Arrivals via US	Arrivals	35,412	93,461	25,352	23,518	80,455
	YOY%	-6.8%	66.0%	-11.7%	9.0%	-18.9%
	% of Total	10.1%	12.7%	8.8%	9.4%	32.7%
<b>Total Overnight Arrivals</b>		<b>346,984</b>	<b>737,379</b>	<b>287,418</b>	<b>251,235</b>	<b>245,757</b>

Source: Statistics Canada, Frontier counts, custom publications, Table C. Note: The figures are preliminary estimates and are subject to change.





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## Travel Markets Insider: One on One with Gregg Paradies, president and CEO, Paradies Lagardere

**In August 2015, Lagardère Travel Retail made news by acquiring one of North America's leading and most respected airport travel retailers, Atlanta-based family-owned Paradies. The new company – Paradies Lagardère – covers most of the top U.S. and Canadian airports and is a major player in the North American industry. Company President and CEO Gregg Paradies talks to TMI about the merger and the major step the company took to expand in the food & beverage/restaurant sector as well.**



*Gregg Paradies, President and CEO*

**TMI:** Since announcing the merger between your family-owned Paradies with Lagardère in August of 2015, the company has certainly mushroomed in size and importance in the North American airport market. Can you give us a little background about how Paradies began talks with Lagardère and how the process proceeded?

**GP:** It's really very simple. Paradies has a long-standing industry reputation for excellence in its store operations and management, design, and first-class customer service. It was a natural fit, particularly for expansion throughout North America. Since then, a lot has changed, such as the recent HBF acquisition.

**TMI:** Was it Lagardère who approached you? They seemed to begin expanding with the acquisition of the Saveria USA stores in JFK in 2014.

**GP:** Yes.

**TMI:** What kind of synergies accrued from the merger in the first two years? With such complementary markets between the two companies, the advantages of merging were easy to see. But what were the biggest challenges that the combined company had to overcome? Were there differences in corporate cultures that had to be accommodated?

**GP:** The challenges we faced were the types of challenges that accompany any type of merger or acquisition. We had to merge technology, business practices, associates, etc. But we got it done successfully and have continued to move forward.

**TMI:** One strong benefit of the combined company seems to be the number of

proprietary brands launched under the new entity. Trip Advisor, So Chocolate, Scoreboard, etc. Can you speak about some of these and what others we might see in the future? What are some of the benefits from developing these proprietary retail brands?

**GP:** Growing our portfolio of brands in key areas of expertise highlights a diverse mix of offerings that allows us to deliver the very best solutions – a favorite local concept, or a highly-desired national or international brand – and exceed the expectations of our airport partners and the travelers we service. Paradies Lagardère works with our airport partners to provide an enhanced customer experience.

**TMI:** How many new and/or expanded airport concessions has the new company won to date? Are there others in addition to Indianapolis and Salt Lake City? Are there other concessions currently under bid?



*Fashion essential brand SPANX is one of the specialty retail brands in the Paradies Lagardère airport portfolio.*

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*GP:* The company had a great year in 2018, and Paradies Lagardère is excited for what 2019 holds. We won new business and protected contracts in airports such as Sacramento, San Francisco, Vancouver, Salt Lake City, Orlando, and Dallas Fort-Worth.

In the fall of 2018, Paradies Lagardère closed the acquisition of Hojeij Branded Foods (HBF), a leading airport restaurateur in North America. Aligning with our goal to strengthen our position as a premier airport food and beverage operator, the acquisition makes us the third-largest operator in the North American airport travel retail and restaurant industry with total annual sales exceeding \$1.2 billion.

Paradies Lagardère's Dining Division now offers unique restaurant experiences in 42 airports, with an expanded portfolio

of approximately 100 brand partners and proprietary concepts ranging from full-service to fast-casual to quick-serve. The combined brand portfolio offers airport partners and the traveling consumer a vast and attractive array of concepts, including *Vino Volo*, *Chick-fil-A*, *P.F. Chang's*, *Pei Wei*, *Bar Symon* by Chef Michael Symon, *illy Caffè*, *Longhorn Steakhouse*, and *Cat Cora*. All of this puts us in a great position for 2019.

*TMI:* And now you have added the food division under Hojeij Branded Foods (HBF), which adds a huge new dimension to the equation. I am certain that the recent announcement of the opening of *Bar Louie* in DFW is just a start. What else can we expect to see from this division coming up?

*GP:* Paradies Lagardère launched its Food

and Beverage division in 2007, and we've seen a phenomenal amount of growth in this area for the company. The HBF acquisition puts us in a position to offer even more to our airport partners, who are working to expand their dining programs and provide delicious food options to travelers.

*TMI:* Where do you see Paradies Lagardère in five years? Would you consider expanding into other geographic markets?

*GP:* Innovation, brands, and quality – Paradies Lagardère wants to continue to be the best in the industry, and grow and develop its Dining Division. Airports are working to be travel destinations, and we want to be a partner in ensuring they meet their objectives and goals.

*TMI:* What do you see as the company's biggest challenge going forward? What is the company's strongest selling point? What is the image you hope comes to mind when people think of Paradies Lagardère?

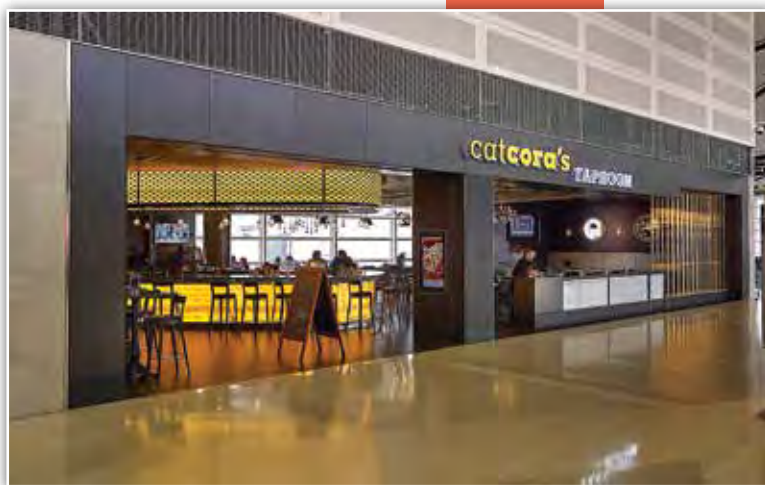
*GP:* The biggest challenge I see going forward is working with our airport partners to meet the unique and diverse needs of their target demographics. We have many strong selling points: People and relationships are at the heart of what we do. We deliver the best dining and retail solutions in the industry.

We're on the forefront of integrating innovation and technology and using that to best serve travelers. We have global expertise and best practices as a result of Lagardère Travel Retail, and our recent acquisition of HBF. And we've long had a culture where we motivate our associates to provide first-class customer service through our dedicated management teams, extensive training programs and unrivaled recognition programs. I hope that when people think of Paradies Lagardère they think of Innovation, Brands and People.

*Cat Cora's Taproom* in Detroit International Airport is one of restaurant brands Paradies Lagardère acquired from its merger with Hojeij Branded Foods (HBF).

The *Trip-Advisor* travel essentials stores, shown here in Phoenix International Airport, is one of Paradies Lagardère's successful proprietary retail brands.

***“Innovation, brands, and quality – Paradies Lagardère wants to continue to be the best in the industry.”***



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## Managing the LATAM airport duty free business in challenging times

### One on One with Rene Riedi, Division CEO Central and South America for Dufry



Rene Riedi, Division CEO Central and South America for Dufry

The duty free and travel retail business in South America experienced one of its most difficult years in recent memory in 2018, a situation that took place practically overnight. A company like Dufry, which has airport operations in nearly every country in the region, had an especially large exposure, but immediately enacted a number of strategic initiatives to protect its business as much as possible until the cycle recovered.

The duty free business in the region was down an average of 25% in 2018 compared to the year before, noted ASUTIL Secretary General Jose Luis Donagaray recently, and some reports put the border business in the region down double that amount.

Rene Riedi, Divisional Chief Executive Officer Central and South

America for Dufry, spoke with *TMI* about how the company responded to the sudden shift in business. Riedi oversees Dufry's business in Central and South America, as well as its cruise ship division.

"Last year was very challenging.

There were elections in Mexico, Colombia, Paraguay and Brazil, so we were expecting a bump here and there. But then we, as many others, got surprised by the devaluation in Argentina, and the severe reaction, which we did not see coming. And it happened from one day to another in March/April," said Riedi.

By the middle of last year, the Argentine peso had hit record lows against the U.S. dollar, and the country faced one financial crisis after another.

"What can you do against a devaluation of this significance? It was

destroying value for each individual. Suddenly a ticket price doubled," said Riedi. "We had to react - we had to do something, and quickly."

Because many people had bought tickets in advance – especially in Argentina – the airports continued to see a steady passenger flow in the first weeks after the crisis began, he noted.

"But they were not buying in the airport stores. I am not just talking about our stores, but the overall performance of the economy."

Riedi says that Dufry had to create a



Dufry's newly renovated 3,000 sq meter flagship Departures store in Buenos Aires's Ezeiza International Airport Terminal A that launched in February introduces the company's New Generation store concept in Argentina.





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*Above: The stunning and colorful Tequileria is a highlight in Terminal 4 in Cancun International Airport, Dufry's first New Generation store that opened in December 2017.*

reason for passengers to come into their stores.

"We could not ignore the situation or take a wait-and-see stance. We can't say: 'In nine months it will be okay.' Of course not. We had to take actions."

Dufry implemented a series of initiatives. "We ramped up our promotions massively, and increased the weight of promotions quite significantly. But there is nothing as disruptive as a devaluation policy, because it directly affects the people and their mood. It is very difficult to combat this as long as people feel they do not have enough money to buy."

Dufry management developed an individual plan for each market.

"We asked ourselves: What can we do more? And we realized that there are four elements that you must have right: 1. the assortment; 2. availability; 3. promotions; and 4. staff incentives and motivation.

"You have to have the products, you have to have the products available, no out of stocks, you have to have promotions in place and you have to motivate your staff –

they are the most essential," he stressed.

"You have to be guided by these elements and you have to ask every day 'Are we doing it right? Do we need to make changes today? Do we need to increase promotions even more? Do we need to add more incentives to the staff?' The staff in the store can make a difference if they are motivated – with trading up/ cross selling/ up selling/ or convincing a reluctant passenger to buy something," he added.

"We had to make sure at every point of time that we had these under control. This was the most successful thing that we did."

He explains: "As the currency starts to stabilize, gradually consumers gain back some confidence. And, as the domestic market depletes its stock on hand, it will have to replenish at a higher cost. Over time, this restores the price differential between the domestic market and duty free.

"We are in the phase now where we are starting to see the restoration of the price differential between domestic and duty free," he reports.

## **Dufry Latin America: A Market by Market Overview**

### **Brazil**

Since Dufry had invested so heavily in upgrading its stores in Brazil before the World Cup and the Olympics, the company did not have any major investments in Brazil last year.

### **Ezeiza International Airport, Buenos Aires, Argentina**

Dufry completed a major refurbishment of its flagship duty free store in Ezeiza airport in February 2019, a massive undertaking in the midst of such a serious financial crisis.

Riedi points out a number of reasons why the renovation made sense.

"First, we have a long term contract in Ezeiza, so the point in time when you do the renovation is not so important. We should benefit nicely from the new store when this crisis is finished.

"Secondly, the stores were really in need of refurbishment. We have been in Ezeiza since 2011 and they needed to be refreshed.





*Dufry emphasizes a Sense of Place during the opening of its new airport store in Lima, Peru.*

“The refurbishment gave us the opportunity to introduce a New Generation store, with many digital elements. It features wonderful digital banners and digital message boards across the entire store. We can run one message throughout the store and can adjust the message by the day or the hour or the flight. We can change the message, change the language, change the ambiance, and change the mood.”

“We wanted to refurbish the store for many years and now that all the elements are in place the store is ready for the upsurge.”

Riedi also noted that the government will be building a new airport at Ezeiza. “We see the airport landscape changing for us quite dramatically over the next couple of years,” he commented.

#### **Santiago Airport, Chile**

With a new airport under construction in Santiago, Chile, recent media reports suggest that a new duty free concession tender will be called. Dufry is the current concessionaire at the existing airport.

“We do not know how the airport is going to handle the new space. The airport will call a tender for the new space, but at this time we do not know how they are going to split the space, or what the concession requirements will be.

“We have the right for the same space in the new airport but the complementary space is not defined yet.”

#### **Lima, Peru**

Riedi says the Lima Duty Free store, which Dufry opened in August 2016, is a concept that is working very well.

Lima was less effected by the crisis than the airports in Argentina, Uruguay and Chile.

He explains: “The further north you go the less the impact. The currencies in Uruguay and Chile were relatively stable but the countries were affected just by being so close to Argentina and Brazil, which they depend on for so much of their traffic. In Lima, the relationship between Dufry and the Airport have been very good with how this has worked.”

#### **Mexico City and Cancun**

Mexico was not affected at all by the crisis further south. Although Dufry operates many small airports throughout the country, the main focus was on Cancun and Mexico City.

Cancun is the second busiest airport in Mexico and a true international holiday destination airport. Dufry is operating stores in Terminals 2, 3 and 4.

Airport operator ASUR opened

the new Terminal 4 in December 2017, which became home to Dufry’s first new Generation store in the region. As soon as the T4 store was completed, Dufry immediately began renovating its stores in Terminal 3, finishing in mid-2018. The Terminal 2 store was relatively new when Dufry took over from World Duty Free as part of the acquisition. ASUR closed Terminal 1 when it opened the new T4.

With the opening of the new terminal, airlines were reassigned and the dynamics of the terminals changed, said Riedi.

“We had to redesign our assortments by terminal in order to offer the products that meet the passenger profile. Now Terminal 3 is 100% international and T2 & T4 are mixed terminals, combining domestic and international flights. So we introduced a duty paid offer for the local Mexicans that travel in and out to Cancun.”

Mexico City Airport, the busiest airport in Latin America in terms of passengers, is at full capacity but the country’s new president, Andres Manuel Lopez Obrador, has canceled construction of the new airport which had been under construction.

“This does not impact Dufry in the short term. For us it is business as usual for now,” commented Riedi.

#### **San Juan, Puerto Rico**

San Juan Luis Muñoz Marin Airport in Puerto Rico, which was seriously damaged by Hurricane Maria in September 2017, is now fully operational and restored, reports Riedi.

“The recovery happened much quicker than anticipated. The airport was never a total loss and it had to be restored as quickly as possible to handle relief supplies and aid workers. The commercial flights followed soon after,” he said.

#### **Caribbean**

Dufry also operates stores throughout the Caribbean, with Puerto Rico and the Dominican Republic being the most important, followed by its stores on the medium-sized islands of Aruba, Trinidad and Barbados. Dufry’s stores in St. Maarten and the Turks and Caicos Islands were closed after the storms.

“The most important thing is that none of our employees suffered casualties, and that our company was able to do whatever we could to help them recover,” he said.



Dufry operates the retail concession onboard the Norwegian Joy.

## Dufry tailors its airport expertise to onboard cruise sales

Dufry Cruise Services, the giant retailer's former Flagship division that was renamed in 2018, has grown significantly over the past few years – from handling the retail concessions onboard only 9 ships in 2012, to working with 32 ships as of 2018.

From its beginnings working with Norwegian Cruise Line, Dufry Cruise Services now operates the concessions onboard select ships with Holland America, Carnival, Cunard, P&O UK and Pullmantur.

Dufry sees the cruise channel offering interesting potential ahead, says Rene Riedi, Divisional Chief Executive Officer Central and South America, who oversees the cruise operations as part of his mandate.

“The cruise channel is now a strategic focus for the future,” says Riedi, adding that the company reorganized and enhanced the division after the company was awarded ships as a result of participating in an earlier conducted tender.

“Over the last few years we have seen a complete change of landscape with new players coming into the channel. Cruise products are much more diverse and I think the quality has grown, as well. We are seeing good products coming out like *Celebrity Edge* and the *MSC Seaside*. These are great ships and interesting concepts,” he comments.

Riedi says that cruise retail is a challenging channel but he welcomes it.

“Dufry has taken the decision to invest resources into this channel. As a result, we have made changes in the way we work with the ships and our

organization structure. We have defined a whole strategy for the channel. We are excited. It is very different than what we do on shore—it is much more complex than what we do in any airport, but very interesting,” he notes.

For one thing, logistics are critical to keep the ships supplied: “This requires different skills than what we normally need onshore. We have only a small window where you can deliver – this is a challenge.”

Itinerary is also a crucial fact and can regularly change, he adds. In addition, each cruise line carries a different profile of passenger so it is a challenge.

“We need to be aware of what the guests want and tailor make our assortment and offer to accommodate them,” he says.

On the other hand, Dufry believes it can bring more of the expertise and experience that it developed working with airports and other channels to the ships, especially to the newer and larger ship contracts it has won, where it has more of a say in the onboard store designs. These new ships have been designed much more with commercial in mind.

“Look at the *Norwegian Joy* that launched in 2017 in Asia, where we designed the retail space. We can see a huge difference. Then came the *Norwegian Bliss*, NCL's latest addition. Beginning in April 2018, we sell all product categories including fine jewelry in 750 sq. meters of retail space.

“Generally, and if the ship's master design permits, we like to design open

spaces similar to those of walk-through stores in airports,” he says.

“In our airport stores we have open spaces without walls and doors, so that passengers walk through with the offer on the left and right. I think we can take a lot from this concept to ships as well. In older ships you had the offer hidden away from the main walk-through, behind walls and behind glass doors. The idea is to create more open spaces so today we bring the offer to the guests. And we bring the guests right to the retail offer. We can develop this into the design of the ship,” says Riedi.

Dufry is also looking to introduce more technology into the design.

“We are also seeing the opportunity for more digitalization onboard ships, similar to what we have in airports. For instance, the digitalization of the store itself or the digitalization of the staff, with instore staff carrying tablets, and other aids that allow them to give better services to the guests,” he says.

The cruise channel continues to offer a huge opportunity for the future, a vision shared by all players in the channel, says Riedi.

“We are seeing a wider range of ships appealing to a broader range of guests. Virgin will be touching a completely new market audience. I think we are going to be seeing cruise lines covering more segments than we have ever seen before. Everyone will be able to find a cruise product that suits them, and we plan to be there to accommodate their retail needs.”





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During the big reveal event in Miami last October, Chairman and company founder Bernard “Benny” Klepach presented background on how the DFASS company had evolved over the past 31 years. He was followed by Executive Vice Chairman Roberto Graziani, shown here at the moment of the unveiling of the new 3Sixty Duty Free & More rebranding.

## **3Sixty Duty Free & More: Changing a corporate culture to compete in today’s world**

### **One on One with 3Sixty Executive Vice Chairman Roberto Graziani**

When DFASS unveiled a major rebranding of its corporate identity before a gathering of top industry dignitaries in Miami last October, it symbolized much more than a simple name change. At the reveal, company founder, Chairman & CEO Bernard (‘Benny’) Klepach, and Executive Vice Chairman Roberto Graziani, also announced a new corporate identity and mission statement as they renamed the company 3Sixty with a tagline that promises “Duty Free and More.”

Speaking with *TMI* at his Miami-based office, Graziani said that the name change was just the final piece of a complex picture, the culmination of a 15-month long, in-depth effort to inherently change the culture of the company.

“The brand was ready to be launched much earlier than when we announced it, in February or March, but we didn’t want to launch a brand until we were ready internally. If we were telling the world that we are a certain kind of company, we needed to behave that way internally. And before we were talking about the change I wanted us to walk the talk,” he said.

The rebranding reflects a significant

change in the culture of the company, said Graziani, whose strong travel retail background includes 11 years heading up Nuance until it was sold to Dufry in 2014, and then 3 years as President of Shilla Group’s travel retail business.

“The company was a little too short-term oriented. We thought that we needed to have a more strategic approach – and sometimes a strategic approach can limit your short term opportunities, so this is a significant change,” he said.

The transformation process started as soon as Graziani arrived in July 2017, he tells *TMI*, an effort that first entailed understanding how the company was perceived, both internally and externally.

“We had very lengthy discussions with our partners asking them how they perceived us: what were our strengths, weaknesses, opportunities, challenges? We asked the same of our employees, and in the end we had quite a good understanding of how we are perceived.

“Starting from that we understood what we had to improve, what we should have leveraged better, and where we were strong. From there we have completely



*Roberto Graziani,  
3Sixty Executive Vice Chairman*

redefined our mission, vision, and strategic objectives starting the process from our values. I believe everything starts from your values,” he emphasizes.

What was the most surprising result of this analysis? Graziani says the most surprising result to him was to realize that the company’s stakeholders were not surprised about the change.

“They were giving us probably a lot of credit and they knew that when it was needed, DFASS would be able to reinvent itself as it has done in the past. This is what surprised me the most,” he noted.

In order to change the culture of the company, Graziani said it was also necessary to inject some new people with



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different skills and backgrounds. As a result, 3Sixty's current executive team is mainly comprised of people who have been with the company less than 2 years.

"We have been focused on hiring quite a lot of professionals and we were able to get senior executives from top companies in the Travel Retail industry, creating a very strong mix of competencies and cultures," he says.

"In the last two years we have accomplished quite a lot. But the only credit I could take is that I brought very competent professionals into the organization and merged them together with those already in the company. The team is now ready to play its role in the industry and even beyond it. Today we compete with big companies in the broad



online marketplace and we need to find our niche where we can have a competitive advantage vis a vis them, to make sure we are not going to fight with someone against whom you cannot win. Having the right mix of knowledge and competencies was, therefore, paramount for us," he explains.

So how does Graziani define 3Sixty as a company?

"That is a very easy answer. We are

3Sixty and we want to be recognized as the operator that can offer opportunities at 360 degrees in our industry. We have invested quite a lot in our ground store business and as a result have increased our ground sales by 40% in the last 24 months. We have added many new shops, with many new concessions, and we want to continue.

"At the same time, we want to continue to develop the inflight business with a different perspective, not just relative to selling what we have on the carts. We want to be able to offer the consumer the possibility to pre-order, with on board or home deliveries, and we want to be reconnected to them through the data that we have.

"It is a fascinating business and I think we have quite a lot to do," he concluded.

## 3Sixty: Transforming Inflight in an omni-world

A key element in the 3Sixty rebrand reveal was the announcement of how the company planned to transform its traditional inflight business into an omni-channel, digital powerhouse.

3Sixty Duty Free Executive Vice Chairman Roberto Graziani says that DFASS founder Benny Klepach was the first to understand the value that the inflight business could have some 30 years ago, and now is one of the first to understand the opportunities of transforming the current inflight business into a consumer oriented omni-channel experience.

"This is the story of the last months. We are developing this new omni-channel concept that we think will take us to the future," said Graziani.

Graziani admits that he was originally reluctant to look at digital sales, but he now believes that the business is evolving and will continue to do so very rapidly.

"I was never keen to invest money in online business because I did not see duty free stores having a very strong brand that the consumer knows—consumers shop in an airport duty free store because they are at the airport not because it is their shop of choice," he explains. "But we have decided to start investing massively in this omni-channel from an inflight perspective – and eventually we will also extend the concept to our ground stores operation because we believe that click-and-collect, with the possibilities of home delivery, is a concept that is going beyond travel retail. We are in retail now and if you want to be successful in the end I believe you need to go in that

direction. The demand is there."

Graziani says that 3Sixty is fully committed to the joint venture it created with Singapore Airlines (SIA) and SATS (Asia's leading provider of gateway service, ground-handling and food solutions), for which 3Sixty is the exclusive supplier.

"We are taking the best technological platform currently present in the Travel Retail business, the OM3 from AOE, and have joined forces with SIA, the major partner in the venture, and SATS to operate as a separate omni-channel business unit. It is quite a big commitment for all the three partners," he explains.

The company will soon begin implementing the new platform, integrating the OM3 into the SIA technological infrastructure and database. The plan is to release the first phase in June, for completion in the following 12 months.

Explaining how the system will work, Graziani says that when a traveler books a flight with Singapore Airlines, KrisShop Private Limited (the JV between 3Sixty, SIA and SATS) will know when and where the passenger is going to fly, and it can offer them the opportunity to see the duty free program when they are booking. KrisShop can also contact passengers at a later time to make them aware of available offers. If the passenger is a previous customer, 3Sixty can personalize the offer specifically according to what was purchased before or on the basis of his/her previous trips (class, destination).

"All the specialized online retailers

are doing this—it is nothing new, but it will allow us to contact the customer before s/he is departing and then again when s/he is on the plane. The website/app can also be accessed during the flight without paying for wifi service or through the inflight entertainment system, allowing the passenger to view the online catalog, with a much broader assortment compared to the printed onboard catalog."

The next step, says Graziani, will be to offer the program to other airlines, particularly those in the Star Alliance. "Instead of building their own inflight program they could share our platform and take advantage of what KrisShop is doing," he said.

The program that 3Sixty recently announced with the Avianca Group works quite similarly.

Instead of creating a joint venture, as it did with Singapore Airlines, 3Sixty and Avianca have created a Joint Business Agreement (JBA), with shared profitability.

"Apart from this technicality, we are working together with Avianca the way we are working with Singapore Airlines—we are supplying and providing the technological platform. The idea is to have the capability to deliver to customers a much more personalized offer and to be able to contact them as soon as they book their flight."

One difference with Singapore Airlines is that Avianca serves a huge number of domestic passengers, which Graziani says is an untouched market.

"We believe offering domestic



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passengers home delivery service would grow the business. While not duty free, we will price the products attractively, so there is advantage and convenience. This would also appeal to passengers in countries where it is not easy to get certain brands.”

### Measuring the advantage of a direct workforce

From the beginning of the agreement with Avianca, 3Sixty had planned to use

its own workforce rather than have crew selling, says Graziani.

“We have evidence that our dedicated sellers are able to deliver much higher sales than flight attendants. Even 50 to 60% more. We are constantly reviewing their productivity, flight by flight, and also the costs involved with them.

“We have to pay these people a fix salary plus incentives, whereas when you use the crew they are only getting

incentives on top of the salary paid by the Airline; then we have to pay for a commercial seat, and the taxes related to the seat, and sometimes we have also to pay overnight accommodations. It is quite expensive,” he said.

“When implementing our JBA with Avianca we have decided to introduce a mixed model: we will continue to use our dedicated sellers for the most productive routes while we will go back to the flight attendant model for the routes not delivering enough sales to compensate for the cost of the dedicated sellers,” he noted. Looking ahead, Graziani says some of the sellers may receive safety and environmental training, which would allow them to be seated in crew seats, thus cutting costs significantly.

Graziani notes that 3Sixty is discussing testing the direct seller concept on certain Singapore Airlines flights as well.

### Training is critical

Graziani says that the role of direct sellers/flight attendants with the new omnichannel business model is becoming even more strategic than in the past.

“They are technologically equipped and they don’t have just to sell what they have in the cart. They have to become our ambassadors and create an engagement with passengers. They have to show them all the possible alternative instruments they can use to buy and where they can have the goods delivered. Even if they are not able to sell they can create the circumstances for future pre-orders. That’s the reason why training our sales force is another pillar of our omnichannel strategy,” he says.

Along these lines, Graziani reports that the company is investing heavily in training modules, as well as technology.

“We are trying to leverage the knowledge and the strengths of both of our major partners to build an ever stronger business model. Customer data, technology platform, sales force training and targeted assortment are the key elements to succeed in this business.

“You need to offer a very broad range of products and you need to offer something different than the usual duty free programs. You need to add specialty categories and luxury products and you shall always try to match your customer’s needs with a differentiated offer based on destination and passenger profile,” he said.

## 3Sixty on the ground: a growing presence in the Americas

Graziani confirms that 3Sixty is very committed to developing its airport and ground retail business, especially in the Americas. The company currently operates 70 stores in 10 airports in the U.S., Canada, Mexico and Colombia – plus two cruise terminals in Mexico.

“We are going to open another two cruise terminals in 2019, one in Mexico and one in Honduras, plus we are going to open our concession in Pittsburgh International Airport, as well as three new stores in Fort Lauderdale, Florida, and another two in Dallas, Texas.

“We have invested quite a lot in our ground store business and as a result have increased our ground sales by 40% in the last 24 months.”

The company will also be making some very interesting changes at its award-

winning duty free stores in Dallas-Fort Worth International Airport, says Graziani.

“Dallas is where we introduced immersive digital technology to engage customers. It will also most likely be the first of our airport stores to be rebranded 3Sixty – Duty Free & More.”

Over the next 12 months, the company will focus on what it has promised the airlines, opening the new airport and cruise terminal shops, and improving merchandising and shopping in some existing stores.

“We shall continue to invest and nurture the new culture we have implemented because it will be the engine of our company. We have to feel and continue to be 3Sixty if we want the stakeholders to look at us as a 360 company,” he concluded.



Some of 3Sixty’s duty free and specialty boutiques at Dallas – Fort Worth International Airport will most likely be the first to sport the new name designation, as shown in the rendering.





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## Heinemann celebrates vibrant Caribbean vibe with its flagship cruise store on *Carnival Liberty*

Gebr. Heinemann entered the American cruise market in early 2018, after winning retail agreements to operate concessions onboard three cruise ships from Carnival Cruise Line in the region -- the *Carnival Liberty*, *Carnival Fantasy* and *Carnival Ecstasy*, which sail in the Caribbean -- plus one more in Australia, the *Carnival Spirit*, based in Sydney.

Heinemann Americas began operations on the Caribbean bound ships in early 2018, initially taking over older stores it inherited from the previous concessionaire. The company immediately began renovating the shops, to bring in a

bright and modern look with a strong sense of place.

Following a total renovation of the space on the *Carnival Liberty*, the first ship on which it began operations, Heinemann revealed its completed new look for the cruise stores this past September.

*TMI* had the opportunity recently to visit Heinemann's cruise flagship store onboard the *Carnival Liberty*, a medium-sized 3,000 passenger ship that features 3- and 4-day cruises from Port Canaveral in Florida to Nassau and Freeport in the Bahamas. We were hosted by Nadine Heubel, VP/CEO The Americas for Heinemann, who was closely involved with every step of the renovation.

Heinemann operates two large shops onboard the *Carnival Liberty*, covering a total of more than 2,900 square feet. Using its in-house design

team, the company remodeled the stores to bring in a bright and airy Caribbean vibe, opening them up, and converting what was previously a series of small individual stores into one vibrant and appealing space with clean lines along either side of the ship.

With light colored walls, multi-level, flowing ceilings, and displays accented in shades that echo the turquoise Caribbean waters, the spaces are very tropical and inviting. Heinemann even added whimsical tropical touches like palm trees.

The renovation involved more than just updating the stores, explained Heubel. The rebuilds took place while the ship was filled with passengers and cruising from its home base in Port Canaveral to the Bahamas.

"It was very challenging, and we had to do the construction in different phases over a number of weeks. But we are very pleased and proud of the results," she said.



*Heinemann's elegant area for fine watches in its flagship store onboard the Carnival Liberty cruise ship offers a wide assortment of brands in a range of price points.*

*Highlights of the watch range include pre-owned Rolex timepieces and collections from trendy Detroit-based Shinola.*





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Left: Heinemann has curated a beauty offer onboard *Carnival Liberty* specifically geared to appeal to the predominantly U.S. passengers. Below: The extensive liquor selection available on the *Carnival Liberty* from Heinemann aims to appeal to a broad range of tastes.



Right in line with Carnival Cruise Line's "Fun Ship" mantra, the stores' offerings are in line with what its passengers want.

The larger store on the port side features fragrance and cosmetics, fashion jewelry, and a large area devoted to watches in a range of price points. The center of the store features a fine jewelry area operated by Effy.

Two of the fashion jewelry brands are new to the Americas cruise market: Coeur de Lion is designed and made in Germany, and Lucia d'Oro is Heinemann's own brand; both are doing very well, says Heubel. They join the more traditional Swarovski and Alex and Ani lines, which are always crowd pleasers.

A nice selection of fragrances range from the best-selling Chanel to a New Trends Bar where Brazilian Bum Bum cream is a current favorite.

The watch area offers a very large selection of brands ranging from luxury lines like Frederique Constant, Tissot and TAG Heuer, to more accessibly priced

brands like Michael Kors and Invicta, Anne Klein, Seksy and G-Shock, among others. It even carries watches from Shinola, the trendy Detroit-based brand credited with bringing manufacturing jobs back to that city.

Most interesting, one of the ship's best-selling brands are pre-owned Rolex watches through a company called WLXT. Heubel reports that the watches have sold out several times since the store has opened.

Across on the other side of the ship, Heinemann offers a very broad range of liquor in a slightly smaller store that also carries toys, accessories and sundries.

In fact, liquor is the company's number one selling category, on some voyages generating as much as 50% of total sales, says Heubel.

"Obviously, this is where we put our emphasis, from the displays and merchandising to the exciting promotions we offer. Just as important is the broad selection of brands we have onboard, because we want to satisfy everybody."

The store makes a point of also carrying brands and running promotions not found in the local market in the U.S. "We have Hennessy, for example, which is not available in the local market, along with full ranges of such top-shelf brands as The Macallan. We offer a full wall of whiskies, and another of rums and vodka, among others," she said.

An authentic Jack Daniel's barrel takes pride of place along one wall of the store—the Jack that was inside that barrel was bottled exclusively for the *Carnival Liberty*, and only 1-2 bottles of the stock remain unsold. The barrel was also at the center of a very successful onboard activity where guests were invited to "find the barrel" that was hidden in all sorts of unlikely locations throughout the vessel.

Interactive guest activities held outside of the stores are at the heart of many of the retail promotions, says Heubel. In addition to a range of activities tailored to each of the hallmark holidays, there are special brand events. One of the most popular promotions on every cruise is a gala Invicta raffle held on the last day of the cruise, which fills the store and afterwards sells many additional watches, or a recent t-shirt event that sold 4 times the normal amount.

Heinemann even employs what it calls a "Promotional Ambassador," who is in charge of making sure that the promotions are memorable and live up to Carnival's Fun Ship image, and actively engage with the passenger's before and during events to assure the guests know what is available.

"We don't want to just sell. We want to make a fun memory and connect it with our brands. We create atmosphere and we make it fun to shop," said Heubel, who says that sales have steadily risen since Heinemann opened the new stores.

Heinemann has also done a major renovation of the shops onboard the *Carnival Spirit*, based in Australia, but that construction was done while the ship was in dry dock, said Heubel. The company did less extensive renovations on the *Carnival Fantasy* and *Ecstasy*.

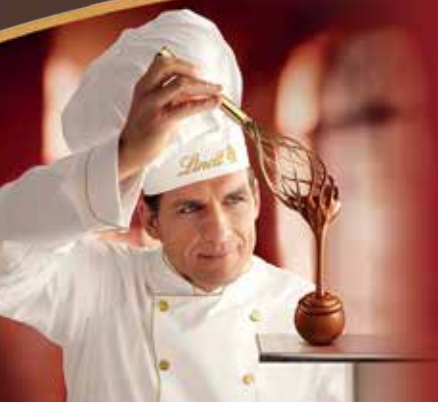




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## Punta Cana International Airport reveals plans for third terminal, confirms DFA as concessionaire

Award-winning Punta Cana International Airport in the Dominican Republic is aiming to launch its U.S. Pre-Clearance facility in November this year, and has begun designing a third terminal, according to Rafael Smith, PUJ Director of Landside & Terminal Operations.

Named one of ACI's "Best Airport's by Size and Region" in Latin America and the Caribbean for the past four years, PUJ prides itself on its passenger services, says Smith.

Offering direct flights from over 26 countries, 64 cities, and 90 airports around the world, the airport served 7.8 million passengers in 2018, up from 7.4 million passengers the year before. It is the busiest airport in the Dominican Republic and second busiest airport in the Caribbean.

The sustained growth of Punta Cana International Airport over the past five years has gone from the construction of a second airstrip, to the latest construction of a new terminal building. The addition of the U.S. Pre-Clearance this year has been a priority and will be a major step forward in customer service, says Smith.

The Pre-Clearance facility was first approved by the U.S. government in 2016 for implementation in 2017, but Smith is hopeful that it will finally get going this year.

"We are now waiting for approval from a Constitutional Tribunal in the Dominican Republic, which we expect at any moment," Smith tells *TMI*.



*PUJ's Terminal B lounge features an infinity pool overlooking the airstrip.*

Smith says that the U.S. and Canada are the main source markets for Punta Cana with more than 50% of the traffic, followed by Europe and then the rest of the world—South America and the Caribbean. Russia, which had been a major market until its financial crisis several years ago, is also making a comeback, he reports.

As soon as the Pre-Clearance opens, Smith says that the airport will go forward with plans for the third terminal. While T3 is just in the design stage, Smith says that the airport will definitely continue working with Duty Free Americas as its duty free concessionaire in the expanded space.

"We have a strategic alliance with DFA and they work with us closely. We are very satisfied with their service and the variety of their offer in our airports," says Smith.

Terminal 3, like the other two terminals, will feature specialized multi-brand stores, gift shops, souvenirs, and branded outlets from DFA, he says.

"It will be very nice and retail will be integrally involved with the design. We have a great variety in our shops with many high recognition brands like Montblanc, Bulgari, Tumi and Longchamp, and at the same time we have our souvenirs and many Dominican goods that tourists appreciate a

lot. We have identified what our passengers prefer and are aiming for a similar offer in the new terminal and to reinforce what we have now."

In addition to its shopping, PUJ has put itself on the map with its VIP lounges. Its Terminal B lounge features an infinity pool overlooking the airstrip – making it the first airport in the Caribbean to have a pool at an airport terminal.

"The Infinity pool in the VIP lounge has become a real source of revenue for us, and a key point of marketing. News of that pool has been around the world since we opened, and people use it every day. It overlooks the runway with all the planes landing and taking off, it really is spectacular."

Smith says that PUJ is looking to create a VIP lounge in Terminal A as well. In addition to its commitment to providing service for the passengers, Smith says that PUJ has invested significantly in technology, and is now in conversations with the Dominican government to introduce automatic control boarding kiosks, and other ways to expedite the check in of the passengers.

"We will keep improving, and delivering a quality service. We are very excited about these future plans."

*Rafael Smith, PUJ Director of Landside & Terminal Operations, (center) receiving an ACI Award at the ACI-LAC Conference in Miami in November.*





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*Kings Beach, Barbados*

*photo: CW Hetzer*

## Caribbean recovers from hurricanes: CTO projects 6-7% growth in 2019 following better-than-predicted performance last year

The Caribbean tourism sector is projected to record strong growth in 2019 on the heels of a stronger-than-expected performance last year.

In his annual Caribbean Tourism Performance Review news conference in February, Ryan Skeete, acting director of research of The Caribbean Tourism Organization (CTO), said he is forecasting 6-7% growth this year, continuing an upward trend which began last September.

Skeete expects the growth as the damaged infrastructure in the hurricane-impacted destinations returns to capacity. He also projected that cruise arrivals should expand by a 4-5%.

The CTO's report of "a robust" 9.8% growth during the September to December period last year represents a significant turnaround from the previous eight months of decline.

"Even the destinations that were severely impacted by the 2017 hurricanes, despite registering overall double-digit declines last year, experienced a significant turnaround during the last four months, reporting triple-digit increases during this period," Skeete said during an international press briefing.

The 29.9 million tourist visits in 2018 represented the second highest number

of visitors to the Caribbean on record, surpassed only by the 30.6 million who visited in 2017. And while this represented a 2.3% decline overall, it was better than the anticipated 3-4% fall-off.

This was the first decline in annual tourist arrivals in nine years, said Skeete, and with global growth in international trips increasing by 5.6%, the Caribbean market share of global visits in 2018 shrank by 0.2 percentage points, to 2.1% of the market.

The major Caribbean sub-regions, the U.S. Territories, the Organization of Eastern Caribbean States (OECS), and the Dutch Caribbean, reported declines of 29.0%, 7.6% and 7.0%, respectively.

In contrast, the grouping dubbed Other Caribbean comprising Cancun, Cozumel, Cuba, the Dominican Republic, Haiti and Suriname, which accounts for almost half of all arrivals to the region, recorded an increase of 1.8%, while the Caricom sub-region recorded an increase of 4.5%.

Among the destinations, tourist arrivals showed uneven growth. Several countries reported double-digit increases in 2018 such as Guyana (15.9%), Belize (14.6%), the Cayman Islands (10.7%), The Bahamas (10.5%) and Grenada (10.0%), while the hurricane-impacted countries recorded double-digit declines.

### Market Trends

While the United States remains the Caribbean's largest market, it was Canada that outperformed all other markets last year with 5.7% growth or 3.9 million visits. This was due to its strong economic performance and increased seat capacity to the region.

The intra-Caribbean market had its best performance ever, reaching two million visitors, up by 5.3%.

South America delivered 1.9 million tourist visits, up by 3.6%.

Arrivals from Europe grew by a modest 1.3%, which Skeete says partially reflects the fact that more UK tourists were switching to domestic holidays attributed to the continuing Brexit uncertainties and a weaker pound. UK arrivals remained flat at an estimated 1.3 million.

The United States, which remains the region's leading market, was down 6.3% to 13.9 million American tourist visits. This was due mainly to steep declines in arrivals to popular destinations impacted by the hurricanes, such as Puerto Rico, which was down by 45.6%, and St. Maarten, which fell by 79%.

But a healthy 28% rise in arrivals from the U.S. in the fourth quarter, reflecting the strong turnaround during this period,





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suggests that Caribbean tourism is on the upswing,” said Skeete.

### Visitor Spend

Total visitor spending also declined slightly by approximately 1% to US\$38.3 billion, although tourists spent slightly more per trip than they did in 2017 - US\$1,177 per trip compared to US\$1,171 in 2017.

### Hotel Trends

In line with the overall decrease in arrivals to the region, hotel occupancy fell by 0.8 percentage points, according to STR Inc (formerly Smith Travel Research), a U.S. company that tracks supply and demand data for the hotel industry. However, the average daily room rates increased by 1.7% to \$207.61, while revenue per available room grew by 0.6% to \$135.46.

### Aviation Trends

Data from OAG, the leading provider of air travel data, indicates that air capacity in the region for 2018 decreased by 3.4%, while the number of flights declined by 4.3%. However, as with arrivals, there was a reversal of these numbers in the fourth quarter, with seat capacity rising by 5.3%, while frequency grew by 5.2%.

### Cruise Trends

The cruise sector had its best performance ever last year, demonstrating a rapid recovery from the 2017 hurricanes. The number of cruise passenger visits reached an estimated 28.9 million, up by 6.7%.

Cruise activity was subdued in the first four months after which there was sustained month-over-month growth as cruise ships returned to the ports and hubs which were rebuilt after the hurricanes.

## Hurricane Update: USVI is Open for Business

The U.S. Virgin Islands is “open for business” said V.I. Department of Tourism (DOT) Commissioner-designee Joe Boschulte during the 2019 Caribbean Travel Marketplace Conference in Montego Bay, Jamaica, in January.

Boschulte said between 60 and 65% of accommodations across the territory were open and accepting guests, while other properties were rebuilding and repairing apace.

Traditional accommodations such as hotels, B&Bs, resorts and timeshares, are offering about 1,050 rooms on St. Thomas, nearly 150 rooms on St. John, and about 600 units on St. Croix.

Additionally, 600 villa units and 200 charter yachts were available in the St. Thomas-St. John District, while St. Croix has about 300 villa units in operation. There are now also about 830 Airbnb

listings on St. Thomas, 250 on St. John and 350 on St. Croix, he said.

Airlift capacity to St. Croix already is ahead of pre-storms levels; seats to St. Thomas were at approximately 80% of the pre-storms level, he said.

Cruise ship arrivals continue to strengthen while the territory is enhancing the attractiveness of land-based activities for cruise passengers, including by developing water taxis for cruise passengers to use to travel to the retail areas where they can spend more time exploring historic areas, dining and shopping.

Recognizing the hard work and determination of the territory’s tourism stakeholders, residents, communities, friends and supporters, he said the tourism sector had emerged from the ravages of two hurricanes “stronger and more hardened.”

## Jamaica invests in cruise tourism

Jamaica reports that more than 4.3 million visitors arrived in Jamaica last year; 2.4 million via airports and 1.8 million by cruise. These visitors generated approximately US\$3.3 billion in earnings, an 8.6% increase over 2017.

Preliminary data from the Statistical Institute of Jamaica shows that cruise tourism has seen an almost 300% increase in earnings over the last ten years. In 2008, the sector earned J\$7.5 billion and in 2017 cruise saw earnings of J\$22.6 billion.

“The indications are that cruise earnings for 2018 are apace if not ahead of 2017 and that means it has made a bigger contribution to the overall USD3.3 billion we earned last year for tourism overall,” said Jamaica Minister of Tourism, Edmund Bartlett, at Jamaica Vacations’ (JAMVAC’s) Cruise Council last month.

The Minister said that Jamaica is looking to grow cruise by looking at new ports and new possibilities. Jamaica is spearheading a transformation for a new port in Port Royal which will have a sea walk facility to enable a collapsible jetty that will be able to dock huge ships in the Port Royal harbor by the end of this year, he said.

## \$27 Million in Federal Grants awarded to rehab USVI airports

The U.S. Department of Commerce’s Economic Development Administration (EDA) will be awarding \$27 million in grants to the V.I. Port Authority to expand and improve two major airports in the wake of Hurricanes Irma and Maria, reported the *St. Thomas Source* earlier this month.

\$20 million is going to build a parking and transportation center at Cyril E. King Airport on St. Thomas and \$7 million is earmarked for renovations at Henry E. Rohlsen Airport on St. Croix.

The St. Thomas work aims to improve transit access and operational capacity to shorten wait times. The King Airport project is expected to span four phases,

with each taking between 18-24 months to complete. This \$20 million is for the first phase and the local government is adding a \$2.4 million match for the St. Thomas project, reports the *Source*.

The remaining \$7 million will help VIPA renovate, expand and enclose 5,500 square feet inside St. Croix’s Henry E. Rohlsen Airport. This project is expected to improve the facility’s ability to withstand powerful weather systems, provide more space for concessions and restaurants and upgrade the airport’s mechanical systems so that more air conditioning can be added, among other things.

The local government will provide a \$1.7 million match for the project.





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## Curaçao targets Colombia and Brazil for tourism after demise of Venezuelan market

For years Curaçao depended on two main source markets for its tourism—the Netherlands and Venezuela. While Dutch holiday-makers continue to make up the vast majority of the island's tourism—accounting for more than 177,000 visitors or nearly 40% of the total stay-over visitors last year, visitors from crisis-torn Venezuela have plunged from 30% of the total about five years ago to less than 4% this year. In 2018 alone, tourism from Venezuela to Curaçao collapsed another 44%.

As a result, the Dutch island instituted a comprehensive master marketing plan targeting specific markets in South America

and giving a fresh look at North America, says new tourist board CEO Paul Pennicook.

Speaking to the Caribbean Tourism Organization's Communications Specialist Johnson JohnRose at the ITB Berlin tourism trade fair in mid-March, Pennicook says that as a result of the Master Plan, Curaçao this year saw tourism numbers from Colombia surge by 38% to more than 23.6 thousand, followed by a strong 23% increase from Brazil, with tourist arrivals growing to more than 13.2 thousand.

Tourism from the U.S., currently Curaçao's second largest source market with more than 73,000 stay-over arrivals, also saw a very strong 20% increase.

Arrivals from Canada were also up by 11-12%.

Pennicook credits added airlift, targeted marketing with the travel industry and new hotel space for the boom.

He particularly mentioned airlift from Avianca and Wengo from Bogota, and daily flights from Brazil from Copa for the added service. In addition there is a weekly non-stop charter from Sao Paulo. He also said that Curaçao will add 1,000 new hotel rooms this year, including the opening of a new Marriott.

Curaçao's total stay-over arrivals increased by 8% in 2018, and cruise visitors grew by 19%.

## 2018: Record-Breaking Arrivals continue for the Cayman Islands

Calling 2018 "a rebound year for Caribbean travel," the Cayman Islands reports another year of record-breaking arrivals. At the close of 2018, total visitation surpassed all previous years of recorded visitation including 2006, which previously held the record for the highest number of total visitors in a calendar year, reports the Ministry of Tourism.

Total arrivals for 2018 in both air and cruise visitation was 2,384,058, an 11.05% increase over 2017; with 463,001 stayover visitors, up 10.66%. This equals an additional 44,598 visitors, and heralded a series of 'firsts' for the destination: The Cayman Islands welcomed over 450,000 stayover visitors for the first time; arrivals

in 2018 represent the highest number of stayover visits for a calendar year in recorded history (surpassing Jan-Dec 2017), and as a double accomplishment in 'firsts,' over 50,000 stayover visitors traveled to the destination within a single month, which happened twice in 2018: March and December.

This significant increase in visitation positively impacted the local economy with an uptick in visitor spend, increasing by US\$98.1 million over 2017. The estimated total visitor spend in 2018 was US\$880.1 million, an increase of 12.5%.

In 2018, the USA, Canada, and LATAM had the most impact on arrival numbers. The countries with the largest

impact on the overall performance in 2018 were: United States: 13.01%; Canada: 7.46%; Jamaica: 7.63%; Argentina: 17.54%; and Bermuda: 21.10%.

"Our government has committed to investment in our points of entry at the Cruise Port and Airports. These much-needed upgrades will benefit tourism operators, businesses, visitors and residents. My focus is to ensure that all subjects in my ministry portfolio operate efficiently and effectively to support the tourism sector. These results are an excellent indicator of the work accomplished in 2018," commented Deputy Premier and Minister of Tourism, Moses Kirkconnell.

## Barbados: Strategic marketing initiatives and increased airlift led to solid growth in arrivals

Barbados has reported a 2.7% increase in stay-over arrivals last year, compared to the corresponding period in 2017. Grantley Adams International Airport (GAIA) welcomed 681,197 visitor arrivals – 17,686 more than 2017, says Barbados Tourism Marketing Inc. (BTMI), who reports a record number of arrivals at both the air and sea ports throughout 2018.

The island's cruise tourism was significantly impacted by the effects of vessel redeployments following the hurricanes of 2017, however. Puerto Rico,

the primary homeport for U.S. based sailings to the southern Caribbean, was severely affected by the storms. But as a result of a new homeporting business, Barbados welcomed 826,267 arrivals for both transit and homeporting visitors combined.

The United States registered the strongest growth with 8.4%, totaling 204,830 visitors to the island. Other Caribbean followed, contributing 4.6% growth of business with 77,149 arrivals for the year. Canada grew by 1.8% to

86,723 arrivals, and the United Kingdom contributed 1.4% growth of the business, and recorded 225,519 arrivals, compared to the 222,346 in 2017.

Griffith attributed the destination's noteworthy performance to a number of strategic and integrated marketing initiatives which were deployed across Barbados' top source markets.

The island also welcomed new air service, including from Copa Airlines, Virgin Atlantic, Thomas Cook, WestJet and American Airlines.



## Rouge Duty Free launches prestigious new brands at its Port Louis, Grenada store

The Rouge Duty Free stores in Grenada welcomed several new brand concepts to its stores on the Spice Island in January and February, which coincided with the island-wide celebration of Grenada's 45th Anniversary of Independence.

On Jan. 31, Rouge welcomed its personalized Chanel space for fragrance, skincare and cosmetics at its charming Port Louis Marina location with an invitational party. Guests were treated to makeup services from one of Chanel's international makeup artists.

The Port Louis Marina location especially caters to the mega-yachts that make Grenada its home during the winter months. Grenada's yachting sector (24,281) grew by 10.82% in 2018, reported the Tourism Ministry, and this number should increase significantly by year end.

The Port Louis Marina is adding 90 plus docks to its current 160 docks, for completion by August 2019. The new docks will accommodate boats between 12 and 22 meters in length.

On Feb. 4, Rouge Duty Free launched its new Montblanc shop-in-shop with a party at the Marina location.

The Montblanc shop sold four watches during the first day, costing thousands of

dollars, reports Raymond Kattoura, whose company Duty Free & Travel Retail Group helps manage the business for Rouge Duty Free Retail Caribe.

These past weeks also saw the unveiling of personalized spaces for Furla accessories and Creed fragrances, says Kattoura.

In addition to the Port Louis location, Rouge Duty Free operates three stores at the airport, including 3,000 sq.ft of space on the newly opened second level, and one

in the Spiceland Mall.

Grenada saw an increase in visitor arrivals across the board with total visitor arrivals (528,077) growing by 12.9% year-on-year.

The stay-over arrivals reached 160,970, up by 9.97% with the largest growth year-on-year from Canada (17,364) at 19%.

The United States (75,577) saw a 12% growth and the Caribbean (28,990), a 7% growth. Cruising arrivals (342,826) grew by 14.49%.



## Rouge enters U.S. market with new offer for outlet perfume shops

Rouge USA, a new company formed by the owners of Buenos Aires-based Perfumerias Rouge, one of Argentina's leading beauty companies, opened its first perfumery in the U.S. in February.

Rouge's first U.S. store is located in the International Premium Outlet of Orlando. A favorite destination of both national and international tourists, the mall attracts 17 million visitors a year. Rouge is also opening a second location shortly in Orlando's Vineland Premium Outlet, which is the second largest in the U.S. in terms of traffic, productivity and volume, report Rouge's owners.

The company has three more openings projected for 2019, and is planning to reach 20 points of sale by 2023.

A beauty leader for the past 30 years, operating both distributor and retail networks in South America and the Caribbean, Rouge believes it will be able to exploit its competitive advantages to debut in the U.S. market.

"We are bringing a completely different offer to shoppers in the outlet malls than what they are used to seeing," explains Marco Bordoni, head of the family-owned Rouge USA. "Instead of offering discounted goods with poor customer service, in a store with little or no luxury environment, which is so often the case in outlets, we are designing beautiful, upscale stores staffed by fully trained BAs. Some of our stores will even have



*Rouge Perfumery, International Premium Outlet, Orlando*

cabins or spas," he says.

More surprisingly, the Rouge stores will not be selling products at discounted prices, which the industry perceives as often cheapening the image of prestige brands. Instead, Rouge will offer a range of special promotions, such as buy two, get one free. In another break from tradition, Rouge will be working hand-in-hand with the brand-owners to design each promotion, thus allowing the brands to have full control over their products and its image, says Bordoni.

"Brand-owners would choose which products to feature, and how they would be offered. Instead of having to open and invest in individual outlets, with all the costs involved, manufacturers are able to take advantage of the shops we operate, but still maintain control over their brands,

even with promotional merchandise," he says.

"Rouge is seeking to become their exclusive partner inside this competitive market segment, where too many manufacturers have lost control over their products and how they are exhibited at the point of sale. We want to work together with them to drive the segment to develop this upscale environment.

"We think that this system can help manufacturers restore control over their products and regain the prestige their brands deserve in this competitive retail segment, where beauty brand image is generally undervalued," he concludes.

The company reports that initial response from a growing number of top brands has been very positive.

## Disney signs deal with Bahamas to develop Cruise Port in Eleuthera

Disney Cruise Line has signed a heads of agreement with the Bahamas for a proposed cruise destination in Eleuthera, to be built on land it acquired from a private seller.

Disney is expected to invest somewhere between \$250 million and \$400 million to complete the project. The deal stipulates that, along with the land purchase, Disney has to increase its calls at Bahamas cruise ports in Nassau and Freeport, ensure a minimum of 120 Bahamians are directly employed during the construction of the project, representing 80% of the workers and when completed, create as many as 150 permanent jobs

with benefits in a range of positions for Bahamians.

Disney will also donate approximately 190 acres of the land located at Lighthouse Point on the southern point of the island, appraised at about US\$6.29 million, to the government for conservation and a national park.

Under the agreement, space must be provided for Bahamian vendors on the property and Disney must give priority to Bahamian owners and operators to provide port adventures for DCL guests while its ships are in port.

The facility must also provide access to

all residents for non-commercial purposes.

The project design must also integrate Bahamian cultural and artistic expression said the government.

In announcing the agreement, Bahamas Prime Minister Dr Hubert Minnis said construction will not begin until the Environmental Impact Assessment and Environmental Management Plan are reviewed and approved.

"The Government of The Bahamas is satisfied that it made the best decision in the interest of the Bahamian people, a sustainable future for the people of Central and South Eleuthera and the economic development of the country," he said.





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Monica Ariaudo's latest project is Dufry's 3,000 sq. meter flagship Departures store in Buenos Aires' Ezeiza International Airport.

## Argentina's Monica Ariaudo's award-winning store designs serve travelers throughout the Americas *John Gallagher reports*

Monica Ariaudo and her team of architects at Estudio Ariaudo in Buenos Aires have played a part in the design of nearly every travel retail development in Argentina and Uruguay in recent years. One of the leading retail architects and shop designers in Latin America, Ariaudo takes an active role in the duty free stores she designs, supervising and ensuring that the project is completed exactly right and on time.

The elegant architect has been designing duty free stores for more than 25 years. Operating through a challenging period defined by multiple changes of ownership in airports and operators, she is still immersed in new projects. In spite of the economic crisis in most of the region, Ariaudo has kept busy directing the massive renovation of Dufry's Flagship store 22 in Argentina's premier international gateway, Ezeiza International Airport.

TMI's John Gallagher met with Ariaudo just before she jetted out to another assignment, this time a downtown luxury retail project in Punta Cana in the Dominican Republic.

Ariaudo confesses that she has a special regard for her hometown airport.

"I love traveling through Ezeiza. I just finished a huge project there but it's also where I started. Back in 1992, we won the tender to design Shop No 7 for InterBaires. That store no longer exists but when I pass by the location, it always brings back very happy memories. We never knew then that it was going to be such a long journey with great experiences with so many different people in so many different countries," she comments.

Ezeiza is also the location of the architect's latest production, renovating Dufry's huge 3,000 sqm store in the departures area at the airport.

"Our studio was asked to direct and manage the project on behalf of Aleatoria, the leading Spanish architects and designers. The store remained open during the six months of the renovation and we completed the project in the agreed timetable in six different stages. This sort of project is always a little more complicated than normal, but we know the airport well and we know the people in the store, so we were able to get things done on schedule," she explains.

Ariaudo hesitates to name her favorite travel retail project over the last 25 years, but admits that she feels a very special



Monica Ariaudo

affection for the InterBaires shops in Ezeiza.

"It's really difficult to say just one project – there have been so many and each one reminds me of some special moments. We have been involved with so many projects here at Ezeiza at different times and different people and we just love the feeling of walking and strolling around the store. As we travel so often through this airport, we are also privileged to see the joys of our work in action as shoppers go through the different sections of the store," she continues.

The award-winning ground-breaking Punta del Este Airport built more than 20



years ago is another favorite.

“Outside of Argentina, I really love the departures duty free store at Punta del Este Airport in Uruguay. Many people forget that this was the very first walk-through store in the world. London Supply won the concession to build and manage the airport in 1992 and when they started the construction project, they asked us to submit proposals for a walk-through duty free store. Everyone on our team thought that the whole concept was a little strange and it took us a while to fully comprehend what they were looking for; but we sat down with them and it became clear to us that the London Supply team were, as they have proved so often, ahead of their time. We talked through the pros

and the cons with them and we started to design and create new ideas - the rest is now history. We built and completed the store, and everyone was thrilled with the way operations went. I think it won the Frontier Award in 1998 (Ed. Note: it did) as the best duty free shop in the world. It’s amazing to think how the whole concept of walk-through stores has developed from that day.”

The architect has also helped develop some of the most iconic duty free stores on the border in South America.

“Although most of my duty free work has been in airport arrival and departure stores, I have also been very much involved in border stores especially on the Uruguay – Brazil border. The border stores are

clearly different from airport duty free shops and most tend to be bigger with a wider selection of brands and additional categories. I designed stores for Neutral in six different border cities, but I am really proud of the Melancia store we created for them in Rivera. We put a lot of work and creativity in creating a new style of walk-through store specially for the border location. The great pity is that the store opened just when the Brazilian economic crisis took effect. I still believe we will see and hear more about this store when the Brazilian economy recovers.”

Ariaudo looks back on her rewarding career with memories of far more than the brick-and-mortar stores she helped create.

“One of the great joys of having worked for so many years in travel retail is that I have been able to travel to so many countries and see retail developments of different sizes and styles. I just love going through airports and watching people strolling around the stores. I honestly don’t have a favorite one, I just enjoy and try to learn something new in each place.

“Tomorrow I will be downtown in Punta Cana seeing some new locations. Next month in Florida, I will be able to see again some of the stores I designed for Duty Free Americas in Miami and also some great downtown locations throughout the state. Later in the year I will do the same in Europe – we never stop learning and it’s great to put these ideas into action.”



*Left: One of the luxury stores Ariaudo designed for Duty Free Americas in Miami International Airport.*

*Below: The beautiful Melancia border store designed for Neutral in Rivera, Uruguay.*



## Currency stability returns but outlook for travel retail remains uncertain

Most Latin American economies are experiencing a comparatively quiet start to the year. The currency devaluations that caused such problems in the middle of last year have dissipated, at least for the moment. Both the Argentine Peso and the Brazilian Real have been holding their own against the US Dollar although financial analysts worry that economic uncertainty in both countries may lead to further problems in the coming months.

Travel-wise, the relative stability has led to strong passenger figures at most airports in the region, but airport retailers are still short of shoppers with real disposable income to spend. Most duty free shops unofficially report slow sales and some suppliers are saying sales have fallen in excess of 10% in some airport and border locations.

In contrast to passenger flows at airports, traffic on the ferry companies linking Argentina and Uruguay has been poor during the high season months of December, January and February. Port authorities in Uruguay report that the number of summer travelers are down close to 30%. Although no official figures are available so far on traffic over the international road bridges linking Argentina and Uruguay, there appears to be a significant reduction in Argentine tourists driving to the beaches close to Punta del Este in Uruguay and in the south of Brazil.

### **Argentina: High inflation stunts growth**

In spite of high inflation and growing unemployment, the Argentine peso has been floating within a narrow band around 39/40 pesos to the Dollar for most of Q4 in 2018 and the first few weeks of this year. Argentina's Central Bank has been active to ensure that the peso stayed close to the level it reached during the devaluation last May. The value was being shored up by interest rates as high as 70%, but which are now down closer to 50%.

High interest rates have certainly brought some degree of currency stability, but they have hit consumption hard and most department stores and supermarket groups have announced disappointing sales over the holiday period. Credit card interest remains at around 100% and even though

the Central Bank has brought down the official rate, credit cards have yet to move downwards. The once prevalent payment plans offering interest free installments are very much a thing of the past, now only appearing very rarely.

Inflation remains stubbornly high at an annual rate of over 40% and although the government is targeting a year-end figure of 25%, experts and consumers alike are not confident. The International Monetary Fund says that it will announce an upward revision after its forthcoming meeting with the Argentine government at the end of this month.

The Macri government seriously miscalculated last year and 2019 started with hefty increases in public utilities, transport, and basic foodstuffs. In general, people have little faith in current forecasts and as the country enters the crucial months of the yearly salary negotiations in key industry sectors, there are calls for a general strike along with demands for salary increases in excess of 40%.

The government is revising growth forecasts downwards and even though the administration has met the fiscal objectives imposed by the International Monetary Fund, no significant recovery is expected before 2020, at the earliest.

The first round of the Argentine Presidential elections will be held in October and the government could untie the purse strings half-way through the year to soften up an undecided electorate. The only positive factor in favor of a second term for Macri is that the opposition remains divided. Former president Cristina Fernandez de Kircher is rumored to be looking at standing for election, but she is spending most of her time in Court fighting corruption allegations.

In spite of the economic situation, air transport is enjoying strong results. Passenger traffic increased 8.7% at Ezeiza International Airport to 11.2 million passengers, but traffic at Aeroparque dropped by 3.0% to 13.4 million. The Aeroparque reduction was due to a government measure to transfer regional flights for Chile, Brazil and Paraguay to Ezeiza. Throughout the whole Argentine airport system, domestic passenger traffic

increased by 11.2% to 14.4 million, mainly as a result of the launch of several low cost airlines. However international passengers only managed a 2.4% increase to 15.1 million as strong H1 growth slowed in the second half of the year.

### **Brazil: The Bolsonaro team takes over**

The Brazilian situation differs slightly from that in Argentina. Last year's Presidential elections brought a change of government with right-of-center President and former Army Captain Jair Bolsonaro taking office on January 1. His newly appointed government team appears to be taking stock before deciding on its next course of action.

The Brazilian Real has been floating at close to 3.5 to the dollar and has been quite stable for most of the last quarter. Even during Bolsonaro's recent hospitalization the Real didn't fluctuate outside the recent range. Unlike Argentina, the fundamentals in Brazil are positive. Inflation has stayed just under 4% over the last few months and the forecast for the year is 4.2%. Unemployment seems to be falling and business and consumer confidence is rising, which should lead to more investment and increases in private consumption.

The Central Bank's benchmark interest rate is now at 6.5% and most experts are forecasting that it will remain close to this figure for the rest of the year. GDP growth is forecast at 2.4% for 2019, rising to 2.5% in 2020. The biggest difficulties that the new government faces are cutting the huge fiscal deficit and fulfilling its campaign promise to enact widescale social security reform.

Bolsonaro and his team have assumed office at a very opportune moment. The economy seems to be coming out of one of the most severe economic crises in living memory. The new economics minister Paulo Guedes has assembled a market friendly team to establish a program that will balance government finances. Pension reform will be one key to reduce government debt and we also expect more privatizations to be on the agenda. Aviation analysts suggest that state-controlled airport authority Infraero may be totally sold off (See page 68). A further round of





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regional airport privatizations has been confirmed for the end of March, but the large airport management companies are waiting to see what the government plans for the major government stakes (held via Infraero) in Sao Paulo Guarulhos and Rio de Janeiro Galeão.

Air traffic numbers at the two big airports in the country were contradictory. Traffic at Sao Paulo Guarulhos jumped by 11.8 % to 42.23 million last year; a strong 14.95% rise in domestic passengers to 27.3 million was accompanied by a more modest 6.4% increase to 14.8 million in international travelers.

But total traffic at Rio De Janeiro Galeão, the country's second biggest airport, was down 7.61% from 16.24 million to 15.00 million as domestic passenger numbers slumped 12.2% to 10.49 million. The number of international travelers showed a modest 5.1% increase to 4.51 million. Analysts forecast that domestic air travel will recover in 2019.

In related news, the first border duty free stores in Brazilian territory are expected to open in Q2, but many potential operators are not announcing their expectations. A continuing recovery in the Brazilian economy will be good news for the fledgling border travel retail trade but it

is too early to assess potential performance.

### **Strong performance in Chile, Peru and Colombia**

The economies on the Pacific Coast of Latin America continue to perform better than in Brazil and Argentina.

GDP in Chile grew by 4% last year, slowing to around 3.3% in 2019. Inflation was 2.0% in 2018, and is estimated to increase slightly to 3.3% by the end of 2019. Lower unemployment is expected to improve business and consumer confidence.

Economic expansion will also continue in Peru with GDP growth of 3.8% expected this year on the back of lower unemployment, and sustained investment will bring about increases in expenditure in infrastructure projects. In line with Chile and Peru, Colombia will also enjoy solid growth with GDP expected to grow by 3.2% as a result of strong domestic demand and increasing private consumption

Passenger flows at the leading airports in all three countries have been solid. Santiago in Chile saw total passengers grow to 23.3 million in 2018, an increase of 8.86% on the previous year; 23.7 million travelers used the domestic and international terminals in Lima, up 7.61%

on 2017 and Bogota's El Dorado saw total traffic increase by 5.57% to 32.7 million.

### **Mexico grows but outlook uncertain**

If the Mexico – Canada - USA trade agreement is finally ratified, Mexico is expected to continue growing by around 2.0% this year. Strong domestic consumption and continuing exports to a strong U.S. economy should keep growth positive. Foreign direct investment is less certain, since new President Andres Lopez Obrador has not revealed a clear and coherent medium and long term economic strategy.

The cancellation of the new Mexico City International Airport at the greenfield site in Texcoco has unnerved some investors regarding the government's future plans. The current airport continues to be at above capacity and traffic is forecast to grow by 6.6% to 47.7 million passengers in 2018. Lopez Obrador's plan to renovate the Benito Juarez terminals and runways and convert the Santa Lucia airbase into a commercial airport is already underway but some critics are still convinced that it will not work, and operational problems will shortly result in a major slowdown of commercial aviation in the Mexican capital.

*John Gallagher*

## **Low cost carriers gain momentum in Argentina**

One year after the launch of Flybondi, the first low cost airline in Argentina, the launch of Norwegian Air Argentina in Q4 of 2018 has helped consolidate the growth of the low-cost category. According to the latest figures from ANAC, the Argentine Civil Aviation Authority, both airlines together now account for 17% of all domestic flights. The launch of Jetsmart Argentina, owned by U.S. investment fund Indigo Partners, in April will ensure further growth for the sector.

The low-cost airlines have entered the market in a period of economic recession and legacy airlines Aerolineas Argentinas

and LATAM Argentina have adjusted their business models to compete. As a result, the number of passengers flying between Argentine destinations keeps growing; in 2018 28.3 million passengers flew on domestic flights in Argentina, an increase of 15% on the previous year. The new category has brought additional travelers to the airport but it is too early to see the effect on the travel retail sector – but the additional 500,000 passengers that passed through Aeroparque have brought additional sales to ShopGallery and other retailers at the airport.

*TMI* understands that Aeropuertos

Argentinos2000 (AA2000) will shortly announce new retail facilities at El Palomar Airport, just outside Buenos Aires. El Palomar is a former military base which has been converted to a dedicated low-cost terminal. At the moment it is used by Flybondi and Jetsmart Chile and these airlines will be joined by Jetsmart Argentina in April. Last year 657,000 passengers used the airport and this is expected to rise to more than 1 million this year.

Further retail developments targeted at domestic passengers in other airports such as Cordoba are also likely. *JG*



## ASUR 4Q18 Passenger Traffic Increased 7.5% YoY in Mexico, 30.4% in Puerto Rico and 27.8% in Colombia

Airport group Grupo Aeroportuario del Sureste, (ASUR) reported strong traffic and revenue increases in the airports it operates in Mexico, Puerto Rico and Colombia for the three-month period ended December 31, 2018.

Passenger traffic in Mexico rose 7.5% YoY, reflecting increases of 12.3% and 3.0% in domestic and international traffic, respectively. Cancun Airport was the main traffic driver.

For the full year 2018, total passenger traffic was up 7.1%, of which international traffic rose by 4%.

During the last 12 months, ASUR opened 15 new commercial spaces at Cancun Airport, reflecting the opening of its new Terminal 4, and added seven commercial spaces at its other eight Mexican airports.

Traffic in Puerto Rico (Aerostar) rose 30.4% YoY, driven by increases of 29.9% in domestic traffic and 34.9% in international traffic. The recovery in total passenger traffic reflects the impact of Hurricane Maria, which hit the island on September 21, 2017. For the full year, total traffic was down slightly by 0.04%, reflecting nearly full recovery of the airport from the hurricane damage.

Traffic in Colombia (Airplan) increased 27.8% YoY in the 4th quarter,

reflecting growth of 30.7% in domestic traffic and 12.6% in international traffic. For the full year, total traffic rose by 5.9% with international traffic up by 14.1%.

In May 2017, ASUR increased its share ownership in Aerostar, operator of LMM Airport in Puerto Rico, to 60% from its prior 50% ownership. In addition, on October 19, 2017, ASUR acquired a 92.42% ownership stake in Airplan, which

operates six airports in Colombia. On May 25, 2018, ASUR acquired a 7.58% ownership stake in Airplan, bringing its total share ownership in Airplan to 100.0%.

ASUR reports increases in consolidated commercial revenues per passenger across the board in the 4th quarter, with consolidated EBITDA up 26.9% YoY, reaching Ps.2,459.8 million.

		Twelve - Months		% Chg
		2017	2018	
<b>Domestic Traffic</b>				
CLN	Cancun	7,808,368	8,777,510	12.4
CZM	Cozumel	136,851	171,328	25.2
HUX	Huatulco	640,207	679,234	6.1
MID	Merida	1,947,095	2,234,818	14.8
MTT	Minatitlan	194,440	189,892	(2.3)
OAX	Oaxaca	784,765	852,280	8.6
TAP	Tapachula	279,118	315,818	13.6
VER	Veracruz	1,299,989	1,422,870	9.5
VSA	Villahermosa	1,220,895	1,199,867	(1.7)
<b>International Traffic</b>				
CLN	Cancun	15,793,141	16,424,506	4.0
CZM	Cozumel	494,747	408,391	(9.9)
HUX	Huatulco	136,425	140,071	2.7
MID	Merida	201,389	216,798	7.7
MTT	Minatitlan	6,779	6,894	1.7
OAX	Oaxaca	77,521	98,737	27.4
TAP	Tapachula	14,474	14,801	2.3
VER	Veracruz	67,983	85,699	(3.4)
VSA	Villahermosa	39,382	27,781	(29.5)
<b>Total Traffic Mexico</b>				
CLN	Cancun	23,601,509	25,202,016	6.8
CZM	Cozumel	641,598	579,719	(7.0)
HUX	Huatulco	776,632	819,305	5.5
MID	Merida	2,148,484	2,451,616	14.1
MTT	Minatitlan	201,219	196,786	(2.2)
OAX	Oaxaca	862,286	951,037	10.3
TAP	Tapachula	292,592	330,619	13.0
VER	Veracruz	1,367,972	1,488,569	8.8
VSA	Villahermosa	1,260,277	1,227,648	(2.6)
<b>US Passenger Traffic, San Juan</b>				
		Twelve - Months		% Chg
		2017	2018	
SJU Total		8,407,404	8,373,679	(0.4)
Domestic Traffic		7,389,095	7,469,211	1.1
International Traffic		1,018,309	904,468	(11.2)

### Tocumen surpasses 16 million passengers in 2018

Panama's Tocumen International Airport continued its strong run of passenger growth last year with a full year 4.01% increase in passenger numbers to 16.24 million, up from 15.61 million in 2017.

The airport authority has also confirmed that the new \$917 million Terminal 2 will come into full operation at the end of April or the beginning of May. Duty Free Americas and Attenza Duty Free (Motta) will operate the duty free stores in the new terminal, as they do in Terminal 1. More than 75% of the passengers who use Tocumen are in transit and the new terminal will bring increased comfort and improved retail and food & beverage facilities.

JG

### Duty Free Americas opens new store in Confins (Belo Horizonte) Airport, Brazil

Duty Free Americas (DFA) has opened a new travel retail store located landside in the passenger terminal lounge in the Confins (CFZ) - Belo Horizonte Airport in Brazil.

The store will offer customers duty-paid perfumes, cosmetics, clothing accessories, electronics, wines and spirits, watches, chocolates and snacks.

DFA Brazil currently operates in nine Brazilian airports. The new Belo Horizonte store is an important step in DFA's expansion in Brazil that included the recent opening of a new duty free arrivals store in Salvador, and 11 convenience stores in a joint venture with WHSmith in Rio de Janeiro (Galiao GIG) and Sao Paulo (Guarulhos GRU) airports, said the

company announcement.

Coming up, DFA will continue to expand in Brazil with two new stores in Sao Paulo Guarulhos airport, one new duty-paid store in Salvador and a complete renewal of two stores in Porto Alegre.

"With the largest economy in Latin America, Brazil continues to be a key market in our regional strategy. We are committed to the development of DFA Brazil operations and continue to look forward to a prosperous future together with our local partners," commented DFA President, Leon Falic.

Duty Free Americas currently operates 236 stores travel retail stores in more than 180 locations.



## First Brazilian border duty free store could open at the beginning of April

Brazilian businessman Marcos Lemos expects to open the first duty free shop in a Brazilian border town at the beginning of April.

“In our last meeting with the Receita Federal in mid-March, we were asked to clarify three different points and we have already complied with the request; we now hope to receive the green light to start operations within the next few days. If all goes to plan, we hope to open by the beginning of April, if not before. Clearly the legislation is new and there are some grey areas but we are ready to go as soon as we get the go-ahead,” says Lemos.

This store – under “Caraballat Free Shop” façade-- will be the first to open in Brazilian territory since the Brazilian government gave the go ahead to open stores in 32 Brazilian border cities late last year. The store will be situated in Jaguarão, located just under 400 km south of Porto Alegre, the largest city in Rio Grande do Sul, with a population of just over 11 million inhabitants.

Lemos tells *TMI* that all the elements are in place for a quick opening, which will take place as soon as the company receives the final written approval.

“We have been working intensively on the project to open our new duty free for several months,” says Lemos. “We have followed the instructions issued by the Receita Federal and submitted all the

papers required by the legislation. We have the government approved software installed in our store and it is working perfectly. We have our customs guarantee in place, have lodged the most recent version of our corporate accounts and expect to receive official permission to open our store in the next few days.”

The first Caraballat Free Shop, just over 400sqm in size, is situated in the historic center of Jaguarão, the sister town of Rio Branco in Uruguay. It will carry all the leading categories that the Brazilian shopper will be looking for, says Lemos.

“In common with the shops on the Uruguayan side of the border we expect that perfumes & cosmetics, wines & spirits, tobacco, foodstuffs, chocolates, accessories and sunglasses will be the big sellers, but we will be very vigilant as to what the new shopper is actually buying.”

In addition to the Brazilian shopper, the store will also cater to Argentine and Uruguayan travelers.

“We have a selection of merchandise ready in Montevideo Free Zone ready to be sent by lorry to our warehouse as soon as we get the green light to open,” said Lemos.

Lemos is working with Uruguayan logistics specialist Rodrigo Diaz Coll of Supralux, based in Zonamerica in Montevideo, to ensure adequate supplies of key products during the opening period.

Plans are also underway to open

additional locations, with a second store opening about a month after the first one, says Lemos. This will be more of a specialist store devoted to brands exclusive to the company.

“Our plan is to open four stores in the first year of operation but that will depend on stability in the rental market as prices have gone a little crazy over the past few months. Stores in the historical center of Jaguarão tend to be small because of space limitations and although we would like to open a bigger store, there is just no suitable space available,” he explains.

Lemos is confident that the government will soon realize how valuable these border stores can be for local economies, and open better space for future locations.

“As soon as we open for business, we are sure that the local authorities will become aware that duty free shops are going to be very important for tourism in our city, and we believe they will make new zones of the city available for commercial use so we will be able to continue our expansion program.”

Lemos adds in closing, “Our company is also looking to expand in other areas. Our partners are actively looking at opening stores in Rivera and Chuy. At the moment, we are not sure if we will do this with our own stores with our own brand or some sort of franchise operation.”

JG





COSTA



## Infraero to sell stakes in Guarulhos and Galeão

The Bolsonaro administration in Brazil will sell off the 49% stake the government holds in airports that were partially privatized in the previous rounds of privatization. The sell-off could take place as early as the second half of this year, and before the final privatization rounds to take place in 2020 and 2021, confirmed Brazilian Minister of Infrastructure Tarcisio Gomes de Freitas.

Infraero holds 49% stakes in the airport management concessions at Sao Paulo Guarulhos, Viracopos – Campinas, Rio de Janeiro Galeão, Belo Horizonte Confins and Brasília (DF) airports.

After an audience with the Infrastructure Commission of the Brazilian Senate, Gomes de Freitas said “Let’s sell our shareholdings in these airports. This has a terrible cost for the public coffers because we provide capital, but we have no control. The most prudent thing to do is to

sell those shareholdings. Let’s do it now. Let’s start studying the situation now, let’s do the asset valuation and we can go to the market as soon as possible.”

Gomes de Freitas added that once the stakes are sold and the final privatization rounds are carried out, the government will have to review the role of Infraero, the state-controlled airport management company founded in 1973.

He stated, “Obviously, it will be reduced in size and clearly it will have to find a new role. It will no longer be involved in airport management and administration but more likely project work or assisting in regional aviation. We will evaluate clearly the best role for the company in a timely fashion.”

Following the fifth privatization round, scheduled to take place on March 15, the Brazilian government hinted that it might announce the sell-off of one or two more blocs of regional airport concessions.

The sixth round is planned to take place in August or September 2020, according to sources close to Infraero. Curitiba, Manaus and Goiânia will be the anchor airports in three blocks totaling 22 airports.

The seventh and final round is scheduled to take place in Q1 of 2022 and will include a total of 20 airports including the two big domestic airports, Sao Paulo - Congonhas (21.5 million passengers) and Santos Dumont (9.2 million) in Rio de Janeiro.

Both airports, the last two “jewels” of the Infraero crown, are of crucial importance to funding Infraero in its current state and will only be sold once the government has redefined the future role of the airport management company.

It is estimated that the sixth and seventh privatization rounds should raise a minimum of R\$ 8.7 billion for the Brazilian government. *JG*

## Tourist numbers plunge in Uruguay

The number of Argentine tourists visiting Uruguay during the high season month of January plunged by 40% this year, reports Uruguayan Tourism Minister, Liliam Kechichian.

Last year 498,000 Argentines visited Uruguay in the most important month of the tourist season, but this January only 300,000 took the short trip to visit Montevideo and the beaches at Punta del Este.

Other source markets showed more stability.

“The number of Brazilians was stable but we saw more Paraguayans, Chileans and Europeans,” said Kechichian, adding

that total tourism arrivals for the month were down 29% on last year.

“But looking at the figures in context; we still had the 4th best January since records began even though we are down on last year,” she comments.

Ferry traffic was also down.

A spokesman for ferry operator Buquebus said that the line’s passenger traffic was down 25% for the first two months of the year on the routes from Buenos Aires to Colonia and to Montevideo.

“But we should remember that last year was a very good year,” he noted.

Buquebus also confirmed that it has dismissed 15 employees and another 70 have been sent on leave until demand recovers.

The border duty free business in Rivera, Chuy, Rio Branco, Acegua, Bella Union and Artigas is still suffering from low demand from the crucially important Brazilian shoppers. Reports are mixed from retailers but the consensus is that sales are down on last year. One retailer said, “The Brazilian Real has been quite stable and this is normally good for sales but we have seen fewer people than last year.”

Several suppliers told *TMI* that sales were down between 10% - 20% depending on location.

The Uruguayan border stores will shortly face direct competition from stores on the Brazilian side of the border. The first stores are scheduled to open this month in April Jaguarão and Uruguaiana but several retailers have told *TMI* that the Receita Federal, the Brazilian Customs Authority, is delaying issuing the necessary permits which allows retailers to open for business. *JG*

## Air traffic falls at Montevideo

Passenger traffic at Montevideo’s Carrasco Airport fell last year for the first time since 2013.

2.07 million travelers passed through the airport last year, a decrease of 0.9% compared to 2017. The airport has been slowly recovering and rebuilding international traffic numbers since the bankruptcy of Uruguayan flag carrier Pluna in 2012 and according to aviation analysts the small fall in traffic was due to the

depressed economic situation in Brazil and Argentina.

In contrast however, there was an increase in the number of passengers at Laguna del Sauce airport in the Uruguayan resort town of Punta del Este. 165,960 passengers used the airport installations in 2018, an increase of 12.9% on the previous year. The increase was due to new flights from Brazilian airline Azul and Argentine low-cost airline Flybondi. *JG*





## Rituals global expansion gathers pace as brand opens first store in Americas travel retail at London Supply

Rituals teamed up with Essence Corp., its Americas distributor, to open the brand's first travel retail store in the region, located at London Supply's Puerto Iguazu duty free complex.

The 28 sqm shop-in-shop, which opened Feb. 2, features a large assortment of Rituals products including fragrance sticks, candles, perfumes, gift sets and products from the brand's best-selling range.

The shop will offer a unique lifestyle shopping experience to the local community, and highlights the brand's philosophy of transforming daily routines into meaningful rituals, says the company.

The opening is a milestone for the brand and marks the first time that Rituals is able to showcase its lifestyle philosophy and diverse product assortment to travel retail shoppers in the Americas.

Ritual's signature sakura tree — a symbol of the Asian wisdom and traditions that inspire Rituals' products — is prominently featured by the entrance of the store.

Customers are offered an herbal tea when they enter the store, and invited to experience products via complimentary hand and arm massages at the water island.

These initiatives combined with seasonal activities are all focused on encouraging consumers to take some time out of their day for some 'me time.'



*L-R: Sergio Dalaco - Store Manager, Puerto Iguazu Duty Free Shop; Romina Rembado - Area Manager Essence Corp.; Yun Choy - Rituals Manager, Projects & Travel Design; Marjet de Vlioger - Rituals Business Development Manager, Travel Retail; Yennifer Abreu - Travel Retail Director, Essence Corp.; Daniel Rodriguez - Project Coordinator, Essence Corp.; Jose Ocaraza - Marketing Manager, Duty Free Shop Puerto Iguazu*

"Essence Corp. is proud and excited to partner with London Supply to open the first Rituals boutique in travel retail Americas. London Supply has been an esteemed partner of Essence Corp.'s for over 40 years and this new store opening solidifies a successful on-going partnership," commented Essence Corp.

Executive Sales Director, Antoine Bona.

"London Supply is the premier retailer in the region and continues to innovate by bringing in new brands to offer to their customers. We thank both Rituals and London Supply for their support."

Rituals Director Travel Retail, Neil Ebbutt, added: "Over the past 10 months we've been working hard with Essence Corp. to create new opportunities for Rituals in Americas travel retail. We are very proud of the results and the successful opening and we look forward to engaging with consumers, inviting them to discover the 'slow down' philosophy of the brand, and to building our credentials as a true lifestyle brand in partnership with Essence Corp. and London Supply."

*Essence Corp. brings its spirit to the beach. Community-minded Essence Corp. once again used its annual team building initiatives to also benefit local organizations. On Jan. 17, the Miami-based distribution company worked with the Surfrider Foundation Miami Chapter to restore the dunes, protecting the ocean from plastic and the coastline from rising water, noted Essence Corp.'s Patricia Bona.*





**MONT  
BLANC** 

# EXPLORER

THE NEW FRAGRANCE FOR MEN



## Annette Green honored with 2019 Fragrance Book of the Year Award from Perfumed Plumes

The fragrance industry's most revered muse and ardent guru, the legendary Annette Green, is being honored as recipient of the 2019 Perfumed Plume Awards Fragrance Book of the Year.

Green's book, "Spritzing to Success... With the Woman Who Brought an Industry to Its Senses," was published last September by the 94-year-old industry trailblazer.

The award will be presented by Jenny B. Fine, Executive Editor, Beauty WWD Beauty, Inc at the awards ceremony and celebration taking place Wednesday, April 10 at The Society of Illustrators, NYC.

"This award is presented at the discretion of the Perfumed Plume Consulting Committee. It was a unanimous decision that 'Spritzing to Success' is the one book written in 2018 that deserved this special award not only because it was written by a truly passionate fragrance industry icon, but also because it shares so many wonderful moments in the industry's glorious history," said Lyn Leigh & Mary Ellen Lapsansky, Co-Founders, Perfumed Plume, LLC.



Annette Green is credited with changing, shaping and developing not only the face of the fragrance business from the inside, but how the consumer perceived, bought and came to love perfume in all its forms.

Recognized as one of America's leading fragrance authorities and futurists, Annette Green served as Executive Director and President of the Fragrance Foundation for 40 years. Under her leadership, The Fragrance Foundation served the international industry, retail, media, consumers,

students, libraries, and became a central source of educational, historical and cultural information.

She conceived the Fragrance Foundation's Annual "FiFi" Awards, the Oscars of the fragrance industry, 35 years ago and they still stand today as the biggest, celebrity-studded awards gala to recognize the best of the industry. In 1992, she brought the "FiFi" Awards to France, Germany, Italy, Spain and the United Kingdom to applaud the most unique and successful Men's and Women's Fragrance Launches of the previous year.

Green also developed and opened the country's first fragrance museum in NYC. In 2004, the Museum made a gift of its entire fragrance collection of over 1000 vintage and contemporary bottles and boxes to The Fashion Institute of Design & Merchandising Museum & Galleries (FIDM) in Los Angeles.

The Annette Green Perfume Museum opened in 2006 at FIDM and led to Green being presented with the first annual "Legend of Beauty Award."

## YSL Beauty brings The Slim craze to TBIT

YSL Beauty, in partnership with DFS, created an exciting pop-up for the Rouge Pur Couture The Slim lipsticks at Los Angeles International Tom Bradley International Terminal throughout February.

"The Slim" lipsticks are a favorite in China with their "edgy new leather-like matte shades," says the company.

The Slim challenge in the pop-up invited customers to follow the signature red line through the store where they found a discovery bar tempting them to swatch and play The Slim before experiencing their favorite YSL make up products. Travelers pressed for time could "swatch" by choosing a shade and taking it in sticker form.

Travelers could also indulge in a free makeover by YSL Beauty make-up specialists, and sample The Slim shades for themselves.

Travelers could also share their

experience online and offline, taking a picture at the selfie wall. There was also an engraving area where the YSL Beauty products could be personalized.

The Slim was also promoted by Chinese influencer Dear who shared her favorite shades with her Instagram followers along with news about the event.





# BEYOND *all* BORDERS

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2019

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## CANADA'S EXCLUSIVE DUTY FREE CONVENTION

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## Unilever sees great potential for haircare in travel retail and launches Living Proof in Orlando

Unilever will be launching its Living Proof range of haircare products into travel retail in Orlando this year during the 2019 Summit of the Americas Exhibition. *TMI* had the opportunity to speak with Michelle Brett, Senior Vice President, North America, who has been with the company for more than 10 years, since she “fell in love with the product.”

Living Proof is the #1 Prestige haircare brand in the U.S. domestic market (source: NPD 2017). It uses breakthrough science and patented technology originating from The Massachusetts Institute of Technology (MIT) to solve common hair issues such as frizz, damage and fullness. The brainchild of hair stylists and biotech scientists who were frustrated by the limitations of conventional products, the brand aims to solve hair problems differently, by directly addressing their root causes.

Living Proof offers much more than a quick, superficial fix, says the company. Its products are designed to deliver visibly healthier hair and styles that last. All Living Proof products are free from silicones, parabens, phthalates, and are not tested on animals. They are also safe for use on colored and chemically treated hair.

The Living Proof portfolio includes at least 20 patents and over 50 different products, which have won more than 150 awards to date. The Perfect Hair Day Dry Shampoo is currently the #1 Prestige haircare SKU in the U.S. domestic market and is anticipated to dominate travel retail sales. Living Proof’s top 7 best sellers are also available in travel size and are the perfect grab-and-go solution for travelers.

Unilever says it has identified a huge opportunity for Prestige haircare in travel retail and intends to launch in major U.S. airports in Q2 of this year.

### Living Proof’s Michelle Brett: Preparing for global markets

**TMI:** Can you give us a brief history/background of Living Proof and its trajectory to such success? I know there is science behind the brand, but how did you communicate this to the public to create such a loyal following?

**MB:** Living Proof was founded on the idea of solving problems by looking at the root cause – and delivering results you can see from across the room. Built off of our proprietary technologies, our problem-solution product architecture allows consumers to easily identify the products they need. Through the use of strong before & after photos and scientifically backed claims, we are able to grab consumers’ attention and explain the benefits quickly. In the end, the proof is in the results – our loyal following is driven by superior product performance.

**TMI:** Do you have a star product and how has it shaped the company?

**MB:** While every product is a star – our Perfect Hair Day Dry Shampoo is our ‘cult’ product. It is the #1 selling dry shampoo in the U.S. and the #2 selling prestige hair product overall. It actually cleans your hair without water, saving time, energy and resources, all while keeping your hair looking like you just washed and styled. It is the perfect companion for travelers.

**TMI:** Why does the time seem right now to introduce the brand into travel retail? Who is your target audience among travelers?

**MB:** We have been receiving interest from the global travel retail community for many years. As a smaller company, we wanted to ensure we were strategically building awareness before expanding global distribution. As the #1 prestige hair brand in the U.S. we have developed a strong global consumer base. Some of our strongest markets are retail doors that cater to global travelers such as Times Square, Soho and Herald Square, (NYC), Miami, San Francisco, Los Angeles, Vancouver and Toronto. Prestige hair is a top growth driver globally, when you combine this with the demand for our products, the timing is perfect.

**TMI:** What are some of your key marketing strategies and how will you adapt these for the travel retail consumer?



*Michelle Brett,  
Senior Vice President, North America*

**MB:** With our strong social media focus, we collaborate with a diverse group of influencers and media partners who have a global reach. We identify key players in international markets with a local influence to ensure we are engaging with meaningful and authentic content. Combined with a high investment in sampling we believe our strategy will work across all channels.

**TMI:** Can you tell us a little about the rollout of Living Proof in travel retail—current listings? Plans in the pipeline? Special POS events, initiatives?

**MB:** We are very excited to be focusing on key markets in Q2. Miami airport (with DFA) will be our first launch in North



We are the science. You are the  
**Living proof.**





The Living Proof portfolio is based on three microscopic molecules, says the company. The first, called Healthy Hair Molecule (OFPMA), creates a weightless, invisible shield that repels dirt and oil to keep hair cleaner, longer. The second is the Thickening Molecule (PBAE) which creates revivable body that lasts up to 5x longer, without stiff, sticky results. The third is a Volumizing & Texturizing Molecule (ETAS) that delivers bigger, longer-lasting volume without weighing hair down.

America, with great interest in Atlanta, JFK to launch quickly. Globally, we will be launching in Dublin. As a prestige brand, we want to ensure our brand comes to life in the TR environment and resonates with the consumer. We will pay close attention to these initial markets and use key learnings to roll out further global locations over the next 18 months. We have worked with our marketing partners to develop custom merchandising units and are in the process of planning some exciting initiatives.

**TMI:** How has the acquisition by Unilever impacted the growth of the brand? I understand that Living Proof was the first “prestige” hair care brand that Unilever purchased. When did the purchase take place and what key changes are you seeing?

**MB:** The Unilever Prestige division acquired Living Proof in January 2017. Living Proof runs as a wholly owned subsidiary, keeping our headquarters in Boston and remaining with our core values, strategic vision, positioning, R&D and operations. The positives of working with our UL partners is that we can learn from their global capabilities and use them as a resource in areas where we have yet to develop. The team is supportive of our prestige positioning and how important that is to the brand’s identity.

**TMI:** What Living Proof products will

Karen Granit’s travel retail team be showing in Orlando at the Summit of the Americas? I understand Living Proof is about to launch a major new hair care system. Will that be at the show and can you tell us anything about that yet?

**MB:** Karen and the team will focus on our core, hero products that focus on instant transformation – such as Perfect Hair Day Dry Shampoo, Full Dry Volume Blast, and No Frizz Instant Defrizzer. These are our most popular products and are universally beneficial for a diverse hair type. We will be launching a new product line in an entirely new category for Living Proof. Stay tuned – as we launch globally we will include our Travel Retail partners.

**TMI:** What do you see as the most successful strategy you have used for Living Proof to date (I STILL think of Jennifer Aniston when I think of Living Proof!)?

**MB:** Jennifer surely brought awareness to Living Proof rapidly as her reach is obviously huge. However, we were founded by MIT scientists and hair stylists whose mission was to create solutions for some of the toughest challenges – in a way never done before. Holding true to our foundation, our proprietary technologies allow us to create superior performing products without relying on old, industry standard ingredients such as silicones and heavy oils. We strongly believe

that bringing top performing products and innovation to consumers is our best strategy!

In conclusion, we’re very excited to be able to bring a new category to the travel retail world. As a growing brand which is in demand, we are now able to make it easier for our global consumer to find us, and offer the Travel Retail partners an incremental way to build their business in an ever competitive environment.

### Unilever’s Travel Retail Focus

Speaking on Unilever’s travel retail business in the Americas, Karen Granit, Business Development Manager of Unilever International Travel Retail, says:

“We are projecting double digit growth this year in line with the previous two years. We have added multiple brands to our current portfolio and have partnered with global operators as well as core duty free distributors in the region.

We see a huge potential for growth with our Prestige brands, particularly Living Proof and skincare brand Murad. We have a strong and knowledgeable team supporting this channel as we see it as a priority and a key opportunity to drive the overall Prestige beauty category with our retail and distributor partners.”

Unilever will be showcasing Living Proof and its other Prestige brands in the Coral Spring II suite.

## Duty Free Dynamics brings added value to Americas travel retail operators

Panama-based Duty Free Dynamics Corp has gone through a major evolution since the company started its operations 5 years ago. Its mission is to add value to the Americas' travel retail market.

According to Duty Free Dynamics CEO Nicolas Dobry, the company thoroughly researched the market, and discovered that most of the region's duty free operators were focusing their business exclusively in the core categories (fragrance, cosmetics, alcoholic beverages, cigarettes and confectionery), and that during these past years most of those product categories have been "stagnant."

At the same time, the company took into consideration that the Americas has a travelers flow of above 1.5 billion passengers per year, which constitutes an interesting audience for many additional product categories such as watches, jewelry, sunglasses, writing instruments, outdoor, apparel, travel gear, footwear, toys, personal care, electronic gadgets or even pets accessories.

Dobry says that he and his partners understood that in order for this innovative approach to succeed, the company would need to take a more hands-on approach since many operators were not used to handling these new categories, especially the ones like apparel or footwear which are sensitive to seasonality, sizing, or markdowns.

As a result of its research, Dobry says that DFD is now forming partnerships with operators where the partners contribute their experience in the operational part of the business and DFD adds its know-how on each of these new categories by providing the operator with a comprehensive manual on how to set-up and operate the business in an efficient way. In essence, DFD acts as a "master franchisor" and the operator becomes the "franchisee".

Initially, DFD focused its business in the watch category and inaugurated its portfolio with the Guess brand, which created the fashion watch category and become its global leader. DFD has established the brand as the category leader in the Americas travel retail channel, says Dobry.

During the past year, DFD complemented its watch portfolio by adding entry/mid-priced traditional watch brands Seiko; Luminox Swiss watches, a niche/mid-priced brand targeting aviation and military fans, which is very strong in the U.S. market; and Oris, a key player in the global luxury sports watch segment. Lastly, DFD incorporated globally recognized traditional U.S. brand Timex to cover the US\$50 to 200 price range.

DFD has also launched the outdoor category with Osprey backpacks, Fjällräven backpacks and outdoor wear, and ENO



Nicolas Dobry,  
Duty Free Dynamics CEO

(Eagle's Nest Outfitters), best known for its foldable hammocks that can fit into a purse. It also inaugurated the footwear category with brands like Timberland and Toms as well as the travel gear category with its recent incorporation of Samsonite.

During the months to come DFD will not only announce new additions to its existing product categories but will also inaugurate most of the product categories listed above with exciting new brands, he says.

Company CEO Nicolas Dobry has a long history with luxury goods and travel retail. He opened "The Watch Gallery" -- the first store specializing in luxury watches in South America-- back in the 1990s.



Duty Free Dynamics began its travel retail journey with leading fashion watch, Guess (left) but now has rounded out a comprehensive timepiece portfolio with such brands as Oris, a player in the global luxury sports watch segment (center), and Luminox, a Swiss niche/mid-priced brand targeting aviation and military fans.



*Duty Free Dynamics has now expanded its portfolio to non-traditional categories, including outdoors, with products such as Osprey backpacks, shoes from Timberland and travel gear with Samsonite luggage.*



About 12 years ago he began working with Latin American investment conglomerate, The Liberman Group, to create a wholesale & distribution company in the region.

“DFD’s journey began when Guess asked us to help them establish a travel retail distribution network in Latin America and The Caribbean. After working through its domestic partners, they realized they needed one partner who would bring them a global/regional solution,” Dobry tells TMI.

“We are diversifying our categories and expanding our product range, but we are creating a consistent ‘brandness’ within each category,” says Dobry. “By consistent I mean that our brands are completely complementary to each other. In this way, our product portfolio becomes 100% efficient.”

Dobry says that the company is aiming to introduce around 20 new brands during the next 18 months.

#### **Hub location & Logistics**

Dobry stresses that its location plays a key role in DFD’s distribution strategy as the company harnesses Panama’s major airport network, the ‘Hub of the Americas’, and port facilities which serve both the Pacific and Atlantic Oceans. The company has now opened strategic platforms in Miami and Buenos Aires as well.

“We have our headquarters in Panama City, and our main distribution hub at the Colon Free Zone. We have an office in Buenos Aires, Argentina, which serves the region’s southern cone and has a front-end team handling sales, marketing and merchandising. We recently opened an additional office in Miami, which handles our North American and Caribbean customers—this region is our main focus this year.”

State-of-the art logistics is another part of the added value DFD brings to the travel retail channel.

#### **Proprietary Operating Systems**

“We not only have a very robust front-end team at the selling level, we also have a very robust operational infrastructure with our own operational system called “OES” (ordering engineering system). Our superior supply chain management operates via a proprietary online platform which allows our retail partners to log in to our intranet site. Clients can check our inventory, see all the product specs, place an order and have it shipped within 72 hours,” adds Dobry.

Another important part of DFD’s added values is its ability to provide its customers the possibility of aggregating orders of different categories/brands into one single shipment.

“This allows us the ability to offer our

retail partners the possibility of carrying minimal inventory and for us to be able to send them weekly consolidated shipments. In that way they reach the MOQ (minimum order quantity) that they require to keep logistics costs efficient.

“We act as aggregators and this is very interesting both for our operating partners and for our brands,” says Dobry.

#### **Adding Value at retail level**

DFD also brings added value at the retail level, becoming more involved in the retail footprint.

“We are not just transferring goods from our warehouse to our partners points of sale, but actually helping them operate the business. In some cases we even collaborate with our own sales people to run their floor sales, at least at the beginning,” says Dobry. “By creating a close partnership between the operator and ourselves, we maximize both parties’ knowledge and develop a sustainable, long-term collaboration.

“Brands see us as innovators – and realize DFD can be the perfect partner for them. Travel retail is a niche market where we think we have the most meaning and ability to add value to the chain.”

Duty Free Dynamics will be in Orlando to talk to potential brands and operators in the Regency Ballroom, booth number 211.

## IBBI focuses on innovation and affordable luxury

International Brand Builders Inc (IBBI) is focusing on innovation this year, bringing new collections to the 2019 Summit and adding new brands to its “affordable luxury” portfolio.

**Infinity & Co England:** Infinity & Co recently partnered with IBBI to expand its distribution in the Americas. The company offers two unique brand lines: I & Co fashion jewelry at affordable prices and LXI message jewelry gifts-on-cards that offer retailers a chance to personalize messages unique to their destination. “With more and more retailers focusing on sense of place, LXI is the perfect combination of souvenir and high-quality jewelry,” stated IBBI president, Katherine Sleipnes. “Working closely with the designers to develop items relevant to our market is a plus, and we are looking forward to sharing these and other trendsetting products with our partners soon” she added.

**Tru Virtu Hi -Tech Wallets:** Tru Virtu is an innovative premium accessory brand from Germany, focused on wallets that protect against illegal data theft of NFC / RFID chips and card demagnetization. The



minimalistic design of the new Tru Virtu Click & Slide wallet offers quick access to cards and money while being not much larger than a credit card itself. IBBI will also showcase new mobile phone holders. “We are excited to launch in the Americas and build on their global success onboard airlines and in other regions. We believe this is the new trend for the future and are excited about the possibilities,” Sleipnes notes.



**B+D Screen- Blue Ban:** The B+D Blue Ban readers offer a trendy design that combines fashion and eye care, using high-quality lenses with a special protective coating that filters the blue light emitted from digital devices. They help reduce eye strain, redness, irritation, or dry eyes, and provide UV 400 protection. The readers are available in all magnification strengths as well as zero magnification for younger eyes.

**Morgan & Oates:** Capitalizing on the success of its newly launched beachwear range, scarf specialist Morgan & Oates will be returning to the show with an array of tropical cotton sarongs. Made from soft breathable cotton, the sarong is versatile and can be tied and draped in a variety of ways, making it the ideal accessory for any traveler in the sun or on the plane. New designs and colors have also been added to Morgan & Oates ‘favorite’ wraps and scarves, with styles to suit both men and women.

### Capella Industries- Lambretta & Tick & Ogle:

Building on the success of the Lambretta watches, IBBI and Capella are launching the new Tick & Ogle time pieces that focus on fashion at a friendly price point. The brand Tick & Ogle was created to meet the needs of a fashion-conscious and value-driven consumer, making it a perfect product line for the Americas. “Starting at only US\$29, we believe this will be a strong proposition for our region,” stated Sleipnes. IBBI is also showcasing the new collections from Lambretta - Italy, launched in Cannes, including the Marco sports watch and Piccolo Women’s additions.



IBBI also represents Misaki Monaco and Baylis & Harding, who are not exhibiting this year. Appointments can be made by contacting Stephanie@internationalbrandbuilders.com or a.soderlund@internationalbrandbuilders.com

“IBBI has always focused on bringing affordable luxury brands to market, and we believe that our brands continue to add innovation and value for Travel Retail shops,” comments Sleipnes. “We are pleased to present these new collections in the new venue at booths # 721, 819, 821, 918, 920 (near the buyer’s lounge).”

For more information on IBBI brands, please contact Katherine Patch Sleipnes at 954 557 8638 or katherine@internationalbrandbuilders.com



## Lambretta designs watches with timeless Italian “Desires”

Lambretta timepieces will present two new collections based on Italian style at the Summit of the Americas Booth 819.

### Uno, Quattro, Dodici

Lambretta Watches will be presenting the brand new Giulia 34 collection for women, which it describes as stunning and classy designs inspired by the glamorous Italian fashion back in the 1950-60's. These timepieces have ultra-thin cases and sleek dials, highlighted by one, four or twelve Swarovski crystals. The watch is paired with fashionable quilted Italian leather straps or elegant Milanese mesh bracelets.

### Eco-friendly straps made from recycled tires

Lambretta will also present a new collection for men, Marco 40 Rubber. The striking watches incorporate the attitude and spirit inspired by the great Lambretta racing heritage back in the 1960's, and feature eco-friendly premium rubber straps made from recycled tires. The watches have been developed for an active lifestyle and are stainless steel and water resistant to 100 meters.



**T&O**  
TICK & OGLE

**Lambretta**  
watches

ITALY 1947

STRAPS MADE FROM RECYCLED TIRES

THE BARE ELEMENTS OF NATURE

Welcome to *Discover* our new *Unique Collections!*

Affordable Fashion Watches & Space-efficient Concepts

## Buckley London to unveil new charms & men's collections

Buckley London will showcase a selection of men's, gifting and BeCharmed ranges alongside its brand-new Spring Summer range of jewelry in Orlando at the 2019 Summit of the Americas.

'Buckley London For Him' is the brand's first men's collection that launched in 2018. The line proved to be a huge success due to the innovative designs, high quality materials and a vast range of styles to suit everyone, says Buckley, which will show wrist-wear and cufflinks in a range of materials, finishes and styles.

The collection will showcase the versatility of the ever-expanding collection, says Buckley. The Logan Flat Mesh Cuff in hematite and rhodium is one of the new men's styles exclusively being exhibited and has already proven to be a popular purchase with retailers and consumers alike.

With the continuing popularity of charm bracelets, the brand is focusing on developing the BeCharmed range, which currently consists of 5 collections;



*'Buckley London For Him' is the brand's first men's collection.*

Atlantis, Fiesta, Parade, Eastern Wishes and Paradise.

The newest addition, Paradise, will preview exclusively in Orlando. Inspired by exotic, tropical regions from around the world, it sports brightly colored, intricately designed and crafted charms in an array of styles.

The Spring/Summer ranges include the new Bailey Rae collection, comprising a set of stacker rings, a reversible pendant and bracelet, with an intricately designed

sunbeam on the reverse and a subtle engraved message on the front. The brand will also present the new sleek and contemporary Gouilding collection, with a minimalistic, on-trend tusk design on pendants, earrings and wrist-wear, among other new and classic pieces from the core range.

Amy Donlon, Head of Sales and Marketing for Buckley London said:

"As we continue to draw our focus to increasing our presence within the Americas, we are very excited to be returning to The Summit of the Americas this year.

"Not only will we be offering a selection of our best-selling pieces and brand-new additions to the latest range, but we will exclusively be unveiling some never before seen product which we are certain will create a real buzz around the brand. We are thrilled to be able to share these fantastic designs with our customers for the first time!"

Visit Buckley London at stand 301.



Visit us at The Summit of America's, Orlando - Stand 301

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## Scarf Couture by Raja offers one-of-a-kind fashion flair

Fashion options in travel retail take a new turn with the luxurious innovative, 7-way convertible scarf being introduced in Orlando from Scarf Couture by Raja, Booth #16.

Company president Raja Singh wanted to create a signature line of designer couture scarves at an affordable price that would be suitable for any woman, be easy to sell, and provide retailers with an attractive margin.

“We are creating hassle-free retail. I am here to move thousands of pieces daily,” Singh tells *TMI*.

Every aspect of the Scarf Couture by Raja product line was meticulously designed, from the hand-picked fabrics created by Raja and his wife, to the red

velvet keepsake box in which the scarves are presented. Specially made for gifting and travel, it is one-size-fits-all.

Couture by Raja is the third division of parent company HK Trading & Co Inc. The company has been in the fashion industry for more than 25 years, and the designs from its other divisions can be found in 3,000 specialty shops around the U.S. as well as a growing number of international markets.

While the scarves in the Scarf Couture by Raja line will be exclusive to travel retail, Singh says that scarves from the other divisions of the company are currently listed through the entire fleet of ships served by Starboard Cruise Services, in addition to hotels throughout Las Vegas.

The Couture by Raja scarf, whose design is copyrighted and trademarked, is not just an accessory but a unique travel addition due to its light weight and versatility, he says.

“Our signature 7 Way Scarf offers effortless styling that can be dressed up or down. It can be worn as an Asymmetrical Tunic, Vertical Tunic, Off-The Shoulder Blouse, A Basic Scarf, Shawl, Jacket/ Shrug, Neck Wrap and in many more innovative ways. It is a work of ‘ART’ that comes in a lovely palette of colors and designs that appeal to women globally,” says Singh. The packaging clearly showcases the various options of wearing.

The company is working with the Artco Group to create custom display units, which will be on show during the Summit of the Americas.

In addition to the 7-way convertible scarf, Couture by Raja will unveil a brand new travel retail exclusive men’s line predicated on comfort. The shirts, which were one year in development, are 100% rayon, 340 gram knits, and available in 80 colors that are hand tie-dyed and finished.

“The fabrication feels like butter and this comfort will be the key to our success,” he says.

The packaging will be the first surprise that attracts travelers though. The shirt is ultra-compressed into a palm-sized “shirt-shaped” package. The wearer simply shakes the shirt out upon opening and after a few minutes all the wrinkles will have disappeared, says Singh.



## Brand Strategy brings top-name fashion to travel retail

Brand Strategy is another fashion company debuting in travel retail at the Summit this year. Helmed by well-known Ellyn Porpora for its duty free business, the company distributes and manages a distinguished portfolio of branded products within specialized channels globally (Booth 700).

With a portfolio that includes such brands as Cole Haan, Nautica, Adidas Golf and Robert Graham to name a few, Brand Strategy facilitates and executes the entire commercial and operational relationship in order to connect the best brands with the best retailers in the world, says Porpora.

Lifestyle brand Robert Graham

presents creative seasonal collections of luxury men’s sportswear, premium denim, footwear, outerwear, loungewear, accessories, and women’s sportswear, with eye-catching mixed fabrics, and one-of-a-kind trims and embroideries.

Adidas Golf is a colorful, athletic inspired sportswear collection fortified by the brand’s powerful logo, retailing under USD\$100.

Global lifestyle brand Nautica is a nautical-influenced classic American sportswear brand, available in over 65 countries with 265 full Nautica branded stores and close to 3,000 shop-in-shops worldwide.

Also, luxury spectacle cases from ANY-DI SunCover; brushes from Sigma Beauty and Steve Madden belts and wallets.



# Breitling on a mission to differentiate from its competitors

World-renowned Swiss watch brand Breitling revealed its newest collections of premier timepieces and introduced its new corporate logo and #squadonamission advertising campaign at a Road Show in Miami in November.

CEO George Kern hosted a presentation for journalists at the historic Faena Hotel in Miami Beach with the festivities continuing in the evening on the Seafair cruise ship.

Kern, who was named CEO in the summer of 2017, introduced the new corporate identity, which he says pays respect to the brand's rich history while also looking ahead to the future.

"We now have one generic corporate logo, featuring the B and 1884, with reworked colors. Yellow will continue to be the main color, but we are using a more contemporary and elegant style than in the past," says Kern.

While Breitling has been traditionally known as a pilot's watch, the brand makes watches for three divisions — land, sea and air, and actually sells more diver's watches than pilot's watches.

"There is a difference between fact and perception. Our best line today at Breitling is the Super Ocean Heritage. It's booming. It is not typical for a brand like Breitling, but it shows that there is a demand for these types of products," says Kern.

## #Squadonamission

While Breitling is no longer exclusively a pilot's watch, the brand's new #squadonamission advertising campaign does originate from jet squadrons, explained Kern.

"We have developed what we call the 'squads' campaign, since we came out of aviation. Breitling remains the number one



*Breitling CEO George Kern gives a presentation about Breitling's #squadonamission in Miami at a Road Show in November.*

brand in the world in aviation watches. We have our famous jet team. And jets fly in squadrons, in groups of people. It is how the idea came to develop the squad campaign," says Kern.

The Breitling squads involves creating three-person groups (the squads) whose members are all recognized masters in their respective professions. The first squad, the cinema squad, featured Brad Pitt, Charlize Theron, and Adam Driver (and in Asia, Daniel Wu).

"The beauty with a squad is that it is a very strong concept. It differentiates us. We've tried to avoid the classic themes like Formula One, golf, tennis. To be different we have a triathlon squad, a surfing squad.

"We have an amazing set of ambassadors in this campaign and they are all number one in their field. You might not know them, but that is not the point. The point is that they are authentic, they are real."

## Boutiques

As part of its rebranding, Breitling has been renovating its existing boutiques around the world with a new industrial look and the sales results have been fantastic, says Kern.

"We now have 75 boutiques and we are going to open another 75. We are in the process of renovating or redoing our boutiques. In the U.S. we opened Houston, and Las Vegas. Other boutiques are also under renovation, using the concept of a loft and industrial style. We also introduced brick walls," says Kern, adding that Breitling

saw an increase between 40 and 70% in sellout in any boutique it renovated, in comparison to the old boutique.

The boutiques also help Breitling differentiate itself against its similarly priced competitors, says Kern.

"At the end of the day we want to be the cool and informal alternative to the classic watch brands in the market. Everything we do reflects that idea. Our boutiques are industrial style with a loft and a pool table, a vintage bike, and surf board. That's the cool alternative to the very strict formal brands out there. It's an image. You buy a brand before you buy a product.

"I personally think that the boutiques are the single most important element of image changing of Breitling. We are rolling out the boutique concept worldwide. Every week we are renovating or opening a new boutique."

Breitling has also launched pop-up stores around the world with the same industrial concept including in Singapore, Zurich, and in airports.

Kern says the new look Breitling is now on its ways to rolling out around the world, including airports.

"Last year we had an idea in mind on a paper. Today everything falls together. We have a product. We reworked our corporate identity, we reviewed our advertising. Now the elements of the puzzle are falling together. It will take another 12-18 months to roll it out on a worldwide level, but you see how things are working together."

*Michael Pasternak*









## Old Forester looks to the future with historic new \$45 million distillery

*Michael Pasternak reports*

When Brown Forman opened its \$45 million, 70,000-square-foot distillery on Whiskey Row in downtown Louisville for its founding brand Old Forester in June, it was a return home to its beginnings for the American Whiskey giant. Located at 117 and 119 Main Street, where the company was originally headquartered for a period ending in 1922, the distillery both looks back at the history of America's first bottled bourbon and serves as a declaration of intent for the future of the brand, Old Forester President Campbell Brown tells *TMI*.

Brown, a fifth generation descendent of company founder George Garvin Brown, recently took *TMI* for a tour of the state-of-the-art distillery.

"The opening of the distillery meant a lot to me and it meant a lot to the family,

to our company. This is a brand that was at one point one million cases and had declined. Most other companies would have either sold it or mothballed it. We never did," says Brown.

"It's a commitment, not for what we've done but for what we can do.

"The company deciding to invest \$45 million in capital to build a distillery in downtown Louisville, the birthplace of bourbon, sends a signal to our entire organization and all of our partners that we have a lot of work to do over the next generation."

Old Forester was first created in 1870 and holds the distinction of being the only bourbon continually distilled and marketed by the founding family before, during and after Prohibition. In the 1920s when many distilleries closed, Brown-Forman

applied for and received a federal license to continue producing Old Forester for medicinal purposes.

At its peak the brand sold a little more than one million cases in 1972-1973. But then came a clear challenger to the American brown spirit that severely hurt the bourbon's sales.

"You can't lose track of what happened in the 70s with the introduction of vodka. Consumer taste changed. Vodka showed up and captured the attention of Americans. I think bourbon in general became for the most part very occasional, even in the bourbon belt. People were experimenting with vodkas," says Brown.

"Then there was an excise tax increase in the 90s. There were a lot of contributing factors to the decline."

One such factor was the booming sales





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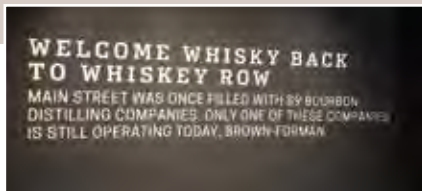
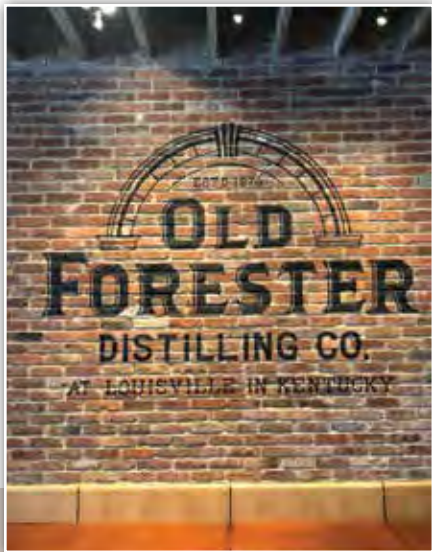
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BEARING THE BOTTLED-IN-BOND DESIGNATION OF QUALITY.



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TRAVELERS' EXCLUSIVE





*Old Forester President Campbell Brown stands in front of the 44-foot-tall copper column still at the new Old Forester Distilling Co. located on Whiskey Row in downtown Louisville.*

of its American whiskey portfolio-mate, Jack Daniel's, which has consistently grown its sales to become the number two brand sold in global travel retail (IWSR).

"At Brown Forman we had a brand that was absolutely on fire that we had to manage appropriately and fuel that growth. Old Forester took a bit of a nap. And we woke up bright eyed and ready to go in about 2011-2012. And now we are up stretching and looking forward to the race."

Old Forester is riding the wave of excitement for bourbon and American whiskey around the world to become a much more important brand for Brown-Forman again.

"Bourbon caught fire in the United States in places that bourbon had not been relevant in decades. Brands that have a history like Old Forester, almost 150 years and with the flavor profile that it provides, and a wonderful romantic story, become part of the bourbon renaissance. We have crossed 200,000 cases and are growing nicely."

Brown says the success of both Jack Daniel's and Woodford Reserve has given the company the confidence to expand Old Forester.

"Woodford Reserve is a wonderful pace horse for everybody. We have seen what that brand has been able to do. It

gives us confidence and hope," says Brown.

"We've done a good job of leveraging this wonderful consumer demand. It is growing beyond the U.S., certainly growing beyond the bourbon belt. The mantra is 'Let's make this a global brand.' But first we have to make it a national brand and that's the goal.

"This brand has existed for almost 150 years because it is a great value proposition and it has a really accessible flavor. If you have any curiosity at all around bourbon, this is the place to start."

#### **Premiumizing Old Forester**

While Old Forester has traditionally been known for its value, the company has begun expanding into travel retail as well "with some decent success," says Marshall Farrer, Brown-Forman's Senior Vice President, Managing Director, Global Travel Retail & Developed APAC (he is also Campbell's cousin).

"We still have work to build awareness. Initially we have led with that value proposition in travel retail but I

think future opportunities lie more in the Whiskey Row series, which are available in travel retail with very select customers. I would like to see the Whiskey Row Series really cater to that premiumization opportunity within bourbon and offer exploration."

Brown says the Whiskey Row Series is poised for success in the travel retail channel.

"Our whiskey makers have introduced a line of premium expressions that are a wonderful taste through history and a nice way to see how the different grains contribute, and how we can play around with barrels to inform flavor and taste," he says.

"Premiumization of this brand is a way to play much more in the global duty free channel. I think it is such an attractive space where you have a consumer who is locked in the moment. It is a wonderful way to talk to the consumer for more than three minutes. I would hope that the next couple of years we leverage our story and these delicious products to create a bit of a footprint in the global duty free channel."





*Like the brand it houses, the distillery itself has had an up and down and then up again history. Originally set to open at least a year earlier, a fire on Whiskey Row caused damage to adjacent buildings and delayed the opening until June 2018.*

*Now that it has opened its doors as an official member of the Kentucky Bourbon Trail, Old Forester Distilling Co. will add production capacity of approximately 100,000 proof gallons annually.*

*Visitors who take the daily tour can follow the bourbon making process in an immersive experience that leads them from fermentation and distillation, to the on-site cooperage where handcrafted barrels will be raised and fired, then aged in an on-site maturation warehouse before bottling and shipment.*

*Four 4,500 gallon tanks guide guests to a glass elevator, where they ascend through a light-filled atrium in full view of the 44-foot-tall copper column still, designed and constructed by Vendome Copper & Brass Works in Louisville.*

*Tour guests then make their way to the on-site cooperage where coopers hand raise and char each barrel. In full view, barrels are tested and filled before making their way to the aging warehouse. Finally they make their way through a three-story warehouse where roughly 900 barrels will age.*

## Woodford Reserve Baccarat Edition to hit shelves in May

Brown-Forman Global Retail will begin to roll out Woodford Reserve Baccarat Edition, with the travel retail exclusive product expected to reach the shelves of duty free stores in early May, 2019.

Brown-Forman revealed the product at TFWA/Cannes this past October. The 90.4 proof bourbon, which is further aged in hand-selected XO cognac casks, is the first and only American whiskey to be bottled in Baccarat crystal. It will retail for \$1,500.

“We are launching this luxury product in travel retail because sophisticated consumers are seeking premium brands – and Woodford Reserve leads the super-premium category globally,” said Marshall Farrer, senior vice president and managing director of Brown-Forman Travel Retail.

Initial plans call for the Woodford

Reserve Baccarat Edition to appear in the most prestigious duty free retail stores. Additional promotional activities will take place in various travel retail locations around the world over the coming weeks and months.

Woodford Reserve Baccarat Edition comes in a Baccarat decanter design that evokes the bourbon’s iconic bottle silhouette and is engraved with both the Woodford Reserve and Baccarat logos. It is presented in a signature Baccarat red box with sleek multi-dimensional doors that rotate upon opening and includes a Baccarat stopper adorned with Woodford Reserve’s initials.

“We are extremely proud of this partnership between the world’s finest bourbon and the world’s finest crystal because both represent craftsmanship at



the highest level and serves to elevate the category of American Whiskey in the global market,” said Mark Bacon, global brand director for Woodford Reserve.

## The Macallan Concept Number 1 makes a surreal statement at LAX and JFK

Edrington Americas Travel Retail launched The Macallan Concept No. 1 in the Americas at the beginning of the year, focusing on its key hubs at JFK and LAX with high impact activations, tastings, and still visibility.

With DFS, Edrington ran tastings at LAX TBIT during the months of January and February. The message was extended to JFK Terminal 4 with key visibility throughout the DFS duty free store.

Edrington and International Shoppes partnered at JFK T8 in January with a series of digital and still visuals throughout the duty free store. In Terminal 1, the activation was taken to the next level with a 45 sqm pop-up in February that ran through

March 11. The pop-up was fully designed and inspired by surrealism, the concept of this expression, and offered various experiential activities such as product tastings and augmented reality activities with the purpose to engage and educate visitors.

The first in an annual, limited edition series exclusive to global travel retail, The Macallan Concept Number 1 was inspired by the whimsical world of surreal art and celebrates the world's visionaries by daring to disrupt the whisky making process. Bringing together imagination and idealism to create a fantastical, sensorial world of whisky where anything and everything is possible, the label and packaging of The

Macallan Concept Number 1 features a surrealistic interpretation of The Macallan's Six Pillars — the spiritual home, curiously small stills, the finest cut, exceptional oak casks, natural colour and peerless spirit.

The visionary series begins with a version that disrupts the whiskey-making process. Instead of maturing the whisky first in a bourbon cask and then in a sherry cask as is traditional, The Macallan Concept No. 1 switches the process. The whisky is matured first in sherry-seasoned oak casks and then for an equal time in ex-bourbon casks.

Bottled at an ABV of 40% Macallan Concept No. 1's recommend selling price is US\$125.



*The Macallan Concept No. 1 launched first in the Americas travel retail market with DFS at Los Angeles International Airport TBIT (left) in January. The launch was expanded to New York JFK International Airport Terminal 8 with International Shoppes (right) with digital and still visuals throughout the store, and taken to the next level at JFK Terminal 1 within a 45 sqm Pop-Up store with International Shoppes (top) that ran in February through March 11.*





THE DESIGN EXPERIENCE

## MONARQ fills out spirits portfolio as it tallies another strong year

MONARQ Group had another positive year in 2018, strengthening its business, portfolio, and team, MONARQ Managing Director/Owner Robert de Monchy tells *TMI*.

The company experienced overall double digit growth in the Caribbean and its cruise business grew substantially. De Monchy also notes that the Brazilian border business, which had been relatively slow due to the Brazilian economic-financial-political situation, is picking up again.

One way MONARQ has found success is by adding new spirit categories as the company moves beyond the traditional duty free store staples and fills out its portfolio.

“We have been closely watching the trend of Hard Sodas / Seltzers and made an in-depth analysis of which of the brands would be the best fit in our portfolio and with our customers and consumers. ‘Bravazzi Italian Hard Soda’ came out on top and we are happy to have recently signed a long term distribution agreement with this wonderful new exciting brand, which we will be introducing during the Summit of the Americas in Orlando,” says de Monchy.

MONARQ has added a sherry brand to its portfolio with Lustau from Jerez, Spain and has also brought in the craft spirits from Samson & Surrey.

“Samson & Surrey is quite possibly the largest craft spirits company, with brands such as FEW spirits, Widow Jane,

Bluecoat and Brenne.”

MONARQ has also extended its partnership with Zamora International to include the Caribbean and USA Duty Free channels. Zamora, most famously known for Licor 43, has a wine and spirits portfolio that includes Villa Massa, Lolea, Martin Miller’s, Yellow Rose and Spanish wines Ramon Bilbao and Mar de Frades.

The company also sees good potential with Quintessential Brands and its Japanese portfolio.

“Quintessential Brands has launched The Dead Rabbit Irish Whiskey and some meaningful innovations such as the new flavored gins Bloom Jasmine & Rose and Lemon & Elderflower,” says de Monchy. “We have further strengthened our Japanese portfolio with The Kurayoshi Whisky, including a special Duty Free line in beautiful gift boxes, and Hitachino Japanese beer. This is a ‘millennial-type’ Japanese craft beer which performs very well internationally.”

MONARQ’s existing brands also had a strong year in 2018, adding listings throughout the Caribbean and Latin America.

“Our overall portfolio has performed very well. To highlight a few; our beer portfolio with Heineken, Brooklyn and Anchor has shown a strong performance last year. AIX Provence Rose has grown tremendously, especially in the Caribbean. Furthermore, Gosling’s Rum, Crystal Head Vodka, our Japanese Whiskies and



gin portfolio of Quintessential Brands; Greenall’s, Opihr, Bloom and Thomas Dakin have been strong performers as well,” he says.

“You can find our gins, liqueurs and beers on a number of cruise ships. We have quite a number of new listings in the borders with Brazil, mostly in Uruguay and Paraguay, and in USA Duty Free, such as FEW spirits in selected Dufry stores.”

## The Family Brands Alliance introduces Bache-Gabrielsen American Oak Cognac to the Americas

The Family Brand Alliance, which was originally formed by two family-owned mid-sized companies to help enhance their presence and logistics in the travel retail channel by creating synergies and optimizing logistics, marketing and service, now comprises four partners.

Bache-Gabrielsen cognac producer and G’Vine, a luxury gin distilled from grapes and infused vine flowers, have joined founding members Behn, producer of premium spirit DANZKA Vodka, and Pallini Limoncello, producer of the N° 1

Limoncello brand in Duty Free & Travel Retail.

All four members of the Family Brands Alliance will be exhibiting at the Duty Free & Travel Retail Summit of the Americas 2019 in Orlando, at Booth 625.

Bache-Gabrielsen, established in 1905 by Thomas Bache-Gabrielsen, will be introducing its American Oak cognac to the Americas travel retail market. The innovative eau-de-vie is aged in French oak barrels combined with a minimum of six months in authentic American Tennessee Oak barrels.

G’Vine, founded by Master Distiller Jean-Sébastien Robiquet, will also be introduced into the Americas Travel Retail channel in Orlando. Since its formation in 2006, G’Vine “revolutionized the gin category” by creating a smoother and more rounded spirit based on grapes, reports the company. The super-premium gin is blended with 10 essential botanicals including precious vine flower.

Founding member Waldemar Behn will focus on its premium superior vodka, DANZKA THE SPIRIT, in the Americas during 2018.



# UN GRANDE CLASSICO REINTERPRETATO



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drinking poorly is even worse,  
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Angelo Molinari, 1968

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**MOLINARI**

For more information, visit MONARQ at Celebration Suite #16 during The Summit of The Americas, Orlando, FL, USA

## Haleybrooke International to launch Penderyn Whisky in Americas for Travel Retail

Haleybrooke International will represent Welsh distiller Penderyn in the Americas and other selected markets, collaborating with Richard McGratty of McG Consultants on the agreement for Penderyn Single Malt Whiskies.

Penderyn Single Malt Welsh Whisky is made at the Penderyn Distillery located in the southern foothills of the famous Brecon Beacons National Park in Wales in the UK. Each cask is nosed and tasted individually by an all-female distilling team and the whisky is typically finished in ex-Madeira barriques.

Stephen Davies, Chief Executive of Penderyn Distillery stated, "With the increase of international travel, Penderyn together with McG Consultants, are delighted that Haleybrooke, an agency that has decades of experience in travel retail and a solid history of strong relationships with duty free customers, has agreed to represent the Penderyn Single Malt brand in these markets."

"We believe there is a great opportunity for Penderyn Whisky from Wales especially for Travel Retailers that feature whiskies of the world. Early discussions with customers have been very positive," noted HI president Patrick Nilson.

Haleybrooke VP Roger Thompson says that the priorities to start will be the Penderyn Madeira Finish 70cl which will retail in Travel Retail at US\$ 65.00 and Penderyn Faraday which will be a Travel Retail exclusive at US\$ 75.00.

Penderyn Whiskies has won many awards across its single malt range including in 2019 two gold medals (one outstanding gold) in the International Wine and Spirits Competition plus 6 gold medals in the World Whisky Masters and one gold medal in Spirits Business Asia.

In 2018 one of Penderyn's special edition whiskies was named European Whisky of the Year in Jim Murray's "Whisky Bible."



## Menon to Roar from India to Cannes to raise awareness for tiger conservation

Two spirited Indians in the Duty Free industry are set to embark on a 25,000-km road trip, all in the name of saving tigers.

An initiative conceived by Gautom Menon, founder of Wild Tiger Rum in aid of Wild Tiger Foundation, the Roar Trip is an "epic journey of a lifetime" from Kerala in the south of India to Cannes, France across 25 countries in 65 days, to spread awareness and raise funds for tiger conservation.

"At the turn of the 19th century, 100,000 wild tigers roamed the planet. Today that figure is less than 4,000. It's time we did something to avoid the ignominy of being the generation that witnessed the wild cat go extinct," says Menon.

Menon and creative designer Paul George aim to raise at least \$100,000 for the cause.

Roar Trip begins July 29 on International Tiger Day. It will end in Cannes at the start of the annual TFWA World Exhibition.

Menon and George will make their pit stops across numerous tiger reserves in Asia and duty free shops across Asia and Europe, spreading awareness about tiger conservation, the duty free industry and responsible drinking. On the journey the Roar Trip crew will be hosted by Indian diplomats and Indian embassies in various

capital cities. Press conferences, and interviews with local radio and tv stations are currently being organized. As well, there will be meetings with local wildlife enthusiasts, conservationists and friends from the Tax Free industry.

Roar Trip will also sell associated merchandise, including t-shirts, hoodies, phone covers, and snapback caps, with proceeds going to the Wild Tiger Foundation. Merchandise can also be purchased through the online Roar Store ([www.roartrip.in/roarstore](http://www.roartrip.in/roarstore)).

In Orlando, Wild Tiger is launching Wild Tiger Coco Rum Liqueur, the third variant from the House of Wild Tiger Rum - India.

Produced in Kerala state, India, which is dubbed as "Coconut Paradise," Wild Tiger Coco is a blend of Indian Rum with Kerelan coconut flavors. Bottled at 21% Alc., each bottle comes in a handcrafted furry bottle, with no two bottles having the same design, and has a RSP of \$19 for a liter bottle.





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## Bacardi Global Travel Retail brings innovation to Summit of the Americas

Bacardi Global Travel Retail is showcasing a number of new launches at the Summit of the Americas. Bacardi is bringing extensive innovation to travel retail throughout the region and is taking a leading role in revitalizing several liquor categories, says the company.

### Patrón

Bacardi will open a new Patrón bar experience at the end of March at Cancun Airport Terminal 3. A 5-year collaboration between Bacardi Global Travel Retail with ASUR Cancun Airport Authority and Dufry, the bar will be located on the main concourse of Terminal 3, just outside the Dufry store and staffed by a dedicated Patrón mixologist and retail ambassadors.

The high profile location will allow passengers to sample from the Patrón range and to grow their understanding of the versatility of Patrón in cocktail-making. The bar will engage passengers with Patrón and also encourage sales from the adjacent Dufry store, says the company.

The Dufry Cancun store will feature the new limited edition Silver Patrón gift tin, exclusive to Global Travel Retail, featuring a design that celebrates the Mexican heritage and home of Patrón, price US\$50 (1 liter).



### Grey Goose

Bacardi is bringing back one of vodka fan's favorite spirits this year. Grey Goose La Vanille was one of the first ever super premium 100% all natural Vanilla flavored vodkas when it debuted 2003. After a successful limited edition run, production ended when the company shifted the focus to core flavors.

Grey Goose Cellar Master François Thibault has retrieved the original recipe, bringing this iconic flavor back to life, and tasting every batch before bottling. Grey Goose La Vanille is crafted by blending Grey Goose with natural vanilla flavor sourced from beans harvested in Madagascar.

In the U.S. domestic market, Vanilla is a top selling flavor in the spirits category, growing by 40% (Nielsen 2018).

### Bacardi

Bacardi is coming out with two new rums: Bacardi Oro Ginger and Bacardi Lime.

Bacardi Oro Ginger is a golden rum infused with ginger flavors. According to IWSR (2018), flavored and spiced rum account for 22% of all rum sales and continues to grow. Bacardi Lime is a blend of intense fruit flavor with aromas of lime zest and natural citrus notes. Lime is the fastest growing flavor in the top 100 flavors tracked in Nielsen research.

### Dewar's

Dewar's Double Double is a new series of aged statement blended scotch whiskies, crafted using a unique four-stage ageing process. It is now available as a Global Travel Exclusive with DFS, supported by a communications campaign running on DFS digital platforms.

Dewar's Double Double's inspiration comes from the history of the brand's Master Blenders. Dewar's first Master Blender A.J. Cameron pioneered 'double-ageing' in 1881, working the next twenty years adding further steps to the ageing process.

Almost 120 years later, Stephanie Macleod, Dewar's seventh Master Blender, is now releasing the 'Double Double'



series— a range of blended 21-, 27- and 32- year old whiskies aged four times for 'ultimate smoothness'. Dewar's Double Double Series was created using a four step process.

Stage 1: Malt and grain whiskies are first distilled and then aged separately in oak casks.

Stage 2: The malt whiskies are removed from cask, blended and aged a second time - together - in oak casks. In parallel, the grain whiskies are removed from cask, blended and aged again together.

Stage 3: The malt and grain whiskies are finally blended together, then aged a third time.

Stage 4: The whisky is transferred to sherry casks for finishing.





## Campari Global Travel Retail to highlight Aperol, Glen Grant in own booth in Orlando

Campari Global Travel Retail has big ambitions for the Americas and will be discussing plans with customers at the Summit of the Americas in Orlando, taking its own booth for the first time at the show.

Diego Lord, Regional Director Americas, Campari Global Travel Retail outlines the priority for Aperol in the region.

“Aperol is a key strategic focus for the Americas and we are growing distribution fast, right across South America and the U.S., with several marketing activations in key airports, as well as border stores and on cruise ships.

“We are building on the continued global growth and appetite for Aperol. This iconic Italian brand also resonates with several consumer trends, especially the desire for great tasting lower alcohol drinks, as well as the aperitif moment and weekend brunch to share and enjoy with friends. In the cruise market for example, Aperol works at the pool, in the bar, for welcoming cocktails and in

the destination Italian restaurants that are a feature of most cruise ships. Aperol therefore creates opportunities for our retail customers to increase sales by recruiting new younger consumers, both men and women, looking for drinks to suit a wide range of occasions.”

Whisky is also a key focus for the Americas, says Charles Roulet, Marketing Director Global Travel Retail.

“We are partnering with retailers to expand distribution for Glen Grant Single Malt Scotch Whisky to keep pace with growing consumer demand and bring new to the category. As more people discover its delicate and elegant nature and the overall accessibility of the



*Aperol Spritz activation with DFA in Atlanta*

multi-award winning Glen Grant 10YO – voted Best Single Malt for the last 6 consecutive years in Jim Murray’s Whisky Bible Awards – they are motivated to come back and explore the rest of the prestigious range,” says Roulet.

## Stoli brings expanded portfolio to Orlando



Stoli Group will reveal a line-up of new products from Cenote Tequila, Bayou Rum, and Kentucky Owl Bourbon at the Summit of the Americas.

“Our expanding portfolio allows us to extend our focus and leverage new opportunities. One area we are focusing on is the cruise channel, where we are making great efforts to increase growth for our brands,” says Lizette Garcia, Stoli Group USA’s Market Manager.

“Products such as Cenote Tequila and Stoli Cucumber have performed well in the U.S. domestic markets, and we anticipate success in this channel given U.S. cruise passenger trends. Additionally, we are poised to enter brown spirits markets and capitalize on continued trends in premiumization with our growing portfolio into categories including tequila, rum, cognac and bourbon.

“We are very much looking forward to exhibiting at this year’s Summit of the Americas. Having the opportunity to connect with our customers face-to-face is invaluable.

It also provides the setting to show our expanding portfolio to key buyers and get liquid to lips.”

The newest introduction to the Cenote Tequila line, Cenote Cristalino, is described as a softer, aged tequila with the complex aromas of the matured Añejo. A proprietary, signature filtration process removes the amber hue imparted by the American Oak casks that have previously aged the Cenote Añejo spirit, while preserving the Añejo notes.

Stoli will also showcase Bayou Rum Single Barrel and Bayou XO, super-premium sipping rums that reflect the brand’s craft distilling, aging and blending capabilities. Bayou Single Barrel 001 is a limited-edition release of hand-selected, single batch, rye barrel aged rum while Bayou XO is a celebration of the brand’s Louisiana roots. Packaged in a glass decanter, then sealed with a wooden closure and decorated with a colourful top that pays homage to the festive Mardi Gras holiday, Bayou XO contains the oldest and heaviest rum stocks to date.

## WEBB Banks reinforces number one position in Caribbean

WEBB Banks, the newly created wine and spirits super distributor, is having fantastic success in the region, CEO Andy Consuegra tells *TMI*.

Created from the joining of North Carolina's Banks Channel and Miami's WEBB, the merger gave the combined company the scale, leverage and breadth of portfolio that the partners did not have separately, says Consuegra.

"With our new scale and leverage we grew 43% in 2018. And through February we are up 21% versus those great 2018 numbers," he confirms.

"It was a merger of equals on January 1, 2017. We were the exact same size. They were 100% in wines. We were probably 70% spirits and 30% wines. Now we are about 60% to 40%, wines to spirits."

The first year was a learning experience, he admits, as two cultures came together and two hurricanes devastated parts of the Caribbean.

"The first year of the merger it took a while for the cultures to combine. But the hurricanes actually helped bring us together. It hurt our business; we had a terrible 2017 as a result of the hurricanes. But it created a stronger bond between us and helped create a stronger culture. It also helped us with all our partners both on the brand side and in the markets."

WEBB Banks is the number one wines and spirits supplier in the Caribbean, but the company has even loftier goals, says Consuegra.

"We want to be the number one supplier of wine and spirits to all the customers we work with. We are now #1 for twelve customers and #2 for six more. That has been one of the drivers of the growth. Our long term goal is to double our sales in the next three years and to continue to extend our #1 position in the Caribbean."

WEBB Banks' strong relationships with its partners in the region is key to its success.

"We are in the Caribbean and that is where we are focused. We love our brands, we love the markets. Profit is air. You need profit to breath for a company, but we have to be more than that. We are all about making and enhancing connections. We value our relationships."

Even with its strong relationships, WEBB Banks' success depends on its brands, says Consuegra.

"We have a great balance of wines and

spirits. We have hot brands. Tito's is our number one brand and continues to grow in double digits. Our number two brand is 19 Crimes, which doubled last year. Our number three brand is Beringer Bros.," he says.

"Then comes Macallan. We had a great year in the domestic markets with the new range as we are back to age statements with Double Cask and Triple Cask. Our number five brand Brugal was also up double digits."

### Living Wine Labels

WEBB Banks has had particular success with the Living Wine Labels from Treasury Wine Estates. Using the augmented reality Living Wine app, consumers hover their mobile device over each bottle to bring a story to life. The augmented reality plays a short video clip that is triggered by the label on the wine bottle.

The experiences offered through the platform range from bringing characters from the brand to life on the label, promoting the historical features of some of the world's oldest wineries, and educating wine lovers through the voice of a winemaker. The latest iteration extends beyond a single animated wine label to two labels that interact with each other.

The Living Wine Labels app has been downloaded more than one million times across the world.

Originally created for 19 Crimes wines, which is a two million case brand in the U.S., the augmented reality Living Wine Labels app is now available on seven other Treasury wines including emBrazen, Gentleman's Collection by Lindeman, Beringer Bros., The Walking Dead, Lindeman's, Matua, and Chateau St Jean.

19 Crimes wines has a great backstory. In 18th-century Britain, criminals guilty of at least one of the 19 crimes, were



WEBB Banks has had great success with 19 Crimes and its Living Wine Labels, shown here in the Dominican Republic.

sentenced to live in Australia, rather than death. With the app, the stories of the Australian convicts on the labels are brought to life.

"We've done some really creative promotions for 19 Crimes in the Caribbean," says Consuegra. "Treasury Wine Estates has really got behind the augmented reality on their wines. You download the Living Wine Labels app and can interact with the displays. They are available in English, Spanish, Mandarin."

### New Macallan range

Macallan revamped and renamed some of its core whiskies last year and WEBB Banks is launching its newest offering at the Summit of the Americas.

"We've gone to all age statements," says Phillip Jarrell, WEBB Banks Vice President Sales. "There are three editions of the 12 YO: the standard Sherry Cask for which Macallan has been best known for years. Now we have two flagships, Double Cask and Triple Cask, with slightly different flavor profiles. The Sherry Cask will appeal to the traditional Macallan consumer; the flavor profiles of Double Cask and Triple Cask will recruit a younger consumer."

Double Cask is made from American oak and Spanish oak both of which are seasoned with sherry, while Triple Cask is Spanish oak seasoned with sherry, American oak seasoned with sherry, and American oak seasoned with bourbon.



# WB Webb Banks

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# Tito's reaches the tipping point in its international expansion

Tito's Handmade Vodka expects 2019 to be Tito's breakout year, Managing Director International John McDonnell tells *TMI*.

"I have high expectations, both in duty free and domestically outside the United States. I feel like this fifth year of Tito's global expansion is the tipping point, as we are starting to see traction in some of the international domestic markets," says McDonnell.

"Duty free is an important channel for Tito's and we are focused on maintaining our upward trajectory and growing the craft spirits category overall. Tito's is at the epicenter of the American craft spirits movement and consumer affection for it is unparalleled. We have great plans in place for 2019 and are excited to see the year unfold."

In 2018 Tito's once again recorded high double-digit sales growth across duty free in the Americas, by ramping up visibility in airports and border stores and escalating activity with leading cruise lines.

Tito's Vodka's presence was heightened with permanent displays and wall bays at four top airports in the U.S., including Philadelphia, Newark, Orlando and New York, as well as a store-front takeover at Boston Logan International Airport during the holiday season. Permanent displays were also installed at airports in Cozumel, Mexico and Ottawa, Canada. To achieve the ambitious growth targets set for 2019, Tito's presence in airports will be intensified further with



more permanent displays and increased availability of Tito's eight bottle range, which will reduce the impact of the out of stock issue, resulting from high consumer demand.

"One extremely important focus for the growth of the brand is to get a smaller size format in with these duty free operators. Customers like Dufry in the Americas and International Shoppes see the value in carrying multiple formats of Tito's," says McDonnell.

South America duty free also posted strong growth, partly due to Tito's' roll out with Dufry into airports in Brazil, Argentina, Peru and Chile and the supporting sampling programs. Tito's expects these markets to grow strongly in 2019 as brand awareness grows in the domestic markets.

In the cruise market, with partners including Celebrity, Royal Caribbean Cruises, Norwegian Cruise Line, Carnival

Cruise Line and Disney Cruise Line, Tito's has increased visibility substantially, with more back bar placements, new cocktail listings and standout retail promotions.

In Orlando Tito's will once again have a Tito's craft cocktail bar. At Booth 1, positioned just inside the exhibition entrance, the bar invites visitors to discover the history of the brand and will give them the chance to taste the craft vodka in a variety of cocktails. All

exhibition visitors are invited to Tito's Happy Hour on March 25-26, 5-7pm.

## Giving Back

Philanthropy and charity are important parts of Tito's business that are instilled in the company from its founder Bert "Tito" Beveridge, says McDonnell.

"Tito says 'We're a philanthropic company that happens to make vodka.' Tito believes in giving back. This is part of the company fabric," he explains.

In December 2018, for the second year in a row, Tito's teamed up with DFA for a special promotion where for every bottle of Tito's sold, a dollar was donated to the Children's Tumor Foundation, DFA's charity of choice. Tito's donated \$25,000 in total through the Falic Foundation for the charity.

Tito's is also working with its distributor in St. Kitts to raise money to build a dog shelter.



Sao Paulo Terminal 2



Philanthropy is very important for Tito's. The company is helping build a dog shelter in St. Kitts.



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## William Grant to feature Hendrick's Midsummer Solstice, new Grant's packaging in Orlando

William Grant & Sons recorded significant growth in the Americas region in 2018, with sales up 6% versus 2017 despite challenging economic conditions in parts of the region.

"We're delighted to be back in Orlando for the Summit of the Americas. 2018 was a really positive year for WGS, so the team and I are feeling very encouraged for the months ahead. Everyone has worked amazingly hard in what can only be described as challenging times, especially in Latin America, but the results speak for themselves and we are confident for great figures in 2019," says William Grant & Sons GTR Managing Director Ed Cottrell.

This year WGS will focus on

Hendrick's Midsummer Solstice, a small batch, limited-edition gin by Hendrick's Master Distiller, Ms. Lesley Gracie, and the first variant to release from the Hendrick's Gin Palace Distillery.

Inspired by the summer solstice, Hendrick's Midsummer Solstice was infused with floral essences and an array of essences that the company says captures the aromatic intensity of a midsummer day.

Launched to the U.S. from March, and available for a limited time in 2019 only, Hendrick's Midsummer Solstice is bottled at 43.4% ABV. Limited quantities will be available to nose and taste on the stand during the show.

"Premium gin continues to grow strongly in travel retail. We have seen



continued steady growth across the Americas with Hendricks, so we know that introducing a unique batch such as Hendrick's Midsummer Solstice is sure to be extremely popular in the region," says Richard Bush, Regional Marketing Manager.

WGS will also be showcasing the recently updated packaging for the Grant's Blended Scotch Whisky range for the first time in the Americas, including Grant's Triple Wood, Grant's Distillery Edition and Grant's Rum Cask Finish.

Adds Ed Cottrell: "Now the world's third largest blended whisky, Grant's is one of our key travel retail brands. The new-look Grant's Blended Scotch Whisky range was very well received by customers at TFWA World Exhibition to great feedback and we're delighted to be highlighting the portfolio in Orlando this year. At WGS, we ensure that we bring more than just a new look product, we've also got a great visibility and tasting program in place to support the new launch."

The WGS team is optimistic about the new home for the show, and are looking forward to its customers trying the new Hendrick's variant.

"We visited the new venue last summer and in general we are excited about the move," adds Richard Bush. "The facilities are nice and more up to date and the location is better as it's much more central."

## ALFA Brands agrees to be agent for Marie Brizard, Butler's Chocolates

ALFA Brands has added two new agency accounts to its portfolio: Marie Brizard Wines and Spirits Americas and Butlers Chocolates.

ALFA will be the sole and exclusive Canadian Duty Free Sales Agent for Marie Brizard liquors, Cognac Gautier, Vodka Sobieski, Sobieski Estate, Brandy Cortel, and Pastis Berger.

"Marie Brizard is a company with a long and rich history of tradition, quality and innovation, and as they expand their distribution in more territories, we at ALFA Brands are proud to be part of their growth, and eager to introduce their excellent lines in the Canadian Duty Free markets," says

Franco Gabriele, President, ALFA Brands.

ALFA has also been named duty free agent in North America for Ireland's Butler's Chocolates and will be launching it in U.S. Duty Free this year. Butlers Chocolates are well established in international Travel Retail and are on sale in over 60 high profile airport locations worldwide. In Orlando Butler's will showcase its collections of award winning luxury assortments, impulse lines, sharing boxes and Irish liquor inspired collections, including Irish Cream, Irish Whiskey and Irish Gin.

See the Marie Brizard portfolio and Butler's Chocolates in Orlando at ALFA Brands #400.





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## Takara Sake USA aims to expand best-selling sakes throughout region

Takara Sake USA Inc., the makers of Sho Chiku Bai Classic, the number one sake sold in the United States, is looking to expand its distribution in the cruise channel, as well as to new markets in the Caribbean and Latin America.

Al Bashian, whose company AAMCO Duty Free has distributed the Takara Sake USA sakes for many years, tells *TMI* that the time is right for the growth of the brands throughout the region.

“We are hoping to gain some new business and expand our cruise ship business to Europe and Asia, as well as to markets in Latin America,” says Bashian. “We have represented Takara Sake for more than twenty years. We started by just selling a few cases to the cruise ship suppliers; Takara Sakes are now the number one sake sold on the cruise ships.”

“Plus we have had some nice success in the Caribbean, with our biggest markets being Jamaica and the Dominican Republic. Takara has other distributors in the Caribbean and South America and with Takara’s support we are now looking to expand into other areas in the Caribbean. And we are looking to pursue and explore the additional markets in Central and South America.”

Takara Sake USA, while part of Japan’s Takara Group, creates its award-winning sakes out of Berkeley, California,

and was established in the United States in 1983. For more than 35 years, the company has been producing its main products including its flagship Sho Chiku Bai Classic in California, taking pure snow melt from the Sierra Nevada Mountains and superior rice from the fertile Sacramento Valley.

Sho Chiku Bai Classic is today the best-selling sake in the United States, and has excelled in sake competitions around the world. In the 2011 U.S. National Sake Appraisal Competition, competing against more than 300 entrants, mostly from Japan, Sho Chiku Bai Classic became the first U.S.-made sake to win a gold medal.

The success and popularity of Sho Chiku Bai Classic has helped change the perception that U.S.-brewed sake is not as good as sake produced in Japan, says the company.

Takara Sake USA was one of the first sake breweries established in the United States and has played an important role in the introduction of Japanese sake culture to the country. In 1990, Takara Sake USA became America’s largest sake producer.

The Takara Sake Tasting Room, opened in 1983 and redesigned and renovated in 1997, receives 10,000 guests each year.

The company has expanded its portfolio past its flagship Sho Chiku Bai

Classic over the years. Today, Takara Sake USA has multiple SKUs of Sho Chiku Bai, including Sho Chiku Bai Nigori, which was the first Nigori-style sake produced for the U.S. market in 1985.

Takara has continuously introduced new sake genres, such as fruit flavored HANA sake, and nigori-style flavored YUKI. The fruity HANA series is comprised of Lychee, Fuji Apple, White Peach, Orange, Pineapple; and the YUKI series features Mango, White Peach, and Lychee flavors. Takara Plum is a dessert wine that has gained popularity for more than 30 years.

The most recent addition to the Takara line is the innovative Sho Chiku Bai SHO.



## Chase International to focus on spirits portfolio

Well-known North American distributor Chase International made the difficult strategic decision to exit the chocolate confection category in USTR this year. After a very successful 17 years, Chase Donaldson decided to place more focus on his company’s growing spirits and wine businesses.

The company has spent the past two years quietly repositioning its strategy and portfolio, focusing its efforts behind the strong growth areas of American Bourbons and Ryes, Irish Whiskeys, aged Scotches and small craft gins and rums, he says.

“We sincerely want to thank our dedicated confection suppliers - Hawaiian Host, Hershey’s and Nestle’s-- for their

many years of friendship, partnership and support in helping us to build their world-class brands in U.S. Travel Retail, and wish them continued success in 2019 and beyond,” says Donaldson.

The company has paid particular focus on creating and implementing specialty drinks and whiskey flight programs on the cruise lines, and activating dedicated consumer tasting and promotional programs at retail in both Travel Retail and on the cruise lines, Donaldson tells *TMI*.

“Our Caribbean business has also been in a rebuilding mode with our local market partner distributors, following the devastating hurricanes in 2017. Fortunately, the popular category growth trends in

the U.S. and cruise lines mirror those now being experienced in the Caribbean markets. Our portfolio is properly positioned to take advantage of those growth trends for when those Caribbean markets eventually return to normal,” says Donaldson.

“On the cruise lines we also enjoyed successes with Carnival Cruise Lines - New Pallini Limoncello listing fleetwide, along with Elijah Craig Small Batch & Plantation XO 20th Anniversary fine dining placements; Celebrity - Loch Lomond / Glen Scotia SMS Flight Sampling Program continues in 2019; NCL - New Brogan’s Irish Cream listing fleetwide; RCCL – Gosling’s Dark n Stormy cocktail program



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fleetwide; and on Oceania and Marella - New Loch Lomond Single Malt Scotch listing & Stillhouse Black Bourbon and Spiced Cherry, along with a 7 flavor Flight Tray sampling program.”

Among the highlights of the portfolio: Chase International had a great year with Evan Williams, Elijah Craig and Larceny Specialty Bourbons and Rittenhouse Rye from Heaven Hill Brands.

Loch Lomond, the official sponsor of the British Open, continues to bring innovation and the highest quality of single malt scotches to Travel Retail, and will introduce the second offering of the Loch Lomond Limited Claret Jug Edition Series in Orlando. Of special interest, Loch Lomond’s Ultra-premium and limited edition – Littlemill 25YO Single Malt Scotch now being sold at DFA in JFK, retailing for around \$3,000.

Chase International is now representing the award-winning Original Gold Bar Whiskey from the Gold Bar Bottle Company. Following its successful introduction in 2016 and sales for the past two years with DFS, the Original Gold Bar Whiskey was recently listed with DFA in Miami. Gold Bar is introducing a liter size bottle, and the new 750 ml Black Gold Bar Bourbon.

Gosling’s Black Seal Rum continues its double-digit growth in USTR and



onboard the cruise lines in both retail and in the bars. New this year: Gosling’s Papa Seal Rum, a single barrel pot and column distilled rum aged for up to 15 years in once used Bourbon barrels in Bermuda. Hand-inscribed with the bottle number, barrel number and date, Papa Seal is highly allocated and will retail for around \$200 for the 750ml.

Chase will also introduce Plantation Rum’s Plantation’s new “Xaymaca Double aged Rum” from its new distillery in Jamaica. Plantation 20th Anniversary Rum from Maison Ferrand was named one of *Impact’s* “Hot Prospects” brands for 2018.

Stillhouse’s portfolio of spirits has also been performing well in travel retail.

“The attractive and disruptive 100% stainless steel unbreakable packaging and high quality of Stillhouse’s American flavored Whiskies have caused this brand to far exceed our expectations, with listings and strong reorders in almost every major travel and cruise line retail outlet in the U.S., and in many major Caribbean markets,” says Donaldson.

Stillhouse Black

Bourbon, introduced last year, now represents over 40% of the brand volume. Stillhouse Black Bourbon and Apple Crisp are performing well with Starboard Cruise Services in the Carnival gift shops, and will expand to Royal Caribbean’s gift shops in Q2, he reports.

Quintessential Brands is introducing its new “Dead Rabbit Irish Whiskey” named after the famous bar in New York City made popular by “The Gangs of NY” movie, and its aged 5 years and above – The Dublin Liberties Irish Whiskies, from the grand opening of The Dublin Liberties Distillery. Quintessential Brands will also be featuring and introducing its super-premium Opihr, Bloom and Berkeley Gin brands at the show.

Chase International gained new listings on Carolan’s Irish Cream from Heaven Hill with Ammex Detroit, Duty Free Americas and International Shoppes. Sake is a growing specialty category in USTR, and the Hiro Gold, Blue and Red Sake’s (Gold Retail \$100.00 for 750ml) were listed with Ammex Detroit and 3Sixty in Dallas, and in the Caribbean in Grand Cayman and St. Maarten.

“We’re very excited about the prospects for Chase International in 2019, and feel we are very well-positioned for success due to the great brands in growth categories, and the strong support of our supplier-partners and customers in Travel Retail.”





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## Distell to leverage Summit of the Americas to accelerate strong portfolio growth in region

Distell's travel retail business in the Americas grew in 2018 driven by major initiatives and increased distribution with Dufry, 3Sixty (DFASS), DFA and International Shoppes for a number of its key focus brands – Amarula, Nederburg and Deanston.

“Our attendance at the 2019 Summit of the Americas follows several key new listings in the Americas region for our premium wine brand Nederburg and Deanston Highland Single Malt. We're experiencing strong momentum in the region and look forward to building on this further together with our U.S. distributor Alexander James,” says Distell Global Travel Retail Managing Director, Luke Maga.

Amarula has gained significant traction in the region thanks to new product innovations Amarula Vanilla Spice and the limited-edition African Range. Vanilla Spice, Amarula's new premium cream liqueur, is the first in a series of range extensions to Amarula and is infused with Madagascar vanilla extracts and African ginger.

Amarula's limited-edition travel retail-exclusive African Range pays homage to Amarula's African roots by exploring the rich cultural diversity of Africa through collaborations with designers and artists from the continent's four corners.

Elephant conservation remains a core focus for Amarula, with the brand continuing to work with animal conservation charity WildlifeDirect. In

August last year, over €50,000 was raised through sales of special 1-liter Amarula bottles in global travel retail.

Nederburg, the leading and most-awarded wine brand in the Distell Premium Wines portfolio, has seen strong Americas travel retail growth powered by the recently extended Private Collection range.

Now listed across the region with Dufry at major locations in both Latin and North America – and soon to be listed with International Shoppes – the Private Collection is helping to drive awareness and attract new consumers to the South African wine category, says the company.

Three new wines – a dry, fruity rosé, made from a blend of Carignan and Grenache; a juicy, and supremely food-friendly Chenin blanc; as well as a plush, plummy and full-bodied Pinotage – were added to the travel retail-exclusive Private Collection in 2018. These joined the Cabernet Sauvignon, Shiraz and Sauvignon Blanc to create a range of six ultra-



premium expressions.

Deanston Highland Single Malt, introduced to U.S. travel retail at the 2018 Summit of the Americas, has gained a strong foothold in the market, and is available at new locations including New York JFK and Dallas Fort Worth.

The range in travel retail comprises Deanston Virgin Oak, Deanston 15 Year Old, Deanston 18 Year Old and the 10 Year Old Bordeaux Red Wine Cask Finish.

Deanston sits alongside Bunnahabhain – the popular Islay single malt – to form Distell's distinctive single malt line-up.

## JTI wins global recognition for its Human Resources practices

JTI's excellence in people practices throughout the world has been recognized as the company was awarded a Global Top Employer for the fifth consecutive year last month, one of only 14 companies to reach that level. The company was also awarded regional certifications in Asia Pacific, Europe, North America, Africa and the Middle East.

In the Americas, JTI won recognition in both North and South America. In the North, JTI received the 2019 Top Employer certification by the Top Employer Institute

for the second consecutive year.

Brazil, Canada and Mexico were certified as Top Employer for the second year in a row, while the USA received the award for the third and fourth times, in both the office and factory operations, respectively.

The North America region, Brazil and the USA reached the Number 3 position in the ranking.

“Since 2016, JTI's excellent Human Resources practices have been instrumental in the expansion of our footprint in the

Americas, and it makes me proud to see how our best practices have enabled quality growth in the markets where we operate,” said Marchant Kuys, JTI's Regional President of the Americas Region.

The Top Employer Institute is one of the global authorities on recognizing excellence in people practices. Organizations certified as Top Employers dedicate themselves to providing the very best working environment for employees through their progressive ‘people-first’ HR practices.



## Mazaya to focus on Americas border business

Mazaya is focusing on the Americas border store business at this year's Summit of the Americas.

"Our domestic business continues to grow in both North and South America in line with the booming trend for shisha and we think retailers are missing out on a potentially lucrative revenue stream in duty free," says Rawan Elayyan, Mazaya's Brand Manager. "In the Americas we now offer specially developed flavors to match consumers' preferences and market diversity, such as Chambray Fio, Sarrada, Zaragata, Sweet Brown and many more, and these are being very well received. So it makes perfect sense to include shisha as an option within the duty free tobacco category; we see very real opportunities

through all channels, but particularly border crossings both North and South."

Visitors to the Mazaya booth (601) can see a representation of Mazaya's extensive shisha tobacco range, including best selling flavors such as two apples, lemon mint, blueberry, mint, gum mint, grape mint and watermelon mint.

The Mazaya brand, launched in 2010 by the fast-growing Jordanian

tobacco company Alzawrae, has expanded its presence from three markets to 30 markets in just five years.



## Imperial promotes Global Connections and unveils latest portfolio innovations

Imperial Brands has completely renewed its exhibition booth for the 2019 Duty Free & Travel Summit of the Americas as it moves to the theme of "Global Connections." The new booth takes visitors on a journey exploring Imperial's brands and introducing the next generation vaping brand myblu™.

"Our theme represents our belief in Global Connections," says Christian Münstermann, Sales & Marketing Director Imperial Brands GDF&E. "We're constantly seeking new tobacco trends while addressing global consumer needs. We aim to connect these needs with solutions and our goal is to always offer the best quality and most relevant portfolio in each location."

"We're excited to present our latest portfolio innovations and new initiatives as we connect with customers and retailers during the Summit of the Americas," adds José Rubiralta, Regional Manager Americas.

A key initiative this year is the introduction of myblu in the duty free channel. "Following the successful launch in domestic markets across the world, we've gained solid learnings to launch this product in Duty Free," continues Münstermann. "In the coming months we will be launching myblu in the UK and U.S. through partnerships with Dufry and

other retailers and we will then roll it out to the rest of the duty free world.

myblu is a one step click-and-vape system and has a wide flavor range of pre-filled liquid pods available. myblu will be unveiled to the Americas at the Imperial Brands booth #423.

### Imperial announces new Global TR appointments

Imperial Brands has announced new appointments for its Madrid-based Global Duty Free & Export team.

Replacing the retiring Jürgen Mortzfeldt, Alberto Serrano is now Regional Manager Europe as of February 1, joining the team from the Premium Cigar Division. He reports directly to Christian Münstermann, Global Duty Free & Export Sales and Marketing Director.

Laurent Belotti has been appointed Key Account Manager Dufry, replacing Andy Blacker who begins a new role within the Bristol-based Travel Retail team from April 1.

Serrano and Belotti join the growing team at Imperial Brands Global Duty Free & Export's new headquarters in Madrid, Spain, led by Global Director GDF&E Jorge Arias.

The decision to relocate to Madrid, centralizing functions previously handled in both Hamburg, Germany and Bristol,



UK, is seen as strategically important for Imperial Brands GDF &E.

Last year Imperial Brands announced the appointment of Tobias Baude as Head of Corporate & Legal Affairs - Global Duty Free & Export, along with regional appointments of Julia Bauer to manage APAC and Jose Rubiralta to lead the newly created Americas region.

## Solari Hemp and CBD promise “seed to shelf” quality control for future TR channel

One of the most intriguing new product categories on the horizon is the range of products in the burgeoning hemp and CBD industries. Hemp and CBD have taken the personal care and wellness world by storm over the past few years, with myriad new product launches across all major industries.

The 2018 U.S. Farm Bill recently signed by President Donald Trump allows the transfer of hemp-derived products across state lines for commercial or other purposes. It also removes all restrictions on the sale, transport, or possession of hemp-derived products, so long as those items are produced in a manner consistent with the law.

The forecasts of the potential profits are staggering. A recent article in NACS, a trade magazine covering the convenience store industry, cites cannabis analytics company New Frontier Data, which estimates the cannabis industry could cumulatively generate \$105.6 billion in federal U.S. tax.

Colorado-based Solari Hemp intends to be in the forefront of this industry and the first to bring its high-quality product range to travel retail. The effort is being spear-headed by Nick Tamma, one of the most experienced and recognized figures in the TR industry, especially in the Americas. Tamma will be available to speak with attendees at the Orlando Summit of the

Americas about the exciting potential ahead.

“Our company is aiming to be the standard setter as it relates to the hemp business,” says Tamma, who along with company CEO Kelly Michols spoke with *TMI* about this new industry.

Tamma and Michols explain that Solari will be producing the highest quality products throughout its range, which include liquids, soft gels, topical balms and lotions, creams, and a gummy product.

“The primarily point of difference about Solari is that we are ‘seed to shelf,’” says Tamma.

Michols adds: “We believe that being a fully integrated company is the right way to ensure quality. This means growing the hemp plant, harvesting it, extracting it, and then turning that extracted material into the products that we sell. There are very few companies that are doing this right now, but Solari is, and this really sets us apart.”

Michols, whose consumer goods background includes both nutritional supplements and tobacco, also has spent the last 4-5 years doing governmental affairs work in the tobacco industry. He admits there are many people who are creating hemp and CBD products without a full understanding of where their ingredients are coming from, which has the potential to undermine consumers’ confidence in the authenticity and efficacy of the products.

Solari knows everything about its products as they control each step of their life cycle of growing it, extracting and manufacturing the products under very stringent standards and supported by testing throughout the process. Solari tracks each plant and knows each gene type that goes into every batch of product to guarantee the efficacy of the Solari Hemp product range. Consumers can buy with absolute confidence. Solari will set the standard with its Hemp product ranges which guarantee “Solari Hemp” inside.

The company has an extensive amount of farmland in Colorado managed by farmers who are very experienced hemp growers. They deeply understand the complexities of successfully growing hemp including all the challenges that come along with harvesting the plants.

Solari will plant 150 acres this year, harvest its own product, and move it immediately into its own extraction and distillation facility onsite at the farm.

“The fact that we can have custody of every step of the process of creating our Hemp products, from the time that we put a seed in the ground to the time that we deliver the products, ensures the quality of our products for travel retail. We monitor our processes and test continuously to assure that the quality and the safety of the product are unparalleled. Solari’s goal is to always do things the right way and be the industry leader at developing standards for Hemp and CBD,” he continues.

How will this work in travel retail?

Michols says that Solari is exhibiting in Orlando to show the industry what the company can bring to the operators when their markets are ready.

“We want to be the first to bring a high-quality Hemp (and CBD product) to the travel retail industry,” enthuses Tamma.

“Vancouver, Seattle, Toronto and many of the Border Stores are just a few in a long list of operators that are eager to embrace the first mover advantage in this new category of sales. Solari is destined to be a global leader in the Hemp and CBD space, and we are excited to be at the forefront in TR and responsible for global exports,” said Tamma.

### What is CBD?

*According to a recent in-depth report in **Cosmetics Design**, CBD is one of 113 identified cannabinoids found in cannabis plants. It contains anti-inflammation properties, essential fatty acids and vitamins A, D and E, giving it a broad range of skin care applications. It contains only minute amounts of the Tetrahydrocannabinol (THC), the substance that makes one “high,” associated with smoking or ingesting cannabis. CBD has to be made from industrial hemp, and the oil generally has very low levels of THC.*





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Director of Global Travel Retail/ Exports

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## Otis McAllister reaches critical mass as its confectionery business booms

Otis McAllister's Travel Retail division has become a regional confectionery powerhouse, as it now represents five out of the top six global suppliers of confectionery in travel retail.

*TMI* met with Otis McAllister's Travel Retail Sales Directors Justin Nee and Marc Panara in their Fort Lauderdale office to talk about their division's explosive growth. The company today distributes confectionery from Mondelez, Mars, Lindt, Ferrero, Ghirardelli, Perfetti Van Melle, Haribo, and Hershey, among others.

"Our biggest focus is on category growth. Confectionery is our baby," says Nee. "We are able to consolidate products and brands. We can offer a service that both the manufacturers as well as the retailers really value."

"What we're most proud of as a division is that since 2012 through 2018 we've had a 39% annual compounded growth rate. The division has really blossomed," says Panara.

In 2012 Otis McAllister merged with travel retail distributor American Caribbean Gateway led by Nick Tamma, and formed a new travel retail division focused on confectionery and tobacco.

"When I first came onboard Nick Tamma was mainly in tobacco and

cigarettes and we were transitioning into confectionery. My first week was when we brought in Ghirardelli. Gradually, slowly but surely, we have grown," says Nee.

"The success that the company was having with Ghirardelli in duty free led to us bringing on Lindt, which owns Ghirardelli. That was one of our big breaks."

In 2016, Otis McAllister began working with Mars and Mondelez. This March the company added Hershey's and Hawaiian Host to its confectionery portfolio, after Chase International decided to focus on its spirits business.

"Our big break was taking over Mondelez and Mars, which are the global leaders in international travel retail," says Nee. "In 2014-2015 our business was about 50-50, between the confectionery and tobacco divisions. Since we brought on Mondelez and Mars that has shifted the paradigm. By the numbers it is actually 82% confectionery now and 18% tobacco. And it is not as if our tobacco has declined, because we have seen growth. It is more the adding on of these powerhouse brands and becoming the category leader."

Nee says with its expanded confectionery portfolio the company now has the critical mass necessary to grow the

business even more.

"This critical mass allows us to send full containers to our customers in the Caribbean and elsewhere."

### The Otis McAllister Travel Retail team

Both Nee and Panara tell *TMI* that it is the strong team the company has assembled --now numbering ten -- that sets them apart from its competitors.

"We've really built an amazing travel retail team. Marc and I grew up together since we were in fourth grade. We are best friends and work off each other's strengths. And the entire team works well together," says Nee.

"We have a great distribution model but our success is due to what we do in the market. It's the staff, the trainings, the tasting events. Our point of difference really is the market management, what we do within the store."

### Cruise

Otis McAllister sees huge opportunity with its confectionery brands onboard the cruise ships.

Although cruise is currently a small part of the company's business, they expect sales to steadily grow in the channel, says Nee.



*Otis McAllister and Lindt & Sprüngli Travel Retail celebrated the opening of International Shoppes' new store at JFK Terminal 1 in November by treating passengers to Lindor Truffles freshly prepared by Lindt Master Chocolatiers. The 11-day event, the first of its kind in North American travel retail, was the result of the strategic partnership between Lindt & Sprüngli Travel Retail, IS and Otis McAllister. During the campaign, sales through the IS store saw double-digit growth, with sales of 'theme items' such as Lindor up by nearly 80% compared to a normal trading day.*



# Otis McAllister, committed to Category Growth and Brand Building in the Americas



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Confectionery Pop Up  
DFS JFK Terminal 4



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Retailer Promotional Plans



Lindt Maitre Chocolatier  
Tasting Event  
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SCANDINAVIAN TOBACCO GROUP



“We see cruise ships as a great avenue for growth within our category. The cruise line numbers continue to soar. We see it as a growth opportunity,” says Nee.

Otis McAllister is supplying product to Harding Brothers and Starboard.

“We started working with Harding Brothers in September last year. It’s a unique business, weekly orders. We are on ten ships now in the Carnival range, working closely with the buyer,” says Panara. “We believe the cruise line business can be a big growth driver for us over the next several years.”

“We’ve also reestablished our relationship with Starboard for confectionery,” says Nee. “We already sell cigars to them.”

**Tobacco**

Tobacco still plays a crucial role for Otis McAllister’s travel retail business.

“On the tobacco side we are representing the U.S.’ number one premium made cigar company General Cigars, which makes Cohiba, Macanudo, and Partagas for the U.S. We are also representing Scandinavian Tobacco Group, which has Café Crème, a machine made cigarillo,” says Panara.

“The tobacco division definitely plays a strong role. We have two people dedicated to the division. It is a nice showpiece and it



will hopefully lead us to the next evolution in tobacco, the vaping industry, which has become so popular now.”

**Looking ahead**

While Nee says Otis McAllister’s U.S. airport confectionery business is its “bread and butter,” he sees room for expansion into new markets and even new categories.

“Confectionery is our core. We are committed to the confectionery category. We want to build off of our strength in the U.S. We see great opportunity for growth in South America, and in Asia as well,” says Nee.

“Ideally long term in ten years how do we grow the business? We’d love to have a similar operation in Latin America, maybe one in Asia, and going into Canada is an obvious step. Mimicking what we do here in those parts of the world, respectfully

understanding that Mondelez and Mars and Lindt have distribution setups in Asia,” says Panara.

After new markets, the company might launch a new spirits division.

“We’ve talked internally about what is the next step for us. Obviously we don’t want to take our eye off the prize. We know we have a strong dynamic here in the confectionery world, but really for us to take it to the level, we need to move into another category. We are not saying we are doing it today, but naturally we have talked about a liquor division because the liquor and tobacco buyer are mostly the same,” he continues.

“Hopefully within the next year or two. Sooner rather than later.”

But before it expands to another category Otis McAllister is firmly committed to what has brought them to this point. The company just added Ritter Sport and Welch’s fruit snacks to its confectionery portfolio.

“We’re never happy with the status quo. We are committed to category growth,” says Nee.

“And we are going to continue to grow it. We are getting more space, acquiring more brands,” says Panara. “We want to be known as the preferred supplier for confectionery and tobacco distribution in the Americas.”



Otis McAllister says its point of difference is what it does within the store. Here are two major HPPs in key U.S. airports.

Left: M&M’s at LAX TBIT with DFS.

Above: Nutella display at JFK Terminal 7 with DFA.





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## Perfetti Van Melle reports strong Americas results

Perfetti Van Melle reports that it had a strong year in the Americas, with its Central America business leading the way.

Business in South America grew significantly from January to April 2018, but the economic situation in Brazil, Argentina, Uruguay and Paraguay led to a steep decline in sales for the rest of the year. Border stores, airports and even ferry stores took a big blow and until now there has not been any signs of recovery, says the company.

However, PVM reports that it had a satisfying year in Canada in both the airport and border stores, and has made a good recovery in the Caribbean following the devastating hurricanes in 2017, but still sees room for growth and is placing special focus on the Dominican Republic.

2018 was the first full year in which PVM has been active in the USA cruise channel.

“We have learned a lot, gained distribution and now have a solid base for future growth. This year, we have

suggested promotions to our customers, for example we could have a large GWP promotion for Spring Break on-board several ships,” says Femke van Veen, PVM Brand Manager Global Travel Retail.

In the United States, PVM is focusing mainly on its core assortment.

“There is still a lot of untouched potential in the USA and we trust that together with our business partner, Otis McAllister, we can grow towards a fair share. We are making steps in the right direction by having our new suitcase

display in many Duty Free Americas locations.”

In Orlando PVM is featuring a new assortment of products including the Lollipop Memphis Design MegaChup, a limited edition giant chup consisting of 15 fruit flavored lollipops; the Chupa Chups Markers in Smurf and Hello Kitty styles; and the travel retail exclusive Mentos Gum Giftpack, available in Fresh Mint, Lemonade, Bubble Fresh, Fresh Mint and Spearmint flavors.



## Nestlé International Travel Retail focuses on SOUL

Nestlé International Travel Retail (NITR) will be highlighting its continued commitment to leading innovation in the Travel Retail confectionery category by presenting new products and engaging experiences across strategic brands KitKat, Smarties, and Nestlé Swiss at the Summit of the Americas.

Launching into the Americas for the first time, the new products focus on NITR’s SOUL (Stories, Occasion, Unique, Local) strategic framework; a response to the ever-changing travel retail industry, particularly among millennials, who represent 50% of all spend (Nielsen 2017).

“Our clear focus at NITR is to deliver insight-based innovation. We come to Orlando with a compelling range of consumer focused innovations that show how committed NITR is to the confectionery channel and travel retail. We are excited to unveil our products and recent successes to the Americas market, and are confident that our added-value propositions deliver more than just enjoyable taste; they provide the vital factor of creating engaging experiences

with relatable storytelling, especially among our millennial consumers,” says Stewart Dryburgh, General Manager, Nestlé International Travel Retail.

Dryburgh says the company has enjoyed an overall positive year in North America while Latin America has been - as for so many in the industry - a year of two

halves: “We saw a very positive first half with strong growth, building the success of 2017, while the second six months were hit by the negative impact of currency crises in the region.”

Last year NITR launched Kitkat Senses. This year it becomes a range with Mini Moments, Collection and new addition: Kitkat Mini Desserts, a premium selection featuring new dessert flavors Tiramisu, Crème Brûlée, Strawberry Cheesecake and Cherry Brownie.

Smarties, with an ambition to be kids’ friend and parents’ ally, is launching The Smarties Music Creator, which acknowledges the importance of active and imaginative play in children’s development by offering them the opportunity to learn creatively through a quality recorder and music sheet as well as a 38g hexatube of Smarties.

After relaunching its Nestle Swiss range last year, this year NITR is launching New Nestle Swiss 195g Tablet Flavors: Milk with Cranberries Almonds Hazelnut, Milk with Grapes Almonds Hazelnut, and Dark with Orange Zest & Cacao Nibs.







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## Mars ITR to feature M&M's in Orlando

Mars Wrigley Confectionery International Travel Retail (Mars ITR), working alongside its U.S. distributor Otis McAllister (Booth 701), will introduce regional buyers at the Summit of the Americas to its latest category insights, based on reasons why travelers shop, and its latest travel retail innovations created to meet those requirements.

MITR says the two year partnership with Otis McAllister has already proven very successful as the companies extended the partnership last year to all MITR's U.S. business except Dufray. Mars continues to handle its Latin American business directly.

"We're very pleased with our partnership with Otis McAllister," says Mars ITR Global Sales Director Christophe Bouyé. "They really are at the sharp end of what's happening in the U.S. and we've enjoyed good results across all accounts."

While Mars ITR is not having its own stand this year, the company is maintaining high visibility during the week. Bright yellow registration bags, this year available to all visitors to the Summit of the Americas, will be branded one side with a bold and un-missable M&M's graphic, while a high visibility branded 'frame' will be situated on the wall near the Otis booth.

On stand in Orlando, the companies will be mainly focusing on M&M's, and

on Maltesers sharing pouches, which was launched into the U.S. domestic market in 2017.

MITR says that retailers need to offer a confectionery portfolio that meets the four key reasons to purchase: Celebrate (gifting), Connect (sharing), Reward (self-treat) and Recharge (gum).

Mars ITR is updating its gifting range to play to the universal appeal aspect of M&M's, and attract more adult travelers. The range includes four new designs: Fan, Torch, Flip and Funnel – all exclusive to Travel Retail – featuring the Red and Yellow characters, and including bags of M&M's Chocolate in various sizes.

While not available in the U.S., new products in the Connect segment will be on show for retailers from South America including M&M's Salted Caramel 370g Sharing Pouch, Travel Retail Exclusive; M&M's Mix 400g Sharing Pouch, Travel Retail Exclusive; and redesigned packaging for M&M's, Snickers, Maltesers and Celebrations.

"We're delighted to be featuring the MITR confectionery portfolio on the Otis McAllister booth this year," says Justin Nee, Otis McAllister Travel Retail Sales Director. "We've had a very busy and successful year building distribution and sales for what is one of our strongest brand



portfolios and are looking forward to an even better 2019. It's a great company to be working with, especially given the world-leading popularity of M&M's – there's always some fun to be had when Red and Yellow are on the scene!!"

## Hawaiian Host launches Founder's Collection



Hawaiian Host has redesigned its premium chocolate covered macadamias with the introduction of the Mamoru Takitani Founder's Collection.

The Founder's Collection, which pays tribute to the brand's founder and creator, Mr. Mamoru Takitani, has new packaging which features gold foil, ingredient and product photography, as well as a unique nut meter.

"At Hawaiian Host, we're committed to celebrating our rich Hawaiian heritage with products and

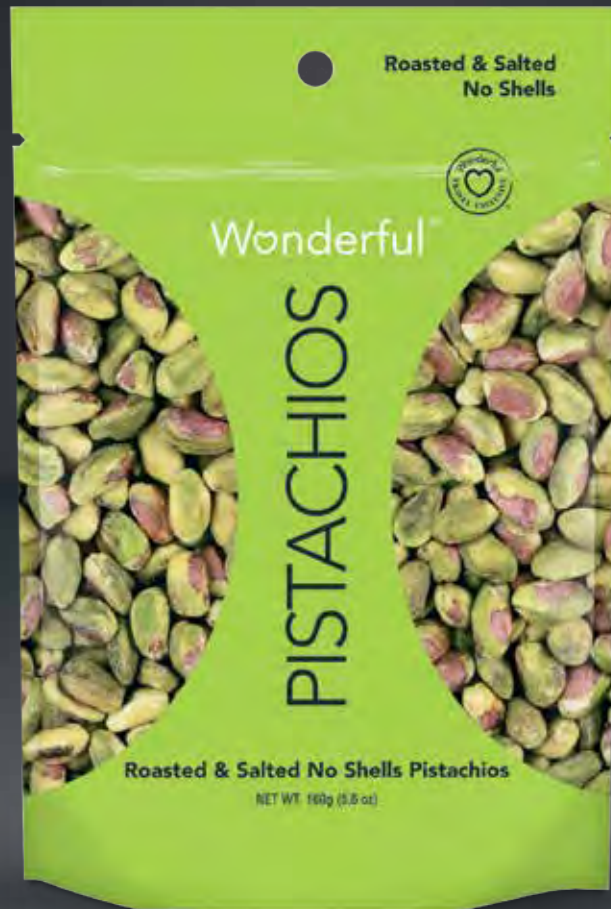
packaging that delight and inspire," said Helen Liew, Vice President of Marketing at Hawaiian Host, Inc. "The Founder's Collection 8 oz. milk chocolate covered macadamias are a staple of the Hawaiian Host brand; it's everyone's original favorite, now with a new look.

"We are proud to shine the spotlight on our founder, Mr. Takitani, and his dream to create an original confection unlike anything else, in our new line. A trusted and universally loved gift since 1927, we're confident our customers will love Hawaiian Host's new Founder's Collection of Chocolate Covered Macadamias."



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## Godiva targets regional growth through Cafes and expansion into F&B

Godiva's focus at the Summit of the Americas will be on the key pillars of its growth plan. The major initiatives for 2019 include the addition of the new Godiva Chocolate Domes, the introduction of the limited edition Godiva Carnival Collection and the further expansion of its business into food and beverage (F&B).

Godiva Chocolate Domes were launched in December 2018 and are available in a travel-exclusive 28-piece gift box. The company says the first signs of success are promising, as the product gets wider distribution and is promoted in-store with sampling, special offers and high profile promotions.

Godiva Chocolate Domes has a crunchy chocolate and nut wafer shell with a smooth, creamy milk chocolate filling with a caramelised hazelnut at its core.

Starting April 2019, Godiva is launching Chocolate Carnival, an 18-piece limited edition created by Godiva's Chef Chocolatiers, designed to capture the energy and sensations of the world's most exciting carnivals.

The Americas region continues to be a priority market for both the domestic

and duty free business for Godiva, says Channel Marketing Director Leen Baeten. The company has announced an ambitious growth plan to "5X" its business by 2024, driven by the opening of 2,000 Godiva Cafés around the world. The first location of its new concept opened just before Valentine's Day in New York at Penn Station. Godiva also released a new menu exploring an offer beyond chocolate, including sweet treats, savory bites and its

signature croissant waffles Croiffles, grab-and-go goodies like muffins and cookies, and specialty beverages like the Godiva Mocha.

The next Godiva Café is scheduled to open on Lexington Avenue, New York in early April, with more to come in the coming year both in city locations and in airports.



## Chase International introduces two new Walkers gift boxes

After 17 years representing and distributing major chocolate brands such as Hawaiian Host, Hershey's and Nestle, Chase International has decided to exit this category for strategic reasons. However, the company will continue to distribute Walkers Shortbread, the #1 shortbread globally and in the U.S., due to the increasing popularity and strong growth of snacking, especially at airports and on the Northern borders.

In USTR Walkers Shortbread grew by double digits this past year due in part to new airport listings by Duty Free Americas Atlanta and JFK Airport locations. The brand also benefitted from new items listings on the Meg Scottie Dog Gift Tin with Paradies Shops at JFK, and along the Northern Border with Canadian Border operators.

"We also continued to provide strong promotions and sampling on the brand. Taste Walkers and you'll know why only the finest shortbread comes from Scotland," says Chase Donaldson.

In Orlando Chase International is showing two new flavors and packages – Walkers Assorted Animal Shapes 6.2 oz gift box and Walkers Vanilla Shortbread 5.3 oz. Gift Box.

Walkers Animal Shapes gift box contains 12 shortbreads, three each in the shape of Teddy Bears, Highland Cows, Scottie Dogs and Sheep. Walkers Vanilla Shortbread contains

12 shortbreads per carton, flecked with real vanilla. Both packages will retail for around \$7.99 in travel retail.





## Eartheasy: Eco-Friendly travel products to enhance sales

Travel retailers looking for something completely different to enhance sales may find an interesting niche with two products from eartheasy, a U.S.-based family business committed to creating eco-friendly, sustainably made products.

### Scrubba Wash Bag - Washing Machine in Your Pocket

The patent pending Scrubba wash bag uses no electricity and minimal water, and is more sanitary than hand washing in a sink, and twice as effective. It is perfect for travelers, campers and outdoor enthusiasts.

For travelers, the Scrubba wash bag means packing less and avoiding airline baggage and hotel laundry charges. For camping and outdoor enthusiasts, the Scrubba wash bag achieves a machine quality wash in the backcountry with less pollution to water sources.

Its compact and lightweight design also makes it a useful item for gym bags, glove boxes and small apartments.

To wash clothes, simply add cleaning

liquid and two to three quarts of water, seal the bag, expel the air and rub for as little as 30 seconds. Rubbing for a full three minutes is on par with washing machine performance.

The basic Scrubba wash bag sells in the U.S. for \$64.95; an expanded Scrubba travelers kit for \$104.95 includes a complete on-the-road laundry system with a towel and clothesline for drying, and a travel bag.

### Bioscarf helps protect against air pollution

The Eco-friendly Bioscarf is a new scarf with a patent pending design that incorporates a particulate filter into the fabric. The World Health Organization calls air pollution the world's largest single environmental health risk.

When properly fitted, the Bioscarf protects individuals from many of the common airborne contaminants associated with air pollution around the world. It has an N95 rating, which means that when

fitted correctly, it is capable of blocking non-oil based airborne particles 3.0 microns in size or larger.

Available in four colors, the Bioscarf lining is made from 100% post-consumer recycled PET water bottles and its signature labels are made out of recycled PVC. Despite being made out of very eco-friendly materials, the Bioscarf is extremely fashionable, soft, very warm and can withstand the elements.

Under its PlusOne program, Bioscarf pledges to donate one Bioscarf to an individual at risk for every Bioscarf sold. The company already has earmarked part of its initial production run for the water warriors at Standing Rock, as well as victims of the forest fires which were recently raging in the southern part of the United States of America.

The Bioscarf sells in the U.S for \$49.95. A Biogaiter uses the same filter technology, but has a loop with a drawstring to pull the top close to your face.

## WTDC expands transportation services for duty free industry

WTDC, a Foreign Trade Zone and Logistics company specializing in inventory management for the duty free and travel retail industry, has expanded its transportation services for its clients.

The company has developed consolidator services for suppliers and final consignees, combining orders to shared destinations to reduce costs.

"Our clients are really like our partners. It is our duty to optimize the supply chain and pass along any cost savings where we can find them," said WTDC president and CEO Sean P. Gazitua.

Well known within the duty free and travel retail industry for its FTZ warehousing of spirits, WTDC saw the consolidation opportunity grow over the last couple of years as it picked up additional duty free accounts.

WTDC has the ability to align purchase orders from multiple suppliers with the inventory on-hand to deliver the most efficient scheduling for the final consignee. With fewer links in the supply chain between supplier and final consignee, communication is streamlined and costs are lowered.

"It's amazing to come to the Duty Free & Travel Retail Summit of the Americas each year and share our story. We are excited to share the consolidation services in combination with our air and ocean freight," said Gazitua.

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## Tea Forte takes off in Europe with Dufry's "Tea & Biscuit" concept

Tea Forte recently launched with Dufry in 12 locations throughout Europe as part of Dufry's "Tea & Biscuit" concept, reports Tea Forte's travel retail distributors, Actium.

This concept takes the classic pairing of tea and biscuits/cookies and conveniently presents it to shoppers for an exciting way to experience both product categories. Tea Forte's unique, patented pyramid design and award-winning blends "elevate the classic tea time," says Hanan Fraysse, LifeStyle and Beauty Division Director at Actium.

Tea Forte will soon be launching in additional airports in Europe, the Americas and Asia with Dufry.

Tea Forte will also be participating in DFS' "From DFS with Love" campaign for a second year, giving the brand a platform to showcase and sample its variety of teas and exceptional experience. Tea Forte is



also developing location specific packaging for the campaign, enhancing the gift giving opportunities, says Fraysse.

*Tea Forte in Hawaii with DFS (left) and in Milan with Dufry (above).*



## PEOPLE NEWS

**Gebr. Heinemann announces regional structure to strengthen global strategy**

For the first time in its almost 140-year history, Gebr. Heinemann will undergo major structural changes across its entire organization. The company says the change will “enable and strengthen global agility and overall strategy.” **Max Heinemann**, son of co-owner **Gunnar Heinemann** and fifth generation of the family in the business, will take over the role of Chief Executive Officer of the group. He also becomes Speaker of the Executive Board and is responsible for Global HR, Corporate Development & Strategy and Corporate Affairs.

Gunnar Heinemann and **Claus Heinemann** continue to form the Advisory Board of the family business.

The Executive Board will also be comprised of **Raoul Spanger**, Chief Operations Officer, **Kay Spanger**, Chief Commercial Officer and **Stephan Ernst**, Chief Financial Officer.

Raoul Spanger will be responsible for implementing and steering group sales, partner and customer portfolios and the development of the operational business in all countries across all channels. Kay Spanger will oversee the provision of market-specific product ranges and management of all cross-divisional commercial and logistical services.

Stephan Ernst is responsible for the group’s financial independence, integrity, and the provision of system-based process support and solutions.

“We are introducing the new C-Level-structure and implement

structural changes without being forced to do so. We do not react to external changes – or external market drivers that force us to adapt,” says Max Heinemann.

Claus Heinemann adds: “What matters most is our direction in shaping the ‘next generation’ fit for the future, fit for shaping Duty Free and Travel Retail.”

The structural includes the creation of one central sales area with former distribution and retail under the COO.

This central sales area is divided into four major geographical divisions, headed by four Vice Presidents (VPs): **Nadine Heubel** (VP/CEO The Americas); **Florian Seidel** (VP Nordics, Central & Western Europe); **Richard Hoyer** (VP EECA, Near East, Turkey & Africa); **Marvin von Plato** (VP/CEO Asia Pacific).

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PEOPLE NEWS

**Edrington** has named **Igor Boyadjian** as managing director of Edrington’s flagship **The Macallan** single malt Scotch whisky brand, effective April 1. Boyadjian, who joined the company in 2017 as head of Edrington’s Global Travel Retail business, is currently managing director, Asia Pacific & India. Before joining Edrington, Boyadjian was co-owner of the Edrington Fix joint venture, based in Dubai. In his new role, he succeeds **Scott McCroskie**, who was recently named CEO of Edrington. Boyadjian will relocate from Singapore to Scotland.

**Javier Schoendorff** will be joining **WEBB Banks** beginning March 25, 2019. Javier joins the Miami-based spirits & wine company from **Grupo Zamora**, where he ran Zamora’s business in the Americas

for the past 12 years, and was responsible for the phenomenal growth of Licor 43 in Mexico and across the region. “Javier brings a wealth of experience in wine and spirits to our great WEBB Banks team. He will be managing Tito’s expansion in Mexico and South America as well as overseeing the WEBB Banks business in Central America. As a result, **Maria Camila Alvarez**, who is based in San Jose Costa Rica, will report to Javier,” says WEBB Banks CEO **Andy Consuegra**.

**William Grant & Sons** has announced a change in the reporting structure of its Global Travel Retail (GTR) business unit. **Ed Cottrell**, Managing Director since 2016, will remain as leader of GTR but will now report to **Doug Bagley**, President of the Asia Pacific Region. Says Cottrell: “The last 3 years have been very successful for GTR at

**William Grant & Sons**, growing the business by 36% since 2016. Retail promotions such as Hendrick’s World Cucumber Day and Monkey Shoulder’s #makeitmonkey have won multiple awards and the team won ‘Supplier of the Year’ at the 2018 Frontier Awards in Cannes. Doug’s experience in this channel will be a great complement to the clear momentum already established.”

**David Ferreira**’s role as Vice President of Retail at Boston-based **Tea Forte** has expanded and he now oversees all sales globally of Wholesale Retail, Wholesale Hospitality, Distributors, Travel Retail, Corporate gifts and standalone stores. Ferreira’s added responsibilities resulted from **Michael Gebrael** leaving his position as CEO to become President of nutritional company Vega in Vancouver, Canada.

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