

Special Issue
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Duty Free Show
of the Americas
April
2016

TRAVEL MARKETS

INSIDER

Will Cuba's opportunities help Travel Retail combat a tough year?

Unfavorable currency exchange. Corruption in Brazil. A new government in Argentina. Falling commodity prices. Mosquito-borne diseases. Internet competition. It has been a tough year in the travel retail business in the Americas, with not much relief in sight.

In South America, Brazil's political crisis has spilled over into the economy, and hit particularly hard on travel retail sales on the border with Brazil, which are said to have fallen between 20 – 40%.

The strength of the U.S. dollar has driven up the cost of American-made brands in overseas markets, and made travel to the United States and neighboring Caribbean more expensive for European and Asian tourists. Nevertheless, tourist arrivals to the U.S. and the islands were strong. The Caribbean welcomed a record 28.7 million visits this past year — turning in a 7% rate of growth, much higher than the 4-5% growth officials had originally predicted.

While retailers tell *TMI* that the added traffic has not translated into more sales, shopping is still a major activity among Caribbean visitors. Widespread hotel and infrastructure expansions should bode well for the future and tourism and health officials are working hard to bring the Zika virus threat under control.

But it is the opening of Cuba that is generating the most excitement in the industry as it brings unprecedented attention to the region from American travelers. And the news out of Cuba is developing very quickly. U.S. President Barack



Cuba president of maritime operations Nelson Torres, left, and Carnival Corp. CEO Arnold Donald sign a deal allowing Cuba cruises from the U.S. Standing from left, Carnival Corp. senior vp of global port development Giora Israel, Fathom president Tara Russell and Carnival Corp. general counsel Arnaldo Perez. See story on p. 56. Photo Credit: Carnival Corp.

Obama's historic three-day visit to Cuba on March 20-22, the first sitting U.S. president to visit Cuba in nearly 90 years, seems to be accelerating the thaw between the two countries.

On March 15, the U.S. Treasury Department announced a further easing of restrictions brought on by the 54-year-old economic embargo against Cuba, making it easier for individual Americans to travel to the island, and loosened restrictions on business and banking transactions, even though Congress has yet to act on removing the embargo.

On March 19, the day before President Obama's visit, Starwood Hotels announced it had signed a milestone agreement to operate three hotels in Havana, the first American hotel company to enter the Cuba market for more than half a century.

On March 21, Carnival Corporation announced the history-making news that the company had

been approved to sail its "social impact" Fathom cruise brand between the U.S. and Cuba. Its inaugural cruise is scheduled for May 1!

And all this happened just days after the 2016 Seatrade Cruise Global event took place in Fort Lauderdale, Florida. Once again, Cuba was a main topic of discussion.

This issue of *TMI* reports in detail about all of the above, with commentary from some of the leading voices in the travel industry, along with reports from key retailers and suppliers throughout the region.

The Americas travel retail business continues to find ways to weather similar storms and intends to come through this cycle as well.

Read all about it, *Inside Insider*.

Lois Pasternak,
Editor/Publisher

INSIDE INSIDER

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Dufry, JFK, ATL, Washington's Reagan and Dulles, LAX & Westfield, Denver Duty Free, Orlando, MIA, Paradies Lagardère, SFO, Hawaii

Canada: currency, marketing, FDFA, Peace Arch, IGL

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Travel Retail combat a tough year?

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TRAVEL RETAIL EXCLUSIVE

IATA: Demand for air travel in 2015 strongest in five years

Global air passenger traffic for 2015 rose 6.5% for the full year compared to 2014, reported the International Air Transport Association (IATA). This was the strongest result since the post-Global Financial Crisis rebound in 2010 and well above the 10-year average annual growth rate of 5.5%.

While economic fundamentals were weaker in 2015 compared to 2014, passenger demand was boosted by lower airfares, says IATA. After adjusting for distortions caused by the rise of the U.S. dollar, global airfares last year were approximately 5% lower than in 2014.

“Last year’s very strong performance, against a weaker economic backdrop, confirms the strong demand for aviation connectivity. But even as the appetite for air travel increased, consumers benefited from lower fares compared to 2014,” said Tony Tyler, IATA’s Director General and CEO.

Annual capacity rose 5.6% last year, with the result that load factor climbed 0.6 percentage points to a record annual high of 80.3%. All regions experienced positive traffic growth in 2015. Carriers in the Asia-Pacific region accounted for one-third of the total annual increase in traffic.

International Passenger Markets

International passenger traffic rose 6.5% in 2015 compared to 2014, with all regions recording year-over-year increases in demand.

Asia Pacific carriers recorded an 8.2% demand increase compared to 2014, the largest increase among the three largest regions. Demand was stimulated by a 7.3% increase in the number of direct airport connections in the region, resulting in time-savings for travelers. Capacity rose 6.4%, pushing up load factor 1.3 percentage points to 78.2%.

European carriers’ international traffic climbed 5.0% in 2015. Capacity rose 3.8% and load factor increased 1.0 percentage point to 82.6%, highest among the regions. The healthy result in part was attributable to a pick-up in consumer spending in the Eurozone as well as a moderate increase in flight frequencies. Traffic growth slowed toward the end of the year owing to strikes at Lufthansa and the shutdown of Russia’s Transaero.

Year on Year Comparison	Dec 2015 vs Dec 2014			2015 vs. 2014		
	APK	ASK	PLF	APK	ASK	PLF
Africa	11.3%	9.1%	69.8%	3.0%	1.5%	68.5%
AsiaPacific	7.1%	6.7%	78.4%	8.2%	6.4%	78.2%
Europe	2.9%	3.6%	78.4%	5.0%	3.8%	82.6%
Latin America	9.3%	8.4%	80.0%	9.3%	9.2%	80.1%
Middle East	9.6%	10.8%	76.6%	10.5%	13.2%	76.4%
North America	1.6%	2.3%	80.8%	3.2%	3.1%	81.8%
International	5.6%	5.9%	78.1%	6.3%	5.9%	79.7%
Australia	3.2%	1.2%	77.9%	0.4%	-0.2%	76.7%
Brazil	-5.4%	-4.0%	80.1%	0.8%	0.8%	80.0%
China P.R.	8.2%	8.2%	76.7%	10.9%	9.4%	81.2%
India	25.0%	25.2%	87.5%	20.2%	10.6%	83.2%
Japan	1.2%	-2.9%	64.7%	1.9%	0.1%	67.2%
Russian Federation	-3.4%	-8.0%	70.0%	4.2%	7.1%	74.5%
US	4.9%	4.1%	84.1%	4.9%	4.9%	85.4%
Domestic	5.1%	4.2%	79.9%	6.3%	5.2%	81.5%
Africa	10.5%	7.8%	70.6%	2.9%	1.4%	69.3%
AsiaPacific	7.4%	6.6%	77.8%	8.6%	6.7%	78.6%
Europe	2.6%	2.8%	77.7%	5.1%	3.9%	81.7%
Latin America	4.7%	4.4%	80.1%	6.7%	6.4%	79.9%
Middle East	9.0%	10.3%	76.8%	10.0%	12.6%	76.7%
North America	3.8%	3.6%	82.8%	4.3%	3.8%	84.6%
Total Market	5.4%	5.3%	78.8%	6.3%	5.6%	80.3%

North American airlines saw demand rise 3.2% in 2015, broadly unchanged from the growth achieved in 2014. Capacity rose 3.1%, edging up load factor 0.1 percentage points to 81.8%.

Middle East carriers had the strongest annual traffic growth at 10.5%. As a result, the share of international traffic carried by Middle East airlines reached 14.2%, surpassing their North American counterparts (13.4%). Capacity growth of 13.2% exceeded the demand gains, pushing down load factor 1.7 percentage points to 76.4%.

Latin American airlines’ traffic rose 9.3% in 2015. While key regional economies, particularly Brazil, have been struggling, overall traffic has been robust.

African airlines had the slowest annual demand growth, up 3.0%, although this was a significant improvement over the

0.9% annual growth achieved in 2014. International traffic rose strongly in the second half of 2015, in conjunction with a jump in trade activity to and from the region.

Domestic Passenger Markets

Domestic air travel rose 6.3% in 2015, led by India (+25%) and China (+8.2%), with wide variance by region.

Brazil’s domestic air travel rose just 0.8% in 2015, reflecting the country’s deteriorating economic situation. Traffic trended downward throughout the year.

U.S. domestic traffic climbed 4.9% last year, helped by solid economic growth. This was the fastest rate of increase since 2004 and the first time since 2003 that domestic traffic growth surpassed international growth. The load factor reached a domestic record high of 85.4%.

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UNWTO: International tourists reach a record 1.2 billion in 2015; growth is forecast to slow slightly

International tourist arrivals reached a total of 1,184 million in 2015, up 4.4%, according to the latest UNWTO World Tourism Barometer. This translates into approximately 50 million more tourists (overnight visitors) traveling to international destinations around the world last year compared to 2014.

This marks the 6th consecutive year of above-average growth, says UNWTO, with international arrivals increasing by 4% or more every year since the post-crisis year of 2010.

Demand was strong overall, but with mixed results across individual destinations. Tourism was affected by unusually strong exchange rate fluctuations, the drop in oil prices and other commodities which increased disposable income in importing countries but weakened demand in exporters, as well as increased safety and security concerns.

Growth in advanced economy destinations (+5%) exceeded that of emerging economies (+4%), boosted by the solid results of Europe (+5%).

By region, Europe, the Americas and Asia and the Pacific all recorded around 5% growth in 2015. Arrivals to the Middle East increased by 3% while in Africa, limited data available points to an estimated 3% decrease, mostly due to weak results in North Africa, which accounts for over one third of arrivals in the region.

Positive, but lower, prospects for 2016

Results from the UNWTO Confidence Index remain largely positive for 2016, though at a slightly lower level as compared to the previous two years. Based on the current trend and this outlook, UNWTO projects international tourist arrivals to grow by 4% worldwide in 2016.

By region, growth is expected to be stronger in Asia and the Pacific (+4% to +5%) and the Americas (+4% to +5%), followed by Europe (+3.5% to +4.5%). The projections for Africa (+2% to +5%) and the Middle East (+2% to +5%) are positive,

though with a larger degree of uncertainty and volatility.

2015 Regional Results

Europe (+5%) led growth in absolute and relative terms supported by a weaker euro vis-à-vis the U.S. dollar and other main currencies. Arrivals reached 609 million, or 29 million more than in 2014. Central and Eastern Europe (+6%) rebounded from last year's decrease in arrivals. Northern Europe (+6%), Southern Mediterranean Europe (+5%) and Western Europe (+4%) also recorded sound results, especially considering the many mature destinations they comprise.

Asia and the Pacific (+5%) recorded 13 million more international tourist arrivals last year to reach 277 million, with

uneven results across destinations. Oceania (+7%) and South-East Asia (+5%) led growth, while South Asia and North-East Asia grew 4%.

International tourist arrivals in the Americas (+5%) grew 9 million to reach 191 million, consolidating the strong results of 2014. The appreciation of the U.S. dollar stimulated outbound travel from the United States, benefiting the Caribbean and Central America, both recording 7% growth.

Results in South America and North America (both at +4%) were close to the average.

International tourist arrivals in the Middle East grew by an estimated 3% to a total of 54 million, consolidating the recovery initiated in 2014.



BY THE NUMBERS

ACI reports 6% growth in passenger traffic in 2015

Airports Council International reports that global passenger traffic for full year 2015 grew by 6.1%, with equally strong growth in both international and domestic passenger traffic (+6.2% and +6.1% respectively). This represents the strongest growth rate in passenger traffic since 2010 (+6.6%), the year in which passenger traffic rebounded from the Great Recession. In fact, despite weak economic growth estimated at 3.1% in 2015, passenger traffic growth approached pre-recessionary growth levels seen in 2004–2007. Except for Africa (-0.1%), all regions posted strong positive growth rates in passenger volumes, ranging from 5% (Europe) to 11.3% (Middle East).

North America

Passenger traffic in North America grew by 5.6% for the year, with international traffic up by 6.1%, against a 5.5% gain in domestic traffic. ACI credits the strong international growth to the U.S. recovery and the appreciating U.S. dollar vis-à-vis the other major currencies. Canada, dependent on oil exports and transborder traffic, however, saw total passenger traffic up by only 3.7%.

Atlanta (ATL) reached 100 million passengers with its additional 5.3 million passengers in 2015. Chicago-O'Hare (ORD, +6.9 million), Dallas-Love Field (DAL, +5.1 million), Seattle (SEA, +4.8 million) and Los Angeles (LAX, +4 million) also turned in impressive growth.

Four North American airports added over one million international passengers during 2015: Toronto (YYZ, +1.8 million), New York (JFK, +1.8 million), Los Angeles (LAX, +1.6 million) and Miami (MIA, +1.1 million).

Latin America-Caribbean

Total passenger traffic grew 5.5% in the Latin America-Caribbean region in 2015, the result of strong growth in both international (+7.4%) and domestic (+5.2%) passenger traffic despite the recession in Brazil and the economic problems in other countries in the region.

The passenger traffic growth in Latin America-Caribbean is largely driven by Mexico (+13.1% in domestic, +12.1% in international and 12.6% in total passenger traffic), followed by Colombia (+10.2% in both domestic and international) and Argentina (+11.5% in domestic, +2.6% in international and +8.3% in total passenger traffic). Brazil reported only 0.5% growth in total passenger traffic, with international traffic growing stronger than domestic (+2.8% versus +0.6%).

Key contributors were Mexico City (MEX, +4.2 million), Bogota (BOG, +2.5 million), Cancun (CUN, +2.2 million) and Lima (LIM, +1.5 million). A number of airports in Brazil lost traffic, including the major gateway Sao Paulo (GRU, -0.5 million), Recife (REC, -0.5 million) and Rio de Janeiro (SDU, -0.3 million).

Africa

In Africa, passenger traffic declined by 0.1% from January to December, with the strongest growth in South Africa, Algeria and Morocco.

Asia-Pacific

Passenger traffic in Asia-Pacific grew by 8% for the year. China and India drove growth (+8% and +16.4% respectively), accounting for half of the growth in passenger traffic in Asia-Pacific.

India surpassed China in domestic passenger traffic growth.

Europe

Passenger traffic in Europe grew by 5% in 2015. Domestic traffic outperformed international traffic by 0.4 percentage points (+5.2% versus +4.8%), driven largely by strong domestic traffic in Turkey (+13.4%), Russian Federation (+8.2%), Spain (+6.2%) and Greece (+20.6%).

Half of the growth in international traffic came from four key markets: Spain (+5.9%), Germany (+4.6%), United Kingdom (+4.5%) and Italy (+7.3%). Russia lost 15% of international traffic compared to the previous year.

Middle East

The Middle East was the leading region in passenger traffic growth, up by 11.3% in total passengers. International passenger traffic growth was +11.9%.

Mexico's ASUR airports report traffic, commercial hike

Total passenger traffic for 2015 at the nine privatized airports in southeast Mexico operated by Grupo Aeroportuario del Sureste (ASUR), increased by 12.88% to 26.14 million, reports the company.

This figure reflects an increase at all of ASUR's airports. Domestic passenger traffic rose 13.49%, reaching 11.68 million. ASUR's international traffic was up 12.39% to 14.45 million, resulting primarily from a 13.34% international increase at ASUR's largest airport, Cancún.

More than 19.59 million passengers traveled through Cancún in 2015, an increase of 12.88%; 14.45 million were

international passengers.

On December 18, 2015, ASUR inaugurated the expansion of Terminal 3 at Cancun International Airport.

Five other airports in the group recorded double digit growth. However, five airports' international traffic dropped in 2015.

ASUR also reports that total revenues from the Mexican airports amounted to 8,994.60 million Mexican pesos, jumping 52.99% versus 2014. Revenues from aeronautical services were up 18.14% and revenues from non-aeronautical services (commercial) increased 25.87%.

Among the commercial revenues, retail rose 30.65%, duty free was up 21.10% and food and beverage grew by 22.46%, reports ASUR.

ASUR is a Mexican airport operator with concessions to operate, maintain and develop the airports of Cancún, Mérida, Cozumel, Villahermosa, Oaxaca, Veracruz, Huatulco, Tapachula and Minatitlán in the southeast of México, as well as a 50% JV partner in Aerostar Airport Holdings, LLC, operator of the Luis Muñoz Marín International Airport of Puerto Rico.

ACI: airport industry shows greater reliance on pax-related revenues

Airport revenues experienced strong growth in financial year 2014, reports Airports Council International (ACI) in the 20th edition of the Airport Economics Report and Key Performance Indicators released in March.

Although financial performance varied by region, industry revenues as a whole grew by 8.2% from 2013, reaching over US\$142 billion in 2014. Revenues from commercial and non-operating activities, now accounting for 45% of all revenue streams, grew by 7.2%.

The recovery in the Euro area and the United States, combined with the continued buoyancy of aviation in emerging markets, helped drive the gains in airport revenues, says the ACI report.

ACI notes that many airports across the globe have moved towards a business model that charges the traveling end user for their services through passenger-based revenue schemes. On the aeronautical side of the business, over 55% of every dollar was generated from passenger-related charges as compared to other aeronautical sources of income such as aircraft-related revenues.

Commenting on the 7.2% growth on commercial and non-operating revenues, Angela Gittens, Director General of ACI World, said: "While European airports hold the highest proportion of these revenues relative to other regions, much of the revenue growth is originating from airports located in the emerging markets of Asia-Pacific, the Middle East and Latin America-Caribbean, where the highest growth in commercial revenues is being posted.

"The airport revenue model is becoming increasingly diversified and sophisticated," added Gittens. "Airport operators have moved beyond being mere infrastructure providers for

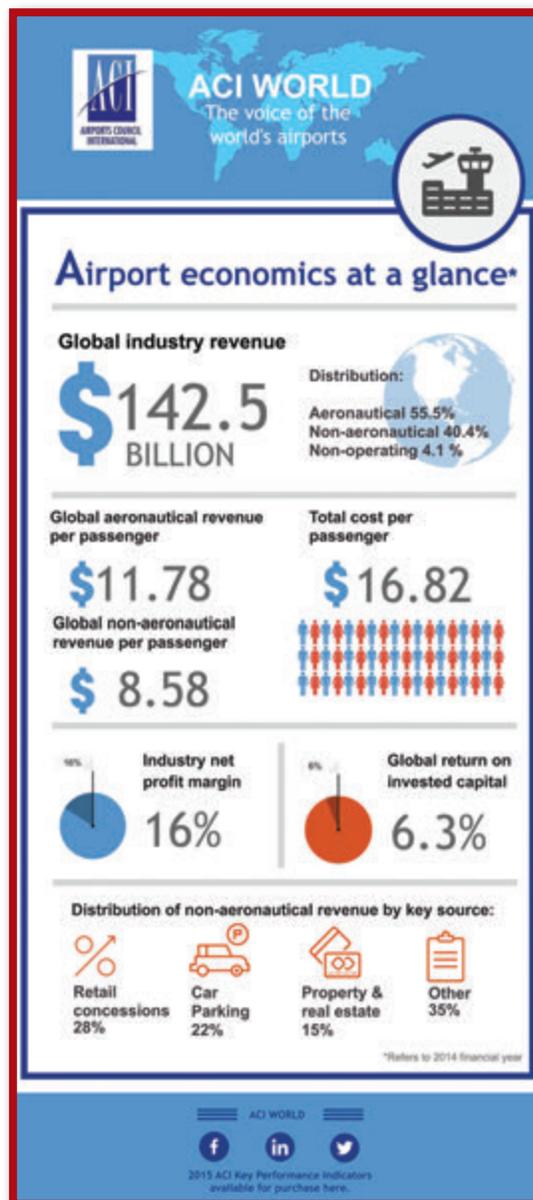
aeronautical activities to varied and far-reaching enterprises. Commercial or non-aeronautical sources of income such as retail concessions and car parking contribute to the diversification in an airport's income portfolio and provide an additional cushion during adverse economic times."

In a further breakdown of the Key industry figures for the 2014 financial year, ACI reports:

- Global airport revenue per passenger: US\$21.22
- Global aeronautical revenue per passenger: US\$11.78
- Global non-aeronautical revenue per passenger: US\$8.58
- Total cost per passenger: US\$16.82
- Ratio of aircraft-related charges (33.6%) to passenger-related charges (55.8%) and other aeronautical revenues (10.6%): 34:66

Notes: The ACI Airport Economics Survey generated responses from 818 airports for the 2014 financial year. Together, these airports handled 4.79 billion passengers or about 71% of worldwide passenger traffic in 2014.

Individual airport financial data was submitted in 66 different currency denominations and converted into US Dollars (US\$) using official exchange rates, calculated as an annual average based on monthly averages and expressed as local currency units relative to the US\$. The financial figures for the previous year (2013) were adjusted by the inflation rate, obtained from the International Monetary Fund's World Economic Outlook Databases and International Financial Statistics.





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Singapore Changi named Skytrax best airport in the world, Vancouver best in North America

Singapore Changi Airport was named as the World's Best Airport by air travelers for the fourth consecutive year at the 2016 Skytrax World Airport Awards.

Changi was followed in the rankings by Incheon, Munich, Tokyo Haneda, and Hong Kong International Airport. Chūbu Centrair Nagoya, Zurich, London Heathrow, Kansai, and Hamad rounded out the top ten.

Changi Airport also received the award as Best Airport for Leisure Amenities and Best Airport 50 million+ passengers.

Incheon Seoul won Best Airport 40-50 million passengers; Hamad Doha was awarded Best Airport 30-40 million passengers; Centrair Nagoya claimed Best Airport 10-20 million passengers; Cape Town won Best Airport 5-10 million passengers; while Durban won the award for Best Airport under 5 million passengers.

While no North American airports broke into the top 10, Vancouver International Airport was named Best Airport in North America for a seventh consecutive year. YVR came in at number 14 on the list of the World's Top 100 Airports.

"This is an incredible achievement! Being named the best airport in North America for seven years in a row is a testament to the dedication and hard work of all those in the YVR family," said Craig Richmond, President and CEO, Vancouver Airport Authority.

Fairmont Vancouver Airport Hotel

was also voted Best Airport Hotel in North America.

Denver International Airport was named Best Regional Airport in North America, and was No. 9 on the list in the category of best large airports. DEN was the only U.S. airport to make the top 10 list in that category. DEN came in at number 28 in the overall list of Top Airports.

DEN was also named No. 2 Best Domestic Airport (highest among U.S. airports), as well as No. 2 Best Airport in North America (highest among U.S. airports), and No. 3 World's Best Regional Airports (highest among U.S. airports).

"Denver International Airport continues to climb the global passenger rankings because we have dedicated ourselves to putting our passengers first and creating an elevated airport experience that delivers excellent service, outstanding facilities and desirable customer amenities," airport CEO Kim Day said. "The new Westin Denver International Airport, and the commuter rail line that will begin service from DEN to downtown on April 22, are completing a vision for this airport that began more than two decades ago. We are grateful that passengers are noticing our continuing efforts."

Cincinnati / Kentucky airport was number 32 in the overall list, San Francisco was number 37, Atlanta's Hartsfield-Jackson was 43, and Toronto-Pearson was 44, Bogota El Dorado was 46, and Lima came in at 49.

Seattle-Tacoma Airport won for Best

Airport Staff - North America, and came in at number 54 in the overall list and was the only U.S. airport to rank in the top 10 in the 40-50 million passenger category.

Panama Tocumen Airport won Best Airport in Central America as well as Best Airport Staff - Central America.

Bogota El Dorado International Airport was named Best Airport in South America, rising 48 spots to number 46, and was honored for having the Best Airport Staff - South America.

Quito International Airport received the award for Best Regional Airport South America, and was 62 in the overall list, up from 105 in 2014.

In all, 21 airports in the Americas were in the Top 100 ranking.

In one other point of interest, London Heathrow Airport was voted Best Airport for Shopping for the seventh year in a row.

The Skytrax World Airport Awards are voted on by customers in the largest annual global airport customer satisfaction survey.

The awards are based on 13.25 million airport survey questionnaires completed by 106 different nationalities of airline customers during the survey period. The survey operated from June 2015 to February 2016, covering 550 airports worldwide and evaluating traveler experiences across different airport service and product key performance indicators --from check-in, arrivals, transfers, shopping, security and immigration through to departure at the gate.



Singapore Changi Airport



Vancouver International Airport

DFWC quarterly Global Shopping Monitor tracks consumer perceptions of duty free

The Duty Free World Council (DFWC) conducted a Global Shopping Monitor of duty free shopping trends in the fourth quarter of 2015, in part of a continuous project to measure perceptions of the duty free & travel retail industry among travelers. The research was conducted in partnership with research & consulting company mInd-set.

“This is an exciting research innovation which the DFWC is delighted to bring to our industry and which over time will give industry players in every region the ability to monitor customer trends and behaviors and adjust the shopping offer accordingly,” commented DFWC President Frank O’Connell.

The KPI Monitor covers all key elements of consumer perceptions of duty free shopping, such as satisfaction with various aspects of the shops, product range, differentiation from the domestic channel and perceived value for money. The findings are based on interviews with over 4,000 people who traveled internationally in the previous quarter, with the sample split per region based on industry sales figures from mInd-set partner Generation Research.

Based on a sophisticated formula defined by mInd-set, a Customer Satisfaction Index (CSI) is shown in the DFWC Global KPI Monitor on a global level as well as for each of the 5 regions covered.

The CSI is generated using the ratings for each respective element, analyzed and weighted based on their impact on over-all traveler satisfaction. The current report illustrates the findings from the first Index; future quarterly reports will show the evolution over time.

mInd-set Owner & CEO Peter Mohn explains: “Working with brands, retailers, airports, airlines and the trade associations in the industry, we see a constant thirst for data and in particular recent data on duty free and travel retail shopper behavior. This Customer Satisfaction Index will be an important and timely barometer for the duty free & travel retail industry, given both the recent and freshly collated data used to compile the reports and the frequency of

their publication. The evolutionary nature of the data is also a highly sought after aspect of the research demanded by stake-holders today. A one-shot spotlight doesn’t give a rounded enough picture of the reality. Companies need to evaluate trends, which this global index will allow.”

Some of the highlights of the first report include:

1. The DFWC Global KPI Monitor illustrates which elements have the strongest impact on the Customer Satisfaction Index, such as “uniqueness of products and services,” “perceived value for money” and “variety and range of products” on offer.
2. Under the overall perception category, 40% of the international travelers globally see duty free & travel retail as part of the travel experience, albeit with significant differences between the regions.
3. Cross-regional and cross-category comparisons highlight the main benefits and key drivers for buying in DF & TR on a global level, and shows the main

differences in the various regions, and ranks the key barriers for not purchasing in duty free & travel retail shops.

4. The information on customs regulations suggests that only half of international travelers feel well informed about regulations, which has a negative impact on purchase behavior.

The reports will also cover the macro-economic impact on the business and will continue to track the impact of economic situations on travel and shopping, globally and by region.

Mohn adds: “The aim is to provide as holistic a view as possible of the situation and its evolution by identifying the key trends and divergences between regions... We believe the quarterly Monitor will be a useful tool for the industry and we are delighted to provide this service to the DFWC.”

For more information about the full report, please contact mInd-set at [info@mInd-set](mailto:info@mInd-set.com). The cost of the quarterly report is 5,000 euros, with the yearly subscription priced at 15,000 euros.



TFWA: drinks category research highlights how to grow appeal of core sector

Value for money remains a critical driver in the drinks sector and is key to increasing footfall, conversion and spend, according to the latest research from TFWA.

The study, which was conducted by travel retail research specialist Counter Intelligence Retail, revealed that over half of passengers (53%) believe they will find a price advantage for spirits by shopping at the airport. This is higher than any other travel retail category. Half of those taking part in the study say they would be encouraged to purchase in the future if prices were cheaper; a substantial 38% check prices before they go to the airport.

After price, respondents said that the wide range of products was the next most compelling reason to buy. In addition, one in four of those surveyed stated that they would be tempted to buy in the future if a broader selection was available.

Travel retail exclusives are also important to alcohol shoppers, and just under two thirds (61%) said that good value is the most important attraction;

49% said that they like being able to buy products that aren't available elsewhere.

A significant two thirds (62%) purchase for themselves, and on average buyers spend more on alcohol when buying for themselves than when buying a gift. Just one in five responding consider alcohol as suitable for gifting.

Product sampling and gift with purchase are the most appealing promotional initiatives (say 52%). Lack of anything that catches the eye is the main barrier to purchase cited by just under a third (32%), while the absence of attractive promotions is a barrier to purchase for one in five.

Planned spending on alcohol in duty free and travel retail shops is significantly higher than among buyers in all other categories combined. While half of buyers in all categories plan their purchase, two thirds of alcohol buyers plan their purchase in advance. While two in five shoppers across all categories know what brand they will choose, three in four alcohol shoppers know the brand they wish to buy.

Commenting on the results, TFWA President Erik Juul-Mortensen said:

“Price is still clearly an important motivator to purchase alcohol at the airport, and retailers need to do all they can to ensure that the value proposition is fully understood by passengers. However driving sales in this sector will be about more than cost cutting.

“There is clearly substantial opportunity to encourage customers with initiatives such as engaging gift with purchase promotions as well as capitalizing on the appeal of the travel retail exclusive. Developing gifting also represents an untapped opportunity, and there is room for growth here too,” he added.

The TFWA Alcohol Duty Free and Travel Retail Category Report compiled by Counter Intelligence Retail was based on approximately 1,000 shopper interviews conducted at four key airports across the globe. A minimum of 50% of the sample were duty free buyers. Each interview lasted approximately 15 minutes.

Low conversion rates suggest untapped opportunity in Perfume & Cosmetics

Making the most of the opportunities for incremental sales and flagging the appeal of travel retail exclusives are among the secrets to P&C success, according to new research conducted by TFWA.

Just over half of beauty shoppers at airports plan their visit to the beauty counter, and a high proportion (seven out of ten) of pre-planners know exactly what they will buy. However a very small proportion of shoppers buy both planned and impulse items, and planned beauty buyers spend more on average on planned items than impulse items. This points to the potential to encourage sales via promotions and marketing campaigns aimed at encouraging additional impulse buying alongside the planned purchase, according to TFWA.

Half of beauty shoppers like the idea

of the travel retail exclusive, and yet only three in ten notice them in the beauty category. Good value for money is their main appeal and this was cited by nearly two thirds (64%) as a trigger to buy, while just under half (49%) liked the opportunity to own something that wasn't available anywhere else. Promotion of value for money, the convenience and exclusivity of these products will help to raise understanding and awareness, prompting shoppers to actively look for them.

“Looking for a gift” is one of the key reasons for visiting beauty among shoppers (31%), and while six out of ten purchase for themselves only three out of ten buy for a gift. With one in four of shoppers saying that gift solutions would encourage them to buy beauty items in the future, it would appear that offering appropriate gifting

solutions and targeted communications will also help to drive footfall and sales in the category.

“While three out of ten airport shoppers visit beauty, just 14% purchase, which means that under half (45%) are converted from browsers into buyers,” says TFWA President Erik Juul-Mortensen. “This is lower than for alcohol, confectionery or tobacco, demonstrating that there are plenty of opportunities to drive sales in this important category.”

The TFWA Beauty Category Report was compiled by Counter Intelligence Retail. It was based on approximately 1,000 shopper interviews conducted at four key airports across the globe. A minimum of 50% of the sample were duty free buyers.

TFWA

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The runners/walkers at last year's inaugural Fun Run/Walk helped raise \$10,000 in support of the Escuela de la Calle.

IAADFS, TFWA, WiTr help industry raise funds for the needy

The duty free industry continues to demonstrate its charitable nature through global, regional and company-wide projects.

This issue of *Travel Markets Insider* features articles on three such endeavors. The duty free industry's amazing Hand in Hand for Haiti organization that conceived, built and is operating the world-class Lycée Jean-Baptiste Pointe du Sale school in Saint-Marc, Haiti, will

be celebrating its fifth anniversary in September this year.

Also in Haiti, Canadian border operator Importations Guay Ltée's Vice President Justin Guay, together with TFWA Care and project sponsor Brown-Forman, are providing for 75 impoverished street children with a power system, refrigerator, and 25% of the education costs over a 2-year period. In South America, the London

Supply Foundation raised more than \$700,000 for local charities where it operates.

The IAADFS annual Duty Free Show of the Americas offers another opportunity to provide assistance to those less fortunate. Last year, the Association and Essence Corp. sponsored the first Fun Run/Walk, which raised \$10,000 in support of the Escuela de la Calle.

The Escuela de la Calle (EDELAC), or School of the Street, was founded in the mid-1990s to help child laborers in Quetzaltenango, Guatemala, providing educational assistance, medical attention, etc. Now a home and school that serves more than 150 students, it is funded by

a guided trekking business that was also launched by the founder of EDELAC, Guadalupe Pos.

This year's Sports Day program during the 2016 Duty Free Show of the Americas will include a 5K Fun Run/Walk, expanded from 3K the previous year, and will again raise funds for the Escuela de la Calle. There is no charge to participate in the Fun Run/Walk, but preregistration is required. IAADFS will donate \$50 for each participant in the event.

The annual Women in Travel Retail -- WiTr-- networking Breakfast, which this year is sponsored by Furla in addition to *Travel Markets Insider*, will also hold a raffle and silent auction to raise \$5,000 to sponsor a child at the school operated by Hand in Hand for Haiti, as well as donate to the IAADFS' designated charity.

The global WiTr networking will meet in Cannes in October to raise €14,000 (US\$15,000) to build two classrooms for the Sunrise Learning Center in Cambodia, a school established to give poor children English lessons. "There is space for two more classrooms which are urgently needed to enable the education of the poorest children in the community, without which these children will have no chance at gaining an education and a way forward in life," says Sarah Branquinho, World Duty Free Corporate Communications & External Affairs Director, who heads up the WiTr group. We will provide more information as it becomes available.





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Dufry reports solid results in a “transformational” year, as it focuses on organic growth and cash generation

Dufry reports a solid year of financial performance in 2015, with turnover up by 46.3% to CHF 6,139.3 million. Gross profit increased to CHF 3,575 million with a margin of 58.2%

In what it calls a “transformational” year, Dufry says that the primary focus in 2015 was the integration and delivery of synergies of Nuance, which was completed by year-end -- combined with the acquisition of World Duty Free, consolidated from August 2015 onwards.

Dufry announced a new Group structure, introduced a new business operating model and refreshed its corporate identity together with its corporate values.

“From a strategic and operational perspective, the two transformational acquisitions reinforce Dufry’s global leadership in airport retail with 24% market share and are expected to generate a total of CHF 175 million of synergies, of which a first tranche of CHF 34 million is already reflected in the 2015 FY results,” said the company announcement.

Despite the 46.3% growth in turnover, Dufry reports organic growth was -5.3%, which was significantly impacted by the volatility in emerging market currencies, most notably among Brazilians -- reflecting the massive devaluation of the Brazilian Real -- and Russians. Organic growth



1 Swiss Franc (CHF) = approx. US\$1.03

excluding these two customer groups was 4.0%, which Dufry says underlines the positive performance of the “vast majority” of its business.

Dufry undertook a number of important organic growth initiatives throughout the Group in 2015, including opening 189 new shops representing 18,700 sqm in Spain, Zurich, Nigeria, Puerto Rico, Dominican Republic, Rio de Janeiro and others; refurbishing 105 shops representing over 17,000 sqm of retail space; and signing for 19,600 sqm of new retail space.

In addition, Dufry says that it has more than 43,000 sqm of retail space in the pipeline for future projects.

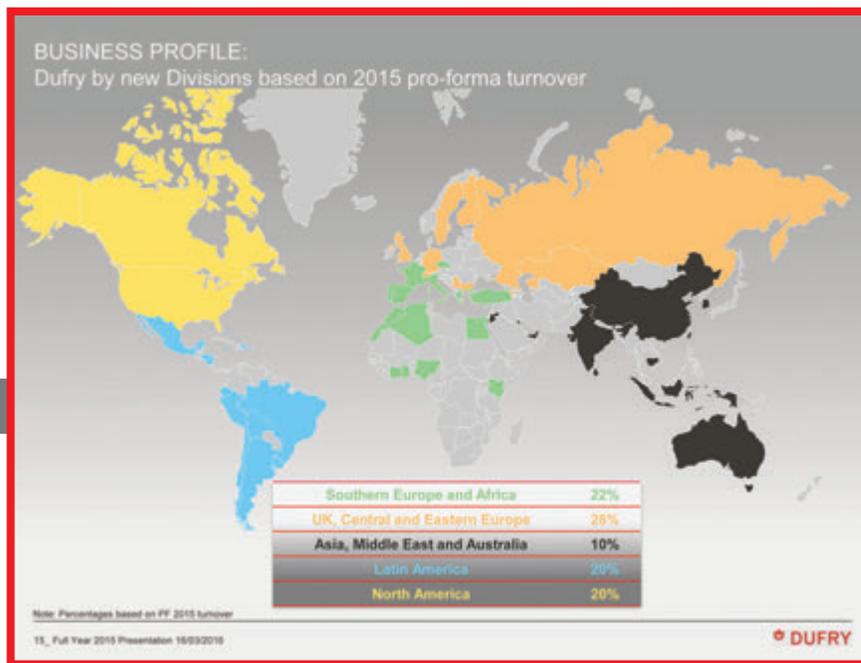
Julian Diaz, CEO of Dufry Group, said: “2015 was a transformational year for Dufry mostly characterized by the full integration of Nuance and the acquisition of World Duty Free. While these acquisitions allowed us to further develop

our company, they also generated the need for important structural and organizational changes.

“In addition to our dedication in building the new Dufry, we strongly focused on driving organic growth in a tough economic environment impacted by considerable FX volatilities. In this context we opened a total of 189 new shops representing 18,700 sqm of new retail space.

“2016 will be an important year with many challenges. The clear priority will be the integration of WDF. We want to seize the opportunity to build the strongest team of travel retail experts ever and at the same time implement the new business operating model identifying efficiencies and creating value through synergies. Since the fourth quarter of 2015, we have developed a specific action plan for the integration and we have now started its execution, which our teams expect to complete by mid-2017.”

Diaz also said that “deleveraging” will be a priority for the company. “Apart from the integration process and the related synergies, we will be monitoring costs, net working capital and investments closely to drive cash generation. Our goal is to deleverage the company to our target leverage level of 2-3x net debt/EBITDA within the next 18-24 months,” he said.



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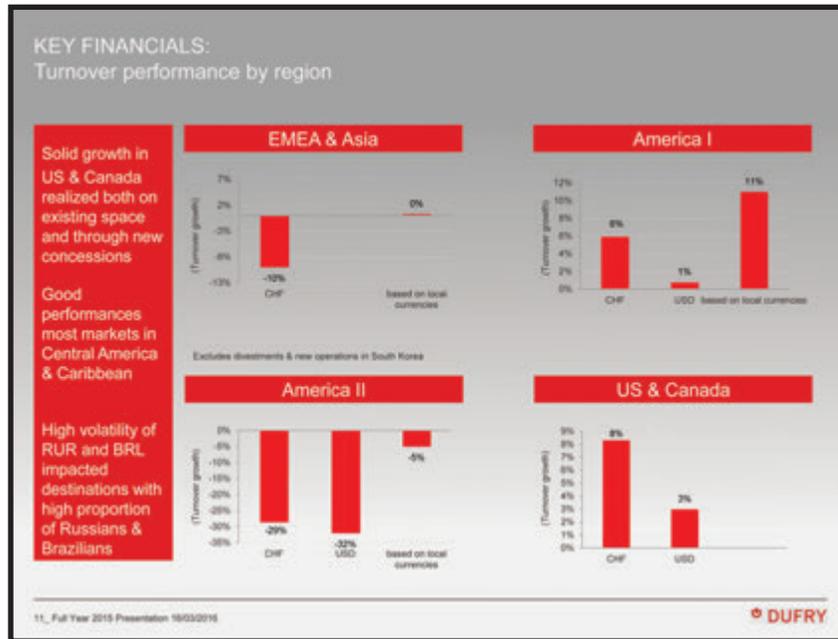
“In terms of accelerating organic growth, Dufry has already launched a wide range of initiatives last year, which have shown good results and which will be continued in 2016,” he said. He highlighted Dufry’s refurbishment and brands plan, the “Dufry Red” and “VIP voucher” loyalty programs, as well as the 19,600 sqm of new retail space that will be opened in 2016.

“From a market perspective, 2016 started again with very volatile financial markets, thus reducing visibility. Nevertheless, for this year, the drivers of additional growth will be the positive global trends for travel retail, which will continue to provide growing passenger numbers expected to increase by over 6% for the year. Last but not least, we will benefit from our highly diversified geographic footprint and the large locations network, which considerably reduces the company’s exposure to any external factor’s impact, which are typically related to single countries or regions,” he said.

2015 Regional Results

Region America I’s turnover grew by 6.0% to CHF 808.4 million in 2015. Growth in local currency reached 11%, while in CER turnover grew by 1% in the period. Performance was positive in Central America, both in the Caribbean and in Mexico.

Turnover in Region America II went



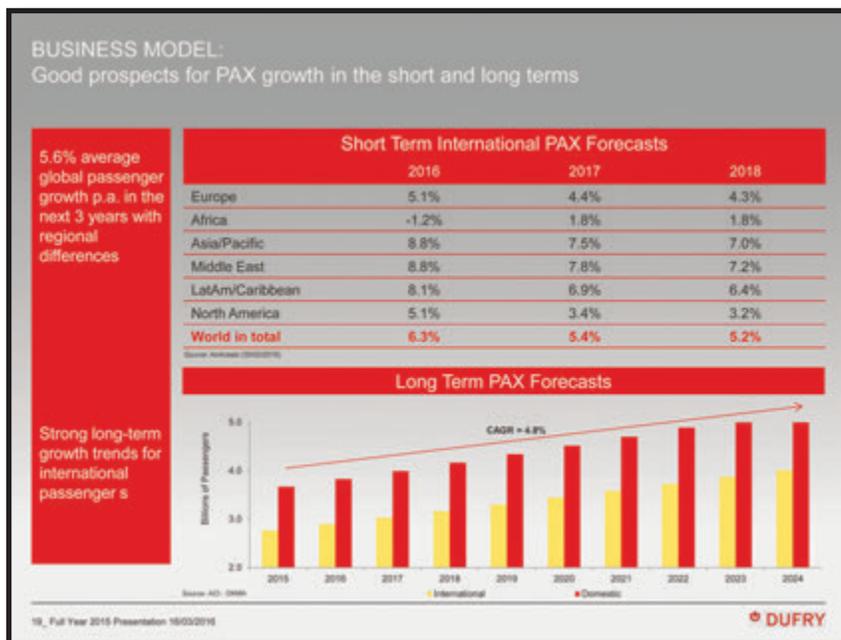
to CHF 487.8 million in 2015, against CHF 683.3 million in 2014. When measured in local currencies, sales in the region declined by -5%. Turnover measured in CER declined sharply by -32%, directly reflecting the massive devaluation of the Brazilian Real against the US Dollar of 42% for the year, following a peak in the second half reaching 53%. This reduces the purchasing power of the Brazilians, who represent the

most important customer group.

Region United States & Canada’s turnover grew by 8.3% in 2015 (3.6% in CER) and reached CHF 1,043.2 million compared to CHF 963.1 million in 2014. Hudson continued to post sustained growth, both from a like-for-like and new concessions perspective. Other formats like duty free shops and brand boutiques gained increasing importance in the region.

Turnover in Region EMEA & Asia reached CHF 1,010.8 million in 2015, from CHF 1,194.5 million one year before. When measured in local currencies, turnover was flat in the region. In constant exchange rates (CER), growth was -8.1%. Europe performed positively but was negatively impacted in locations where Russians are a relevant customer base, most notably in Russia, and to a lesser extent in Greece.

Nuance’s turnover reached CHF 1,337.9 million from a four months consolidated turnover of CHF 536.6 million reported in 2014. Turnover in World Duty Free was CHF 1,410.0 million, from August to December of 2015. On a pro forma basis, organic growth in the period reached 9.6%. Operations in North America and MEA regions had good performance, while South America had a softer trading due to the currency volatility in the region.



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North America airport retailing market forecast to reach \$9.9 billion by 2020

New market research forecasts that the North America airport retailing market is expected to grow from \$4.15 billion in 2015 to \$9.90 billion by 2020.

MicroMarket Monitor, a market research firm based in India, has issued a report forecasting that the North America airport retailing market will grow at a compound annual growth rate (CAGR) of 19.0% from 2015 to 2020.

According to the new Market Research Report "North America Airport Retailing Market By Category (Liquor & Tobacco, Perfumes & Cosmetics, Fashion, Food & Confectionery), By Type (Direct Retailer, Department Store, Specialty Retailer, Supermarkets), By Airport Size, By Geography – Forecast

to 2020, the North America airport retailing market has been increasing due to the rise in international air traffic to/ from the U.S., and totaled more than 80 million passengers in 2015, a 5% increase compared to the previous year.

Canada air traffic was 27.5 million in 2015, up 7% on year-on-year basis. The report claims that the proportion of the duty free airport retailing market in North America accounted for more than 25% of the global duty free airport retailing market in 2015.

The North America duty free market grew by 16.3% in 2014, compared to 2013. The U.S. was the top performer in this market, due to an increase in the number of flights that further results in rise in footfall

at airports, says the report.

MicroMarketMonitor notes that airports are investing heavily in optimizing revenue per visitor by providing an enhanced retailing experience with various facilities, such as parking, boarding, lodging, catering, and advertising.

North American airports are also focusing on promotional activities such as events, digital advertising, campaigns, and press activities to boost duty free retail shopping and enhance product visibility. Numerous airports and duty free operators have also developed mobile apps to provide passengers a convenient shopping experience, as well as about the availability of nearby shops & restaurants, says the report.

Paradies Lagardère unveils two new concepts at JFK's Terminal 4

North American airport retailer Paradies Lagardère has launched two new retail concepts at John F. Kennedy International Airport's Terminal 4: exclusive confectionery brand So Chocolate! and sports apparel brand The Scoreboard.

Both stores were officially introduced during a ribbon cutting ceremony on February 2, 2016.

The two highly-successful proprietary brands are a first for a U.S. airport. The 1,250-square-foot store So Chocolate!, located in the east retail lounge of Terminal 4, offers a wide assortment of candies and sweets.

The Scoreboard offers an array of authentic apparel and accessories from all major U.S. professional sport leagues. The store includes an assortment of Giants, Jets, Yankees, Mets, Rangers, Islanders, Devils, Nets, Knicks, NY Red Bulls and New York City Football Club merchandise, as well as products related to the hottest sports trends.

"Both So Chocolate! and The Scoreboard will resonate with travelers visiting the airport, and complement our existing brands. We look forward to continuing our partnership with Terminal 4 and introducing exciting new brands to Terminal 4 travelers for many years to come," said Gregg Paradies, president and CEO at Paradies Lagardère.



Chase International's Chase Donaldson (far left) and Otis McAllister's Dan Bush (far right) join Gregg Paradies (center) and representatives of JFKIAT and Lagardère at the official opening of the So Chocolate! concept at JFK Terminal 4.

Lagardère acquired family-owned Paradies for US\$530 million in August 2015, and Gregg Paradies, President & CEO of Paradies, remains at the helm of the new company.

In April of last year, Lagardère's LS Travel Retail North America division acquired the assets of Saveria USA, Inc. which gave them the operation of 20,000 square-feet of prime specialty retail space at JFK T4.

The terminal handled 19.5 million travelers last year.

The company was already operating

numerous stores in the terminal, including the high-end Longchamp, Hugo Boss, Guess, and Swarovski boutiques. Paradies Lagardère's will next be opening The Fashion Place, a 3,000 square foot shop-in-shop offering a wide assortment of fashion apparel and accessories in May.

"Terminal 4 strives to create a superior passenger experience for travelers, and – as such – our terminal features an unparalleled selection of commercial and retail offerings," said Gert-Jan de Graaff, president and CEO of JFKIAT – the management company operating T4.

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ATL unveils \$6 billion expansion plan



Hartsfield-Jackson Atlanta International Airport (ATL) has unveiled details of a \$6 billion, 20-year capital plan that includes modernizing the domestic terminal, building a new concourse and expanding several others, overhauling parking facilities, building a \$500 million hotel, and numerous airfield and support facility improvements.

Atlanta Mayor Kasim Reed and ATL General Manager Miguel Southwell announced the project – called ATLNext – during the inaugural State of the Airport luncheon held on March 10.

The speakers said that the capital plan will ensure Hartsfield-Jackson

maintains its position as one of the most important airports in the world. Among these improvements, the airport plans to construct a new sixth runway, new cargo structures, a new 400-room hotel with travel plaza as well as a new concourse.

Southwell detailed the airport's long-term strategic priorities, specifically outlining six areas: Safety and Security, Financial Viability, Economic Generation, Environmental Stewardship, Employees and Customer Service.

Southwell pushed for new air service to China, India and other fast-growing economies. He also urged the restoration of service to Israel.

“We have had tremendous growth over the last year, and with our new capital plan, the next 20 years are only going to be more impressive,” Southwell said.

“Not only will these projects be transformational for the airport, but they will enable the needed expansion to accommodate the growing demand we have at Hartsfield-Jackson,” he added.

Investment in ATL is expected to top \$6 billion, with nearly \$1 billion to be spent in 2017 alone.

CNN anchor/aviation correspondent Richard Quest served as the emcee for the event, during which Ambassador Andrew Young received the Global Leader Award for his decades of civic and philanthropic work, and for helping to expand international routes from Atlanta to developing markets around the globe.

Delta Air Lines received the Global Corporate Leader Award.



The first renderings of substantial improvements planned for the Domestic Terminal's atrium under the ATLNext 20-year capital plan.

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Washington's Reagan and Dulles Airports open 100th new shopping and dining option at redesigned concessions program

Erwin Pearl, a fashion jewelry brand crafted in Rhode Island, has the distinction of being the 100th new concession to open at Ronald Reagan Washington National Airport and Washington Dulles International Airport. This milestone was reached as the two airports are undergoing a massive overhaul of nearly every store and restaurant under concession manager MarketPlace Development.

Erwin Pearl – known for its high quality accent and statement pieces – opened at Dulles International on February 11, just 21 months into the four-year redevelopment program.

“The Dulles Store has been doing very well since we opened,” said Michael McGratty, Erwin Pearl Director of Sales.

“We have a strong commitment to airport retail, including two stores at O’Hare and two at Sacramento International. We also have airport stores at Pittsburgh, Minneapolis/ St. Paul, Charlotte Douglas and Indianapolis and have aggressively been opening stores in high traffic areas including Disney Springs and Tyson’s Corner Center in the last year,” he tells *TMI*.

The focus of the Washington area redevelopment has been to bring a new variety of shopping and dining options to the airports, said Steve Baker,



Metropolitan Washington Airports Authority vice president for customer and concession development, who has headed up the transformation.

“[We want to] provide our passengers with local, regional and national favorites that will enhance and highlight their time with us,” he said. “Our passengers’ journeys begin with us, and we want to make sure that beginning is a positive, memorable experience.”

MWAA and MarketPlace Development were also looking to create a sense of place that incorporates the uniqueness and identity of the National Capital Region.

“Reagan National and Dulles International are gateways to our nation’s capital. It’s vital that the airport food and retail offerings express the character of the D.C. metropolitan area and fulfill

the needs of the modern traveler,” says Paul McGinn, President of MarketPlace Development.

Some of the new specialty brands at Dulles International include Burberry, Montblanc, L’Occitane, Michael Kors, Kiehl’s, Thomas Pink and Coach (all operated by DFA), as well as Estée Lauder/M.A.C (managed by International Shoppes), Tumi, Swarovski and Vera Bradley, and clothing brand Vineyard Vines (managed by Hudson Group).

New shopping options at Ronald Reagan National Airport include Spanx, Tumi, Brighton, Brooks Brothers, Lacoste, and Vineyard Vines.

The redevelopment is ongoing at both airports. Further announcements of new stores and restaurants will be made in the coming months.

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*owned by Duty Free Americas, Inc., a Maryland corporation, or UETA, Inc., a Panama corporation (or their subsidiaries).

www.dutyfreeamericas.com

LAX unveils \$332 million T2 capital improvement project *Westfield reveals L.A. in Motion design*



LAX Terminal 2 before and after the \$332 million overhaul.

Los Angeles World Airport (LAWA) has announced the completion of the latest large-scale improvement project at LAX — a \$332 million overhaul of Terminal 2.

The renovation has modernized more than 76,000 square feet of the international terminal, including 15,000 square feet of brand new retail and dining space.

The Terminal 2 project is part of LAX's \$8.5 billion modernization program, which includes renovations to nearly every terminal at the airport.

Terminal 2 is the second-busiest international terminal at LAX, serving 4.1 million international passengers and more than one million domestic passengers last year. The improvement program includes major upgrades to the ticket lobby, baggage screening and claim areas, and concourse areas that serve the terminal, as well as the new retail and dining areas.

The 20-month redevelopment at Terminal 2 was its first upgrade in nearly 30 years, with the entire process completed while keeping the 24-hour terminal open, maintaining customer service and flight operations. In addition to improvements to the pre-security area of the terminal, the project adds 16 new retail and dining brands to the concourse's hospitality offerings.

Last year, 74.9 million passengers passed through the airport, more than any other time in its history.

Westfield

A key part of LAX's Terminal 2 renovations was the transformation of nearly 76,000 square feet of dining, retail and common area by Westfield, which invested \$78.3 million in the project. The upgrade — which includes more than 15,000 square feet of new dining and retail — brings together a vibrant design, local restaurants and signature retail, creating a more holistic customer journey.

The new Terminal 2 projects \$41 million in annual sales — a 34% increase. The number of permanent employees in the terminal is projected to increase by 76%.

“Los Angeles World Airports had a strong vision,” said Keith Kaplan, Westfield's Vice President at LAX.

“They wanted more than a concessions refresh — they wanted to truly transform the entire customer journey at Terminal 2 from the moment you clear security. Thanks to our long-term partnership and collaboration with all the stakeholders, everybody wins — the city of Los Angeles, the airport, the airlines and the customers.”

Westfield designed and managed common area improvements, from the floor to the ceiling, and relocated and redesigned an uninspiring, inefficient staircase to become the exciting focal point of the terminal and activated new revenue-generating space.

Westfield's construction team managed hundreds of projects to keep the 24-hour terminal open, maintaining customer service and flight operations during the process. The terrazzo floor, for example, took 10 months and 15 phases to complete all on its own.

The terminal design was inspired by “L.A. in Motion,” which captures the energy and on-the-go attitude of Los Angeles. Three distinct shopping and dining districts are highlighted by a grand staircase that offers customers a luxurious but efficient travel experience:

First comes the Commercial Hub, a retail and duty free shopping district. Customers then flow into the Dining Terrace, which has been infused with local flavor and a design that offers a bright, inviting experience. From there, customers enter The Strand, a dining and shopping district that features the grand staircase and a luxurious bar with shimmering chandeliers.

“Fresh facilities with more seating, new services, and expanded dining and shopping experiences for today's travelers are part of our \$332 million investment in Terminal 2,” said Los Angeles World Airports CEO Deborah Flint. “We applaud Westfield's partnership with LAWA, their investment in Terminal 2 at LAX, and their commitment to developing an experience that truly caters to the modern traveler.”



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The new Commercial Hub at LAX Terminal 2, anchored by DFS.

Westfield curated a dining collection that represents Los Angeles, including a high-end bar that sells wine from countries serviced by Terminal 2.

The new dining and retail collection features 16 new concepts, seven Southern California brands, 11 brands new to LAX and six brands that have never been in an airport before.

In addition to the all-new dining

and retail program, Westfield built new gate hold rooms and bathrooms, installed new lighting, gate counters, gate information displays, flight information displays and digital directories and added new IT infrastructure to support all terminal flight operations.

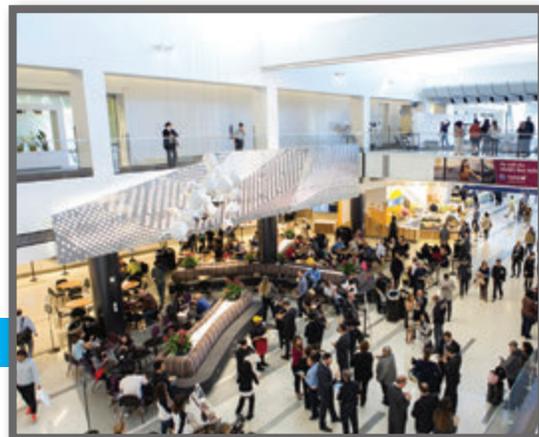
The new DFS duty free store is a major highlight of the renovated Terminal 2.

Westfield is also transforming the

passenger experience at LAX Terminals 1, 3, 6 and Tom Bradley International Terminal, which opened in 2013.

With a unique approach to each terminal, no two are alike.

Westfield has invested more than \$184 million at the airport to transform the customer experience. The company projects that the overhaul will earn \$464.8m in sales in the first four years.



Left: LAX's new T2 Dining Terrace has been infused with local flavor and a design that offers a bright, inviting experience. Right: Guests celebrating the opening of The Strand, a dining and shopping district that features the grand staircase.

Westfield launches first phase of redevelopment at LAX T1

Westfield has also completed the first phase of redevelopment in Los Angeles International Airport Terminal 1, which will introduce Southwest Airlines customers to a new retail and dining collection.

As part of a \$508 million overhaul spearheaded by Southwest and Los Angeles World Airports, Westfield's new dining and retail collection will feature 24 destinations and a "reimagined experience with a hip, modern California feel."

The first of three phases features the opening of six brands, including Rock & Brews – from KISS front men Gene Simmons and Paul Stanley – Be Relax, Brookstone, I Love L.A., Sol Surf and Treat Me Sweet.

In addition, Southwest is upgrading the customer gate areas, giving the terminal a fresh new look, while providing a more efficient customer experience.

The Terminal 1 overhaul was announced in September 2014 and is slated for completion in 2018. When finished, the Terminal 1 retail and dining collection will span 25,242 feet – nearly double that of the old terminal.

The new design of the terminal offers an immersive retail experience featuring unified retail storefronts.

In partnership with the city of Los Angeles and LAWA, Westfield is transforming the passenger experience at LAX Terminals 1, 2, 3, 6 and Tom Bradley International Terminal. To improve satisfaction and drive sales, Westfield is crafting a unique design at each terminal tailored to meet customer needs. Westfield is investing more than \$184 million at the airport to transform the customer experience.



KISS front men Gene Simmons and Paul Stanley joined Westfield and Crews in celebrating the opening of Rock & Brews on Tuesday at LAX Terminal 1.



Sol Surf, Treat Me Sweet, and Be Relax are three of the new stores opening at LAX Terminal 1.

Dufry's Denver Duty Free opens stores in three concourses



Dufry and the Hudson Group have opened two new duty free/duty-paid stores at Denver International Airport, a 2,315-square-foot shop in the center of the A Concourse and a 2,328-square-foot shop on the mezzanine level of the B Concourse.

Domestic travelers purchase a number of products from the two Denver Duty Free

locations, including perfume, cosmetics, watches, jewelry, accessories and confection, subject to tax. By law, domestic travelers are not permitted to purchase tobacco or alcohol products in the stores.

In February, Dufry opened a third location on Concourse C, branded as Kiehl's and Urban Decay. The Kiehl's and

Urban Decay boutiques – both L'Oréal-owned brands – are located in the center of the Concourse, and the shops are physically connected, allowing customers to move freely between the two spaces. Kiehl's and Urban Decay are initially duty-paid specialty retail stores, but could become a third duty free/duty-paid location later on.



Dufry opened a 2,315 sqf store in DEN's A Concourse (above), a 2,328 sqf shop in B Concourse (next page), as well as a third location in C Concourse for Kiehl's and Urban Decay. All photographs provided courtesy of Denver International Airport



“Denver is a growing hub for international travel, with about 2.2 million international passengers in 2015,” said Bhavesh Patel, DEN’s chief revenue officer. “We specifically set out to reimagine the duty free experience in Denver, to help elevate the travel experience for our international passengers who are increasingly seeking this type of retail opportunity. We are excited that Dufry is bringing its international portfolio of experience to the Mile High City.”

Denver Duty Free is operated by a

joint venture among Dufry North America, the Hudson Group, Odd Tale Books and Wystone’s World Teas Holdings. Odd Tale Books and Wystone’s World Teas Holdings are both certified under the federal Airport Concessions Disadvantaged Business Enterprise program.

“As a partner with DEN since 2003, we are pleased to now offer all passengers a wide range of luxury brands such as Estée Lauder, Michael Kors, Dior and Chanel. We will also feature local Denver favorites such as Stranahan’s Colorado Whiskey

and Hammond’s Chocolates,” said Joseph DiDomizio, president and CEO of Hudson Group.

The new stores expand the amount of square footage dedicated to duty free from a previous total of about 1,056 square feet to a new total of about 6,000 square feet (including the future C Concourse duty-free conversion). The stores are expected to generate a combined \$7.6 million in annual gross revenues and create 37 full-time and part-time jobs.



Aviation Authority approves Orlando Airport expansion

The Greater Orlando Aviation Authority unanimously voted to approve the new South Terminal at Orlando

International Airport. The seven-member board that manages the airport approved the \$1.8 billion complex expansion

spending plan at its meeting on March 16, it said.

The first phase of the construction project could begin as early as 2017 and will include an airfield, landside and airside buildings, a six-story parking garage, ground transportation and utility works. This part of the project is expected to be operational by 2019.

The entire expansion, which would add 120 new gates at MCO, is expected to take about 25 years.

The south terminal complex and associated apron/taxiway will encompass approximately 300 acres. The airside terminal, which will have between 16 and 24 gates, will be able to accommodate both international and domestic flights.

A record 38.8 million passengers passed through MCO in the 2015 calendar year, according to GOAA. It's the second busiest airport in Florida and the 14th busiest in the country.



Duty Free Americas wins top concession award at MIA

Duty Free Americas was named Overall Concession winner of Miami International Airport's first annual Concessionaire of the Year Award.

Nominees were judged by an independent selection panel comprised of professional organizations that included the Greater Miami and the Beaches

Hotel Association, Convention and Visitors Bureau, Chamber of Commerce, representatives from Bayside MarketPlace, luxury retail brand Swarovski and others.

The award was based on criteria such as sales per square foot, excellence in presentation, retailing and merchandising selection, store uniqueness and appeal, innovation, and customer service.

DFA won the top award competing against more than 200 retail and dining locations at MIA.

"This prestigious award fills us with pride and reaffirms our commitment to work incessantly to offer the best possible shopping experience and customer service to travelers at Miami International Airport," said DFA Chairman Simon Falic.

"It is great to be recognized for all the hard work and effort that our managers and sales associates put in every day, and we are delighted to have retail concepts that match the airport's ambition to engage and excite passengers traveling through Miami."

"Second only to our airlines, our shops and restaurants are without a doubt the most visible and most important aspects of our airport," said Miami-Dade Aviation Director Emilio T. González.



DFA CEO Jerome Falic (center right) and Regional VP Terry Floyd received the MIA 2015 Overall Concession of the Year Award from MIA Concession Business Development Chief Adrian Songer (left), MIA Director Emilio T. González (third from left), and MIA Ass't Director for Business Retention and Development Gregory C. Owens (far right).

Paradies Lagardère Named Best Overall Retailer for 21st Consecutive Year

Paradies Lagardère, for the 21st consecutive year, earned the Airport Revenue News (ARN) Awards top honor as Best Overall Retailer. The ARN Awards' "Best Concessions Poll" recognizes airport concessionaires and restaurateurs that exemplify exceptional standards and excellence.

Paradies Lagardère also received three additional prestigious awards for excellence in both retail and food and beverage: Best Specialty Retail Brand Operator; Best New Specialty Retail Concept – 7-Eleven; and Best Chef-Driven, Local or Regional Restaurant – Bar Symon, along with their Joint Venture Partner, United Concessions Group, Pittsburgh International Airport.

Paradies Lagardère also earned two

food and beverage awards in the USA Today 10Best Reader's Choice Awards: Best Airport Bar Wait Staff – Bar Symon, Pittsburgh International Airport and Best Airport for Dining – Long Beach Airport.

"Paradies Lagardère is proud to celebrate these respected awards for both retail and food and beverage," said Gregg Paradies, president and CEO. "Having earned the Best Overall Retail for an amazing 21st consecutive year, being recognized for our food and beverage excellence, and winning the USA Today 10Best Reader's Choice Awards, is a testament to the dedication and commitment our 5,500 employees have to excellent quality, standards and customer service."

Paradies Lagardère-operated locations also finished in the top 10 in the USA Today 10Best Reader's Choice Awards:

- Best Airport Bar – Bar Symon, Pittsburgh International Airport

- Best Airport Newsstand / Travel Essential – iStore, John F. Kennedy International Airport; 7-Eleven and Univision, Los Angeles International Airport; CNBC, Charlotte Douglas International Airport

- Best Airport Shop for Local Merchandise – Dylan's Candy Store, John F. Kennedy International Airport; Discover Alberta – Edmonton International Airport

MIA and Newslink win ARN awards

Miami International Airport and two retail concepts operated by the NewsLink Group in MIA won five awards at the 2016 Airport Revenue News (ARN) Conference & Exhibition in Dallas on March 9, which recognizes the best in U.S. airport concessions.

Newslink Group's The Shoppes at Ocean Drive in MIA won ARN Awards in the Best Airport Retail Store Design–Small Operator and Best Local or Regional Retail Store–Small Operator categories.

MIA also won three USA Today 10Best Readers' Choice Awards in the categories of Best Airport for Shopping, for the airport's overall retail options; Best Airport Newsstand/Travel Essential for Air Essentials by NewsLink Group; and Best Airport Shop for Local Merchandise for The Shoppes at Ocean Drive.

The 10Best Readers' Choice Awards, which were voted on by more than 83,000 USA Today readers, were also presented at the ARN Conference and Exhibition.

"We are honored to be recognized among our peers from throughout the aviation industry with these prestigious awards," said Miami-Dade Aviation Director Emilio T. González. "We've worked extremely hard to provide our passengers with diverse, world-class concessions at MIA, and this feedback

from two expert resources is proof-positive that we continue to achieve our goal."

"We are honored to be recognized by the traveling public, airports and our peers for excellence in the design, development and operation of our airport concessions," said Newslink President & CEO, Raymond J. Kayal, Jr. "We are customer driven and our entire team works tirelessly to bring innovative concession concepts to life that meet and exceed the highest expectations of airports and passenger."

The Shoppes at Ocean Drive encompass more than 10,000 square feet located in MIA's North Terminal. The marketplace features a Solstice Sunglass Boutique, It'Sugar candy concept, Ocean Drive News, Shop Britto, Zone 305 Sportswear, and proprietary concepts such as Mixx Accessories Bar, Let's Play and Prive Gourmet Market.

Newslink operates retail and food & beverage concessions at MIA, Boston-Logan, New York's JFK and Tampa International airports.



ATL busiest airport worldwide for passengers and aircraft ops in 2015



Hartsfield-Jackson Atlanta International Airport (ATL) has regained its number one spot in the airport race, serving more passengers and handling more aircraft operations than any other airport in the world in 2015.

ATL has retained the title as the World's Busiest Airport for 18 years.

"Hartsfield-Jackson is once again leading the global aviation industry and last year's performance confirms that Atlanta's airport is still the busiest airport on the planet," said Atlanta Mayor Kasim Reed.

"This designation is not only a bragging right, but it underscores the airport's ability to move over a hundred million passengers and hundreds of thousands of takeoffs and landings with seamless efficiency."

"Maintaining our status as the World's Busiest Airport is quite an achievement," Airport General Manager Miguel Southwell added.

"It's a testament to the relationship we've built with our tenant airlines, our employees, our concessionaires and, most importantly, our passengers."

ATL hosted 101,491,106 passengers in 2015, becoming the first airport ever to serve more than 100 million passengers in a single year. The total passenger number for 2015 was a 5.52% increase over the 2014 total of 96,178,899 passengers served.

ATL also hosted more aircraft operations than any other airport in 2015. The 882,497 aircraft movements at ATL 2015 was an increase of 1.63% over 2014's total of 868,359.

In addition, ATL's cargo traffic increased by 4.15% over 2014.

DEN sets passenger traffic record with 54m travelers in 2015

Denver International Airport (DEN) set an all-time record for passenger traffic in 2015 with more than 54 million travelers – marking the second consecutive year of record-setting traffic in Denver.

A total of 54,014,502 passengers passed through DEN in 2015, up 1% over the 53,472,514 passengers in 2014 – which was previously the airport's busiest year on record.

"Denver International Airport had a tremendous year in 2015," said airport CEO Kim Day.

"We celebrated our 20th anniversary, opened the Westin Denver International

Airport and an amazing outdoor public plaza, and we saw demand for air travel to and from Denver at historic levels. We are so thankful to our passengers, airlines and business partners for an amazing year – but we aren't done yet.

"We will continue to seek out new airlines and destinations, elevate the passenger experience and continue our efforts to put Denver on the world map."

In December, international passenger traffic increased 4.3%. International flights that use the airport's customs facility had strong gains in 2015, with an increase

of 16%, while Canadian preclearance flights declined 22% due to an economic downturn within the oil industry. That decline caused overall international traffic to be nearly flat in 2015 with 2,192,613 international travelers, compared with 2,208,209 international passengers in 2014.

DEN served 181 destinations around the world during 2015. In 2016, the airport will add several new carriers and new nonstop destinations, including nonstop service to Munich, Germany from Lufthansa in May, and daily nonstop service from Denver to Montreal from Air Canada in June.

DEN reports record \$335.7m in shopping and dining sales

Denver International Airport (DEN) generated more than \$335.7 million in gross concessions revenue in 2015, marking the third consecutive year of record-setting sales.

The airport's shopping, dining and services program ended 2015 with \$335,763,083 in gross revenue, up 4% from the \$322,858,875 generated by concessions in 2014.

The airport's innovative Retail Merchandising Unit (RMU) and kiosk program, which gives small businesses an opportunity to do business at the airport without a large capital investment, accounted for about \$16 million of the total gross revenue.

The concessions generated an average of \$12.43 per enplaned passenger in 2015 – an increase of 2.9% over the \$12.08 per enplanement in 2014 and an all-time high for DEN.

The sales resulted in an estimated \$12,255,116 in sales tax to the City and County of Denver and about \$57,589,038 million in concessions revenue to DEN. The airport relies on revenue from airline and non-airline sources, as no taxpayer money received by the city's General Fund is used for DEN expenditures.

DEN currently offers a total of about 140 shops, restaurants and services in more than 177,000 sq. feet of space. A total of 18 new or updated concessions opened at DEN in 2015, including nine new locations on the recently expanded west end of the C Concourse. These new concessions introduced an innovative integrated concessions concept that pairs retail and dining options with lounge seating, power hubs, an extended liquor license within the gate areas, and table-based iPad ordering capabilities.

Other new additions to DEN in 2015

included Victoria's Secret, Modmarket and Time Travel (operated by DFASS). This year, the airport is working to add a brewery-themed restaurant at the Westin Denver International Airport, as well as a common-use passenger lounge.

"On the heels of Denver International Airport's 20th anniversary year, we are continuing to transform our shopping and dining program ...to meet the needs of today's travelers by offering better variety, healthier options and a mix of local and internationally recognized brands," said airport CEO Kim Day.

"Passengers are showing they approve by their increased spending, and this revenue is essential to maintaining competitive airline fees – which keeps fares low and provides incentives for new routes."



SFO serves record 50 million passengers in 2015, posts highest rate of international traffic growth in U.S.

San Francisco International Airport (SFO) achieved a new all-time passenger traffic record of 50 million annual passengers in 2015, capping a six-year timespan of continuous traffic growth at the airport.

The airport also reported the highest rate of international passenger traffic growth of any airport in the United States for 2015. According to statistics released by the Department of Commerce's International Trade Administration, SFO posted a 9% increase in international travelers, ahead of other major international gateway airports such as New York-JFK, LAX, and Miami.

"SFO is the international gateway to our city and is a proven powerful economic engine for the entire Bay Area, creating jobs and revenue throughout local economies," said Mayor Edwin Lee. "I would like to congratulate SFO on this momentous milestone for serving its 50 millionth passenger this year, setting a new

all-time record in the process. This new passenger traffic record is a win for the entire Bay Area region."

A July 2015 benchmarking report released by the City and County of San Francisco's Office of the Controller concluded that SFO led in passenger traffic growth among similar large airports across the United States. The report, prepared by the City Services Auditor, compared SFO to 12 other peer airports across the nation, including Chicago O'Hare, Dallas/Fort Worth, New York-JFK, LAX, Seattle, and Washington-Dulles. Findings noted that SFO had experienced the highest rate of passenger enplanement growth, at 33%, from 2007 to 2014. During the same period, five peer airports experienced a loss in enplanements.

In 2015, SFO welcomed six new airlines and/or new flights, including Turkish Airlines non-stop service to Istanbul, Swiss International flights to Zurich, China Southern nonstop service



to Guangzhou, COPA nonstop service to Panama City, Air India with the first nonstop flight from the U.S. West Coast to Delhi, and Qantas returns to SFO with nonstop service to Sydney.

SFO also reports it is adding six new flights in May and June, with nonstop service to Tel Aviv from United, nonstop service to Düsseldorf, Germany from Air Berlin, and nonstop flights to Xi'an, China from United, which is also launching the first U.S. nonstop flight to Singapore.

In addition, WOW Air is launching nonstop flights to Reykjavik, Iceland and Fiji Airways is inaugurating nonstop service to Nadi, Fiji.

SFO offers non-stop flights to more than 40 international cities on 35 international carriers.

MIA passenger growth surges to all-time high in 2105

Passenger growth at Miami International Airport in 2015 reached 44.3 million passengers – three million more travelers than the prior year. The busiest U.S. airport for international freight also matched its 2014 record of 2.17 million tons of cargo, according to final audited statistics compiled by the Miami-Dade Aviation Department.

The global gateway achieved its largest growth rate ever for annual passengers, up 8% year over year. Domestic passengers surged by 12% to reach 23.1 million, while international traffic rose 6% and accounted for 21.2 million travelers. Despite the decline of economies in many key Latin American and European markets, MIA held its ground as one of the world's top 10 air cargo hubs, with 1.9 million tons of international freight and 256,891 tons of domestic shipments.

"I cannot say enough about how

pleased I am with the growth at MIA in 2015," said Miami-Dade County Mayor Carlos A. Gimenez. "In addition to being our County's top economic engine and one of Florida's most valued assets, MIA is fast-becoming one of the busiest airports in the nation and in the world."

From October to December, MIA welcomed new carriers Turkish Airlines, Austrian Airlines and low-cost carrier VivaColombia; new A380 superjumbo service by British Airways and Air France; and increased frequencies by international carriers airberlin, Lufthansa, Qatar, SWISS, Virgin Atlantic and WestJet. For the year, Hub carrier American Airlines was responsible for 50% of MIA's growth, while other existing carriers contributed 25% and new carriers generated the remaining 25%.

MIA's expanding international network will continue to broaden in 2016, when German low-cost carrier Eurowings

begins service to Cologne in May and Scandinavian Airlines launches first-ever nonstop service to Copenhagen and Oslo in the fall.

"2015 was without question our most amazing year ever for passenger growth," said Miami-Dade Aviation Director Emilio T. González. "In addition to growing by three million passengers in one year, the six new passenger airlines added in 2015 makes 12 in the last two years, or one new entrant carrier every other month. With the most airlines of any U.S. airport, and the continued expansion of hub carrier American Airlines and other existing carriers, MIA is poised to reach greater heights in 2016."



Orlando International Airport sets passenger record in 2015

Orlando International Airport (MCO) set a record in 2015 when more than 38.8 million travelers moved through the airport, up 8.67% versus 2014.

That number shatters the old record of 36.4 million set back in 2007 by more than 2.4 million passengers.

International traffic climbed 17.57% in 2015 to 5,084,240 passengers, breaking 2014's record of 4.3 million. Domestic traffic hit a new record with 33,725,097 total passengers up 7.44% over 2014 and breaks the previous record of 31,923,852

set in 2011.

“The success of collaboration of government and business leadership in our region is evident in Orlando International Airport's record breaking year with nearly 39 million passengers reported in 2015,” said Frank Kruppenbacher, Chairman of the Greater Orlando Aviation Authority. “These record breaking numbers put us one big step closer to developing the south.”

“We are grateful for last year's phenomenal double-digit growth in international traffic and strong domestic



numbers,” says Phil Brown, Executive Director of the Greater Orlando Aviation Authority. “This affirms our need to continue with the \$1.1 billion capital program in progress that will help us provide the level of customer service our passengers expect.”

MCO is the second busiest airport in Florida and has embarked on a series of Capital Improvements valued at over \$1.3 billion and has approved designing a new South Terminal project.

Washington's Reagan and Dulles serves more than 44 million passengers in 2015

A continued rise in domestic airline activity at Ronald Reagan Washington National Airport, combined with growth in domestic and international service at Washington Dulles International Airport, drove an overall increase in passengers for 2015 for the two airports serving the U.S. capital. The two-airport system served 44.7 million passengers for the year – an increase of 5.4% compared with 2014 and the second-highest overall passenger total in the history of the Metropolitan Washington Airports Authority.

Reagan National served a record 23 million passengers, beating the previous year's total by more than 10%. Much

of that growth stemmed from the 2014 divestiture of airline slots – federal limits on the number of flights that can take off and land at the airport – that accompanied the merger of American Airlines with U.S. Airways. Following the divestiture, airlines at Reagan National have maximized the slots they control to carry more passengers, on larger aircraft, than were flown prior to the merger. To address congestion resulting from that growth, the airport is planning a \$1 billion capital improvement project to improve passenger terminal flow and enclose 14 existing outdoor airline gates.

For the 12th consecutive year, international traffic grew at Dulles



International – setting a new record of 7.2 million passengers in 2015. Overall, the airport served 21.7 million passengers for the year, reversing four years of consecutive annual declines.

International air service continues to expand at Dulles. 2016 has already witnessed a third airline, Emirates, up-gauging to Airbus A380 service. In the coming months, three new airlines will begin new nonstop service with Air Canada to Toronto, LATAM to Lima and Royal Air Maroc to Casablanca. United's seasonal service will return to Barcelona and Lisbon.

LAX sets record for domestic, international travelers

For the second year in a row, Los Angeles International Airport (LAX) had record-setting passenger volumes in 2015, serving 74,936,256 total passengers, 6% above the record 70,663,519 passengers in 2014.

Of the 2015 total, a record 20,740,075 passengers (27.7%) were aboard international flights – 8.5% higher than last year's record 19,106,746 passengers. The 54,196,181 domestic passengers are 5.1% higher than the record 51,556,773 passengers in 2014.

Total air cargo (mail and freight) processed at LAX during 2015 was 2,132,486 tons, an increase of 6.5%

above the 2,002,910 tons in 2014. Freight (goods) rose nearly 6% in 2015 to 2,038,221 tons from 1,923,033 tons in 2014. Air mail also increased 18% in 2015 to 94,265 tons from 79,877 tons in 2014.

“The record number of passengers and increased cargo activity at LAX reflect the investments being made at LAX,” said Deborah Flint, chief executive officer of Los Angeles World Airports, the Los Angeles City department that owns and operates LAX and two other Southern California airports. “The unprecedented \$8.5-billion modernization program includes substantial capital improvements to virtually every terminal

at the airport. Another \$5 billion will be invested to relieve traffic congestion with a new convenient, reliable and sustainable transportation system that will transform LAX into a world-class airport and improve the travel experience for everyone.”

LAX is the fifth busiest airport in the world and second in the United States, based on 2014 airport rankings.



New York's Port Authority Airports set 2015 records

More than 124 million passengers traveled through the Port Authority's airports last year, up nearly 6% compared to 2014.

The preliminary figure of 124.2 million fliers at Port Authority airports in 2015 set a new annual record for the busiest airport system in the Americas, surpassing 2014's previous record total by close to 7 million, according to Port Authority Aviation Director Thomas L. Bosco. The airports also served a record 43.6 million international passengers in 2015, and individual airports achieved all-time passenger highs.

Preliminary data shows John F. Kennedy International (JFK) posted records for most domestic passengers (26.8 million), most international passengers (30 million) and total passengers (56.8 million). Newark Liberty set a new mark for domestic passengers (25.7 million) and total passengers (37.5 million), while LaGuardia established new highs in domestic passengers (26.7 million) and total passengers (28.4 million).

"Our mandate to modernize our airports under a decade-long \$8 billion capital program is enhanced by yet another year of record passenger growth," said Port Authority Executive Director Pat Foye. "Efforts already well under way will not only deliver new innovations and increased services for our traveling public, but also will power our regional economy and fuel job growth for the next generation of airport-based employees and businesses."

**THE PORT AUTHORITY
OF NEW YORK & NEW JERSEY**

Hawaii sets new records in 2015 with 8.6 million visitors, \$15.2 billion in expenditures

For the fourth straight year in 2015, Hawaii set new records for visitor arrivals and visitor expenditures generated for the state, according to preliminary year-end statistics released by the Hawaii Tourism Authority.

Altogether, a record total of 8,649,357 visitors were welcomed to Hawaii in 2015, a 4.1% increase over 2014, producing a record total of \$15.2 billion in visitor expenditures, an increase of 2.3% year-over-year. Total visitor days for 2015 grew 3.5% and, on average, there were 214,469 visitors in Hawaii on any given day (average daily census), an increase of 3.5% versus 2014.

Arrivals on airlines grew 4.3% to 8,533,978 visitors in 2015, driven by

increases from U.S. West, U.S. East, Australia and China. More direct air service to Hawaii supported growth in arrivals from these markets. In contrast, eight fewer out-of-state cruise ships served the islands in 2015 with 115,378 visitors, a decrease of 7.3% compared to 2014.

This year also set a new record for annual arrivals to the islands of O'ahu and Maui. However, arrivals to Hawaii Island and Kaua'i did not exceed the record level of visitors seen back in 2007.

Arrivals from Japan was down slightly (-0.8%) compared to 2014, with 1,499,167 Japanese visitors also spending less per day (-10% to \$246 per person) contributing to a 9.8% decline in visitor expenditures to \$2.2 billion.



	Passengers (mlns)	% Chg Y-o-Y
1. New York (JFK)	30.438	7.00%
2. Miami (MIA)	21.3	4.60%
3. Los Angeles (LAX)	20.866	7.80%
4. Chicago (ORD)	12.112	0.50%
5. Newark (EWR)	11.97	-0.80%
6. San Francisco (SFO)	11.264	9.00%
7. Atlanta (ATL)	11.196	3.00%
8. Houston (IAH)	10.705	7.80%
9. Dallas-Ft Worth (DFW)	7.89	8.80%
10. Washington Dulles (IAD)	7.224	0.20%

Low Canadian dollar brings more tourists to Canada in 2015; trips by Canadians down

The low Canadian dollar enticed an increased number of Americans north of the border last year. However, the low Loonie has made it more expensive for Canadians to travel.

The CAD dropped more than 16% against the U.S. dollar in 2015 and has fallen more than 30% over the past three years. In late March the Canadian dollar was trading at around 70 cents against the U.S. dollar.

Travel to Canada rose in 2015, while Canadians reduced the number of trips to the U.S. and other destinations, according to Statistics Canada.

More than 27.5 million tourists visited Canada in 2015, up 7.8% against 2014.

U.S. residents made more than 22 million trips to Canada last year, an increase of 8.4% versus 2014. Of those Americans traveling to Canada, 15.2 million arrived by automobile, up 9.5%; 7.7 million made same day trips (+9.1%); while 7.47 million Americans stayed for more than one night (9.9%).

However, the number of Canadians traveling to the U.S. dropped significantly in 2015. Canadians made 44.4 million trips to the United States in 2015, down 16.6%. Trips by car to the U.S. by Canadians fell to 35 million, down 19.3%; 23.3 million were same day trips (-21.6%) and 11.6 million stayed for more than one night (-14.2%).

Trips by residents of countries other than the U.S. to Canada were up 5.5% in 2015 to 5.49 million.

UK citizens visited in the greatest numbers, with more than 733,000 making the trip (+5.4%). Significantly, more than 500,000 Chinese citizens visited Canada last year, up 8.4%

In January 2016, the number of foreign tourists coming to Canada increased 11%, with 2.4 million travelers arriving in Canada in the month.

The number of arrivals rose by 1.6% in the month alone, with U.S. visitors making 1.9 million trips to Canada, up 1.1%.

Non-resident travellers entering Canada					
	2011	2012	2013	2014	2015
	thousands				
Total non-residents	25,066.1	25,317.9	25,166.9	25,557.9	27,554.9
United States residents entering:	20,543.5	20,719.2	20,435.2	20,345.4	22,058.1
By automobile	14,633.6	14,618.0	14,141.0	13,898.1	15,216.0
By plane	3,720.3	3,812.0	3,995.5	4,290.9	4,582.7
By train	150.8	145.4	146.0	138.2	145.5
By bus	777.1	842.9	860.3	807.2	814.7
By boat	908.5	934.0	931.2	863.1	936.8
By other methods	353.1	366.7	360.9	348.0	362.2
Residents of countries other than the United States entering:	4,522.8	4,598.9	4,731.8	5,212.6	5,497.0
By land	555.6	610.2	611.9	722.8	742.6
By air	3,801.6	3,822.8	3,955.9	4,311.5	4,561.4
By sea	165.1	165.9	164.1	178.0	193.1

Source: Statistics Canada, CANSIM, table 427-0001.
Last modified: 2016-02-18.

Canadian airport passenger roundup

Toronto Pearson International Airport (TOR) is the largest airport in Canada and one of the largest in North America in terms of passenger and air cargo traffic. In 2015, Toronto Pearson handled more than 41 million passengers, up 6.4% versus 2014, including 14 million international travelers (up 8.9%).

Vancouver International Airport (YVR), Canada's second busiest airport, served more than 20.3 million passengers in 2015, rising 4.9% versus last year. The numbers includes 9.97 million international passengers, up 7.6%.

Montreal Trudeau International

Airport (YUL) served more than 15 million passengers in 2015, up 4.6% versus the first eleven months of 2014 (latest figures available). International traffic reached 5.47 million passengers through November.

Calgary International Airport (YYC) again set a new passenger milestone in 2015, welcoming a record 15.48 million passengers. This figure represents an increase of 1.4% over 2014, which was also a record year for YYC.

Major construction on the two-million square foot addition has been completed at YYC's new International Terminal. Work in 2016 will focus on tenant fit-out, final

equipment installation, testing, training and other finishing details. The terminal will add 24 new gates to accommodate International and U.S.-destined passengers and new, streamlined passenger check-in and connections processes.

In 2015, Edmonton International Airport (YEG) recorded its second-busiest year ever, serving 7,981,076 passengers. International travel jumped 14.5%, driven by the growth of Icelandair service to Reykjavik and the introduction of KLM Royal Dutch Airlines service to Amsterdam in May. Challenged by a lower Canadian dollar, U.S. travel declined by 10.5%.

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Canada records increasing inbound tourism

Canada continues to enjoy an increasing number of visitors from Asia, Europe, and Latin America, according to Destination Canada.

More than 2 million travelers from Asia-Pacific countries visited Canada in 2015, up 6.5% against 2014.

China (+8.8%) and India (+8.6%) continued to post strong visitation growth in 2015— although at a lower pace than recent years - - achieving a new arrival peak. The implementation of the CAN+ visa combined with a more favorable exchange rate (India, +12%, China, +14%) and major increases in air capacity (+8% for India, + 11.6% for China) fuelled visitation growth from these two countries.

About two thirds of arrivals from China, India and Japan, half from South Korea and a third from Australia were direct air arrivals from overseas during 2015. Air arrivals via the U.S. accounted

for about 43% of total arrivals from Australia, 18% from China and South Korea, 15% from India and 24% from Japan.

In 2015, there was a 166% increase in arrivals from China at Montreal's YUL amid the new Air China flight from Beijing.

Arrivals to Canada from the UK were up 5.8% during 2015, brought on by a more favorable exchange rate for British visitors – the British pound gained nearly 14% relative to the CAD from December 2014 to December 2015 – and improvements in the British economy.

France recorded its highest level of visitation ever in 2015 with arrivals up 3.8% relative to 2014. A more favorable exchange rate – the Euro gained 5% relative to the CAD from December 2014 to December 2015 -- and the 9.5% increase in air capacity during the year (relative to

2014) drove visitation to Canada.

German arrivals to Canada rose by a modest 0.6% during 2015. With Air Transat exiting this market in 2015, air capacity between the two countries declined 2.8% compared to 2014.

About two thirds of arrivals from the UK, France, and Germany during 2015 were direct air arrivals from overseas. Air arrivals via the U.S. accounted for about 27% of total arrivals from France, 17.5% from Germany and 17% from the UK. Land arrivals via the U.S. made up about 8% of French arrivals, 13% of German arrivals and 8% of UK arrivals.

Notable year-on-year variations include the 47% increase in arrivals from France at YVR airport thanks to the new Air France flight from Paris and the strong increases in the number of UK arrivals at Toronto-Pearson (+12%) and Montreal-Trudeau (+9%). Toronto-Pearson also registered a strong increase in arrivals from France (+10%) compared to 2014.

From January to December 2015, arrivals from Brazil and Mexico achieved a new all-time arrival peak with 308,675 visitors.

Mexico recorded strong growth during 2015 with arrivals up 13.8% compared to 2014. Air seat capacity increased 25% during 2015 (relative to 2014) with the introduction of new flights from Mexico City to Montreal and Vancouver. The CAN+ visa program implemented in 2014 continued to facilitate visitation growth from both Brazil and Mexico, and travel to Canada was further incentivized by the relative stability of the Mexican Peso against the Canadian dollar throughout 2015.

Despite the economic environment in Brazil, the country posted strong visitation growth in 2015, achieving a new all-time arrival peak with 112,270 overnight visitors, the first year above 100,000 visitors. Major increases in air capacity (+31.6% compared to 2014) helped fuel visitation growth from Brazil.

During the twelve months of 2015, the largest increases in total international arrivals to Canada were recorded through Ontario (+708,094, +9.4%), British Columbia (+359,750, +7.9%) and Quebec (+177,452, +7.3%).

MARKET MONITOR SUMMARY

Market	Overnight Arrivals ¹		Arrival YOY Variations (%)		Air Seat capacity ²		Local currency vs. CAD ³		
	Current Month	Full Year	Current Month	Full Year	Current Month	Full Year	Current Month Average	Full Year Average	
United States	831,993	12,474,500	11.6%	8.3%	0.7%	1.0%	18.8%	15.7%	
DC Europe	France	30,799	500,502	-1.9%	3.8%	11.1%	9.5%	4.9%	-3.3%
	Germany	13,854	328,870	7.2%	0.6%	2.4%	-2.8%	4.9%	-3.3%
	United Kingdom	46,714	715,548	4.2%	5.8%	-1.2%	0.8%	13.8%	7.4%
DC Asia-Pacific	Australia	27,492	286,906	1.0%	2.2%	7.6%	12.3%	4.3%	-3.6%
	China	30,460	403,827	8.1%	8.8%	14.5%	11.8%	14.1%	13.4%
	India	11,210	190,565	-11.5%	8.6%	56.8%	8.0%	12.1%	10.1%
	Japan	17,206	275,027	12.8%	6.4%	7.5%	18.0%	16.5%	1.0%
	South Korea	12,224	188,585	14.1%	15.6%	18.7%	11.3%	11.6%	7.6%
DC Latin America	Brazil	9,250	112,268	-5.6%	12.4%	56.1%	31.6%	-19.1%	-17.4%
	Mexico	17,441	196,408	29.2%	13.8%	53.4%	25.0%	1.2%	-2.9%
Total 11 DC Markets		1,048,663	15,763,006	10.1%	7.9%				
Rest of the World		137,728	2,019,943	1.9%	5.0%				
Total International		1,186,408	17,782,949	9.1%	7.5%				

Over the twelve months of 2015, outbound trips by Canadian residents declined 3.7% compared to 2014 to 32.3

million amid the depreciation of the Canadian dollar against the U.S. dollar in particular. The number of trips south of

the border declined by 10%, while trips to other destinations increased 10% relative to the same period in 2014.

Overnight Arrivals

	Dec. 2015		YTD 2015	
	Arrivals	% Change ('15/'14)	Arrivals	% Change ('15/'14)
DC Europe	91,367	2.5	1,544,920	4.0
United Kingdom	46,714	4.2	715,548	5.8
France	30,799	-1.9	500,502	3.8
Germany	13,854	7.2	328,870	0.6
Secondary Markets				
Italy	7,290	8.2	115,224	2.8
Netherlands	5,676	12.9	118,395	14.8
Spain	3,286	23.8	68,269	10.1
Switzerland	6,369	-1.4	116,481	2.1
Rest of Europe	33,474	0.7	507,115.0	2.4
Total Europe	147,462	2.9	2,470,404	4.2

Source: Statistics Canada, International Travel Survey.

	Dec. 2015		YTD 2015	
	Arrivals	% Change ('15/'14)	Arrivals	% Change ('15/'14)
DC Latin America	26,731	14.6	308,676	13.3
Brazil	9,290	-5.6	112,268	12.4
Mexico	17,441	29.2	196,408	13.8
Rest of Latin America	26,158	6.5	311,979	8.9
Total Latin America	52,889	10.4	620,655	11.1

Source: Statistics Canada, International Travel Survey.
Note: The figures are preliminary estimates and are subject to change.

Canada Federal Budget increases funding to market country for tourism

In a move to make the country a more attractive tourism destination, the Canadian government has proposed spending \$50 million for Destination Canada in the 2016 Federal Budget. The money would be used over the next two years to market Canada in important international markets such as the United States and China.

Destination Canada is Canada’s national tourism marketing organization.

The Tourism Industry Association of Canada (TIAC) applauded the increased spend, saying travel and tourism is “experiencing optimal business conditions, particularly from the U.S. market where the combination of economic recovery, increased passport ownership and currency exchange provide an excellent opportunity to generate interest in travel to Canada.”

“These announcements go a long way to improve Canada’s competitiveness as a global tourism destination. Investments in marketing, transportation, attractions and infrastructure will help attract international travelers to Canada and improve the visitor experience,” stated Charlotte Bell, TIAC President and CEO.

“While the low Canadian dollar has

the potential to generate tourism demand, the key to growth is marketing. The lower value of the Canadian dollar has diminished Canadian buying power in key markets like the U.S., UK and Europe. Today’s Budget announcement positions

Canada well and provides certainty for our industry over the next two years,” added Bell.

Overall the 2016 Budget includes \$569 million in measures to strengthen travel and tourism in Canada.

MasterCard Global Destination Cities (North American component) 2015

NA Rank	City	Million Int'l. Arrivals 2011	2015	CAGR 2009/2015	2015 US\$ Billion	Primary Source Cities
1	New York	10.26	12.27	12.3%	17.4	London, Sao Paulo, Paris, Toronto, Beijing, Paris
2	Los Angeles	4.45	5.2	5.2%	7.4	London, Vancouver, Shanghai, Tokyo, Paris
3	Miami	3.25	4.52	4.5%	6.4	Sao Paulo, Buenos Aires, London, Bogota, Caracas
4	Toronto	3.41	4.18	4.3%	2.4	n/a
5	Vancouver	3.12	3.76	3.4%	2.7	n/a
6	San Francisco	2.87	3.39	3.4%	4.8	n/a
7	Chicago	1.97	2.35	2.4%	3.3	n/a
8	Montreal	1.94	2.12	2.1%	1.2	n/a
9	Washington	2.02	2.06	n/a	2.9	n/a
10	Boston	1.52	1.64	1.6%	2.3	n/a

Source: MasterCard Global Destination Cities Index 2015
CAGR: Compound Annual Growth Rate Source: Mastercard Global Destination Cities Index 2015

MasterCard’s Global Destination Cities Index charts the number of international air visits to, and their spending in, 132 international cities. The MasterCard Index North America has three Canadian cities in its Top 10 in 2015.

2015 FDFA Gold Standard Awards

The Frontier Duty Free Association (FDFA) presented its Gold Standard Awards to the companies voted the best operators and suppliers in Canadian duty free at the Gala Dinner during the FDFA's Annual Convention in November in Toronto.

The winners are:

- Platinum award category A – *Boutique Hors Taxes de la Beauce*
- Platinum award category B – *Queenston-Lewiston Duty Free*
- Best Canadian Airport Duty Free company 2014 – *The Nuance Group Canada*
- Supplier of the year (small supplier) – *Michel Germain Parfumes*
- Supplier of the year (large) – *Turkey Hill Sugarbush*
- Duty Free distributor/agent of the year – *Distribution Fontaine*
- Best new idea – *Peace Bridge DF*
- Best marketing idea – *Peace Bridge DF*
- Best specialty product: jewelry, watches, handbags, accessories – *Moulflon Essential – Feathers Collection (Joanel - Bugatti Group)*
- Best specialty product: confectionery, food and souvenirs – *Maple Cream Cookies – Turkey Hill Sugarbush*
- Best new fragrance/cosmetic – *Gucci Bamboo (Distribution Fontaine Inc.)*
- Best new spirits/tobacco /beer – *Glen Deveron Single Malt (Bacardi)*



Michael Resch, DFS Ventures, was inducted into Canada's Tourism Hall of Fame.



Left: Jim Pearce, Bonnie Gates and Sandy Rienzo of Peace Bridge Duty Free, winner of the FDFA 2015 Marketing and New Idea awards.



Right: Chris Foster and Dave Court of Platinum Award winning Queenston-Lewiston Duty Free with FDFA Executive Director Laurie Karson.



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Asian, American customers give Peace Arch great start to year

With a huge increase in American visitors and Asian travelers, Peace Arch Duty Free reported sales growth of 25% in December, January, and February. In British Columbia, the company says it has garnered a 47% market share (2015 - 38.9%).

Asian travelers are the major purchasers of luxury brand watches and cognac, while America visitors are the key buyers of alcohol and cosmetics, says the company. To accommodate the Asian traffic, Peace Arch has added a number of high priced cognacs to its SKU and has committed to invest CDN \$3 million in interior renovations and will be refurbishing the entire single malt scotch and cognac section.

Major suppliers such as Estée Lauder and Clinique are refurbishing their units and Peace Arch is adding the La Mer skincare line. Christian Dior will be re-fixturing a shop-in-shop concept in the store.

Perfume and Cosmetics are showing a 10% increase and the company expects to increase sales in 2016 by 15-20% as suppliers are moving forward with pricing

off Canadian Domestic.

Peace Arch Duty Free was opened in 2006. The store is located in the main

corridor of the Vancouver-Seattle Highway and is one of the largest land border duty free shops in North America.



Canadian airport duty free sales soar 16%, land border sales rise 4% in 2015

Canada's airport duty free sales soared 16% year-on-year in 2015 while land border sales rose almost 4%, according to the Canadian Border Services Agency (CBSA).

Overall, the combined airport and land border sales for Canada in 2015 were \$524 million; airport sales reached \$375 million out-pacing duty free shopping on the land border (\$149 million).

The FDFA is optimistic that sales will continue to increase in 2016: "With the current exchange rate and key tourism initiatives taking place, we are well positioned for the upcoming high season in 2016 to exceed sales expectations and traffic numbers.

"The FDFA is currently pursuing with all government officials – both federally and in our communities across the country – the Road TRIP initiative to

allow Americans a 5% rebate on all goods purchased – thus only rebatable at land border duty free shops. We know that over 60% of the time, customers that get a cash rebate will spend that money in our stores and on our suppliers' products. We will keep the membership informed of our lobbying progress to have this initiative approved in the Federal Budget."

Top categories: Airports

Perfume, Cosmetics, Skincare, the number one selling duty free category at Canadian airports with 35% of sales in 2015, grew 21% for the year. Alcohol, with 20% of sales, increased 15%. Almost every category sold in Canada's airports grew by double digits in 2015, except for tobacco, the third most popular category, which was flat for the year.

Top categories: Land border

On the land border, number one category alcohol, which accounts for more than 40% of sales, rose 12% in 2015. However, number two category tobacco dropped 8.45% and number three Perfume, Cosmetics, Skincare was down 2.74% for the year.

Land border regional sales

Atlantic/Quebec sales climbed 6% year-on-year to \$31 million.

Ontario sales were \$84 million in 2015, an increase of 6.5% compared to 2014.

Pacific Region sales slipped 2.3% to \$23.2 million.

Sales in the Prairie Region were \$9.4 million for the year, a drop of 11%.

IGL works with TFWA in project to aid Haitian children

Canadian border operator Importations Guay Ltée, spearheaded by Vice President Justin Guay, has been approved by TFWA Care for a project in Cap Haitien, Haiti, that will impact the lives of 75 impoverished children in the devastated island country. TFWA member Brown-Forman is the project sponsor.

Guay's TFWA Care program will provide a self-sufficient solar power system, their very first refrigerator, on-site hydroponic vegetable production, and 25% of the education costs for 75 children over a 2-year period.

The project is very important to Guay, who has been interacting with the children for the past three years and has seen firsthand the lives these "street kids" live.

"I run marathons with a group of runners called Marathon Expeditions led by John Bingham and Jenny Hadfield of Runner's World fame. For the past 3 years we have partnered and visited with a charity in Cap Haitien called Streethearts Haiti. Linsey Jorgensen is an American who traveled to the small city to run with street youth to give them structure and provide them with a shelter and food. She currently takes care of 75 street kids," says Guay.



IGL's Justin Guay with two of the children at the Streethearts charity in Cap Haitien, Haiti.

What began as the group of about 150 runners donating used shoes to the shelter quickly turned into support for a new building and work apprenticeship programs, says Guay.

"I spent several days at the shelter in July 2015 and carefully examined how to further improve their situation. Although they had moved into a new building they still have many basic needs that are not being fulfilled," he says.

"I contacted TFWA Care and Brown-Forman to help with this project. Today we are currently in the initial stages of shipping the solar equipment to them for installation."

TFWA President Erik Juul-Mortensen comments on the new program.

"Like many around the world, all of us at TFWA have been touched by Haiti's plight since the catastrophic earthquake of 2010, and so we are delighted that Streethearts Haiti is one of the charities we are supporting through TFWA this year. Helping children and young people in developing countries is one of the main aims of TFWA Care, and this project is a good fit with that ethos. Together with the project sponsor Brown-Forman, we look forward to seeing our support change the lives of young people in Cap Haitien for the better," he tells *TMI*.

Guay will be on-site to manage the project as it unfolds.



Marathon runners in Haiti with 9 shelter residents who also ran with new shoes in February 2014.

Caribbean tourism outperforms all regions in the world in 2015 with record arrivals and earnings



The Caribbean has turned in record-breaking tourism and spend numbers for 2015, although island retailers tell *TMI* that they are not seeing the increased spend in their stores. In addition, they worry that the spread of the mosquito-borne Zika virus could cut in to this year's arrivals.

The Caribbean Tourism Organization (CTO) has announced that international tourist trips to the region grew by 7% to 28.7 million visits, much higher than the 4-5 % growth that was projected. Arrivals were significantly above the global rate of growth, which the UN World Tourism Organization quotes at 4.4 %.

For the first time since the CTO began keeping records, the Caribbean outperformed every major tourism region in the world, said CTO Secretary General Hugh Riley during the annual State of the Industry news conference streamed live to a global audience on Feb. 16.

The CTO reports that visitors to the Caribbean spent an estimated \$30 billion, over a billion dollars more than they did in 2014. This is up 4.2% over the \$28.8 billion spent during the previous year.

"So 2015 was the second year in a row that the region has done better than the rest of the world, and the sixth consecutive year of growth for the Caribbean," said Riley.

The CTO attributes the growth to improved global economic conditions; a boost in consumer confidence, particularly in the United States; falling oil prices; rising seat capacity and persistent marketing by CTO member countries and their partners.

All the major markets – the United States, Canada, Europe, the Caribbean and South America – reported growth, with the intra-regional market performing better than it has ever done before.

Source Markets

The U.S., which remains the Caribbean's primary market, accounting for about 50% of arrivals, grew 6.3% to 14.3 million visits.

The Canadian market grew by 4.5% to 3.4 million; Europe grew by 4.2% to 5.2 million – the first time total arrivals from Europe reached the five million mark

— and South America continued its rapid growth, generating 2.1 million visitors, up 18.3% over 2014, says the CTO.

Of the 5.2 million visitors from Europe, 1.1 million came from the United Kingdom, which recorded a 10.4% rise.

Arrivals from Germany were even better, up by 11.5%; France was relatively flat, however, increasing by 0.8%.

This was the European market's best performance in seven years, said Riley.

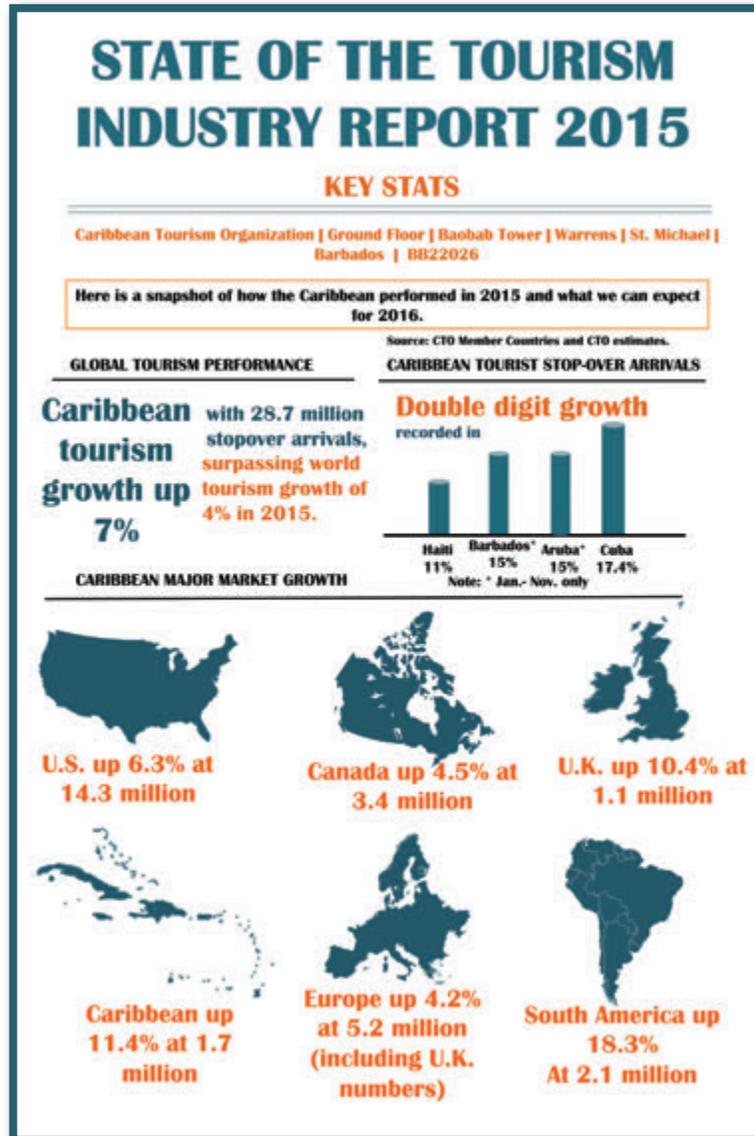
"In each quarter the region recorded at least 6% growth in stayover arrivals over

the corresponding quarter for 2014; and each month in 2015 was better than the same month the previous year," said Riley.

Market trends – Target islands

Ryan Skeete, CTO Director of Research & IT, followed Riley's presentation with a detailed breakdown of the arriving tourists and where they were visiting.

The majority of Americans to the region visited the Dominican Republic, Jamaica, Puerto Rico and The Bahamas.





The highest growth rates in arrivals from the U.S. market were recorded in Barbados (27.6%), Curaçao (15.3%) and Trinidad & Tobago (14.9%).

The Canadian market continued to perform well, up 4.5% in 2015, although the CTO says it is concerned that 13 destinations recorded decreases, compared with increases in 11 markets. The top performing destinations were Curaçao (45.5%), Suriname (58.0%) and Barbados (17.8%).

The top performing islands for European visitors were Turks & Caicos Islands (34.7%), Cuba (23.1%) and Montserrat (12.1%).

The 1.1 million arrivals from the UK preferred to visit Cuba (up by 25.2%), Barbados (14.3%) and Jamaica (12.3%).

South America was a surprisingly buoyant source of tourism, says Skeete:

“Despite the political and economic challenges faced by many South American countries, the South American source market provided the highest rate of growth of Caribbean trips, registering 18.3%,” said Skeete.

“Indeed, this has been consistently the case since 2010, which resulted in South American arrivals displacing Caribbean arrivals as the 4th largest source market in 2014. The destinations receiving the highest increases in South American tourists were Dominican Republic (25.1%) and Aruba (28.8%). The main markets within South America are Venezuela, Brazil and Argentina, in that order.”

Caribbean intra-regional travel was

another strong source market, peaking in 2015 with arrivals up by 11.4% to 1.7 million trips. All sub-regional groupings experienced solid growth, with Other Caribbean (Cancun, Cozumel, Cuba, Dominican Republic, Haiti, Suriname) registering the highest rate of increase of 13.7%.

Outlook

Riley notes that the outlook for 2016 is positive with tourist arrivals expected to increase by 4.5 – 5.5%, while cruise arrivals are estimated to grow by 1-2%, as the summer redeployment of ships continues.

Cruise Trends

Cruise arrivals to the Caribbean grew by about 1.3% to reach 24.4 million, in line with expectations at the beginning of 2014, reports the CTO. Demand for Caribbean cruises was relatively high in the winter months of 2015, averaging a 4.8% rise in the period. However, cruise passenger visits contracted by 2.0% in the summer period, as cruise lines repositioned their ships to other destinations, says the CTO.

Trinidad & Tobago (104.0%), Bonaire (74.2%) and British Virgin Islands (43.1%) recorded the highest percentage increases during 2015. The Eastern Caribbean, the largest sub region for cruise passenger arrivals, hosted 32.2% of all arrivals to the region and recorded the highest rate of growth of 3.3%.

The main Caribbean cruise markets (those with one million or more cruise passenger arrivals per year) performed as follows:

The Bahamas cruise arrivals fell 6.2% to 3.628 million (please note these numbers only cover the January-October period).

Cayman cruise passenger arrivals were up 6.7% to 1.717 million (full year figures).

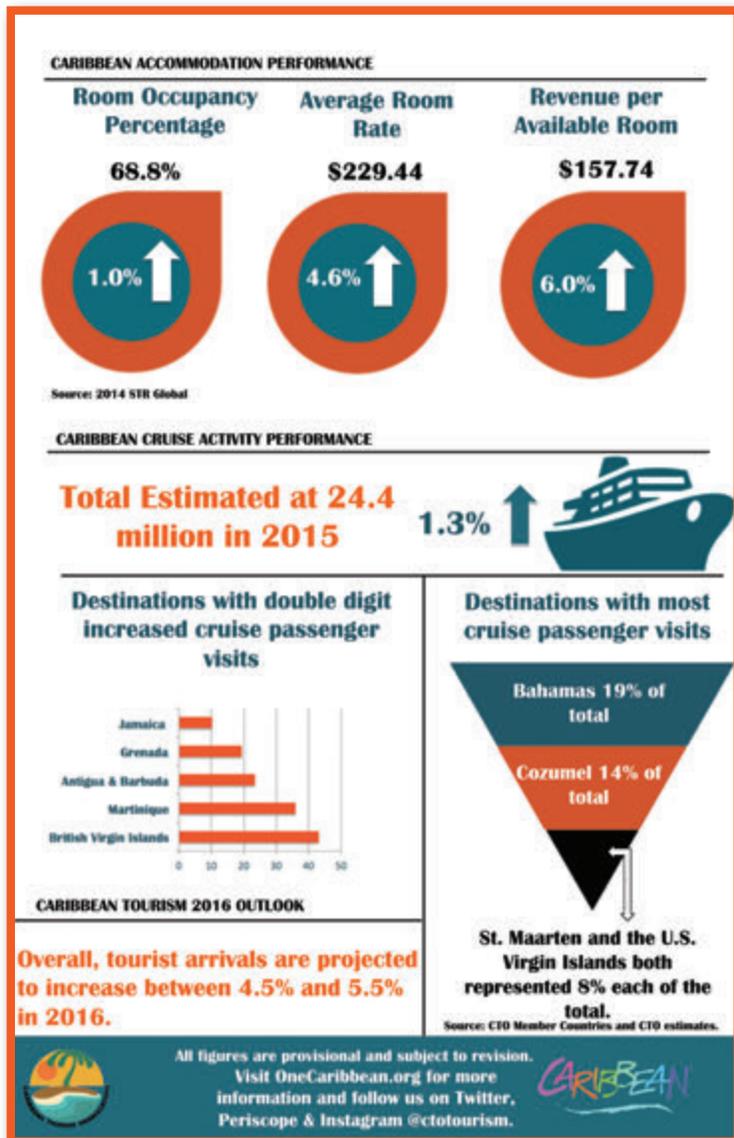
Cozumel cruise passenger arrivals were basically flat, down .3% to 3.396 million (full year figures).

Jamaica cruise passenger arrivals rose 10.2% to 1.569 million (full year).

Puerto Rico cruise arrivals rose 7.4% to 1.457 million (full year).

St. Maarten cruise arrivals fell 5% to 1.902 million (full year).

U.S. Virgin Islands cruise arrivals fell 9.8% to 1.879 million (full year).



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The 704-passenger MV Adonia, from Carnival's new Fathom cruise brand, will begin sailing to Cuba on May 1, 2016.

Carnival Corp. approved by Cuba to sail from U.S. to Cuba

Carnival Corporation & plc made history on March 21, announcing that the Cuban government had granted approval for the company to begin travel to Cuba starting on May 1, 2016. Following U.S. authorization granted in July 2015, Carnival Corporation is now cleared to operate the 704-passenger *MV Adonia* to Cuba through its newest brand Fathom.

This marks the first time in over 50 years a cruise ship is approved to sail from the United States to Cuba.

Cuban authorities from Havanatur Ce-



limar, various other agencies and Carnival Corporation signed agreements enabling cruising by Carnival Corporation to Cuba earlier that day.

Arnold Donald, CEO of Carnival Corporation, and Tara Russell, president of Carnival Corporation's new Fathom brand, made the announcement in a media conference call from Havana, Cuba, that evening.

Arnold and Russell were among the business leaders accompanying President Obama's historic trip to Cuba, the first sitting U.S. president to visit Cuba in nearly 90 years.

"Today we've made history. Carnival Corp. has become the first US cruise company in more than 50 years to be granted approval – from Cuba-- to sail from the U.S. to Cuba. This is an extraordinary day, it's historic, it's exciting," said Donald in his opening remarks.

Fathom will begin sailing to the Dominican Republic in April and will begin sailing in the first week of May to Cuba, said Arnold.

"Our cruise will provide our guests with an exclusive opportunity to be one of the first to participate in what is certain

to be an unforgettable experience," said Arnold.

"I want to thank the U.S. and all the relevant Cuban officials who have worked with us over the past months to create this historic opportunity, who worked to develop the land program and finalize the agreement and we look forward to a long and successful relationship that brings a very special rewarding and enriching experience to travelers.

"I also want to thank all of my colleagues at Carnival Corporation from all ten of our brands for their commitment to develop our Cuban proposal to make this a reality. It has truly been a remarkable team effort."

"This is such an exciting historic day, what an honor to be here," added Tara Russell, president of Carnival Corporation's new Fathom brand. "President Obama is the first U.S. President to visit Cuba in 88 years and I believe that the last time a president visited, it was on a ship. So we are honored to be the first ship that will be bringing Americans to Cuba.

"Our Carnival Corporation and Fathom brand teams have worked closely with



Cuba throughout this process and we are thrilled to begin regular sailings to Cuba from Miami starting on May 1. We have been told that we will be the first cruise line to sail from the U.S. to Cuba with our historic inaugural sailing,” she said.

Three ports of call

Carnival will sail to Cuba through its Fathom brand -- a pioneer in ‘social impact’ cruising, where its passengers have the opportunity to work alongside locals on community needs. Passengers will sail aboard the 704-passenger *MV Adonia* – which was redeployed from Carnival

Corporation’s P&O Cruises (UK).

The *MV Adonia* will initially visit three ports of call -- Havana, Cienfuegos and Santiago de Cuba. At each stop travelers will have the opportunity to engage in on the ground activities that will allow them to enjoy Cuba in an up close and personal way and will provide travelers with the opportunity to interact with the artists, musicians, business owners, and families who make up the fabric of Cuban society.

The cruise will offer Cuban- and Caribbean-inspired music and film options, as well as Cuban-inspired menus.

Special onboard programming will include a wide variety of activities covering an array of interests, ranging from an orientation to Cuba’s history, customs and culture, and geographic-inspired entertainment, to casual and fun personal enrichment activities, to conversational Spanish

lessons, and guided sessions with the Fathom team.

“We are humbled and honored to offer a one-of-a-kind Cuban experience to our travelers,” said Russell.

Seven-day itineraries on Carnival Corporation’s Fathom brand depart from PortMiami on Sundays at 4:30 p.m. Eastern Time. The ship will arrive at its first destination, Havana, the following morning (Monday) at 11 a.m. Eastern Time. The *MV Adonia* returns to its homeport, PortMiami, at 7:30 a.m. Eastern Time Sunday.

Prices for seven-day itineraries to Cuba start at \$1,800 per person, excluding Cuban visas, taxes, fees and port expenses and including all meals on the ship, onboard experiences and several on-the-ground activities. Prices will vary by season. This is double the price of the alternate week sailings to the Dominican Republic, but cruises are expected to sell out.

Arnold and Russell said that Carnival will take care of obtaining visas and meeting the requirements necessary for Americans to travel to Cuba, as well as the necessary paperwork.

Although they said that they eventually expect the other Carnival cruise brands to sail to Cuba, they do not see that happening any time soon.

U.S. eases more Cuban restrictions

On Wednesday, March 15, just days before President Barack Obama made his historic visit to Cuba, the U.S. Treasury Department announced a further easing of restrictions brought on by the 54-year-old economic embargo against Cuba.

The new regulations make it easier for Americans to travel to the island, most notably allowing individuals to travel to Cuba under “people to people” educational trips, which previously had been limited to groups.

It also loosened restrictions on business transactions between the two countries and on Americans’ ability to purchase Cuban merchandise, including Cuban-made cigars.

Among other things, U.S. banks will also be allowed to open bank accounts in the U.S. for people living in Cuba and vessels will be permitted to transport cargo from the U.S. to Cuba and then sail to other countries.

The changes took effect on March 16.

Starwood first U.S. company to sign landmark deal for hotels in Havana

Starwood Hotels and Resorts has become the first American hotel company to enter the Cuba market for more than half a century.

The chain has signed deals to manage two prestigious hotels in Havana and signed a letter of intent to operate a third.

Starwood received special permission to proceed with the deal from the U.S. Treasury Department, since a deal such as this is still not normally allowed under the U.S. trade embargo.

The deal was announced the day before U.S. President Barack Obama made his historic visit to Cuba on March 20. President Obama opposes the 54-year-old

embargo, which the U.S. Congress must repeal.

According to the *Washington Post*, the deals include the Hotel Inglaterra, a Havana icon owned by the state, which will become part of Starwood’s Luxury Collection, and the military-owned Hotel Quinta Avenida, which will become a Four Points by Sheraton hotel. Both will undergo renovations before opening under their new brands later this year.

Pending license approval from the Treasury Department, Starwood will also convert the Hotel Santa Isabel into a part of its Luxury Collection.



Frank Del Rio, President & CEO of Norwegian Cruise Line Holdings; Arnold Donald, President & CEO of Carnival Corporation; Richard Fain, Chairman & CEO of Royal Caribbean Cruises Ltd.; Pierfrancesco Vago, Executive Chairman of MSC Cruises, with travel journalist Peter Greenberg.

Seatrade 2016—Cruise, Cuba, Caribbean & China

The 2016 Seatrade Cruise Global event – the largest conference and trade show in the international cruise industry hosting more than 800 exhibitors and 11,000 attendees – opened March 14 with its traditional State of the Global Industry presented by a panel of the cruise world’s top executives.

Frank Del Rio, President & CEO of Norwegian Cruise Line Holdings; Arnold Donald, President & CEO of Carnival Corporation; Richard Fain, Chairman & CEO of Royal Caribbean Cruises Ltd.; and Pierfrancesco Vago, Executive Chairman of MSC Cruises, held an unscripted and unedited conversation moderated by travel journalist Peter Greenberg.

Innovation—and how creativity fuels the future of on-board experiences and yields—was the theme of the opening morning conferences, held in the packed Terminal 4 at the Port Everglades Cruise Pier adjacent to the Fort Lauderdale Broward County

Convention Center on March 14-17.

The cruise industry is the fastest-growing category in the leisure travel market, and has experienced an average annual passenger growth rate of approximately 7% per annum since 1980. In 2015 global cruise industry trade association CLIA --the Cruise Lines International Association, and the regional organization Florida-Caribbean Cruise Association, FCCA, reported that an estimated 23 million passengers took a cruise. This was up 4% over 2014’s record breaking 22.04 million, and this year cruising is poised to reach new heights. The organizations are forecasting 24 million will sail on FCCA or CLIA member lines in 2016, and spend an average of \$135 per passenger per day.

Demand for cruising has increased 68% in the last 10 years, says CLIA. But with 1.2 billion people forecast to travel for leisure in all categories this year, conference moderator Peter Greenberg points

out that cruising still represents a small proportion of the total, so much potential still exists.

North America has been the traditional home of global cruising— 12.01 million of 2014’s 22 million were sourced from North America and more than a third --33.7% --of 2016’s deployed capacity will be in Caribbean/Bahamas waters – but the cruise industry is promising that passengers in 2016 “will have the world as their gangway.”

Tourists the world over are discovering cruising. CLIA says that 700,000 Chinese vacationers will take a cruise this year, along with one million Australians. In addition to the ships being deployed to the Caribbean (which percentage-wise is trending downward), CLIA is forecasting that Europe will account for another 30% of deployed capacity – with 18.7% going to Mediterranean cruises, and 11.7% to the rest of Europe. Asia will account for 9.2% of deployment this year and Australia/

New Zealand/S. Pacific for 6.1%. In the Americas outside of the Caribbean, Alaska cruises generate 4.1% of global cruise capacity and South America 2.7%, with Other Markets rounding out the final 14%.

Nine new ocean-going vessels with 23,000 berths and representing an investment of more than \$5.5 billion are launching this year. They can visit nearly 1,000 ports around the globe, with many new ports opening in Asia and Australia. In fact, China was a major focus of the 2016 Seatrade Global event, as was Cuba. But the Caribbean continues to “headline the industry’s success,” says the FCCA, both in numbers and yields.

The cruise industry is ensuring that access to Caribbean cruises is easy and convenient, and reaches as many potential guests as possible. North America currently has 30 embarkation ports, which puts a port within driving distance of 75% of North American vacationers.

Opening homeports through a broad geographic area is just one innovation that has helped the cruise industry grow, and the industry leaders see a bright future ahead, one that does not depend on the size of the ships or the cruise line.

“Creativity is coming up with great ideas. Innovation is bringing great ideas to life,” said Richard Fain, chairman and ceo, Royal Caribbean Cruises Ltd. during the opening session.

Fain denies that RCC, known for such innovations as adding Rock Climbing walls to its new ships and creating a real Central Park on its *Oasis of the Seas*, is trying to make its ships the destination. “Our ships are still a way to go to other destinations,” he insists, “but we want to make the experience of getting there wonderful.”

The goal, he said, was to create an entire cruise of “small wonders.”

“It is all about the experience,” stressed Arnold Donald, president and ceo, Carnival Corp. & plc. “We must exceed expectations and create that transformative guest experience.”

MSC Cruises executive chairman Pierfrancesco Vago also concurred, quipping that “Innovation is my second name.”

MSC, which plans to introduce seven new ships by 2022, is targeting North America for major expansion. Vago cited the line’s new “follow the sun” concept debuting on its *MSC Seaside*, which will cruise year-round from PortMiami starting in December 2017. The ship will feature a 360-degree, ocean-level promenade with indoor/outdoor shops and restaurants, buf-



fet area and pool, along with a two-deck glass-walled atrium and panoramic exterior elevators.

Norwegian Cruise Line President & CEO Frank Del Rio said that innovation comes from understanding your customer, but at the same time innovation must deliver a return on investment and pay its way. He spoke about the popularity of the single cabins NCL introduced, but said he has no plans to increase the percentage because they do not deliver enough return.

Del Rio also questioned the need to increase the rate of new ship builds. “Our older, smaller ships actually generate the most revenues,” he said.

In January, NCL unveiled “The Norwegian Edge” program, a \$400m, 2-year enhancement program of ship refurbishments, private islands and upgraded service

and culinary standards.

“We need a more balanced approach of new ship builds. We need to maintain the highest quality possible for our existing ships,” he said.

Carnival’s Donald reiterated the idea that ship building takes time, and cruise lines must find other ways to innovate than just building new ships.

“To innovate is to think outside the box. It’s how you convert thinking into the experience,” said Donald.

Meanwhile, Carnival Corp. has introduced its innovative new Fathom brand, a pioneer in “social impact” cruising, where its passengers have the opportunity to work alongside locals on community needs. Fathom will take its first voyage in April to the Dominican Republic and was just approved by Cuba to cruise to Cuba



Cindy D'Aoust

CLIA – which is celebrating its 40th anniversary this year – announced the appointment of Cindy D’Aoust as president and CEO by CLIA’s Global Executive Committee on the opening day of Seatrade. D’Aoust joined CLIA in December 2014 as executive vice president of membership and operations and has served as acting chief executive for the past seven months. D’Aoust brings more than two decades of experience in the hospitality and travel industries to the CLIA role.

She is charged with directing CLIA’s global team to unify, represent, advocate and promote the common interests of the members and the global cruise industry. Among her top priorities are uniting the industry and creating a stronger voice to make cruise travel the best vacation choice for every traveler around the world, says CLIA.

“The global cruise industry generated \$120 billion for the local economies where we operate and employ nearly one million people worldwide,” said D’Aoust in her opening remarks.

beginning May 1, 2016. Fathom will sail on the *MV Adonia*, a 704-passenger vessel redeployed from Carnival Corporation's P&O Cruises (UK).

Regarding China, with its 135 million outbound tourists, of which cruising captures only a tiny percentage, the panelists all agreed that the potential is vast but that you cannot grow faster than new ships can be built.

On the other hand, the cruise industry has the unique ability to reposition assets.

Cuba is another story though. Although most U.S. cruise companies have ships in the region and are waiting for permission from the Cuban authorities to begin service, they worry that Havana's aging infrastructure cannot handle the influx of tourists that could pour into the island.

"We are realists," noted RCL's Fain.

"Havana today does not have the infrastructure to take our ships," said Del Rio.

"Cuba is very complex," agreed MSC's Vago, who already home ports a ship in Havana and will add a second ship, the *MSC Armonia*, next November. MSC began serving the island with its 2,120-guest *MSC Opera* last December, and plans to go year-round in Cuba to meet demands.

All four panelists strongly argued that the opening of Cuba will help, not hurt, other parts of the Caribbean.

"Cuba will not divert traffic from the other islands. It will, instead, create a "halo" effect that will generate additional interest in and visits to the Caribbean," Fain said.

"The rest of the Caribbean doesn't have to worry," said Del Rio. "The Western Caribbean will get a jump from Cuba. It's a slow rolling start, but remember, 5.5 million tourists visit Cuba every year, just not from the U.S.," he said.

Rick Sasso, President & CEO of MSC Cruises (USA), addressed the topic the next day in a session dedicated to the Caribbean and Cuba.

"The Cuban government is in no hurry to make changes. We must go with the flow. It will be a slower process than people might expect. On the other hand, cruise ships will help Cuba expand its tourism by providing hotel space while the country builds its long-term capacity. The demand is there, and it will be a great opportunity for the region."

The first morning session ended with the agreement that fear is the biggest challenge facing innovation: fear of terrorism, fear of disease like the norovirus and the



current Zika virus, fear of accidents.

Carnival's Donald agreed. "But there is always something, every year. As long

as people do not panic, and have the facts, they will travel."

"We must be honest," added Del Rio.

MSC's Ocean Cay in the Bahamas

Last Dec. 17, MSC Cruises announced plans to invest \$200 million to develop its own private Caribbean island in the Bahamas, signing a 100-year lease agreement for the 95-acre island 60 miles east of Miami, which will be called Ocean Cay MSC Reserve. The line plans to break ground on the development in March 2016 and to open the island to guests in December 2017.

Over the next two years, MSC Cruises will work hand-in-hand with the Bahamian Government and ecologists to develop the cay, a onetime sand extraction station, turning it into a "thriving marine reserve that will harmoniously coexist with the local ecosystem," says the company. The project will transform the local economy base from resource exploitation to resource conservation, it adds.

The 95-acre site includes 11,400 feet of pristine beach front spread across six distinct beaches, and will be the biggest island development by any cruise company in the Caribbean. It will offer a seafront berth and pier so guests can disembark directly onto the island; a 2,000-seat amphitheater, inland lagoon, zip line, wedding pavilion, and family-oriented kids' restaurants.

"There are still so many people who have not cruised. Yes, 25% of Americans

have taken a cruise, but that leaves 75% still to go. And for them, the Caribbean is a great first choice. As the leader in Europe, we are reinventing ourselves. We are even building our own island destinations," said Rick Sasso, President & CEO, MSC Cruises (USA), during Seatrade.

"We believe that the Caribbean is a very viable future destination for our guests and are betting a lot of money that it will grow. We think this is an easy bet to win.

"We are investing \$200 million to create Ocean Cay with a focus on guest satisfaction. We are not just creating a private island, we are creating a marine reserve. There will be no fishing, and it will allow us to extend a comprehensive cruise experience."

MSC will keep its ships at the island until midnight and guests will be able to go back and forth between the island and the ship: "So we are offering ship to the shore to the sea," said Sasso.

All the MSC cruise ships will use Ocean Cay, one ship per day.

Sasso expects that eventually the Cay can be a destination even for the burgeoning Chinese tourists: "China will experience incredible growth. And all those Chinese cruisers will soon look for new destinations. The Americas and the Caribbean will be top markets for them."

Carnival in Haiti, Cozumel, D.R. maybe Bahamas?

In August, 2014 Carnival Corp. signed a memorandum of understanding with the government of Haiti to build a new \$70 million cruise ship port on the island of Tortuga.

Ile de la Tortue, off Port-de-Paix on Haiti's northwestern coast, will be Haiti's second cruise port, and the seventh Carnival-owned port in the Caribbean. Haiti's other cruise port is Royal Caribbean's Labadee.

Carnival has not announced a date for completion of the project yet.

This past August, Carnival also presented the government of the Bahamas with a proposal to build a private port in eastern Grand Bahama. If implemented, Carnival cruise ships would replace its current port calls at Freeport, also located on Grand Bahama. Carnival Cruise Line currently does not have its own private island in the Bahamas, although many of their ships stop at Holland America Line's Half Moon Cay.

Carlos Torres de Navarra, Vice President, commercial port operations at Carnival Cruise Lines, speaking at Sea-

trade, said: "Carnival is the only cruise line without a private island in the Bahamas, and we have a lot of ships that can go there. If we put money in a destination like this, it will benefit half our fleet and provide a critical strategic benefit."

Carnival inaugurated its newest port, Amber Cove, in the Puerto Plata region of the Dominican Republic in November. The two-berth port on its 25-acre landside development, will serve cruise guests from eight of Carnival Corporation's brands.

The opening of Amber Cove adds to

the portfolio of cruise destinations Carnival Corporation has developed in the Caribbean. This includes the Grand Turk Cruise Center in the Turks & Caicos Islands, Puerto Maya on the island of Cozumel, Mexico, and Mahogany Bay on the island of Roatan, Honduras.

In other ports news, Carnival Corp. invested more than \$20 million to add a new arm to the company's existing pier at Cozumel's Puerto Maya, one of three terminals serving the island. Three ships can now berth concurrently in Puerto Maya.



Carnival opened Amber Cove in the Dominican Republic last November.

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Norwegian Cruise Lines: Harvest Caye in Belize to offer luxury, eco-conservation and adventure

Norwegian Cruise Line used Seatrade to reveal details of its new Western Caribbean destination experience, Harvest Caye, in Belize, which is set to open in November 2016.

Andy Stuart, president and chief operating officer for Norwegian Cruise Line, said that the highly-anticipated private island will be the “western Caribbean’s premier port of call,” as well as the only cruise ship pier where a ship can tie up to a port in Belize, where only tendering is permitted until now.

“Norwegian Cruise Line is developing Harvest Caye to feature an authentic Belizean environment, coupled with luxurious amenities; a variety of eco-activities; the opportunity for guests to easily depart to mainland Belize for the adventure excursion or cultural immersion of their choice; and much more,” said Stuart.

Unique to Belize, guests will be able to walk off the ship and immediately step onto the Harvest Caye. Guests can stay at Harvest Caye or use it as a gateway to the many eco and cultural adventures that lie in mainland Belize, departing from a large marina shore excursions that include Mayan ruins, river rafting, nature tours and more.

In addition to seven acres of pristine beach, and a 15,000 sq. ft. pool, Harvest

Caye itself will offer “experience and adventure, from water sports to interactive wildlife programs,” said Stuart.

Among the highlights of the destination are 11 luxurious beach villas available to rent, offering the “ultimate beach escape.” Accommodating up to 10 guests each, the villas are equipped with air conditioning, dedicated lounge and dining areas, a private restroom, indoor and outdoor showers, hammocks, and exclusive dining and beverage choices with concierge service.

Adventure options include a 130 foot tall Flighthouse as the central area for a variety of aerial activities including 3,000 feet of zip lining, suspension bridges, free fall jumps, a tandem “superman” style zip line and stunning views of the mainland, and a ropes course located on a platform in the saltwater lagoon. For a lower adrenaline adventure, guests can also enjoy watersports such as kayaking, paddle boarding and canoeing in Harvest Caye’s shallow lagoon area.

Preserving the native eco-system will play a large part at the destination. Colin Murphy, NCL’s senior vice president of destinations and strategic development, said that the Harvest Caye project began four years ago and that NCL has been firmly aligned with Belize’s government to protecting the environment. No jet skis

will be allowed and the boats that are there will have propeller guards to protect the manatees.

Harvest Caye’s conservation programs and education efforts were developed by award winning wildlife expert and naturalist Tony Garel. He will lead many of the island’s educational tours and be available to chat with guests about Belize’s wildlife, flora and fauna. Guests can participate in manatee observation tours at the lagoon.

NCL is also creating an Aviary that will feature a breed and release program for endangered Scarlet Macaws and Toucans, Belize’s national bird; a Butterfly Garden; and an educational center to view Belize’s indigenous reptiles such as boa constrictors. To help further the island’s conservation efforts, more than 10,000 new mangroves have been planted throughout the island, serving to increase the natural estuary system that serves as a critical habitat for birds, young fish and other marine species.

Harvest Caye will also offer five dining and bar outlets, including a two-story indoor/outdoor Landshark Bar & Grill. It will also have a shopping village that which will feature popular name-brand retailers as well as items from local Belizean craftsmen.

Porthole Cruise magazine turns 20

Congratulations to our neighbor publication, *Porthole Cruise Magazine*, published by PPI Group, which is celebrating its 20-year anniversary this year.

On newsstands since 1996, and available by both print and digital subscriptions, *Porthole Cruise Magazine* “inspires” travelers to cruise through its wide array of editorial with ship reviews, destination features, onboard coverage, and photography, says Bill Panoff, publisher and editor-in-chief.

The anniversary kicked off with the March/April 2016 issue. The March/April

issue also unveils a new logo that brings the word “cruise” to the forefront of the magazine’s masthead.

In related news, PPI Group was the official media host of Seatrade Cruise Global and staged a gala 20th anniversary party that was attended by hundreds of cruise industry executives.

“It has been a very exciting adventure steering the PPI group, from our humble beginnings over 20 years ago to today, as the leading media company in the cruise industry. Cruising has grown over the 20 years and the guest experience has been enhanced. There is no better vacation value than a cruise, and we are thrilled and honored to be a part of this amazing industry and look forward to 20 more years of growth,” Panoff tells *TMI*.



Bill Panoff, PPI Group publisher and editor-in-chief, at Porthole Cruise magazine’s 20th anniversary party.

**Porthole
Cruise**

Grand Lucayan resort in Bahamas up for sale

The 409-acre Grand Lucayan Resort complex is being sold in a Sealed Bid Auction, it was announced on March 15. The resort is the largest on Grand Bahama Island and the third largest in The Bahamas.

The owner, Hutchison Lucaya Limited (HLL), has said that it prefers to sell the Grand Lucayan Resort complex as a single transaction. However, bids for individual assets will be considered. HLL is a subsidiary of Hong Kong-based Cheung Kong Property Holdings Limited.

Located 55 miles from the east coast of Florida, the Grand Lucayan Resort complex, totaling 1,271 guest-rooms, includes four hotel elements: the 10-story 528-room Breaker's Cay tower; 198-room Lighthouse Pointe, newly renovated as all-inclusive; and 23 Lanai Suites—all with 12 food and beverage outlets and three swimming pools; plus the 522-room Memories Beach Resort (presently leased to a third-party operator).

The property also includes a 40,000-square-foot conference center, 50,000 square feet of outdoor function

space; a 23,375-square-foot casino with 25 gaming tables and 195 slot machines; a 25,000-square-foot spa and fitness center, two golf courses, four multi-surfaced tennis courts and 15,000 square feet of retail space.

"There are a number of investment opportunities for an interested buyer,

from purchasing the resort in its entirety or looking at individual components," said Mike Sullivan, HVS Capital Corp, who has been engaged as an advisor in the sale.

Bids will be accepted until June 10. For further details go to grandlucayan-auction.com.



Bahamas reports success of Global Blue Tax Free shopping program

The Bahamas government has reported that the tax free shopping scheme for visiting tourists that it implemented last August is now in use by more than 60% of eligible Bahamian merchants. The system was launched by Tax Free Shopping provider, Global Blue, in partnership with the Value Added Tax (VAT) and Customs Departments.

Global Blue's system introduces a standardized electronic platform to the tax refund process, which means that retailers can sell a wide range of products to tourists, minus VAT. The purchases are recorded in standard format by retailers and then monitored electronically by the Customs Department.

"Following the introduction of VAT, we needed to ensure that The Bahamas

continued to be seen as a competitive shopping destination," said Minister of State for Finance Michael Halkitis.

"I'm pleased to say that the new system has made tax free shopping easy and simple for retailers and the Customs Department and, therefore, more available and accessible for tourists."

Senior Vice President, New Markets and Public Affairs at Global Blue, Jorge Casal, said the electronic system had performed extremely well since its launch and the company would be doubling its current investment in marketing and promotion over the coming year to further support the development of the scheme.

Diamonds International Bahamas Head of Operation, Ido Elkarat, was quoted in the press announcement,



saying: "We've been really happy with the support provided by Global Blue in establishing the new system in all five of our stores. It's running very smoothly now and we are already seeing the benefit of offering Tax Free Shopping to tourists."

In addition to operating the Tax Free Shopping system, Global Blue supports local Bahamian merchants with additional services, including training and the promotion of The Bahamas as a Tax Free Shopping destination across its media platform, SHOP.

Cuba tourism boom, Zika epidemic threaten Caribbean's otherwise rosy arrivals forecasts

By Larry Luxner



View of the Havana skyline including the Hotel Nacional taken in August 2015. Photos by Raymond Kattoura.

The two biggest threats facing Caribbean tourism today are four-letter words: Cuba and Zika. Both unnerved officials throughout the region for very different reasons. One has the potential to divert visitors away from traditional budget destinations like the Dominican Republic and Jamaica, while the other could keep fearful tourists, especially pregnant women and their partners, from the region altogether.

In the wake of President Obama's Mar. 21-22 visit to Havana — the first such trip by a sitting U.S. president since 1928 — Cuba is grabbing unprecedented headlines. It's also attracting record crowds of American travelers discovering the Caribbean's largest, and closest, travel destination for the first time in their lives.

This comes as no surprise, however. After Obama and Cuban President Raúl Castro announced in December 2014 that they'd restore bilateral ties following a 54-year hiatus, arrivals immediately began climbing. In 2015, some 161,000 U.S. citizens — not including Cuban-Americans on family trips — visited the island on charter flights, up 77% from the year before. Cuba expects a similar increase in 2016.

But the fallout from Zika could prove to be far more damaging than a resurgent Cuba to overall Caribbean arrivals, which last year increased by a healthy 7% to

28.7 million visits — much higher than the 4-5% growth officials had originally predicted.

In early February, the World Health Organization declared the mosquito-borne virus a “public health emergency of international significance.” That followed a more specific warning by the U.S. Centers for Disease Control and Prevention, urging pregnant women to avoid traveling to affected regions.

In the Caribbean, this warning now includes Aruba, Barbados, Bonaire, Curaçao, Dominican Republic, Guadeloupe, Haiti, Jamaica, Martinique, Puerto Rico, St. Maarten, St. Vincent, Trinidad & Tobago and the U.S. Virgin Islands.

According to a Reuters/Ipsos poll released in mid-February, 41% of respondents who are aware of the Zika virus now say they're less likely than before to visit the Caribbean or Latin America. Experts believe the virus is strongly linked to microcephaly, which causes babies to be born with brain damage and unusually small heads.

Since the first warnings, studies increasingly point to a possible link between Zika and Guillain-Barré syndrome, an extremely rare form of paralysis. And according to WHO Director-General Margaret Chan, “reports and investigations in several countries strongly

suggest that sexual transmission of the virus is more common than previously assumed.”

As a consequence, Antigua-based LIAT and many other airlines including United, JetBlue and American are letting customers who had been booked on flights to Zika-plagued destinations change or cancel their travel plans without penalty. Both Carnival and Norwegian Cruise Line (NCL) have done likewise, while Royal Caribbean is handling passenger concerns on a case-by-case basis.

Meanwhile, the cruise industry remains crucial to the economies of the Caribbean.

During the 2014-15 season, cruise tourism generated \$3.16 billion in direct expenditures, more than 75,000 jobs and \$976 million in employee wages among 35 destinations included in an October 2015 study by the Florida-Caribbean Cruise Association (FCCA).

The report, conducted by Business Research & Economic Advisors, is an update of similar studies commissioned by the FCCA in 2006, 2009 and 2012. Leading the pack, as in previous years, was St. Maarten, where an estimated 2.05 million passengers spent \$422.9 million in the 2014-15 season; that translates into per-capita expenditures of \$191.26 — higher than any other Caribbean destination.

Yet the region's two most popular



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duty free cruise ports — St. Maarten and St. Thomas in the U.S. Virgin Islands — both saw declines in 2015. Arrivals to St. Maarten fell 5%, from just over two million to 1.9 million, while St. Thomas received 1.88 million visitors, down 9.8% from the 2.08 million who came in 2014.

Curiously, the Caribbean's five priciest destinations are all British or French

colonies rather than independent nations, says a poll by TravelMag.com: St. Barts (\$324 per night); Anguilla (\$285); French-speaking St. Martin (\$261); Providenciales, largest of the Turks & Caicos Islands (\$247) and Grand Cayman, largest of the Caymans (\$212).

The survey of 30 destinations is based on the average daily rate for their cheapest

available double room during February 2016. Jamaica's Ocho Rios (\$137), San Juan, Puerto Rico (\$131) and Havana, Cuba (\$128) rank around the middle, while the Dominican Republic's Punta Cana — a favored mass-market destination — ranks 27th out of 30 (\$87). Dead last is Santo Domingo, where room rates average only \$43 per night.

The Bahamas

The Bahamas is still trying to get back on its feet ever since last year's Baha Mar scandal, in which a \$3.5 billion mega-resort on Nassau's Cable Beach largely financed by China's Export-Import Bank shut its doors and declared bankruptcy even before opening.

The collapse of Baha Mar, which cost 2,000 Bahamians their jobs, has been a major embarrassment for Prime Minister Perry Christie, who had been pushing his country's growing ties with Beijing. According to a recent *New York Times* article, Standard & Poor's cited the Baha Mar impasse in its August decision to lower the Bahamas' credit rating to one level above junk status, warning that further downgrades were possible depending on "the handling of the Baha Mar project."

And in December, the International Monetary Fund lowered the country's growth forecast for 2016. Even if work at Baha Mar resumes, said the *Times*, it could be another year before it opens.

But other hotel projects throughout the 700-island archipelago are still on track. One of the biggest is a \$200 million eco-friendly, high-end resort planned for Children's Bay Cay and Williams Cay on Exuma. The owner is Swiss heiress Dona Bertarelli, who is worth \$4.4 billion, according to *Forbes* magazine.

"Among its benefits is the high-end branding affiliated with a prominent European family, and diversification of the tourism industry in the form of a five-star experience for high net worth individuals," Christie said at an event in early February.

Meanwhile, the Bahamas could get a big boost from two major conferences to take place in Nassau this April: an annual meeting of the Inter-American Development Bank (IDB) and a separate gathering for the Inter-American Investment Corp., an IDB subsidiary. The IDB-IIC meetings, set for Apr. 7-10, could draw 5,000 delegates from 48 countries to Nassau, said Lynden Maycock, chief of the local organizing committee.



Shoppers on Bay Street in Nassau, The Bahamas. ©Bahamas Ministry Of Tourism

As in past years, the Bahamas still leads the Caribbean in absolute numbers of cruise visitors, though 2015 arrivals were down by 6.2% compared to the year before. Last year, Nassau and Freeport together received 3.93 million cruise passengers. They spent a combined \$243.5 million, according to the FCCA, or \$82.83 per passenger — far less than per-capita cruise spending in Aruba, Jamaica, Cozumel or Cartagena.

On the other hand, the Bahamas far outpaces the other 34 destinations in the FCCA survey when it comes to cruise line expenditures. Last season, cruise operators spent \$70 million — nearly double the \$39 million spent in Puerto Rico, which was second on the list — with 95% of that going towards port fees and services.

More cruise ships could soon be coming to the Bahamas with the announcement of two major projects.

In December 2015, MSC Cruises said it would create a \$200 million private island for exclusive use of its guests. The

proposed Ocean Cay MSC Marine Reserve will open by December 2017 and will have its own dock, eliminating the need for tendering.

The 95-acre island, once used as a sand extraction station, is located 20 miles south of Bimini. When construction is finished, it will feature Bahamian-style architecture, restaurants, bars, shops, an arrival center with gazebo and a 2,000-seat amphitheater.

"This is a natural progression for our company, which is growing rapidly," said MSC's executive chairman, Pierfrancesco Vago, who recently visited Nassau to sign a 100-year lease with Prime Minister Perry Christie to allow the Geneva-based company to occupy and develop Ocean Cay.

When complete, Ocean Cay is expected to serve as a port call for all MSC ships sailing in the Caribbean including *MSC Divina* and the new *MSC Seaside* launching in December 2017, both sailing from Miami.

The *MSC Opera* and *MSC Armonia* sailing from Havana also will stop there.

The second project is far more controversial. It involves a plan by Carnival to build a private port at the eastern end of Grand Bahama Island, but some locals warn it will hurt commerce in Freeport and the Port Lucaya Marketplace — especially for shops, taxi drivers and tour-bus operators.

“The cruise ship facility out east is going to be the kiss of death to businesses in Freeport, where we have so little business anyway,” attorney Fred Smith recently told the online Tribune 242 website. “It will cause Freeport’s cruise ship economy to take a nosedive, as ships will no longer be coming to Freeport harbor. I don’t see how it makes any sense to cater to the cruise industry clamoring for a private beach experience.”

Last year, the Bahamas introduced a tax-free shopping scheme for visitors, with more than 60% of eligible Bahamian merchants signing up since its launch in August 2015, despite initial concerns. Swiss-based Global Blue operates the system in partnership with the country’s Value Added Tax (VAT) and Customs Departments.

Global Blue’s system introduces a standardized electronic platform to the tax refund process, which means that retailers can sell a wide range of products to tourists, minus VAT. The purchases are recorded in standard format by retailers and then monitored electronically by the Customs department.

“Following the introduction of VAT, we needed to ensure that the Bahamas continued to be seen as a competitive shopping destination,” said Michael

Halkitis, minister of state for finance. “I’m pleased to say that the new system has made tax-free shopping easy and simple for retailers and the Customs Department, and therefore, more available and accessible for tourists.”

Yet under the new system, visiting shoppers receive an 85% refund of their VAT payments, down from the previous 90% refund. The 15% balance now goes to Global Blue, in effect as a commission, said John Rolle, the acting VAT comptroller.

Jorge Casal, senior vice-president for new markets at Global Blue, said the company would double its current investment in marketing and promotion in 2016 to further support development of the program. Besides the tax-free shopping system, Global Blue supports Bahamian merchants with training and other services.

Barbados

This November, Barbados will mark its 50th anniversary of independence. But the 166-square-mile island long known as “Little England” has more than that to celebrate.

In 2015, long-stay arrivals surpassed 592,000, up by nearly 14% from the 521,000 visitors who came in 2014. That broke the all-time record of 570,000 set in 2007 by 3%. According to official statistics, Great Britain — which granted the island independence in 1966 — remains the leading source of tourism for Barbados, accounting for 218,000 visitors, or nearly 37% of all long-stay arrivals. The United States (with 25% of the total) sent 148,000 tourists, representing an impressive 25% jump over 2014 figures.

Lower global oil prices, resulting in more disposable income, had something to do with that, along with returning consumer confidence, Tourism Minister Richard Sealy suggested in a Feb. 5 press briefing.

But Sealy downplayed growth projections for 2016, saying it would be unrealistic to replicate last year’s numbers.

In February, Barbados and the UK signed an air services agreement that allows local airlines to fly to intermediate points and beyond, and UK-designated carriers to do likewise. “Through this agreement, the Barbados-UK route will open up to numerous European and Caribbean carriers with the long-term effect of improving service and keeping prices low,” said Maxine McClean, the island’s

minister of foreign affairs.

The upcoming independence milestone is also cause for optimism, with island tourism officials expanding its aggressive online marketing campaign known as Brilliant Barbados 50, which offers 50% discounts on selected hotel bookings across the island.

“We hope to build on the positive results yielded from last year’s campaign with an improved iteration rebranded to mark our island’s 50th anniversary of independence,” said William Griffith, CEO of Barbados Tourism Marketing Inc. “This year is already off to an encouraging start, and by launching this promotion early, we

hope to sustain that performance through the traditionally softer summer and fall months.”

In late February, Expedia users chose Barbados as Caribbean Best Destination 2016. The award, presented during the recent Caribbean Travel Marketplace, marked the seventh such prize Barbados has received in the last 12 months. Similar accolades have been bestowed upon the island by *Caribbean Journal* and TripAdvisor, while readers of London’s *Telegraph* voted Barbados the best Caribbean destination for family travel, beach holidays, adventure holidays, weddings and honeymoons.



Dufry has recently remodeled its stores in Barbados.

Meanwhile, about \$1 billion will be spent upgrading or building new hotels in Barbados over the next five years. These include the Sandals Casuarina, which will add 220 rooms; the Beaches hotel planned for the former Almond Beach Village; the Carlisle Bay Hyatt Hotel, and the new Wyndham-branded Sam Lords Castle, being renovated with \$170 million in funds from China's Export-Import Bank.

Barbados also saw a 5.1% rise

in cruise ship arrivals, with 504,000 passengers coming in 2015. But not all the news is good. The \$250 million Sugar Point cruise ship terminal planned by Royal Caribbean Cruises Ltd. for the Bridgetown waterfront will probably never see the light of day, according to Sealy.

The terminal, a sugar-and-rum-themed complex that was to have boasted four piers capable of handling up to seven cruise ships simultaneously has been shelved.

“Sugar Point is a huge, expensive project. It is also a good project and one that we would love to see take place, but the question would have to be one of timing and affordability,” Sealy told reporters at the briefing. The terminal involved the creation of 20 acres of reclaimed land and 215,000 square feet of retail and food outlets, as well as an entertainment space and a luxury hotel.



Rendering of Norwegian Cruise Lines's Harvest Caye private resort in southern Belize

Central America

Central America's only English-speaking nation, Belize is also the region's leader when it comes to Caribbean cruise ship arrivals and expenditures. During the 2014-15 season, the industry generated \$86.3 million and nearly 2,500 jobs for Belize, according to the FCAA's latest survey. The country received a record 974,000 cruise passengers, spending an average \$7.87 per person.

In February, Norwegian Cruise Line was to have inaugurated its Harvest Caye private resort in southern Belize. But that won't happen until November 2016, company officials confirmed earlier this year. NCL, which purchased its 75-acre plot in August 2013, has operated a similar port, Great Stirrup Caye, in the Bahamas since 1977.

In second place among Central American countries is Honduras, where cruising brought 868,300 passengers — the vast majority of them to Roatan — and generated \$73 million in revenues, says the FCAA. Honduran officials expect the new

port of Isla del Tigre to open on the Pacific side within two or three years.

During the 2014-15 season, Costa Rica received nearly 217,000 cruise passengers, 87% of which disembarked and visited the country. Along with crew, the industry generated \$20 million for the country.

Last September — with the arrival of the 1,189-passenger *Monarch* — Costa Rica's Caribbean port of Limón became a boarding port for cruise ship tourists after 20 years as a stopover on cruise routes. Previously, locals had to fly to ports in Panama, Mexico or Florida to board cruise ships.

“Finally, tourists can board and return to Costa Rica,” said Ann McKinley, president of the Atlantic Port Authority (JAPDEVA in Spanish). “This means the creation of jobs for our province, and also represents a great improvement for Costa Rica as a home port.”

By year's end, Limón had attracted nearly 60 cruise ships, each one carrying an average of 2,076 passengers. That port

charges a per-passenger cruise tax of \$1.50, which is also standard in other Central American and Caribbean ports.

In October, a legislative commission approved a bill to slash a similar tax at Costa Rica's Pacific port of Caldera from \$3 to \$1.50 following complaints from tourists, said local legislator Karla Prendas Matarrita.

“The \$3 tax is the main thing discouraging tourists from docking at Caldera,” she told the online *Tico Times*, adding that this is why so many cruise companies are instead choosing ports in Panama and Nicaragua. In 2014, Prendas noted, 20 cruise ships docked at Caldera port “and most of them arrived only because other ports were busy.”

Even so, according to the FCCA, Costa Rica is way ahead of Guatemala, which received only \$5.6 million in cruise revenues during the 2014-15 season, and Nicaragua, where cruises generated \$2.9 million in revenues. Panama was not included in the survey.

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Duty Free America's Terminal 4 Departures Store at Punta Cana International Airport in the Dominican Republic.

Dominican Republic

The Dominican Republic is on track to meet or exceed President Danilo Medina's goal of welcoming 10 million visitors annually by 2022 — solidifying its status as the undisputed leader in Caribbean mass-market tourism.

By last November, non-resident travel to the DR for 2015 broke the 5-million mark, up 8.9% from the first 11 months of 2014 and ending the year at around 5.6 million. In January 2016 alone, arrivals came to 584,755 — up by 37,000 or about 7% compared to a year earlier, and an increase of more than 100,000 from the 472,102 tourists who visited in January 2013.

Tourism Minister Francisco Javier García said the industry is enjoying its best performance in 40 years, with tourism contributing \$6 billion annually to the Dominican economy. At last count, 51.7% of all visitors arrived from the United States, Canada and Mexico; 27% from Europe, 16.4% from South America, 4.5% from Central America and the Caribbean, and 0.4% from Asia and elsewhere.

The single largest jump appears to be from economically bankrupt Venezuela, many of whose people are looking to relocate — possibly to the DR. In November 2015, the country received 11,220 additional Venezuelan visitors, even more than the additional 10,816 Americans who came that month.

This year, the country's north coast alone will receive 1.3 million tourists, according to Julio Almonte, the deputy

tourism minister for Puerto Plata. He told local media that 500,000 will arrive by air, another 350,000 aboard cruise ships calling at the new Amber Cove cruise ship port, and 400,000 overland. Another regional official, Máximo Iglesias, predicted a 10% increase in travel to the north coast this year.

As in past years, the DR's main point of entry remains Punta Cana International Airport (PUJ), accounting for a whopping 66.2% of all air arrivals in 2015. Following PUJ in importance was Santo Domingo's Las Américas International Airport with 18.7% and Puerto Plata with 7.6%.

Frank Rainieri, CEO of Grupo Puntacana — which runs PUJ — said that after Holy Week 2016, his company will begin construction of a third terminal, which will have the capacity to handle 2.5 million passengers a year. That's in addition to the airport's Terminal B, a closed 22,000-square-meter building on two floors with 50 check-in desks, seven air bridges and nine boarding gates.

Terminal B, which can handle 23 aircraft simultaneously, represented a \$100 million investment at PUJ, which already ranks as Latin America's ninth-largest airport in passenger volume. It's unclear how much the third terminal at PUJ will cost.

Later this year, as construction proceeds on this latest expansion, the airport will receive the DR's first-ever nonstop flights from the Middle East.

Alexander de la Rosa, the Dominican ambassador to Israel, said that in October,

El Al will launch charter flights from Tel Aviv to PUJ every 13 days, with the operation evolving into a weekly flight. El Al will carry up to 277 passengers on a Boeing 777; the airline is targeting mainly Dominicans interested in Christian pilgrimages to the Holy Land through local companies such as Mona Tours and Genesis Tours, as well as Israeli backpackers in search of a new Caribbean budget travel destination.

Rainieri added that a related project, Blue Mall Punta Cana is on track for completion later this year.

The mall, which bills itself as “the largest and most modern shopping center on the east coast” of the country, is a joint venture between Grupo Puntacana and Grupo Velutini. Although construction of the \$40 million mall was supposed to begin in 2010, the global economic crisis forced its backers to hold off. But now it's back on track.

Based on the model of Blue Mall Santo Domingo, the complex will boast shops selling luxury labels such as Louis Vuitton, Burberry, Ralph Lauren, Gucci, Lacosta and Oscar de la Renta — as well as less expensive options like Zara, Benetton, Liz Claiborne and Nine West.

“God willing, in September we will be inaugurating the first 148 shops, which will generate more than 2,000 jobs,” said Rainieri, adding that the lushly landscaped 50,000-square-meter mall will have 20 two-story buildings featuring local coral rock, wood beams and glass, as well as movie theaters and restaurants.

An even more ambitious project to attract tourists is already in operation along the country's north coast. Amber Cove, the DR's newest cruise port, is likely to receive 350,000 passengers in 2016, according to David Candib, vice-president of development and operations at Miami-based Carnival Corp. By comparison, last year a total 549,000 passengers visited all of the DR's cruise terminals: Santo Domingo, La Romana, Samaná and Puerto Plata.

During the 2014-15 cruise season, the 407,100 transit passengers who visited the DR on cruise ships spent a total of \$25.6 million. Another 73,528 arrived in the DR to begin their cruise, according to the FCCA, spending \$6.3 million, or an average \$85.94 per passenger in both categories.

Candib, speaking at a recent National Shippers Association luncheon in Santo Domingo, said eight cruise lines would bring tourists from the UK, Germany, Italy

and the United States, and that the \$90 million Amber Cove represents the most money Carnival has ever invested in a cruise terminal. So far this year, more than 40,000 visitors have passed through the complex in Puerto Plata's Maimon Bay. By 2020, he predicted, Amber Cove — which can accommodate up to 8,000 passengers and 2,000 crew members at the same time — could be receiving 500,000 to a million visitors annually.

Jamaica

Jamaica, which recently inaugurated a new prime minister, expects "substantial growth" in tourist arrivals this year.

Andrew Holness, who was sworn in March 3, quickly named Edmund Bartlett the new minister of tourism, replacing Wykeham McNeill. It's unclear what policies Bartlett, 65, will pursue as tourism minister under Holness; he returns to that post for the first time since 2011, when his Jamaica Labour Party lost Jamaica's general elections.

Before his departure, McNeill — speaking at a recent press breakfast — predicted Jamaica would benefit from "unprecedented levels" of hotel development that began in 2015 and will continue well into 2018. By far the most ambitious is a plan by Florida-based Karisma Hotels & Resorts to build 4,000 rooms along Jamaica's northern coast over the next decade. The first 1,200 rooms will open in time for the 2017-18 winter season after two years of construction, according to the *Daily Gleaner*.

The 4,000 rooms in that \$900 million venture will be spread across nine hotels to be developed on 228 acres of beachfront land in St. Ann, said Dennis Morrison, chairman of the Jamaica Tourist Board. He said the \$900 million price tag does not include the \$45 million Karisma is spending on the 149-room Azul 7 hotel now under construction in Negril. The *Gleaner* said that property is next door to the 138-room Azul Sensori, which used to be part of Gordon 'Butch' Stewart's Sandals inventory but is now managed by Karisma on behalf of itself and partners that include British airline conglomerate TUI.

"Karisma was so very impressed with the performance of their first resort that they moved immediately to identify



Jamaica's Falmouth Cruise pier

land to expand their presence in Jamaica," Morrison said, adding "that first resort, immediately on its opening, was running 100% occupancy, which is most unusual in the tourism industry."

A number of other large-scale projects are also in the works, including Playa Resorts' 621-room Hyatt Zilara/Hyatt Ziva Montego Bay; Palace Resorts' 705-room Moon Palace Jamaica Grande in Ocho Reios, and the 226-room Meliá Braco Village in Trelawney. There's also a 129-room Courtyard by Marriott going up in Kingston.

Jamaica also depends heavily on cruise traffic. During the 2014-15 season, reports the Caribbean Tourism Organization, Jamaica received 1.5 million cruise passengers, generating \$198.6 million in total revenues. That placed Jamaica sixth in the Caribbean after St. Maarten, Bahamas, Cozumel, U.S. Virgin

Islands and Cayman Islands.

A project is underway to build a cruise ship pier in Kingston. Funding is unclear, but Desmond Malcolm, general manager of the Urban Development Corp. (UDC) says his agency is currently in talks with the Port Authority of Jamaica (PUJ) to construct one.

"We believe that the cruise ships will be coming back to Kingston, and we are working to ensure that it becomes a reality," Malcolm told the *Gleaner*.

Falmouth, the island's newest cruise port, was a \$269 million venture involving the UDC, the PAJ and Royal Caribbean. Last year, Montego Bay's Sangster International Airport — an easy \$40 taxi ride from Falmouth — saw a record 14,000 passengers come through on Dec. 22, the most ever to pass through Sangster on a single day.

Puerto Rico

Puerto Rico, whose \$73 billion fiscal deficit has pushed the island to the verge of bankruptcy and a humanitarian crisis, is nonetheless enjoying a banner tourism year.

“Tourism has been the only industry on the island to escape the current economic recession,” said Ingrid Rivera Rocafort, executive director of the Puerto Rico Tourism Co. (PRTC) recently.

Significantly, the island received more than five million visitors in 2015; they spent \$3.8 billion, up 20% from 2012 expenditures. That has pushed tourism’s contribution to Puerto Rico’s shrinking GDP to 7.1%, up from 6% in years past; PRTC hopes to boost that to 8% of GDP in the short term.

Despite negative coverage in U.S. mainland media on Puerto Rico’s increasingly desperate financial straits, more tourists are visiting the island than ever before.

The PRTC reported that a record 1.49 million cruise passengers visited in the 2014-15 season — and that the expansion of Old San Juan’s Pier 3 was a key factor in luring the world’s largest cruise vessels. These include *Quantum of the Seas*, *Anthem of the Seas* and *Oasis of the Seas*, scheduled to arrive Mar. 20.

Of the 1.49 million cruise passengers, 1.04 million were in-transit and 454,000 were beginning their cruises from Puerto Rico. They — along with an estimated 589,000 crew members — spent \$198.2 million in cruise expenditures, according to the FCCA.

Hotel construction continues unaffected by the fiscal crisis. Puerto Rico’s room inventory recently broke the 15,000-room mark, with about 1,000 new rooms made available in the past year and more than 3,850 more rooms in financing, permits and construction stages, Caribbean Business reported in early March.

Meanwhile, Aerostar Airport Holdings LLC has poured close to \$1 billion into San Juan’s obsolete Luí Muñóz Marín International Airport (LMM) since early 2013.

At a March 2 briefing to mark



Dufry recently completed this stunning new 23,680 sqf walk-through duty free store in Terminal B at San Juan’s Luí Muñóz Marín International Airport (LMM).

the third anniversary of the FAA’s approval of the deal for Aerostar to run Puerto Rico’s flagship airport, Aerostar CEO Agustín Arellano described his company’s efforts to transform LMM into a modern world-class gateway.

Total cumulative investment in LMM, he said, comes to \$937.4 million, including \$615 million that Aerostar agreed to pay the Puerto Rico Ports Authority up front. The PRPA will receive a total of \$552.5 million over the 40-year life of the concession, during which time Aerostar expects to invest \$1.4 billion.

The lease agreement, signed July 24, 2012, also requires the investors to make annual payments of \$2.5 million and 5 percent of annual gross revenues between years six and 30, rising to 10% of annual gross revenues from year 31 to year 40.

“In the three years since Aerostar Airport Holdings took the reins of operation and administration at LMM, we have demonstrated that the transaction was the correct one,” Arellano told *TMI*. “We committed to a destination whose annual passenger traffic was falling and have ensured that traffic will increase by 14% compared to 2013.”

Aerostar is a 50-50 venture between New York-based Highstar

Capital and Grupo Aeroportuario del Sureste (ASUR), which manages Cancún International Airport and eight other airports throughout southeastern Mexico.

Last year, LMM, which was inaugurated in 1955, handled 8.9 million passengers. That’s up from 7.9 million in 2012, 8.33 million in 2013 and 8.57 million in 2014.

Arellano said LMM’s expansion has resulted in 400 direct and 2,500 indirect jobs, noting that “we found an airport that needed substantial structural work, improvement of commercial offerings and a change of focus, and we’ve been successful in our mission.”

Among other things, Arellano said Aerostar has spent:

- \$135 million on capital improvements, property and equipment
- \$50 million on labor costs
- \$25 million on regional airports
- \$6 million on the Puerto Rico tourism promotion fund
- \$21.7 million to implement a new in-line baggage handling system
- \$17 million on 22 new jet bridges
- \$2.7 million for escalators and elevators
- \$65 million on annual maintenance costs

In 2014, Aerostar installed a new central security checkpoint to comply with rules established by the Transportation Security Administration. It has eight inspection lines that allow screening of up to 1,800 passengers per hour. If necessary, the checkpoint can be reconfigured to 12 lines, screening as many as 2,400 passengers per hour.

The renovated check-in area covers 230,000 square feet and boasts 60 new check-in counters. Meanwhile, LMM's in-line baggage handling system, installed in 2014, has Explosive Detection Systems (EDS) technology and can handle up to 2,700 bags an hour. The airport also claims to be the first under FAA jurisdiction to deploy video analytics technology that gives security personnel

data on all passengers at all times.

On the retail side, new shops at LMM include the Garbo boutique, El Market Puerto Rico, Desigual & Folli Follie and Terminal B's Dufry Walk Through — which at 23,680 square feet claims to be the largest airport duty free shop of its kind in the Caribbean. Featured brands at these new outlets include Dior, Chanel, Giorgio Armani, Pandora, Swarovski, Don Q and Bacardi.

In the three years since Aerostar's takeover, half a dozen airlines have begun flying to LMM from numerous overseas destinations including Avianca (Bogotá); Air Europa and Iberia (Madrid); Volaris (Cancún, Monterrey and Mexico City); Insel (Aruba), and Norwegian Air Shuttle (Stockholm,

Oslo, Copenhagen and London).

In total, 10 new airlines arrived to the island from eight different destinations, with Iberia and Avianca returning after a long absence.

Puerto Rico also gained a direct connection with Mexico for the first time in 15 years through Volaris, and its first direct flights to the Nordic countries, courtesy of Norwegian Air. Also, after decades of not having an airline based on the island, Seaborne Airlines moved its operations to Puerto Rico and increased its routes to 17 destinations, turning Puerto Rico into the main hub in the Caribbean.

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The newly remodeled flagship Rouge Caymania store on Main Street in George Town, Grand Cayman.

Argentina's Rouge comes to the Caribbean with style

One of South America's leading perfume chains -- Buenos Aires-based Perfumeras Rouge -- has expanded to the Caribbean, opening the first of a chain of elegant stores that feature a distinctive portfolio of brands and luxurious style of retailing.

Since July of last year, Rouge -- through its new Duty Free Retail Caribe Group division based in Miami -- has opened six stores: two in Grand Cayman, three in Grenada and one in St. Thomas, with seven more in the pipeline for the coming year.

The Rouge owners bring 35 years of experience and an impressive list of accomplishments to their new venture in the Caribbean.

Rouge's parent company Diffupar was established in 1982 by the Bordoni family to represent beauty brands in Argentina's local and travel retail markets. The company distributes a broad range of fragrance and cosmetic brands from mass-tige to high end (such as Hermès, Creed and Annick Goutel). It is currently the largest non-dealer beauty distributor in Argentina.

In 2000 the company acquired interest in Argentina's famed Rouge perfumery chain, becoming full owner within five years. Today, Rouge is considered the most important and selective perfumery chain in the country. It operates 31 beautiful stores, 26 of which are located in and around Buenos Aires, home to some 70% of the target consumer audience. The Rouge stores -- which emphasize luxury beauty brands and one-on-one service -- employ nearly 300 Beauty Consultants, 2/3 of which are direct employees, with the remainder contracted through its supplier brands.

In addition, Diffupar distributes an impressive portfolio of high-end fragrance

brands in Uruguay, both in the local market and on the border, through its Celine division.

"Diffupar is one of the primary distributors in Argentina, handling 70% of the Argentine market, which my family has been operating for the past 35 years. As distributors we learned both sides of the trade, and between our business on the distributor side and the retail side, we have an enormous wealth of experience of what the real consumer is looking for," explains Marco Bordoni, who heads up the new Caribbean venture.

Bordoni points out that most of the companies in the Caribbean who are focusing on tourists, and not on the local population, are missing out on an important selling opportunity.

"When we opened in the Caribbean we were able to fill in the gaps in our Caribbean stores--from products that were missing to the way to serve the clients. This is what we will bring to the Caribbean. This will be our main model. Because in the Caribbean, it is not only the tourist and those on the cruise ships who are the customers. There are the people who work in the local market, in the hotels, in the communities, who also can buy our products. Now with the Internet everyone has access to information about products, and they all come to seek these products. So we can bring our local market experience to these islands who have never had the opportunity to have this kind of local distribution and service before. Some of the islands go from populations of 100,000 to half a million, so you can really have a local market business," he says.

"We want to fuse together the glamorous local retail experience with the modern targeted travel retail offer in

our Caribbean stores," says consultant Raymond Kattoura, whose company Kattoura Duty Free & Travel Retail Group Inc. is spearheading business development for Rouge Duty Free Retail Caribe. "We aim to indulge the most discerning travel clientele, focusing on delivering an up-to-date product selection, one-on-one service followed by a professional after-sale service, and beautifully designed stores.

"Using state-of-the-art retailing technology to track traveler's tastes, product selection and demand, we will tailor our marketing and merchandising to provide the most exciting retail experience," Kattoura says, adding that Rouge plans to make full use of advertising, special events, consumer workshops, loyalty programs, social media and monthly flyers to highlight the different promotions in its stores.

Rouge finalized its contract in Grand Cayman in July 2015, partnering with Caymania Duty Free to manage and operate Caymania's store at Royal Watler Cruise Terminal and in downtown George Town. Caymania was the first duty free shop in the Cayman Islands, established nearly 60 years ago, and has won many awards, including the favorite of local shoppers.

The Rouge Caymania shop at the port is the exclusive duty free store at Watler Cruise Pier, and the only store selling fragrances, skin care, cosmetics and jewelry at that location. It is ideally situated to reach Cayman's cruise traffic as the passengers exit and return to their ships.

"This is a vibrant, growing market that we intend to serve well," comments Kattoura. Cayman's cruise passenger arrivals reached more than 1.7 million in 2015, up nearly 7% from the year before.

Featuring more than 2,300 square feet



ROUGE

Le parfum. **La couleur.**

Cayman Islands - Grenada - St. Thomas/US Virgin Islands

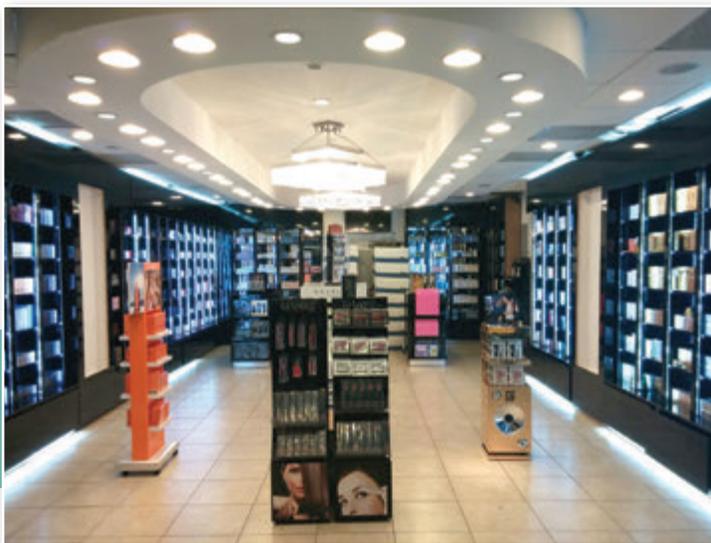
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of retail space and located in a beautiful old bank building at #1 Main Street, the downtown Rouge Caymania flagship store in George Town is the largest perfumery in Grand Cayman. The store has been totally renovated and features the sleek, sophisticated black lacquer look that defines all the Rouge stores in Argentina.

Carrying the most prestigious beauty brands in the duty free market, the newly remodeled Rouge Caymania store features an exclusive Spa Cabin for Swiss skincare treatment Valmont—the only such spa in the Caribbean and the first in any travel retail market in the Americas.

The downtown Rouge Caymania store also carries an array of selective high-end fragrance brands – including Hermès, Il Profumo, Bond No. 9, Atelier and others. These will be presented in a special VIP Lounge in the back of the store, adjacent to the entrance to the beautifully constructed Valmont cabin. The VIP lounge will feature Concierge Service specially tailored for local shoppers from Cayman’s prosperous business community.

“We opened the store with a big splash shortly before the Christmas holidays by holding a series of exclusive Corporate Nights, inviting the employees of different banks and hotels for a special shopping evening only for them. We had cocktails and promotions. We had music playing outside the entrance. We gave out gifts. It was very festive – and successful. Some nights we had as many as 200 people shopping in the store at a time,” says Kattoura.



The remodeled Rouge Caymania port store at Royal Watler Cruise Terminal.



Rouge at Patio Bullrich in Buenos Aires, Argentina.

Grenada

Rouge Duty Free Retail Caribe also took over the operation of three stores in the exclusive British West Indian island of Grenada in 2015. A haven for mega-yachts and famous for its scuba diving, underwater parks, and rain forests, Grenada is enjoying an influx of high-end visitors from the U.S. and Europe.

Rouge operates a 1,000 square foot luxury duty free store in the Departure Lounge of Grenada’s Maurice Bishop International Airport, where it is the exclusive vendor of fragrances, skincare and cosmetics. It also operates a 1,000 square foot luxury duty free store in Grenada’s Spice Land Mall, where it is also the exclusive vendor of fragrances, color and skincare products, and also carries designer bags, sunglasses and fashion jewelry.

In addition, Rouge operates 1,000 square feet of retail space in the heart of Grenada’s Port Louis, the island’s famed mega-yacht marina, which opened this March. Rouge is the exclusive seller here of fragrances, color and skincare products, as well as liquor and tobacco.

St. Thomas, USVI

The most recent addition to the growing Rouge Duty Free chain was the company’s acquisition of the Little Europe perfume store located on the Charlotte Amalie waterfront in St. Thomas’ tourist district. Rouge acquired Little Europe – the only perfume store on St. Thomas’ famous waterfront, from Vashi and Kavita Dadani, who retired after establishing the shop more than 40 years ago.

Within the next three months, Rouge will be remodeling and expanding the store, more than doubling its size. For now, Duty Free Retail will focus on growing the business in Grand Cayman and remodeling the Grenada and St. Thomas locations to reflect the Rouge Argentina image and way of doing business.

“Our plan is to go Pan-Caribbean,” says Bordoni. “Since July we opened six stores, on three islands. Our goal is to open 15 doors eventually, and we are currently in negotiations with seven other locations. We hope to close at least some of them in 2016. If not by year end, than as soon as possible.

“If the right opportunity comes our way, we might open more than 15, but for now, this is the goal for Rouge Duty Free in the Caribbean.”

“We will apply our experience in the local market to these Caribbean shops, emphasizing service and product selection tailored to the different types of consumers who shop with us. We feel we have something special to bring to this market and are very excited to be here.”

Le Rouge debuts worldwide launch of Swarovski's Mor-Malhar peacock

Le Rouge International, which operates the Zyló Duty Free and La Casa Amarilla (The Yellow House) stores in Curaçao, continues to make shopping in its stores as appealing and entertaining as possible, despite the difficult environment.

"2015 was a challenging year for downtown stores in Curaçao because of the Venezuelan political, economic crisis plus cruise passengers are not the buyers anymore. In addition, the recently completed Re-Development Punda Project in downtown took a toll on revenues as the main streets were closed for five months," comments Le Rouge International Director Meena Hemrajani. "Despite increased air traffic and tourism in Curaçao, the retail business is taking a downward trend. Business was not in proportion to the increased passengers that were coming," she says.

"The fragrance industry, especially, is getting very soft as the online business is killing the retail business. American passengers shy off from buying perfumes as they have to pay for the luggage charged by American Airlines," she tells *TMI*.

As a result, Le Rouge is seeing a shift in its product mix, as it entices customers with new categories and products.

"Brands like Pandora and Swarovski continue to grow and perform better because of price point, value for money and because our customers need to feel and try these products," she says.

Despite the drop in tourist spending, Hemrajani reports that Le Rouge's local business continues to be stable through the use of creative events, exciting launches and pampering their customers.

"Basically, every consumer is also looking for price off, offers and promotions," she says.

One of the main ways Le

Rouge International grew its business in 2015 was by adding a Swarovski Boutique to its TOUS Boutique space in downtown Punda, where it staged a very special event this past November.

Swarovski expanded its door in downtown Punda with a shimmering white forest look and Le Rouge took the opportunity to launch the Crystal Myriad – Mor-Malhar peacock, an incredible piece of art made with 56,991 glistening Swarovski crystals.

"Five hundred hours of work were needed to make the magnificent creature shimmer with such perfection. Only 300 of this limited edition have been made worldwide. This is one of the reasons why this piece is so unique. Curaçao was the first market which received the opportunity to carry the peacock," says Hamrajani.



Swarovski area manager Lotty Wolfe unveiled the Mor-Malhar peacock outside the boutique in Punda during a cocktail party in November.

"We invited all our VIP clients to witness the unveiling of Mor-Malhar. Our building was lit up with green/blue/purple lights to match the peacock, and all the attendees received a peacock feather to pin to their clothes when they registered. We served Prosecco champagne and French hors d'oeuvres, and had a well-known pianist played continuously.

"This majestic bird is the national symbol of India. Mor stands for peacock and Malhar for a melody that is sung to bring the rain. The resplendent courtship dance of the proud male peacock in late spring is said to herald the arrival of the summer monsoons, an auspicious sign indicating a rainy season," explained Hamrajani, who had local girls perform the Mor – peacock dance and Malhar – rain dance during the launch party.

"This is actually the first time that Swarovski is taking this limited edition piece and bringing it from market to market as a sample for the customers to see. The Crystal Myriad collection is very exclusive and we thought it could be a great opportunity to bring it to the markets that have potential collectors and people that could be interested in such pieces. It turns out that Curaçao is one of them. We made it happen," said Lotty Wolfe in an interview with the *Curaçao Chronicle*.



The miracle of Hand in Hand for Haiti: Lycée Jean-Baptiste Pointe du Sale school reaches five year anniversary



Estée Lauder Companies' Olivier Bottrie, one of the co-founders behind Hand in Hand for Haiti, and students at the Lycée Jean-Baptiste Pointe du Sale school in Saint-Marc, Haiti.

In a remarkable accomplishment for which the travel retail industry should justifiably be very proud, the world-class Lycée Jean-Baptiste Pointe du Sale school in Saint-Marc, Haiti will be celebrating its fifth anniversary this year. Conceived by three travel retail executives in the aftermath of the devastating earthquake that hit Haiti in January 2010, the school – developed by the Hand in Hand for Haiti Foundation -- opened in October 2011 with 153 students. Today it teaches 350 children beginning from three years old– and will eventually encompass 700 students a year.

Hand in Hand for Haiti (HiHH) was founded by the Estée Lauder Companies President, Travel Retailing Worldwide,

Olivier Bottrie, former DFS Group Chairman & CEO Ed Brennan and *The Moodie Report's* Martin Moodie. It remains today the biggest charity initiative in travel retail history, with companies and organizations such as DFS Group, Starboard Cruise Services, Onboard Media, Dubai Duty Free, Dufry, DFASS, *The Moodie Report* and Women in Travel Retail – among others - making major donations in money and time.

With the appointment of Erin Morales as Director of Development, Hand in Hand for Haiti's first U.S.-based employee whose responsibilities include global resource development, the project enters a new phase, with an even greater focus on sustainability.

TMI's Lois Pasternak had the opportunity to meet with Olivier Bottrie late last year to discuss where the school is today, how well it is meeting its mandates, and what Hand in Hand for Haiti is striving for in the years ahead.

“Our focus continues to be to deliver the education that we set out to deliver. To this end we have 20 teachers, several of whom teach English; the rest of them teach French, and also Creole. And we have seven grades now, beginning with nursery school at age 3,” begins Bottrie.

Sustainability

“This is not ‘mass education’ or a ‘good enough’ education. It is about providing these kids with the best possible education and the standards we have set are those of the international schools in New York, as a benchmark. Here is a picture of one of the students with my daughter, and I tell people that there is no difference between these two and I want them to have the same education.

“Are we there yet? Of course not, we are still a start-up. But we are raising the bar, and increasing teacher training. We have important supporters, in France, in the U.S., and we have a university helping us with teachers. So we have a lot of people



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Hand in Hand for Haiti is a 501(c)(3) non-profit organization based in the United States.



helping us to make sure that the program is as good as it needs to be," he says.

Bottrie stresses that the Lycée is a free school. The parents pay nothing and about 90% of the children in the program come from very poor backgrounds. Along with their education, the students get uniforms, two meals a day, and transportation from the city to the school.

"We have a nurse, we have a psychologist, we have a social worker, we have a doctor come once a week. We train teachers. We hold 'camp' for Easter break and the summer. This has been the vision from the beginning and we have not moved an inch from it," says Bottrie.

"This is expensive – for Haiti. But it is about the education. This is the future. Public school in NYC for one child is \$15-20,000. In France it is 8-12,000 euros. We supply the books, we supply the school supplies, but this is our vision and we are basing ourselves against the American schools I mentioned, not against the worst case scenario."

Beyond Education

"Today we are spending a lot of money buying diesel fuel for generators. It is too expensive, and there is a better way to get power. We need to switch from diesel to solar. We are working on raising money specifically to bring solar to the school," explains Bottrie.

"Water --our second priority today -- is also an immediate concern. We do not have water in the school. During 60-70% of the year we capture water from the sky using a rain catchment system, but this is not drinking water, it is to wash with, to clean with. Our vision is to bring water to the community when we bring water to the school. Not only would it save us money, but the town would have water for cooking,

as well as water to irrigate the land and give people a job. We have a project that has been designed for us. We know where the water is. And we are trying to raise money for this specifically as well."

The water project will cost about \$200,000 and the solar project will be around \$350,000. Negotiations for funding are underway, he says.

Community Involvement

"From the beginning we had a concept of community involvement, nearby and in the wider community of Saint-Marc," he says. "We want to be a good citizen. We have created 93 local jobs so far, of which 58 are full time jobs. Our lowest paid employee is paid twice the minimum wage of Haiti, plus they get meals. The school has become an economic force in Saint-Marc. We also consume a lot of local products. The mayor has told me that we are the largest employer in the city today."

HiHH's founders think of the Lycée as a "school plus"-- the plus being economic development.

"We are doing much more than just providing education for kids. Our core goal is to provide a group of educated young people who will want to stay in Haiti and develop its future. But today, we are building something more immediate."

This year about 90% of the children in the program come from very poor backgrounds, up from 80% when the school first opened.

Teacher training and volunteer internships are other key elements sustaining the school. A new dorm that houses 42 people on two floors was recently completed for the college student interns and summer camp staff volunteers, who come from France, the U.S. and Canada.

Awards and donations

This past October, Olivier Bottrie was awarded the Ordre National Honneur et Mérite (Order of National Honor and Merit) from the Haitian government in recognition of his role in the funding, building and operation of the Saint-Marc Lycée.

This is Haiti's highest honor, bestowed in acknowledgement of distinction in such areas as charitable works, diplomacy, politics and the arts.

Bottrie appreciates the honor, but sees it in terms of how it can help the school going forward.

"The award gave us recognition and the most sought after public interest status. This is very important. Next we need to obtain a duty exemption, so we do not have to pay taxes on everything that is imported. We have been working on obtaining this since 2011," he says.

In more recognition for HiHH, French bank Meeschaert Group, on the occasion of its 80th anniversary last year, donated more than one million dollars for scholarships for students attending the school.

In its announcement, Meeschaert said:

"Our goal is to support 80 Haitian children attending Lycée Jean-Baptiste Pointe du Sable in Sant-Marc, through the Hand in Hand for Haiti Foundation, by funding at least 80 scholarships of \$5,000 each, over the next three years."

Meeschaert also called on its network of employees, clients, suppliers, associations and foundations, and artists and their galleries to join with it in supporting the cause.

For information on how you can help support Hand in Hand for Haiti, please go to: <http://hihh.org>

Hand in Hand for Haiti hires Erin Morales as 1st Executive Director

Staff from Starboard Cruise services, Onboard Media and other Miami organizations recently had the opportunity to meet Erin Morales, who joined Hand in Hand for Haiti as the organization's first Executive Director in November 2015. In this role, she is responsible for U.S. operations and global resource development for the Lycée Jean-Bapiste Pointe du Sable, a school of excellence built for under-privileged children in Saint-Marc, Haiti following the devastating earthquake that pummeled Haiti in 2010.

The school will be celebrating its fifth anniversary this year. It was built 100% from donated funds, much of it coming from the duty free industry.

Morales has more than 15 years of non-profit management experience with a special focus on children's issues and education. She has held senior management positions with the American Cancer Society, Smithsonian Institution, Trinity School, Liberty Science Center and Advocates for Children of NJ. She lives in New Jersey with her husband and two children.



Hand in Hand for Haiti Advisory Board member Jeff Feldman, Starboard's Robin Rosenbaum-Andras, and HiHH Executive Director Erin Morales.

Erin met with the two groups — both divisions of LVMH — at the Onboard Media offices on February 18 to report on her visit to the school and update them on recent developments.

Starboard and Onboard are responsible for raising approximately half a million dollars a year for the school through a variety of projects and activities.

Also onhand were members of the Hand in Hand for Haiti Advisory Board, Robin Rosenbaum-Andras, Senior Vice President, Marketing Starboard Cruise Services, and Jeff Feldman, Vice President at Uribe Construction, who is an active member of several organizations that work with Haiti, and *TMI's* Lois Pasternak.

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Economic woes threaten the Latin American travel retail business

Corruption in Brazil. A new government in Argentina. Falling commodity prices. TMI's John Gallagher analyzes Latin America's "complex" economic landscape and discusses what impact it will have on travel retail.

Brazil boomed during President Lula da Silva's two terms in office from 2003 until 2010, but since his protégé Dilma Rousseff took office in January 2011 the country has fallen dramatically. Now, as police investigations into corruption and bribery at the top of Brazilian society grow even broader, the immediate future is more uncertain than ever. Argentina, on the other hand, could return to economic growth in 2017.

And in the middle we have Chile, Peru and Colombia -- all expected to report some growth in GDP, even though at lower levels than the past few years. Overdependence on commodity exports to the world's industrial countries --but especially to China -- is stymieing growth in most Latin American countries. Until commodity prices recover or productivity from non-commodity based industries increases, the economies throughout the continent are likely to be flat.

Brazil – boom to bust

Brazil with President Lula at the helm brought down inflation, increased employment levels and delivered quarter after quarter of strong GDP growth. But the

Brazilian economy started to stutter about two years ago, and now, as the country is immersed in one of the biggest corruption scandals of its history, the situation could get even worse.

In fall-out from the graft charges centered on the state oil company Petrobras, business executives and politicians have been imprisoned as the country struggles to stamp out illicit business activities. On March 4, the former president himself was briefly detained for questioning by the police on suggestions that he had received kickbacks from the oil company, although he was released after three hours.

President Dilma is reportedly facing impeachment (for allegedly breaking budget rules,) although she backs the anti-corruption investigations. The entire country appears to be waiting for the Brazilian justice system to clarify the truth behind the Petrobras charges.

Under these circumstances, Brazil's economy shows little sign of responding to the government's austerity measures. The danger of the country's overdependence on commodities exports to China is also apparent as China's economy slows.

GDP is forecast to fall by 2.9% in 2016, after a 3.7% contraction in 2015. Inflation is at a 12 year high at just below 11%. Inflation is expected to fall to around 8% later this year, which would still be significantly above the Central Bank target figure of 4.5% (+/- 2%). Interest rates remain high at around 14.25% and domestic consumption is weak as a result. The only economic indicator that is looking good at the moment is the expected \$37b balance of payments surplus, as the lower value of the Real and weak domestic demand pulls the volume of imports down.

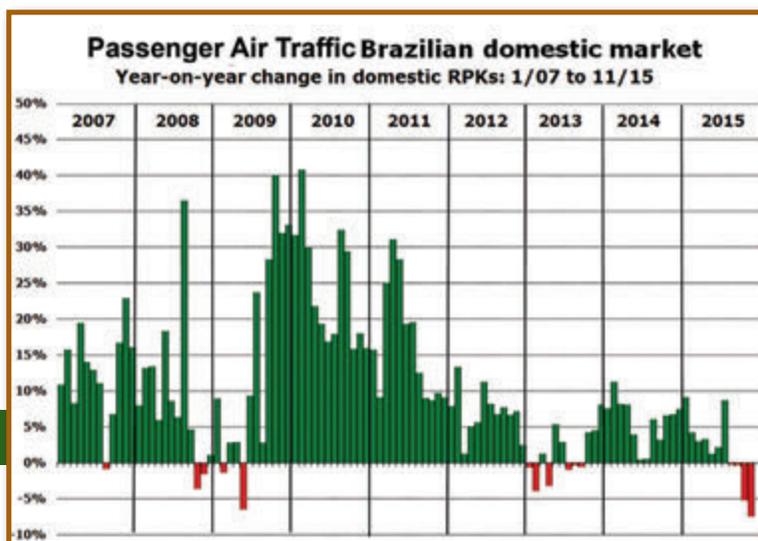
As Brazil's economy worsens, its middle classes have reigned in their more lavish consumption habits. With overseas travel down, Brazilian carriers and international airlines serving the country have cut services. The plunge in the value of the Real against the US Dollar (47% last year) has been a major factor in curbing overseas travel, as well as driving the dramatic fall in sales at border shops in Brazil, Argentina and Paraguay, which depend on Brazilian consumers. There is some hope that the current value of the Real will attract international tourists to Brazil, but this has yet to be seen.

In an interesting development, the Brazilian government has just raised the percentage that foreign companies can own in Brazilian airlines from 20% to 49%. The measure has been well received, as both Gol and Azul airlines restructure in the face of weaker demand.

TAM Airlines plans to reduce capacity in Brazil for 2016 from 8% and 10%, as compared to 2015.

Last year was difficult for the airline business. Passenger traffic at Sao Paulo Guarulhos, the country's biggest airport, fell from 39.54m in 2014 to 38.95m in 2015. International passenger traffic grew slightly from 13.58m to 13.62m. At Rio de Janeiro–Galeão total traffic fell from 17.32m in 2014 to 16.94m in 2015. International passenger traffic increased slightly from 4.05 to 4.1m.

Brazil's continuing economic crisis will likely subdue growth in the travel



RPK - Revenue Per Kilometers
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Despite Brazil's fragile economic state, frequencies are only down slightly in the U.S. market and up in many South American markets, says ACI-LAC. Panama is down due to Copa hub reductions.

retail business for this year, at best. With the Brazilian middle classes cutting their spending, most travel retail operators on the Uruguay and Paraguay borders would settle for revenues in line with last year.

Although not announced, the Brazilian government will probably not open shops on their side of the border for the time being.

Argentina – the crying stops in 2016?

By April when the IAADFS show opens, Mauricio Macri will have been President for just over three months. Since he took over from Cristina Fernández de Kirchner he has been busy drawing up structural reforms to aid Argentina's ailing economy as he strives to integrate the country into the global economy.

Macri's priorities include loosening currency controls, freeing up foreign exchange, and settling the country's long standing dispute with the U.S. based hedge funds. Already, he has successfully loosened currency and made an initial agreement with the hold-out creditors who refused to enter the first round of debt restructuring 15 years ago. As a result, Argentina may be able to return to the international credit markets for the first time in twelve years.

Macri and the Cambiemos coalition -- which do not have a majority in Congress -- must work with the opposition to get major structural reforms passed. While it is too early to predict success, some progress has already been made. Inflation continues to be a problem-- the annual rate is reportedly in excess of 30% -- but analysts expect the rate to fall in the second half of the year.

Macri knows how critical it is for Argentina to strengthen its international ties and he has already improved relations with the USA and the European Union. If he can successfully complete negotiations with

U.S. hedge funds, lower interest rates and foreign direct investment should follow.

The medium term objective is to create a more positive business climate, create private sector manufacturing jobs, and diversify Argentine trade beyond agricultural commodities. Reporting reliable statistics is of paramount importance and the Macri regime has instituted a major reform of INDEC, the body that produces official inflation and GDP figures.

Once these goals are reached, Argentina may see Macri push to reform the Mercosur group, persuading the trading bloc to broaden its outlook and become more valuable for the member countries.

Since Brazil remains Argentina's primary trading partner, the recession there will continue to slow economic progress in Argentina. Between low commodity prices and lower domestic market consumption, growth is expected to be flat in 2016, although GDP is projected to grow to 3% in 2017. The unification of the foreign exchange market has partially dampened duty free sales at Argentina's international airports and border stores. Argentine residents are now paying at an exchange rate of around 15 to the Pesos, compared to 9.5 prior to Macri taking power.

During the last few years domestic air travel has been quite buoyant, although international traffic was more subdued. In 2015 Aeropuertos Argentina 2000 (AA2000) reported 29.58m passengers in their 33 airport network in Argentina, an increase of 8.7% on 2014; 17.94m were domestic travelers (+ 12.4%) and 11.35m were international (+ 2.9%). Aeroparque was once again the country's busiest airport with 11.05m travelers (+7.5%); Ezeiza, the main international gateway, saw growth of 6.1% to 9.13m passengers, but most of the growth came from domestic traffic.

The government has promised to make

the state-owned Aerolíneas Argentinas airline more efficient and cut its massive multi-million dollar deficit. Recently appointed CEO Isela Costantini says the goal is to reduce the operating deficit to zero within 4 years. As a result, expect to see unprofitable domestic and international routes cut.

Better prospects in Central America

Central America's prospects are much rosier than those in South America this year, with Central America forecasting GDP growth around 4.2%. Panama should be the star performer, with estimated growth of 6.3%. Since all Central American countries have USA as their main trading partner, they are faring better than their Latin American neighbors who depend on exports of copper, iron ore and soy to China. Even Mexico, faced with low oil prices, should grow at close to 3%.

The slowdown in Chinese economic growth will affect Latin America for the rest of the year. Beyond that time, much depends on Brazil's ability to rebound from its current political and economic problems. Any signal of recovery would be beneficial for the whole region but unfortunately recovery seems some way off.

So how will the travel retail business fare in 2016?

No great problems are anticipated as the former Aldeasa /WDFG operations in Lima and Santiago are merged into the Dufry South America structure; both operations are solid and well managed and both airports have enjoyed growing international traffic, a condition likely to continue this year. These airports should add important sales revenue to Dufry as the business in Brazil suffers due to the problems reported above.

The biggest infrastructure project in 2016 is the new 175,000sqm international terminal to be built by the Nuevo Pudahuel Consortium at Santiago de Chile. Construction should get under way in Q3 of this year, with completion expected in 2019/2020.

Airport travel retail throughout the area will grow in line with passenger traffic movements. The only disappointing area is likely to be the border duty free business which will remain depressed as Brazil's problems continue to have a negative effect on low tax and tax free retail activity in Uruguay and Paraguay.

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Monalisa adds High Style to its World of Luxury

Monalisa, the beautiful travel retail department store located in Ciudad del Este, Paraguay, continues to upgrade and enhance its luxury offer. This year Monalisa has unveiled Alta Moda -- a collection of high fashion apparel brands found in the most luxurious stores around the world, and now available for the discerning shopper on the fifth floor in the

heart of the exclusive Monalisa store.

Alta Moda features designer clothes and accessories from such haute couture brands as M Missoni, Versace Collection, Just Cavalli and Red Valentino, plus Givenchy for men, among others. Monalisa says that it is targeting that niche market looking for prêt-à-porter collections from top designers available in

other parts of the world.

“High fashion adds a plus to Monalisa, a finishing touch,” says Charif Hammoud, vice president of Monalisa International, S.A. “The idea was to do something different, something that would add even more luxury for our clientele. We wanted to bring high fashion brands to the local market, because we realized that





there was an untapped niche, an unmet demand.”

Monalisa will be adding more brands to the Alta Moda collection, including Lauren, Armani Jeans and Emporio Armani, with others under negotiation.

“The relationship we have maintained with some of the fashion houses for decades allows for good negotiations,” he says.

The Alta Moda fashions join Monalisa’s other renowned luxury departments, from La Cave – with its wide selection of champagnes and world class wines, to the latest beauty products from such top-selling brands as M.A.C, Lancôme, and Giorgio Armani, to a huge collection of contemporary and classic watches.



London Supply weathers the storm

by John Gallagher



London Supply's duty free store at Puerto Iguazu differs significantly from other border stores in South America. The London Supply team will tell you it is not a border store at all, but a luxury duty free store that just happens to be located close to a border. Whatever your definition of the company's flagship store, it has been key in establishing London Supply as one of the continent's leading independent travel retail operators.

London Supply Commercial Director Maggie Ducos, in a candid, in-depth interview with *TMI's* John Gallagher in early March, discusses how the Buenos Aires-based travel retailer is using the Puerto Iguazu store and other opportunities to not only cope with the difficult economic situation in the region but also to prepare for better times in the future.

The travel retail business in much of South America has been very difficult over the past months.

Ducos admits that numbers at the company's Puerto Iguazu flagship store

were down on last year, and that January and February have been difficult to date.

"The devaluation in Brazil has meant fewer visitors and the health advisories [Ed. Note: regarding the mosquito-borne viruses like Zika] have also led to fewer travelers to the region over the past few months. So far this year, the store had 15% less visitors compared to the same period in 2015. And travelers who do visit are spending slightly less so sales have been depressed. But we should remember that 2014 and 2015 were very good years," she comments.



Maggie Ducos, London Supply Commercial Director

If the Brazilian economic problems and the mosquito-related health scares were not enough, the new Argentine government unified the country's foreign exchange rate in mid-December, making US dollar priced products more expensive for local residents.

But the measure was expected and London Supply had been planning for it for some time, Ducos tells *TMI*.

"The previous situation was not normal and we were fortunate to have benefitted for quite a few months, but we knew that it would eventually end. In order to engage with our customers in a new way, we immediately put into place a number of promotions, giving real and tangible benefits to the people who were coming into the store," she says.

To further exacerbate the situation, Ducos points out that the new exchange rate went into effect just as local authorities declared a medical emergency in the region as cases of Dengue and the Zika virus become more prevalent.

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The stunning Absolute branded bar in London Supply's Iguazu store

Staying proactive in times of crisis

The current crisis is not a new situation for London Supply. The company opened the Iguazu flagship store 14 years ago just as Argentina plunged into one of its biggest economic crises ever. Now, just two years after opening a major extension to the Puerto Iguazu store, the Brazilian economic crisis is affecting the number of high spending Brazilian travelers to the region, predicating another downturn.

Even with the recent challenges, Ducos speaks with verve and enthusiasm about the business:

"In spite of the indicators, we have not done too badly. We have been very proactive. We are constantly looking at who is coming into the store and ensuring we have what they need. For example, as a result of a change of customer profile, we are refocusing on promotions in all categories. Travel retail is not about short term gains and if we look at the sales graphs over a longer period, the overall trend is still going in the right direction; now our job is to make sure we can maximize sales to the people who are coming into the store.

"We don't like the situation very much but the company is in strong shape and we have a diversified holding with multiple business interests. The entire London Supply team will continue to look at ways to keep our duty free business in Iguazu as strong as possible," Ducos insists.

Imports open up

In a positive development for businesses like London Supply, the change of government in Argentina at the end of last year also brought new legislation for imported products. Licenses are now automatically granted, whereas before the government approved only a limited number of license applications.

The easing of importation has led London Supply to set up a separate division to distribute a range of imported products in the Argentine domestic market. In addition the automatic import license system has been very positive for the company's business in Southern Argentina.

"The new situation is clearly beneficial for our airport and downtown stores in Tierra del Fuego where the situation has been quite abnormal over the

last few years. Even though the area has duty free status, the supply of imported products was not stable and many products were out of stock," says Ducos.

"We have 12 containers of products on the way to Ushuaia and Rio Grande at the moment. This will allow us to fill the shelves and build our stocks back to normal levels. [This is critical because] the local population may purchase duty free products here, in addition to the tourists. These locals have a higher disposable income than other parts of Argentina and are accustomed to buying imported products. We can now ensure a steady supply of imported products and we will do our best to meet their shopping needs."

Ducos is very optimistic about the effects of resupplying the southern region. "Although strengthening the business in the south will not totally compensate for the loss of revenue in the north, we will substantially increase our revenues here compared to the last few years," she explains.

While the start of 2016 has been fraught with difficulties, 2015 was a good year for London Supply, says Ducos:




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The Iguazu store is a destination of its own.

“We finished the full year with revenues up 22% and this came on the back of a 35% increase the previous year.

“The objective for the rest of 2016 is to stabilize revenues at the current levels, await the withdrawal of the health advisories and return to economic stability. After the discounting we instituted at the beginning of this year, we will change direction over the next few months, concentrating on Argentine visitors, whose numbers have been stable. As I said earlier, while there are fewer Brazilian visitors and they are spending less, Argentines are buying more. So we will focus on increasing the size of the sales ticket among this segment.”

One of London Supply's stores in Tierra del Fuego.



New credit plans for Argentines

In an effort to increase sales among its current customers, London Supply will introduce interest free installments for Argentine customers paying with Argentine cards.

“We have not offered installment payments in the past as the majority of our customers were from outside Argentina, but now this has changed. The discount will be 10% but we will offer three interest free installments if you buy more than \$100. The more you buy the more interest free installments you will get – if you buy more than \$500, for example, you will qualify for 12 interest free installments, if you

wish. We will be financing this ourselves and we are confident that it will help us increase the average sales ticket.”

Ducos says that the recent changes in London Supply’s customer profile have resulted in changes in the sales categories in Puerto Iguazu.

Fashion sales increase, appliances down

“Perfumes and cosmetics still account for more than 45% of total sales, and wines and spirits are stable at around 20%. But fashion and textiles are increasing and now account for around 18% of total sales.

“We opened a new Victoria’s Secret area in December in the central hall just before the area where customers pay for their purchases and leave the store. It has performed really well and we are exceptionally pleased with the way it is going so far. The Tommy Hilfiger shop-in-shop has also doubled in size from just over 100sqm to 200sqm,” says Ducos.

But Home Appliances and other electrical goods have not been doing as well as expected, she says. “Competing Brazilian retailers are not adjusting prices of imported products to reflect the actual exchange rate. Given the difficulties in this segment, we are changing strategy slightly and will only stock leading brands such as Apple, Samsung, Bose, Bang and Olufsen and Philips. These big brands will allow us to give our customers a full guarantee and solve any post-sales problems that may occur.”

Unified image

With the increasing importance of the stores in Tierra del Fuego, London Supply will unify its image across all of the duty free stores in the group.

“Although the logos of each shop were similar they were not actually the same; so our marketing people are in the process of designing new logos. We are also launching new web pages in the second quarter of the year. Because we work mainly with tourists in the north and with residents in the south, the way we engage our customers will differ slightly, but the images will be unified.

“In both markets we will focus mainly on social media, using Facebook, Twitter and Instagram, depending on the message and target audience. Last year we appointed a dedicated community manager to look after all the social media and this role is becoming more important with all the changes we are planning.”

New Free Zone opening

In addition to the airport and downtown stores it operates in Tierra del Fuego, London Supply will be opening a 1,500sqm duty free store in the Rio Gallegos Free Zone now under construction.

“We hope the Free Zone will be up and running by the end of the year. We are now in the process of drawing up the opening schedule with the local authorities,” says Ducos.

“The whole operation in Tierra del Fuego presents challenges but also many opportunities. Our logistics people have been working very hard to get things going again, bringing product registrations up to date and ensuring that products are in our distribution centers ready for onward shipment.”

London Supply will also be bringing many of the marketing innovations and promotions that have worked in the Iguazu store to the southern stores, adapting them as necessary.

“We will introduce categories like sunglasses— a category that never existed before in Tierra del Fuego,” says Ducos.

From simple adjustments like introducing a new product category, to major projects like building a new duty free store in a new Free Zone, London Supply is known for positioning itself to best take advantage of the opportunities that come its way. The new opportunities in Tierra del Fuego and the free zone in Rio Gallegos should go a long way to help stabilize revenues at the travel retailer.



Above: London Supply operates a major store in Ushuaia.

Below: Rendering of the new store being built in the Rio Gallegos Free Zone.



The London Supply Foundation Golf Tournament raises \$729K

The 12th annual London Supply Foundation Golf tournament held in Punta del Este in early January raised more than \$729,000 for designated charities.

“In spite of the difficult times, our

suppliers continued to help us with this great event and we were able to raise US\$729,159. The cash raised will be shared between the pensioners at the Hogar de Ancianos San Ramón de Puerto Iguazu

and the Marta Schwartz Hospital located in the center of Puerto Iguazú, where a special Rehabilitation Unit will be built to help the treatment and therapy for physically disadvantaged people in Misiones province,” London Supply Commercial Director Maggie Ducos tells *TMI*.

“It’s great to see positive results from the work the Foundation does especially at the educational complex built in the Primero de Mayo neighborhood in the outskirts of Puerto Iguazu. This year six students who finished secondary school last year are now working with the company. They did very well at school and they will continue with their education as part of their agreement to work at the store; the six are now matriculated in local universities and we will help finance their studies.”



London Supply President Teddy Taratuty (left) and Mariano Taratuty, Director of London Supply Group

Latin America airport passenger roundup

Chile

Passenger numbers at Chilean airports reached 18.15m in 2015, an increase of 5.3% on the previous year. 9.90m travelers used domestic services within Chile, up 0.9% on the previous year whereas the strong growth of international passengers seen over the last few years continued with an increase of 11.1% to 8.23m.

Anchor duty free retailer Aldeasa / WDFG (Dufry Group).

Peru

Lima's role as a hub between South America and North America continues to grow. Last year 17.11m passengers used the airport, an increase of 9.2% on 2014.

Anchor duty free retailer Aldeasa / WDFG (Dufry Group).

Colombia

Bogota Eldorado's airport saw 29.96m passengers in 2015, up from 27.43m in 2014. Domestic passengers grew from 19.08m to 20.8m and international travelers increased from 8.35m to 9.15m.

Anchor duty free retailers - Motta International; Grupo Wisa.

Mexico

Traffic at Benito Juarez Airport, the principal international gateway to Mexico City, grew by 12.2% from 34.26m in 2014 to 38.43m in 2015. Both domestic and international performed well with the former rising from 22.75m to 25.67m (+ 12.85%) and the latter from 11.5m to 12.76m (+10.9%).

Anchor duty free retailers – Dufry; Grupo Wisa

Cancun International, Mexico's second busiest airport controlled by ASUR, also showed a strong 12.2% rise with total traffic reaching 19.6m in 2015. Domestic traffic grew from 5.48m to 6.03m (+9.9%) with international traffic growing by 13.3% from 11.97m to 13.57m.

Anchor duty free retailer – Aldeasa / WDFG (Dufry Group).

Panama

The role of Tocumen International in Panama City as a hub airport allowed the airport to reach 13.43m passengers in 2015, an increase of 5.1% on the previous year. The airport reported that 9.1m passengers used the airport as a transit

point, connecting immediately to another destination.

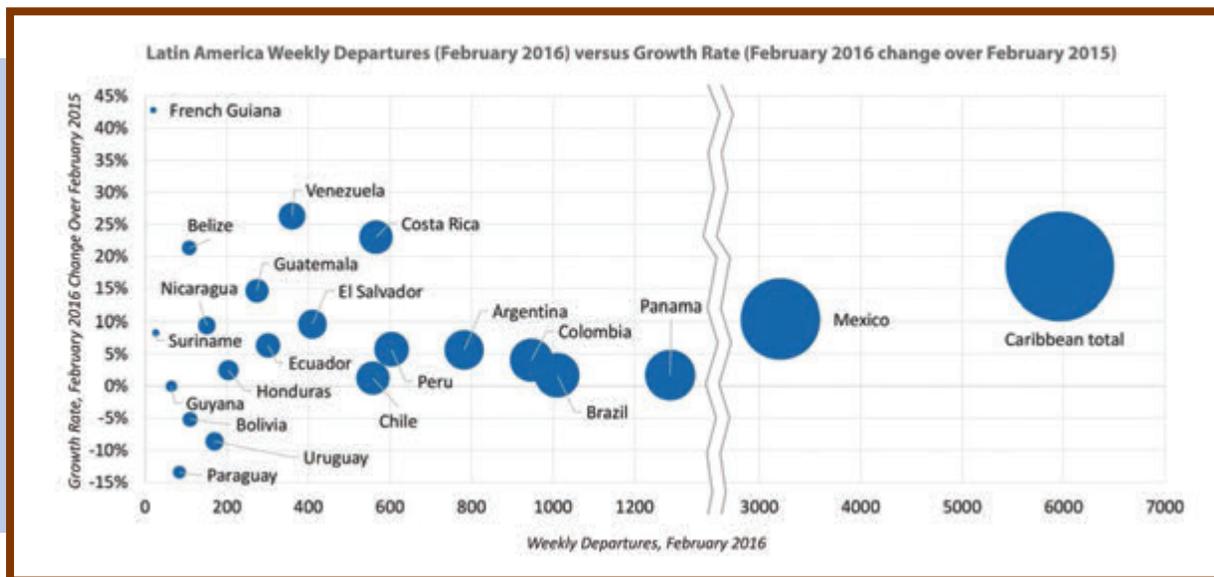
More than 42% of the hub users were transiting to South America and just over 28% to North America. The most popular destinations continued to be Bogotá (778,293), Miami (710,245) and San José Costa Rica (697,185).

Anchor duty free retailers - Grupo Wisa; Motta International.

Uruguay

Passenger traffic at Carrasco International Airport in Montevideo reached 1.67m passengers, an increase of 4.3% compared to the previous year. Although traffic has been recovering over the last 2 years, the airport still has some way to go to reach its record figure of 2.18m travelers, seen in 2011, the last full year that former Uruguayan flag carrier PLUNA flew prior to its bankruptcy.

Anchor duty free retailer – Duty Free Uruguay (Dufry Group).



Latin America is experiencing economic distress in Brazil and Venezuela, yet the region is seeing increases in air service in many markets. The ongoing growth of low cost carriers and ultra- low cost carriers in the region, and to the region from North America, remains a facilitator of service growth, says ACI-LAC.

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Wide range of concessionaires fight for Asuncion tender

The Paraguayan government is proceeding with its plans to renovate the Silvio Pettirossi Airport in Asuncion, with an ambitious \$149m modernization project to build a new 32,000sqm terminal.

After several delays, the government launched the tender for the terminal last December. In mid-February, the Paraguayan Minister for Public Works Ramón Jiménez Gaona and Luis Aguirre, the President of the Paraguayan civil aviation authority (DINAC), hosted a visit for interested companies to explain the bidding process.

Among the 13 airport concession and construction companies that attended were Vinci Airports, the recent winner of the tender to manage Arturo Merino Benitez Airport in Santiago de Chile and two Korean specialists, Korea Airport Corporation and Incheon International Airport Corporation. The Spanish

construction and concession management industry was well represented with Sacyr Concesiones SA, OHL, and Isolux Corsam Corvian attending. Regional operators included Cedikor SA, part of the Eurnekian controlled Corporacion America; Agunsa, Chilean concession specialist; and Odebrecht, the biggest Brazilian construction company.

Four Paraguayan construction companies, Itasa SA, Barrail Hermanos Constructora, Benito Roggio e Hijos SA, and Tecnoedil SA, also attended the meeting. It is not clear whether these companies intend to bid on their own or in consortium with other overseas companies.

The winner of the tender will design, construct, finance, operate, repair and maintain the new terminal, as well as manage and maintain the current airport operation. Bidding begins in April this year, with the winner announced by July. If no

unexpected delays occur, the final contract is scheduled to be signed before the end of the year. Construction work is scheduled to begin in early 2017, and is expected to take between 18 and 24 months.

DINAC's Luis Aguirre said, "The tender package will allow the winner to manage the airport for a 30 year period in return for the corresponding canon." He added, "What we are looking for is that the winner is a strong and solid operator; but at the end of the day whoever offers the highest canon will win."

Local sources indicated to *TMI* that the canon to be paid would not be less than 30% of revenues.

The current terminal built in 1980 will be partially used for new offices for DINAC. The government is also studying the possibility of using part of the building as a retail shopping facility.

At present, three duty free operators compete in Asuncion for the arrival and departure business. Long established local operators Bright Star and Mannah Duty Free are located in the South Concourse and Flemingo International started operations in the North Concourse at the end of 2014. New commercial areas are planned for the new terminal but it is not known whether the current contracts will carry over to the new terminal.

The new project will increase the airport's capacity from just over 1 million to 3.2 million passengers. In 2015, 910,554 travelers arrived or departed at Silvio Pettirossi, down 0.53% from the previous year. International passengers accounted for 840,459 of the total, an increase of 2.54% on 2014.

JG



Construction on schedule at the New Mexico City International Airport

In spite of Federal Government budget cuts, construction on the New Mexico City International Airport is on schedule and expected to be completed in October 2020.

Preliminary work at the Lake Texcoco site got underway last October, with initial efforts aimed at ensuring proper drainage and other flood prevention measures. The project is currently moving earth and levelling the ground for the terminal and the runways.

The construction will incorporate special lightweight seismic-proof cement

and piling material to accommodate the special soil conditions, and will be tendered in Q2 of this year. The first phase of construction – due before the end of December – also includes various support buildings, the control tower, fire station, fuel distribution piping and access roads.

Even though the Mexican government has stopped funding a number of infrastructure projects until the economy improves, 25,000m Mexican Pesos (MXP) have already been approved this year, a figure that is expected to double once the

terminal building is tendered.

The project was initially estimated to cost about 169 billion Mexican Pesos (MXN) but with the devaluation of the Peso, that could rise to more than 200 billion MXN.

Mexico's Secretary for Transport and Communications Gerardo Ruiz Esparza said, "We already have a revolving credit line of US\$3 billion, the biggest loan in Latin America, and we also have permission to place US\$6 billion in bonds. The initial project estimated that 42% investment of the total cost would come from the private sector and the remainder from government funds."

"With the current economic crisis the private sector funding may increase to 60/40 or 70/30, with private sector financing taking up any reduction in federal spending," said Ruiz Esparza. He confirmed that private sector financing will be repaid from airport operation cash flows and is not considered government debt.

The new 550,000 sqm airport has been designed by British architect Lord Norman Foster in a joint venture project with Mexican colleague Fernando Romero and Netherlands Airports Consultants. After the first stage of construction the airport will have a capacity of 50m passengers but will be built in such a way that expansion will be possible to cater to 120m travelers.

JG



Image courtesy Foster + Partners

Cancun to increase capacity to 35m passengers

Mexican President Enrique Peña Nieto officially inaugurated the recently renovated and extended Terminal 3 at Cancun International Airport on March 13. The privatized airport has been operated by Grupo Aeroportuario del Sureste (ASUR) since 1999.

ASUR invested more than 1 billion Mexican Pesos (approx. US\$57 million) in refurbishing Terminal 3, increasing capacity of the terminal to 10 million passengers.

ASUR President, Fernando Chico Pardo, confirmed that construction on the new Terminal 4, which began in the fourth quarter of last year, continues on schedule.

ASUR will invest 2.55 billion Pesos in the new 52,000 sqm terminal. The first phase is due for completion by Q1 of 2018.

With the recently opened T3 and the new T4, Cancun airport capacity will increase to more than 35 million passengers. In 2015, the airport delivered a strong

12.2% increase in passenger traffic, reaching 19.6 million.

Aldeasa / World Duty Free Group (now owned by Dufry) won the international tender to operate duty free stores in Cancun in 2001 and has been operating since that date. It is not clear at this stage how ASUR intends to operate retail facilities in Terminal 4 when it is completed.

JG



Two generations of Essence Corp. management, celebrating at the 2015 Duty Free Show of the Americas. From left, Jean-Jacques Bona, Patricia Bona, Antoine Bona, Laetitia Bona Piedro, Gabi Medeiros Humbles and Guillaume Bona.

Essence Corp.: **Third Generation approaches company's third decade with respect for past and ambitions for the future**

Essence Corp., the respected family-owned distributor/agent of fine fragrances and cosmetics headed by Jean-Jacques and Patricia Bona for the past 28 years, is a step closer to handing over the reins of management to the third generation of the family. Guillaume Bona, son of Jean-Jacques' brother Philippe Bona, joined the company in 2005, while Jean-Jacques and Patricia's son Antoine, came in 2002.

Today, the Paris-raised Guillaume is Executive Sales Director of the Caribbean for Essence Corp. Antoine, who grew up in Panama and Miami, is Executive Sales Director for Travel Retail & Local Markets.

Rounding out the company's third generation of management is Antoine's sister, Laetitia Bona Piedra, who is Executive Director Administration & Finance, along with long-time employee Gabi Medeiros Humbles, who is Executive Director of Marketing.

Antoine Bona and Guillaume Bona sit down with TMI to talk about growing up in the business and what they see ahead in today's challenging marketplace.



TMI: What was it like growing up in this business? Did your parents bring the business home after work, or were they able to keep business and family separate? What was it that most surprised you when you really started working in the company?

Antoine Bona: Growing up in the business was great but what actually stood out most was that my parents worked for themselves. I saw that they were able to combine business with pleasure and it is something I was really attracted to. My parents did a great job at keeping work and family separate. Sometimes they spoke about work at dinner, but not that often. Actually during my first year with the company I was surprised how little I knew about the industry and thinking to myself, shouldn't I automatically know more? What surprises me the most is the family atmosphere that is adopted by our entire team. For me it's evident and natural as I work with my parents, sister, and cousin however, I can honestly say that everyone at Essence feels part of an extended family which they are. It's something we want to focus on and continue as we continue to grow.

TMI: What do you see as the biggest challenges facing our industry in this part of the world right now and what can you do to deal with them? For example, how is Essence Corp. competing against the ubiquitous presence of internet sales and the disappearing price differential between duty free and the local market?

AB: First it's important to note that Travel Retail is a growing industry. Every year PAX continues to grow and airports are dedicating more real estate towards shopping as they recognize it as a huge revenue generator. There are definitely challenges in the industry in regards to consolidation and pricing. What we've learned is that we must adapt and be proactive. We work extremely close with our brands and as long as we provide exceptional service towards them and our customers we will continue to thrive.

TMI: Do you see any special opportunities presenting themselves right now? In the foreseeable future?

AB: This year we have important store renovations in Toronto, JFK Terminal 8, Dallas, Rio, and Buenos Aires. Store renovations allow for greater brand representation. U.S. airports yield more opportunities as we are seeing airports go through major renovations and redefining their concessions strategy. U.S. airports are far behind the flagship DF stores that we see in Asia, Europe, and the Middle East. Airports are starting to see their potential and are taking some steps forward.

TMI: What was it like growing up in this business (Guillaume's father Philippe is co-owner of Essence Corp. and runs a sister company in Paris called Alliance Parfums)? Did your parents bring the business home after work, or were they able to keep business and family separate? What was it that most surprised you when you really started working in the company?

Guillaume Bona: My mother is a writer. She prefers to read books than having business conversations so my father had no choice but to keep work to himself. My first experience in the industry was the Orlando show when I was 14 or 15 years old. I remember my father, Patricia and Jean-Jacques setting up their suites and enjoying cocktails by the pool. I thought that working was not that bad after all! I think I was most surprised by the memories that retailers shared with my father, Jean-Jacques, and Patricia. Some of the retailers shared stories about my grandfather Jacques Bona.

TMI: What do you see as the biggest challenges facing our industry in this part of the world right now and what can you do to deal with them? For example, how is Essence Corp. competing against the ubiquitous presence of internet sales and the disappearing price differential between duty free and the local market?

GB: The Internet is a threat to retail business and a reality that we need to accept as a challenge. We need to adapt and work hand in hand with our retailers. Retailers should maintain high levels of service in their perfumeries as the internet will never replace the human interaction. Caribbean retailers managed to resist the Latin America and U.S. economic crisis, shrinking of DF saving, grey market, hurricanes...we will face the internet challenge hand in hand.

TMI: Do you see any special opportunities presenting themselves right now? In the foreseeable future?

GB: We will always have opportunities to grow and to diversify our portfolio. Our main priority is to serve the brands we proudly represent in our market and to support our retailers.

TMI: Which segment of the Americas market offers the most promise today and why?

AB: U.S. airports specialty retail duty-paid and Cuba. The U.S. airports are extremely underdeveloped and there are approximately 880 million passengers traveling through the U.S. Lots of talk on Cuba recently and with a population of 11 million and a top desired tourist destination this local and travel retail market shows a lot of promise in the future.

TMI: As the “new generation” in one of the longest-running and most respected travel retail companies in the industry in the Americas – what do you think you bring to the company that will help it continue to prosper in the future? Do you see Essence Corp. changing significantly going forward to accommodate a new reality? Where do you see the company going five years from now? Ten?

AB: We are all extremely proud and passionate about what our family has accomplished. I think we are all driven in the company by its success and being today the only sole family distributor to cover TR, Caribbean and Local Markets. We are constantly changing and adapting the way we work. My father always told us we cannot work the same way we did five years ago. It’s so true and in today’s environment we don’t even have time to look five years behind us, we need to make changes from what we did last year or else we will only accomplish the same as we did last year.

TMI: What is one accomplishment that you are most proud of that you have been responsible for since coming to work at Essence Corp.?

AB: I’m most proud in partaking along with everybody’s efforts in the growth of the company. It’s amazing to think that that my grandfather Jacques Bona started the company in Paris with one partner and today we are based in Miami and have a total of 72 employees. We even have some team members that have been with us close to 30 years. It’s truly amazing to be part of this company’s history.

TMI: Which segment of the Americas market offers the most promise today and why?

GB: Cuba is the last Promised Land for all industries and 11 million Cubans are eager to discover the world and consume.

TMI: As the “new generation” in one of the longest-running and most respected travel retail companies in the industry in the Americas – what do you think you bring to the company that will help it continue to prosper in the future.

GB: I will continue to work hard and with passion to maintain the core values of Essence instilled by our parents with the new tools of our generation: as an example we have just implemented a new software which provides us immediate automated and in depth analytical reports, allowing us a quick response to the markets and a better service to our brands.

TMI: Do you see Essence Corp. changing significantly going forward to accommodate a new reality?

GB: We will adapt to future challenges and explore ways to diversify.

TMI: Where do you see the company going five years from now? Ten?

GB: Managing Essence with success and passion with my cousins Antoine and Laetitia, our adopted cousin Gabriela Medeiros and the amazing Essence team.

TMI: What is one accomplishment that you are most proud of that you have been responsible for since coming to work at Essence Corp.?

GB: We became the largest and most successful distributor in the Caribbean while maintaining the same level of trust from our retailers. I owe that great achievement to my Caribbean team, to the support of our suppliers and retailers.

Essence Corp. adds French luxury perfume Atelier Cologne

Essence Corp. has been appointed the exclusive agent for French luxury perfume Atelier Cologne for the Latin America Local markets and Travel Retail markets in the Americas and Caribbean.

“Thanks to their solid expertise of the region and the excellent quality of their teams, we are confident that Essence Corp will be the ideal partner to develop and represent our brand in this territory,” said company founder Christophe Cervasel in his letter announcing the new agreement.

Cervasel, along with perfumer Sylvie Ganter, established Atelier Cologne in 2009, inspired by the legendary citrus of Eau de Cologne, first created in 1709. As a result, the two created a new olfactive family, Cologne Absolue, blending the

citrus base with precious natural raw materials for a balanced and long-lasting luxury fragrance.

Their Cologne Absolue is made in Grasse, France, from a pure extrait de parfum, with very high concentration, between 15-20%, of citrus notes and blended with the highest quality natural raw material.

Atelier Cologne is now available in more than 35 countries and has sold more than 700,000 flacons in the past five years, said Cervasel: “[We are] ranking top 20 in 90% of our stores, top 10 in 40% and top 5 in 20%,” he said.

“We have been sharing our passion worldwide discovering that thousands of customers were actually looking for this

new type of perfume: fresh, elegant, with character, very long lasting and unique.”

“We like to build our success year after year with selected retail partners, which share our vision for a ‘new-luxury’ perfume, in this fast growing emerging segment. The new ‘Maisons de Parfum’ grow by +25% every year and Atelier Cologne is the fastest growing with +100% growth in average since 3 years now,” he said.



Key Spring TR launches from Estée Lauder, Clinique, Bobbi Brown, M.A.C, Tom Ford, Michael Kors and Jo Malone

Estée Lauder has released details of some of its key launches for this season, which will be highlighted by the company at the IAADFS Duty Free Show of the Americas.



Estée Lauder Advanced Night Micro Cleansing Balm. Building on decades of research and expertise, Estée Lauder has developed an innovative cleanser, Advanced Night Micro Cleansing Balm. Formulated specifically for a special night cleansing, this cleanser creates the perfect foundation to prepare skin for the evening regimen. Available at Estée Lauder travel retail locations worldwide from March 2016.



Clinique Pep-Start Eye Cream, a lightweight cream that instantly and over time brightens, awakens, and refreshes tired-looking eyes. The innovative custom-spherical massaging applicator de-puffs eyes to help keep them looking fresh, smooths the way for makeup, and will make eyes look wide awake in just three seconds. Available at Clinique Travel Retail locations in the Americas from February 2016 and across Asia from April 2016. Clinique is also introducing a new addition to its Chubby Family, with **Chubby in the Nude Foundation Stick**, a portable stick foundation that delivers instant, longwearing and natural looking skin. This latest Chubby Stick is available April at Clinique travel retail locations worldwide.



Bobbi Brown Nourishing Lip Color Oil-Infused Shine. With a blend of five emollient natural oils and Vitamins C and E, this hybrid lip color delivers 24-hour sustained moisturizing, hydration and conditioning, with a nutrient-rich formula to make lips softer, smoother and plumper. Available at Bobbi Brown travel retail locations worldwide from April 2016. For a more nude look, inspired by the easy, carefree beauty of California's south coast, Bobbi Brown Cosmetics introduces the limited edition Malibu Nudes Collection that features neutral shadows plus bold brights and flattering nudes for lips and cheeks. Available beginning March 2016 at Bobbi Brown Travel Retail locations worldwide for a limited time. Also new from Bobbi Brown, a Nude Finish Illuminating Powder that enhances the complexion with skin tone-correct brightening pearls. Available in March.



Tom Ford Neroli Portofino Forte. The latest in the Neroli Portofino collection from Tom Ford is a classic eau de cologne with a double concentration of its floral core. It is completed with a dry down of Italian woods, leather, amber and musk. Available at select Tom Ford Beauty travel retail locations worldwide from April 2016.



M·A·C introduces the Brows Are It! collection of professional products for the eyebrow, available in travel retail as of March.



Jo Malone The Herb Garden. Five new scents that invoke a day in an aromatic herb garden -- verdant, crisp, juicy and sweet. The Herb Garden Collection includes: Sorrel & Lemon Thyme; Wild Strawberry & Parsley; Nasturtium & Clover; Carrot Blossom & Fennel; Lavender & Coriander (all 30ml). Available at Jo Malone London Travel Retail locations worldwide from March 2016.



Michael Kors Extreme Blue, an urban, masculine fragrance with bergamot, angelica seed and pink pepper, a heart of juniper and cypress, with undertones of sesame. The ambrox dry down is clean and woody, softened by woods, musk and a touch of patchouli. Available now in travel retail worldwide.

Lancôme gives lip gloss a “Juicy Shake”

French luxury beauty brand Lancôme is releasing two exciting new products that are targeting millennials in 2016: Juicy Shaker, a brand new lip product that reimagines its iconic Juicy Tube, and Énergie de Vie, a line of skincare products specifically designed to combat “urban fatigue” among 25-35-year-olds.

Juicy Shaker is a fun and creative new generation of lip gloss infused with fruity fragrances. It features an innovative “biphasic” formula, an unprecedented shaker application, a unique cushioned applicator, and vibrant sheer color with a satin shine.

Juicy Shaker, created by Lancôme’s creative director, celebrity makeup artist Lisa Eldridge, was inspired by two classic Lancôme products from the past. The first inspiration is The Shaker, a lipstick housed in a martini-shaker-shaped tube released in 1946 by Lancôme’s founder, Armand Petitjean. The avant-garde shape was a symbol of glamour of the times. The second inspiration is more recent, Lancôme’s Juicy Tubes lip gloss that launched in the 2000’s and changed the rules of makeup.

Combining heritage and innovation, the fragrance infused Juicy Shaker formula is made from a blend of comfortable and nourishing silky oils infused with lacquered pigment. It delivers a smooth and plumped up look to lips, with a flush of color, and can be reapplied to build a more intense shade if desired. Users “shake up” the tube



to diffuse the pigment in the flavored lip oil, which is then applied in a juicy wash of color.

Even the applicator is an innovation. Lancôme has created a chubby, ultra-soft, and bouncy sponge-like cushion applicator that absorbs the right dose of formula in a single stroke, and allows for made-to-measure intensity for deeper color.

The Juicy Shaker campaign features Lupita Nyong’o and Lily Collins, photographed by Mert Alas and Marcus Piggott. Lupita wears Juicy Shaker in Berry in Love and Lily wears Mangoes Wild, two of the star Juicy Shaker shades. The fruity flavors range from Berry to Melon, from Mango to Peach.

Juicy Shaker is launching in the Americas in April and will be available in travel retail in May.

Énergie de Vie fights “skin fatigue” with superfood for the complexion

Lancôme is now rolling out skincare line Énergie de Vie, a line designed to re-energize the skin of women stressed out by today’s urban lifestyle.

The consequences of urban fatigue can be seen on the skin, which can manifest as dark circles, bags and puffiness and a complexion that lacks radiance and luminosity.

Énergie de Vie promises a simple but highly effective skincare routine with active ingredients that specifically address the consequences of urban fatigue and provide nourishing, concentrated moisture along with energizing and antioxidant ingredients.

Lancôme introduces in this reformulated line the first Liquid Care™ product: a very high amount of moisturizing agents and emollients, without obtaining a greasy or sticky finish; what Lancôme describes as an antioxidant energizing shot of hydration.

Just as the body needs nourishment, so does healthy skin, and in Énergie de Vie, Lancôme laboratories have formulated a “superfood” for the skin based on an ultra-moisturizing cocktail and three super-active ingredients.

There are three main products in the Énergie de Vie line, offering three textures and three formulas.

The smoothing & glow-boosting Liquid Care, a moisturizing, antioxidant and energizing all-in-one skincare designed to be as fresh as a lotion, as concentrated as a serum and as moisturizing as a Lancôme cream. Liquid Care leaves skin fresh and radiant and delivers smoothing and plumping effects.

The smoothing & plumping Pearly Lotion contains translucent and evanescent pearls of multiple sizes, which impart the nourishing feel of an oil paired with the intense freshness of a water on the skin.

The overnight recovery Sleeping Mask repairs skincare during sleep, with a texture that breaks into water on the skin, for an intense feeling of freshness. Its formula helps to reinforce the skin’s natural barrier and maintain its optimal moisture levels.

Énergie de Vie is available in travel retail in the region as of June 2016.



Valmont brings Swiss medical heritage to Grand Cayman spa

One of the most prestigious Swiss skincare brands is now available in the Americas travel retail channel. Valmont, which was originally founded in 1905 as a holistic spa in Lake Geneva, and is renowned for the efficacy of its tailored treatments, is now being sold at the new Rouge Caymania shop in downtown George Town in Grand Cayman. Valmont treatments will also be available in an exclusive spa cabin located in the shop.

Heir to traditional Swiss medicine, pure natural ingredients and the latest cellular cosmetic research, the company introduced its skincare line in the 1980s to help heal damaged skin. The Valmont skin care product line was focused on ingredients that healed damaged skin and improved its appearance. Today, the skin care line includes products designed to hydrate, fight aging, and boost cell growth, as well as treat sun damage and regenerate the skin of the face, lips and neck.

“Valmont is a cellular cosmetic,” explains international trainer Celine Gudit. “We use ingredients that are alive to prepare all our products, such as vitamins and plant extracts. They stimulate the skin and show immediate results, which is why the products are used in many medical spas. In Switzerland, you must prove efficacy, and Valmont has passed all the tests.”

One of the main ingredients at the heart of Valmont’s efficacy is a highly-effective DNA complex that boosts skin regeneration. Other active ingredients include vitamins D, C and E, which can help heal damaged skin cells and act as antioxidants.

The company harvests the DNA it uses from the cells of certain salmon, which are then freeze dried. The DNA comes from the same labs that provide medical DNA, says Gudit. Valmont adds three elements to the DNA it uses, to create a new, patented triple DNA molecule.

“This freeze dried DNA, which looks like a fabric, can absorb 10,000 its weight in water, and is a primary ingredient in our products. To this DNA we add glacial spring water, which comes with trace minerals that work against the aging process. We also use plant extracts, which reinforce the immune system of the skin,” she says.

In order to completely control the consistency, purity and efficacy of its plant products, Valmont established its own fully organic plantation in the Swiss Alps where no pesticides, herbicides or chemicals are ever used. Here Valmont grows eight plants chosen for their skincare properties: Rosehip, yellow dye, Echinacea, Mallow, Marigold, Nettle, white lupine and Dill.

Valmont produces a full range of

nourishing products that can be custom tailored to individual needs. Its cult-favorite star product is the Prime Renewing Pack, a cream that can be used either as a moisturizer or overnight mask.

Valmont treatments are available in a series of specially chosen extremely selective “Club” spas around the world. In what it calls the V35 Club – a reference to the 35 summits of the Swiss Alps – only 35 members will ultimately be allowed in the Club. Valmont Spas are also found in some of the most elegant luxury hotels (these are in addition to the V35 members).

There are currently five V35 spas in Asia, five in Europe, and four in North America: one at Hotel Plaza Athénée in New York City, and three in Canada: in Toronto’s 5-star Hazelton Hotel, in Sonora Resort in British Columbia, and in Langdon Hall in the Niagara region.

Valmont Spas can also be found at the Viceroy Hotel in Miami and the Zoëtry Paraiso de la Bonita Resort in Riviera Maya, Mexico, among other locations. The Valmont Spa in Rouge Caymania is the only location to date in the Caribbean and the first in the travel retail channel in the Americas.

For more information, please contact Virginie Cordero, Regional Business Development CVL Cosmetics North America at virginie.cordero@evalmont.ca



Actium: how experience and attention to detail spells success for fashion, beauty and lifestyle brands

Miami-based Actium has earned its reputation by building lifestyle brands in the Americas local and travel retail markets. In the 12 years since company founder Philippe Giraud left William Grant & Sons in 2004 to create a distribution and retail company to handle high-end brands in Latin America and the Caribbean, Actium's experienced management and staff have honed the company's expertise by working through three independent divisions: Fashion and Accessories;

Lifestyle & Beauty; and Beverages.

Fashion and Accessories

Actium saw significant development in its high-end Fashion and Accessories retail division in 2015, opening two new high-end luxury stores, one for Hermès in Panama, and one for Gucci in Santiago, Chile.

The new Hermès location, a 2,600 sq ft store in the Multiplaza Mall in Panama City formerly occupied by Louis Vuitton,

nearly doubled the space of the former 1,500 sq ft store in the mall. Retail sales in the new store in December 2015 were up 21% versus December 2014, reports Actium President Philippe Giraud. Sales were also up 20% in local currency for the year in Actium's 5,000 sq ft Hermès store in the Alonso de Cordova shopping district in Santiago, following a complete remodeling in 2014.

Actium also operates two luxury boutiques for Gucci. The shop in Panama's Multiplaza, now open for a year, exceeded budget, says Giraud, who also celebrated the opening of a 4,100 sq ft Gucci store in Parque Arauco mall in Santiago, Chile in September.

Actium partners with Panama-based Saint Honoré in operating these stores.

Actium's Fashion and Accessories division also distributes Lancel leather goods in the Caribbean and Latin America.

Lifestyle & Beauty

The big news at Actium's Lifestyle & Beauty Division is the return of Hanan Fraysse as Director in January of this year. Fraysse – a respected luxury and beauty industry executive -- had originally created the Actium Beauty division in 2005, before leaving to pursue a professional career in instore analytics and big data with RetailNext, one of the leading companies in this field. She relocated to Switzerland as RetailNext's Regional Sales Director for the EMEA and Travel Retail Worldwide, but now, after four years, has returned to



Hanan Fraysse

Miami to head up Actium's Lifestyle & Beauty Division, which encompasses two business units: cruise ships and distribution opportunities in travel retail Americas.

"My goal at Actium is to grow our existing businesses with Parbel (L'Oréal Luxury Division), Puig Group and Hermès and strengthen our partnership with these groups, as well as diversify ourselves with some new brands in the watches, jewelry and fashion categories. In addition to developing our portfolio of brands, we aim to sustain our analytical strategy of 'attention to details' that differentiates us in this competitive environment," said Fraysse.

"We really go that extra mile to analyze the business and have a clear focus on details, in order not to miss an opportunity that we otherwise might not have seen," Fraysse tells *TMI*.

Cruise channel: more potential ahead

Actium – which has been working with cruise lines for the past 10 years – believes that the channel still has a lot of potential for development, and has reinforced its team with a new Brand Executive who brings a decade of experience with some of the world's most luxurious brands including Chanel Beauty, Dior Watches, Cartier, Swarovski and Luxottica.

"We have accumulated an unprecedented expertise that has helped us grow the businesses of our brands to new

levels. We will continue to invest in this division and our most important investment is in our team," she says.

Actium also credits its success onboard the cruises on its unique HPPs coupled with strong training: "We have reached +187% increase in sales on board during the month of the HPP," notes Fraysse.

"We want to capitalize on this momentum," she says.

One way Actium plans to extend its growth is by diversifying its product portfolio to include watches, jewelry, accessories and fashion. From the beginning, Actium limited the number of brands it represents in a specific category: "We are not in the business of collecting brands; we are in the business of making a difference and acting as an extension to our brands," insists Fraysse.

"We work with one goal: to deliver a unique level of service to our client brands. Every member of the Actium team has previously worked with fashion or beauty brands, so we understand exactly what a brand needs, and the importance of attention to detail to achieve these goals."

Training

Allan Ray's famous quote, "Great Teams Find A Way to Win," is almost the Actium motto, says Fraysse.

"Our team is our biggest asset, whether it is the Actium team or our field teams. So we focus on trainings, both

for the cruises – even though they are challenging to train -- and for our retailers in the Caribbean. Regular trainings – providing support and motivation for our Beauty Advisors-- is a constant priority if we are to provide the excellent service we strive for."

Actium will train 365 Beauty Advisors on 16 islands in the first semester of 2016. This summer, Actium will hold a special Beauty Seminar exclusively for the Lancôme BAs from 6 islands, featuring product training, sales techniques and application workshops conducted by the Actium team and Lancôme experts.

"It is clear that the BA team across our territory is our most important asset. These BAs are our ambassadors for the brands," she says.

USP- Retail and wholesale services

In addition to its cruise line expertise and proven track record representing beauty brands in the Caribbean, Fraysse emphasizes that Actium's success operating the Hermès and Gucci stores – as well as stores it opened for leather brand Tumi before that – places it in a unique position to offer brands service in the U.S. and LATAM travel retail markets as well.

"You have to get creative and think out of the box in this competitive market," she says.

Note: See story on Actium's Beverage Division on p. 149.



Actium held a special event for Lancôme's fun new flavored lip color Juicy Shaker at Vanity First on St. Martin in March, where Lancôme's International Makeup Artist Alfred Vargas trained the staff and conducted a 2-day makeup event.

Choose Love with Revlon and travel exclusive collection



Revlon will launch new Travel Exclusive Collection sets during IAADFS, reaffirming the significance of the Americas as a key region for Revlon's global travel retail strategy.

The Love Series-Essentials includes three must-have make-up necessities in a compact pouch: Revlon ColorStay Eye Liner, Revlon Balm Stain, and the new Revlon Ultimate All-In-One Mascara. The mascara formula provides five lash benefits- Volume, Length, Definition, Lift, and Intense Color. The Make-Up Brush Essentials travel exclusive brush set includes a foundation brush, blush brush, double-ended smoky eye brush, and retractable lip brush. Revlon's ColorStay Gel Envy Nail Sets contain three ColorStay Gel Envy nail colors and ColorStay Gel Envy Diamond Top Coat in Glamour, Flirt, Romance, and Passion themes.

David Carvalho, Senior Vice-President and General Manager for Global Distributors, Licensees and Travel-Retail business comments, "All of the products in our portfolio are positioned to give consumers high quality, affordable products from a brand they can trust, and these new sets help strengthen this offering. The new Love Series-Essentials set is ideal for every woman who wants to look and feel her best. The set features our best-loved products and offers a complete on-the-go beauty regimen solution that finally makes giant (and luggage-filling) makeup bags a thing of the past."

Revlon hopes to continue the success seen in 2015 in the Americas, when distribution gains were added through the introduction of the new Mini gondola. "The Mini gondola is very compact at just 11.8 inches by 11.8 inches, and can hold

the full assortment of our Travel Exclusive Collection sets. It's a very efficient unit that can really increase the productivity of the retail space and that's why it has been such a success with our partners," says Carvalho. Since launching during the TFWA World Exhibition in October, Revlon has achieved listings on nine ships with Carnival Cruise Lines and 17 points of distribution with Duty Free Americas.

Visitors to the expanded Revlon stand (623) will have the opportunity to have their picture taken in a photo-booth and receive a free print during exhibition hours on Monday and Tuesday. This activity is part of Revlon's CHOOSE LOVE campaign, which was first launched on February 1 and is the next phase of the LOVE IS ON brand mission. CHOOSE LOVE invites women around the world "to believe in love, to let go of doubts and take a chance to make love happen." Revlon invites women to show how they Choose Love by uploading photos of themselves blowing kisses and tagging someone special to 'pass it on' using the new #CHOOSELOVE hash tag. IAADFS visitors who share their photos online with this hashtag will receive a free Revlon gift.

Falic Fashion Group introduces new Perry Ellis RED fragrance for men

Falic Fashion Group, a subsidiary of Duty Free Americas, has announced the launch of Perry Ellis RED, a powerful and masculine new fragrance for Spring from the iconic All-American apparel brand.

An initial burst of juniper berries with a kick of citrus, the scent evolves into deeper notes of red apple, Sichuan pepper, red leather, and amber. Hints of sage, creamy oak moss, and sandalwood add a sexy sophistication.

Perry Ellis RED is available at U.S. department stores including Macy's, Dillard's, Lord & Taylor, etc.

This Spring, Perry Ellis RED will roll out to Travel Retail and international markets spanning the globe.

The fragrance retails at \$65 for the 3.4 fl. oz. /100 ml Eau de Toilette spray. A Perry Ellis weekender bag will be gifted

with every 3.4 fl. oz. purchase while supplies last.

An impressive 4-piece gift set will be available for Father's Day and be offered for \$70. It includes a 3.4 fl. oz. EDT Spray, 2.75 oz. Deodorant Stick, 1.7 oz. Shower Gel, and a .25 fl. oz. Mini EDT Spray.

The latest Perry Ellis edition follows on the Falic Fashion Group's creation of a completely new line of high-end fragrances for Perry Ellis specifically for the Middle East market last year.

Called Perry Ellis OUD, the line is initially made up of three distinct scents: Black Vanilla Absolute, Saffron Rose Absolute, and Vetiver Royale Absolute, and presented in an elegant heavy glass black bottle with gold metal plaque identifying the scent, topped by an ornate gold cap with color coordinated felt inside for

each individual fragrance. A substantial gold collar with metal rivet screws in the base of the collar, adding a luxurious sophistication.





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Spongellé: The new smart sponge changing the bath ritual to a beyond cleansing experience

Innovative new product Spongellé brings a totally new beauty experience to the consumer: the “all in one treatment system” with a patented technology is a sponge/body buffer filled with nourishing oil, natural skin care ingredients and fragrance, that can be used multiple times (up to +30 uses.)

“Spongellé has no comparison with any other product in the beauty industry, and comes at a very affordable price,” says Arnaud de Volontat, whose company Altimetre distributes the brand globally in travel retail and for high-end department stores worldwide.

“Spongellé replaces the everyday body wash with a luxurious body buffer infused with the finest skin care ingredients (Yuzu, Vetiver, Edelweiss, Sea Kelp, Arnica, Coffee and Mint) that will transform the bathing ritual into a beyond cleansing experience. Spongellé has re-invented and revolutionized the bath experience and its rituals,” he explains.

De Volontat reports that Spongellé is



receiving excellent attention with a number of renowned retailers across the globe.

“In 2015 we have listed this product with Lotte, Galleria and Shinsegae in Asia, and Landmark in the Middle East. El Corte Ingles (Spain) and Saks 5th Avenue (USA) have confirmed they will be selling Spongellé as of May 2016. And we are in advanced discussions with Galleries Lafayette, Printemps, Bon Marche and Sephora Europe in France, Harrods and Selfridges in the UK, Palacio de Hierro and Liverpool in Mexico, Falabella in Latin America, and Isetan, Takashimaya

and Sogo for incorporation this year,” he reports.

In the Travel Retail industry Spongellé has opened all channels this year with airports (U.S. and Asia), airlines (Europe and Asia), border shops (U.S./Canada and Latin America) and recently on cruise ships and downtown stores in the Caribbean.

In 2015, Spongellé was awarded the title of Best Beauty Product/Best Choice for Holiday Giving by the Today Show, MSNBC, *Redbook*, *In Style Magazine* and *Vogue*, among others, and was named an Oprah Winfrey “Favorite” for the 2nd consecutive year, de Volontat tells *TMI*.

“So far retail sales have been surpassing all our expectations. And our customers are very happy with Spongellé as it brings a high sales ratio per square feet and helps to increase their average ticket spend, which is very good in these difficult times we are experiencing,” he says.

Spongellé can be seen at the IAADFS Show at the Altimetre Booth #1716.

Mercedes Benz extends Club fragrance line

In December 2015, Mercedes Benz launched two new versions of the original Club fragrance: Club “Fresh” and Club “Extreme,” presented in attractive new packaging that follows the latest color trends: matte metalized blue and matte metalized dark grey bottles.

In February, the company launched Mercedes Benz MAN. This new fragrance targets men from 20 – 40 years old with a very contemporary and ultra-sophisticated scent, packaged in a high tech bottle with a unique silhouette in a soft-touch matte black and the emblematic Star on the center.

“MAN received a great response from the industry in Cannes and we are very confident it will have the same result with the final consumer,” says Arnaud de Volontat, who distributes the brand through his company Altimetre.

The Mercedes Benz fragrances have

received a very positive reception in the Caribbean and Latin America since they were introduced at the beginning of last year, reports de Volontat.

“We are competing in sales very closely with Men’s fragrances that are well established in our industry,” says de Volontat.

“Local operators are very happy with the sell-out due to the quality of the product (scents and packaging) and the price positioning. And the name has great recognition worldwide (#10 in branding). Any product that has the name Mercedes Benz always delivers excellence!

“Mercedes Benz is present in all of Central America with Grupo Wisa, and in the Caribbean with Penha and other local customers. In South America, we have opened a few accounts with local duty free operators at the borders in Uruguay, Paraguay and Argentina, with more

opening this year.”

De Volontat reports that Club is the best seller, followed by Men Intense. The women’s fragrances Eau and Rose have also performed above expectations and now account for 25% of the mix.





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Coty's ck2 Pop-Up store at New York's JFK Terminal 4 outside the DFS store.

Coty Pops Up for ck2 in Americas airports

Coty's Calvin Klein Fragrances continues to focus on travel retail for the rollout of ck2, its new gender-free fragrance for men and women. As part of ck2's exclusive launch in travel retail outlets worldwide in December 2015 to January 2016, the company created a dedicated Pop-Up store for the brand at New York's JFK International Airport with DFS & JCDcaux that ran for a month beginning on Dec. 15. The ck2 Pop-Up store also ran in Miami International Airport and Sao Paulo- Guarulhos International Airport in Brazil, says Romain Ritter, Coty's Director Travel Retail Americas.

Following ck2's two-month travel retail exclusivity, Calvin Klein launched worldwide in February. "Now that ck2 is available in the local market, we are also seeing a bigger pick-up in our duty free sales," Markus Stauss, Coty Marketing Director Travel Retail Worldwide tells *TMI*.

Looking to create more innovation at the point of sale, Coty is expanding its multi-brand travel retail summer presentations with new brands. Coty has generated good success with its themed multi-house summer fragrance promotions for its brands, which give the consumer a wide choice of complementary fragrances.

This year's theme, Tropical Summer, will also include selections from Lancaster Sun and OPI Nails, notes Stauss.

"We are also launching our first multi-house promotion in the Americas for our prestige brands, Chloé, Calvin Klein and Marc Jacobs, which will have a Flower Garden theme based on the notes in the fragrances," says Stauss.

In more summer news, Coty has brought back the popular Marc Jacobs Splash collections, in three clean crisp scents: Rain, Cotton and Cucumber. Each is presented in a sleek, square 100ml bottle. Marc Jacobs is also releasing three limited

edition Blush fragrances for its Daisy range: Daisy Marc Jacobs Blush, Daisy Eau So Fresh Marc Jacobs Blush, and Daisy Dream Marc Jacobs Blush.

The company has also released a full range of travel retail exclusive coffrets incorporating the newest launches, as well as a 100ml Daisy Dream EDP that will be available only for airports.

Coty is launching a new pillar in its Davidoff franchise with DAVIDOFF Horizon, a more urban fragrance in a solid flask-like bottle. It will be available in U.S. travel retail markets in April.



Rituals cruises into 2016 with double digit growth in cruise and ferry sales

The Rituals brand of eastern-inspired and botanical-based home and body cosmetics is finding an excellent reception on-board cruise ships – and is now available on more than 100 ships ranging from major ocean going vessels such as P&O's *Brittania* to Tallink's cross-channel ferries. The onboard response has been so strong that the company reports that it has "cruised into 2016" with double digit growth in its cruise and ferry sales.

"The ferry and cruise channel delivered phenomenal growth for us in 2015," said Neil Ebbutt, Director Wholesale, Rituals. "We're supplying some of the best onboard retail operators such as Heinemann and have important supply contracts with major cruise and ferry retail operators such as Harding Retail."

Ebbutt says that the company has been able to offer the Rituals products in very high impact merchandising and display units that have created a great presence for them onboard.

"In 2016 we are also now working with Viking Line for whom Rituals has delivered a unique shop-in-shop concept which includes our unique water-tables. These new locations have added four more ships to the sum total of over 100 ships where Rituals is now available," he said.

Rituals is supplying the cruise ships with its best sellers along with travel exclusives and fragrance sticks.

"These are all products that cruise passengers can enjoy onboard. Rituals products are uniquely inspired by traditional rituals that celebrate the art of relaxation and a leisurely, relaxed pace of life is very much a part of the cruise holiday experience. Our products are also very much more lifestyle products than conventional beauty products and the cruise market is the epitome of lifestyle living. So it comes as no surprise to me that we are doing so well in this channel," said Ebbutt.

"We're extremely pleased with its performance and we expect to see our sales in this channel achieve double digit growth again in 2016," concluded Ebbutt.

In addition to the cruise lines, Rituals products are also now available in travel retail in 5 standalone airport stores, and two airport spas (for hands and feet treatments), as well as in more than 100 shop-in-shops within airports worldwide. Rituals also has 10 airline partners as well as being featured in 1100+ luxury boutique hotels and leading chains, such as Radisson.



Rituals shop-in-shop on the Viking Line.



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Furla rocks new collection following double-digit growth

Italian leathersgoods company Furla continues to experience dynamic growth, with global sales up +30% to 339 million Euros in 2015. The company reports strong increases worldwide across all areas: APAC Region (+53%), U.S. (+30%), EMEA (excluding Italy) (+28%), Japan (+24%), and Italy (+21%).

These successes follow growth of +15% in 2014, continuing a positive trend that has doubled the company turnover over the past five years (+126%).

Furla opened 62 new locations in 2015, with flagships in Rome, New York Fifth Ave, Shanghai, Hong Kong, and St. Petersburg. Additional strategic openings in Moscow, London, Paris, Melbourne, Saigon, and Macau are planned for 2016.

Furla's Travel Retail business reported even stronger growth. Furla is now in 195 airport doors in 48 countries, and sales in the channel increased +36% in 2015.

Furla says that it is striving to become a true lifestyle brand, and sees success in all of its product categories and partnerships with major players in the textile (Ratti) and watch (Morellato) sector: "The positive 2015 results are a further testament of our vision, investments and of the excellent performance registered in all our regions, departments and categories, from distribution to marketing to style. We remain optimistic about the future

when we will also see the benefits of our fast-growing new lifestyle categories," comments Eraldo Poletto, CEO of Furla.

Furla looks to continue this success with the FW 16/17 collection. Inspired by the world of rock music, this playful line uses neutral and solid colors with fur, prints, leather and fabric; and eyelets,



lazer cut outs and woven panels. For the Women's Collection, the new Camera bag reinvents carryover lines such as Piper, Linda, Luna, and Supernova, while the best performing drawstring style Stacy and the Artesia are reimagined with new glam rock looks. New shapes for the season include Gaia, Eva, Afrodite, Valentina, Lara and Club. The personalized Candy Collection also includes five new lines.

Furla's Men's Collection focuses on the use of nirvana and Algarve leathers with arancio (orange) as a main color, and includes totes, travels, backpack briefcases, document holders, hobos, and small leather goods.

Furla will introduce its third travel retail exclusive line in Orlando, a travel crossbody set of two bags, made from saffiano leather with light gold hardware.

"I'm delighted to be able to introduce our latest travel retail exclusive to buyers in Orlando. Consumers are increasingly looking for something different and unique from the airport retail offer and this includes fashion. Each season we really try to think carefully about what consumers are looking for, what would appeal to them while traveling in terms of style and function. I absolutely love this collection, as do our clients; it's inspiring and energetic, with fun and playful twists that are totally in keeping with the Furla DNA," says Furla Global Travel Retail Director Gerry Munday.

Furla opens new TR boutiques in Sydney, Norway, Budapest and Dubai

Furla continues to expand in travel retail worldwide in 2016, and opened three important new locations with Gebr. Heinemann in February, and one in the Middle East with Dubai Duty Free.

On February 1, the company announced it had partnered with Heinemann Asia to open a new 40sqm boutique in Sydney International Airport. The following week, Furla announced another new location was opened in partnership with Gebr. Heinemann at Stavanger International Airport in Norway. It features two personalized back-walls

and a table, for a total of 17sqm of space in which to showcase Furla's SS16 Cruise and Main Collections. In mid-month, Furla opened another location with Heinemann with 16sqm of personalized space in Budapest Ferenc Liszt International Airport.

Furla's Global Travel Retail Director, Gerry Munday, said: "Furla's presence in travel retail continues to flourish with every new store we open. It was a pleasure to work with Heinemann and as always I thank them for their support on this project and look forward to announcing further

openings with them very soon."

Furla ended the month with the opening of a 16sqm personalized corner in Dubai International Airport - Concourse D, opened in partnership with Dubai Duty Free.

"The Middle East has a very high potential for growth for Furla, and the brand is extremely popular with Middle Eastern women so I expect this store will be very popular. I thank Dubai Duty Free for granting Furla this essential space," said Munday.

Go Travel products offer comfort and convenience

Adding to their extensive collection of travel necessities, Go Travel presents two new products designed for the comfort and convenience of world travelers.

The patent pending Ultimate Memory Pillow from the Sleep Life Range is constructed from high-density memory foam that molds to the natural contours of the neck and chin. The pillow also features adjustable tension straps to prevent the head from falling forwards, while the back of the pillow has a rubber-finish grip that secures to any headrest. The ultra soft Ultimate Memory Pillow features a removable, hand-washable cover and a protective drawstring pouch for storage.

For traveler convenience, the new Slim Power Bank allows passengers to charge smart phones, kindles, and other small USB devices in just 1.5 hours. Weighing 57g and as compact



as a credit card, the Slim Power Bank fits into any wallet or shirt pocket for easy accessibility. The Power Bank is available in Raspberry and Electric Blue, and constructed from aluminum with a high quality Lithium-ion battery.

The emergency charger comes with a micro-USB charging cable that allows the device to achieve a full charge in just three hours. See them at Booth #229.

Travel Blue presents security products for traveler peace of mind

With the recent influx of contactless payments comes the threat of personal identification fraud. Electronics specialist Travel Blue has responded with a line of Radio Frequency ID products, created to help travelers protect their personal information.

The new products are designed to ease travel stress by offering peace of mind. "Security is of the utmost important to everyone, not just travelers but with traveling continuing to be voted one of the most stressful experiences for many individuals, it is essential that theft of personal information is not an addition to this already stressful environment," comments Jonathan Smith, Travel Blue's Travel Retail Director.

Included in the line, the water-resistant RFID Money Belt protects sensitive passport information and fits up to a 48" waist. The RFID Neck Wallet protects

information found on both passport and credit cards. The neck wallet contains one large RFID protected pocket plus two additional large pockets for cash and documents. The RFID Passport Protector

is made of leather and can stop identity theft scanners. The RFID 2 x Pocket Set contains a set of zipper pockets. Both the Passport pocket and the Credit Card pocket are crafted with RFID blocking material.



Samsonite to acquire Tumi for US\$1.8 billion to create a leading global travel lifestyle company

Two giants of the luggage business made history on March 4 when industry leader Samsonite announced that it was acquiring luxury brand Tumi, with its “best-in-class products,” for about \$1.8 billion.

The transaction has been unanimously approved by the Boards of Directors of both companies and is expected to close in the second half of 2016, subject to the approval by Samsonite and Tumi shareholders, and other regulatory agencies. Under the terms of the transaction, Tumi shareholders will receive US\$26.75 in cash for each share they own. The transaction values Tumi at an equity valuation of approximately US\$1.8 billion.

“This is a transformational acquisition for Samsonite. It will meaningfully expand our presence in the highly attractive premium segment of the global business bags, travel luggage and accessories market,” said Ramesh Tainwala, Chief Executive Officer of Samsonite. “Tumi is a perfect strategic fit for our business. The brand is beloved by millions of loyal customers for its high quality and durable premium business and luggage products. We are excited about the tremendous opportunities this combination provides us to further diversify our product and customer portfolios. In particular, we will expand Tumi’s presence in Asia and Europe, while strengthening its business in North America, by leveraging our expertise in global distribution, sourcing, product design and technical innovation, especially in the area of lightweight hardside luggage.”

Tumi Chief Executive Officer Jerome Griffith said, “The team at Samsonite has a long and successful track record when it comes to acquisitions and we know they will be excellent stewards of the Tumi brand. Samsonite will bring Tumi to new and growing markets, while still maintaining the high quality Tumi is known for. This is a compelling transaction that delivers substantial and immediate cash value to our shareholders. Further, we are excited for our employees to benefit from opportunities presented by being part



Tumi kiosk at Miami International Airport South Terminal opened in 2015.

of a larger and more diversified global company. Samsonite has successfully grown many unique brands and we look forward to the next chapter in Tumi’s great history as part of the Samsonite family.”

Compelling Strategic and Financial Rationale why acquisition makes sense

- Creates a leading global travel lifestyle company. The combination brings together Tumi, an iconic North American purveyor of premium business bags, travel luggage and accessories, with Samsonite, the world’s best known and largest lifestyle bag and travel luggage company, to create a leading global travel lifestyle company.

- Ideal and complementary fit with Samsonite. With approximately 2,000 points of distribution across 75 countries, Tumi’s leading market position in the premium business and luggage segment is a perfect complement to Samsonite’s strong and diverse portfolio of brands and products, with limited overlap in market positioning, price point and distribution. The addition of Tumi builds on Samsonite’s proven track record of successful acquisitions across multiple product categories and price points to broaden its portfolio.

- Enables Samsonite to strategically expand into the highly attractive premium segment of the global business bags, travel luggage

and accessories market with a business and travel brand that is recognized worldwide as being “best-in-class” in the premium segment.

- Presents tremendous opportunities to leverage Samsonite’s extensive global retail and wholesale network and its strengths in distribution, sourcing, technical innovation and localization of products to introduce the Tumi brand to millions of new customers in additional markets worldwide. This includes expansion of Tumi in Asia and Europe, strengthening its platform in North America, and leveraging

Samsonite’s clear strength in hardside innovation to expand Tumi’s hardside luggage offering.

- Reinforces Samsonite’s strong platform for long term growth and profitability. Tumi is a highly profitable business and the combined company is expected to generate significant free cash flow to meet interest payments while continuing to make cash distributions to shareholders.

- Creates potential for significant operational and top-line synergies. This includes cost savings in such key areas as sourcing, logistics, sales and marketing, distribution, retail and general and administrative costs, as well as potential top-line synergies resulting from the combined company’s enhanced and complementary product development and global reach.

For the year ended December 31, 2015, Tumi’s net sales were US\$548 million, representing a year on year increase of 4%. North America accounted for 68% of Tumi’s 2015 net sales, with Asia Pacific accounting for 17%, Europe, Middle East and Africa accounting for 14% and Latin America accounting for the remaining 1%. Tumi has historically achieved strong growth in net sales, with a CAGR of 17% from 2010 to 2015 and highly attractive EBITDA margins of over 20% during the same period.

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Costa delivers high performance sunglasses for life on the water

Costa del Mar sunglasses, which is exhibiting for the first time on its own stand at the Duty Free Show of the Americas in Orlando, has a long-time connection to the Sunshine State.

Handcrafted in Florida for more than three decades, Costa is known to produce the highest quality, best performing sunglasses for those who live and play on the water.

Its history began on Florida waters, in fact. More than 30 years ago, a group of serious anglers banded together to build a pair of polarized sunglasses with performance technology suited just for them – sunglasses that would cut glare, shut out sunlight and reveal the fish in the water more clearly. And so, Costa Sunglasses was born.

In 2013, Costa was acquired by French eyewear company Essilor International, the world's leading ophthalmic optics company. With Essilor's backing, Costa is now in a better position to capitalize on its products' reputation and accelerate its geographic expansion, both nationally and internationally, including in travel retail.

"Our market is anyone who lives their life on the water, seeking the next adventure. We have a strong U.S. presence, especially in the Southeast and East Coast. We continue to expand our reach in the west and internationally," explains Jenny Gordillo, Costa del Mar Export Manager.

"We are currently listed in Panama, Chile and Colombia in South America. Future locations will be opening in the Bahamas and Caribbean for Duty Free," she says.

Costa is also widely distributed across premier independent retailers and major national U.S. outdoor chains such as Cabelas, Bass Pro, West Marine, Dick's Sporting Goods and department stores like Dillard's.

"In the Americas we have sporting, optical and sunglass specialty distributors and dealers in Central, South America, Caribbean, Canada and Mexico. The Caribbean, Mexico and Central America are key international regions with strong presence in sunglass specialty, optical and sporting channels of trade."

One of Costa's biggest selling points is its technology, specifically its patented 580 lenses.

"Our 580 technology offers color enhancement and increased visual acuity by selectively filtering out harsh yellow and harmful high-energy ultraviolet blue light. Filtering yellow light enhances reds, blues and greens, and produces better contrast and definition while reducing glare and eye fatigue. Absorbing high-energy blue light cuts haze, producing greater visual clarity and sharpness," explains Gordillo.

"Costa's 580 lens is the clearest lens on the planet – nothing else comes close to its razor sharp color enhancement. It's by far our key differentiator in the market," she says.

Costa is also known for its frame technology.

"Our frames are comprised of a nearly-indestructible bio-based resin material sourced from the castor plant, a sustainable, hardy perennial. The bio-based resin produces increased durability, overall sunglasses weight reduction, and the ability for the frame to hold shape from extreme heat to bitter cold temperatures, crucial for anglers out battling the elements.

"Incorporating a bio-based resin frame construction reduces Costa's manufacturing process emissions by up to 40%, and cuts the company's overall carbon footprint significantly," says Gordillo.

Costa's concern for reducing its carbon footprint should be no surprise. Conservation and sustainability have been key tenets of the company since it was started.

"For Costa, conservation is all about sustainable fishing and protecting the Earth's fisheries. Many areas that should be vibrant and healthy are all but devoid of native fish because they have fallen victim to poor fishing practices, unregulated development, lack of watershed protection or all of the above," says Gordillo, explaining that Costa works with partners around the world to help increase awareness and influence policy so that both the fish and fishermen of tomorrow will have healthy waters to enjoy.

"From spearheading and supporting important scientific research fish tagging

programs like Project Permit with Bonefish & Tarpon Trust, to hosting a concert for more than 9,000 University of Alabama students to raise money for the Coastal Conservation Association (CCA) and The Billfish Foundation, Costa works hard to make a difference in the name of sustainable sport fishing," she says.

The company has also worked to develop sport fishing business models that can protect and preserve not just indigenous fish species, but entire cultures. In 2012, Costa premiered the feature film, "Jungle Fish," a story about how fly fishing can save the fate of an Amerindian village in Guyana. It's a story Costa is helping to replicate around the world, and actively works with government leaders in the U.S. and globally to make happen.

For now, as one of the fastest growing performance sunglasses brands in the United States, Costa wants to make sure that it manages its growth effectively.

"As Costa continues to grow, we are becoming a sought after brand for new dealers and distributors. Our biggest challenge is to manage our growth by identifying the right retail partners who can tell our story of authenticity and technology.

"Travel and exploration are a key part of Costa's core consumers. We see tremendous opportunities in Duty Free by capitalizing on the strong brand presence we have built in the America's region," she concludes.

Costa del Mar sunglasses will be exhibiting at Atrium B.





COSTA



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Maui Jim lightens up with MauiPure superlight collection

Maui Jim will present the global travel retail launch of a trio of new frames to its superlight collection during the Duty Free Show of the Americas at Booth #1703.

All three styles have MauiPure lenses that combine SuperThin glass with lightweight comfort and scratch and impact resistance. The unisex Pohaku, Hawaiian for stone, feature a light yet strong and highly durable magnesium frame with injected nylon temples — the first in Maui Jim's sunglass assortment and unique in the market. The Pohaku is available in three

color schemes: Matte Blue with MauiRose lenses, Matte Black with Neutral Grey and Matte Brown with HCL Bronze.

Road Trip features a rectangular shape suitable for both men and women, and is a part of the Maui Jim PureAir series of frames known for durability and shape retention. This new frame is available in natural color schemes of classic Tortoise nylon frames with HCL Bronze lenses, Olive Tortoise with Maui HT, Blue/black Tortoise with Neutral Grey and Grey/black Tortoise with MauiRose lenses.

The feminine Nahiku is a high-fashion PureAir offer with an oversized round shape in lightweight nylon. Color schemes include Purple Fade or White Pearl with Neutral Grey lenses, Chocolate Fade with HCL Bronze or Gloss Black with Maui HT lenses.

As with all Maui Jim sunglasses, the new additions feature patented PolarizedPlus2 lens technology that cuts 100% of UV rays and are recommended by The Skin Cancer Foundation as an effective UV filter for the eyes and surrounding skin.

For the second consecutive year, Maui Jim was selected by opticians, optometrists and ophthalmologists as the Best Sunglass Company in the Vision Monday and 20/20 magazines' 7th Annual EyeVote Reader's Choice Awards.

Maui Jim took the top spot in two categories in 2015: Best Sunglass Company and Best Sport Sunglass Brand (Women).



Safilo to launch Swatch branded eyewear this spring

Eyewear creator Safilo and Swatch Ltd have signed a five-year agreement to create a colorful, playful lifestyle collection of Swatch branded sunglasses.

The Swatch eyewear—called Swatch The Eyes—will be launched in Spring 2016 and will be sold through Safilo's U.S. retail chain, Solstice, as well as select North American eyewear retailers and distributors around the world.

The launch of the collection will be supported by a fun and “smile inducing” campaign, “I ALWAYS WANT MORE

LOOKS,” say the companies.

Safilo and Swatch are to co-design eyewear collections and Safilo is to develop and manufacture the eyewear in its European production network.

Commenting on the agreement, Safilo CEO Luisa Delgado said, “This partnership represents a further milestone in our 2020 strategic plan. We are adding an iconic brand to our portfolio, complementing our presence in the vast and fast growing Mass Cool consumer segment with a unique proposition that

leverages the smart, playful, innovative DNA of Swatch.

“We also reconfirm our commitment to European eyewear manufacturing now also for the Mass Cool segment, enabled through smart design, innovation via simplicity of the product construction, and implementation of modern manufacturing processes. We feel privileged to become stewards of the Swatch brand, and to apply its philosophy in Eyewear.”

Nick Hayek, president of Swatch, said, “Recreating a success story in Eyewear via the reinterpretation of the category is an exciting challenge. Swatch is globally recognized as a lifestyle brand, expressive and meaningful in the way it captures trends and emotions: beyond timepieces, eyewear also belongs to those product categories that customers enjoy because they merge fun, style and quality. Safilo is a quality partner offering the highest quality craftsmanship and we are happy to join forces with them.”



Luxottica sales and profits up as it signs new license, updates icons, opens more Sunglass Hut TR locations

Leading eyewear company Luxottica Group posted sales and earnings up for full year 2015, driven by good growth in the U.S., Europe and emerging markets, including Latin America.

The Group's adjusted net sales, released on March 1, were up +17% (+5.5% at constant exchange rates) to more than 9 billion euros, and adjusted net income reached 854 million euros, up 24.2% over 2014.

In January, Luxottica announced that it had signed a 10-year licensing agreement with the Valentino fashion house, with the first collection coming to market in January 2017.

For its Burberry license, Luxottica has introduced The Regent Collection for

Spring/Summer 2016, a collection inspired by Burberry's global flagship store in London, 121 Regent Street. One highlight of the new collection is a raised version of Burberry's classic check design on the front of frames.

Luxottica is also introducing a new icon in its classic Ray-Ban brand, Clubround, inspired from iconic Ray-Ban Clubmaster and Ray-Ban Round shapes which will be available in travel retail worldwide from March. The brand also revamps the original Ray-Ban Gatsby shape from the 80's, redefining the distinctive design and retro-appeal of this rounded shape with modern finishes to bring a classic up-to-date. Completing the offer, a new round optical style in

rubberized nylon fiber for the Ray-Ban Erika in a modern full metal construction.

Sunglass Hut

Sunglass Hut opened 25 new stores in travel retail in 2015 and now has a global airport footprint of 155 standalone stores and kiosks worldwide.

In 2015, the company opened nine new airport stores in Spain, including Madrid, Barcelona, Ibiza, Tenerife and Gran Canaria. Sunglass Hut also grew its South American airport footprint in Brazil, Mexico and Chile, as well as several openings in airports in North America, Malaysia and Australasia.

Through Luxottica Global Channels, Sunglass Hut continues to apply a flexible business model approach to the travel retail channel, with a combination of directly run stores, and those operated in collaboration with travel retailers and local franchise partners.

In the first quarter of 2016, Sunglass Hut opened stores in Dubai International Airport and Copenhagen Airport's Terminal 2 and Terminal 3, among others.



BMW introduces youthful "M" series of luxury sunglasses in Orlando

Marco Lares, Director of Sales Worldwide-Travel Retail/Duty Free for the French-Canadian Aspex Group, will be exhibiting the BMW Sunglass collection

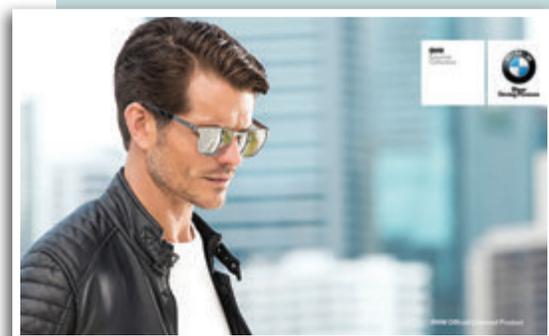
(among others manufactured by Aspex), for distribution to Latin America and the Travel Retail/Duty Free industry, at IAADFS, Booth #1803.

The BMW Sunglass custom-made designs are assembled from the highest quality materials such as titanium, stainless steel, acetate, TR90 and NXT. Designed with style and function, several features can be found throughout the collection: polarized sun lenses, mirror sun lenses and exclusive integrated spring hinge. There are also folding models and Turboflex hinge patented technology,

providing unparalleled aesthetics and durability.

Lares will also be introducing some of the new styles for the latest BMW eyewear collection, the 'M Series,' designed to embody the spirit of the luxury car brand and targeting a more youthful look. The collection features sporty aviators, easy going wayfarers and classic rectangular styles, in a palette of steel red, crystal brown and satin navy in glossy and metallic finishes.

"For the TR industry, in the Sunglass category, BMW is the newest and most influential brand in the minds of consumers whom didn't have the option to purchase BMW Sunglasses previously," says Lares.



Buckley London to showcase sleeker, trendy collections for Spring Summer 16

British jewelry designer Buckley London will showcase its Spring Summer 2016 collections and an expanded range of branded retail display solutions at the IAADFS Duty Free Show in Orlando.

As part of a brand refresh, the London-inspired pieces in the 11 new collections are described as “sleeker and more trend-leading” to incorporate a younger audience, alongside the core customer.

Rasmus Olsson, Global Head of Sales at Buckley London said: “We’re incredibly excited to showcase our new brand look and feel at IAADFS, Orlando. Our new SS16 collections have a more contemporary feel, whilst remaining true to our trademark British Heritage, great quality and affordable price points. We are confident that our presence within the U.S. duty free market will continue to grow in 2016 and beyond.”

The collection includes studded profiles and statement neckwear, as well as sophisticated and classic style staples featuring pavé-set barrels and natural materials. Buckley describes the new designs as ‘modern-meets-classic.’

The London Rocks collection mixes smooth polished surfaces with Preciosca crystals. Available in rose gold, gold or rhodium plating, items can be mixed, matched and stacked.

The nature-inspired Chelsea collection is a stand-out choice for the U.S.-market, says Buckley, citing results of regional focus groups. Chelsea features Mother of Pearl charms coupled with gold plated textured and pavé-set discs.

Buckley is also showing an expanded range of stackable wrist wear with semi-precious stones, beaded rows and polished surfaces, and honing in on the personalization trend with its Be You Collection with charm pendants. Wearers are able to add a letter initial charm, which can be obtained from the Buckley London website for free with the purchase of a Be You pendant. A bangle, earrings and stacker ring complete the collection.

For airlines, Buckley London has created the Eclipse Collection, which can transform a look by flipping the feature disc, and its ‘Be Loved’ set, where each piece of jewelry in the four piece set represents an individual letter to spell out

the word ‘Love’.

The company will also demonstrate merchandising solutions designed to enhance the shopping experience and give valuable space saving benefits to the retailer through its updated branded floor standing display units. The units feature interactive counter top ring display and a three tier bracelet bar.

Buckley London is represented in the

Americas travel retail channel by Katherine Sleipnes and her team at International Brand Builders Inc. The brand has an ever-growing global presence and currently supplies over 600 retail outlets worldwide including 300 high street stores, 140 airlines, 100 airports and over 80 cruise ships.

The company is exhibiting at IAADFS in 613 Cypress Ballroom.



Buckley's London Rocks collection

IBBI showcases Obaku watches and Cerruti leathersgoods

IBBI (International Brand Builders) will be previewing the Spring/Summer 16 collections from three of its brands at the IAADFS Convention in Orlando. In addition to Buckley London, Obaku Denmark is launching its new, sleek Danish design watches, with a focus on Spring colors. Straight from Basel World, Obaku will showcase a collection with a focus on blue and rose (Spring 16 fashion

colors) with MOP and blue dials. Stop by booth 828 Cypress and ask about its show specials, says IBBI's Katherine Patch-Sleipnes.

IBBI is also presenting the Spring 16 collection from Cerruti 1881. This includes small leather goods for men and women, at affordable prices. Please contact Katherine at katherine@internationalbrandbuilders.com to set up an appt.





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Kris Jenner launches Signature Collection in collaboration with JOIA de Majorca

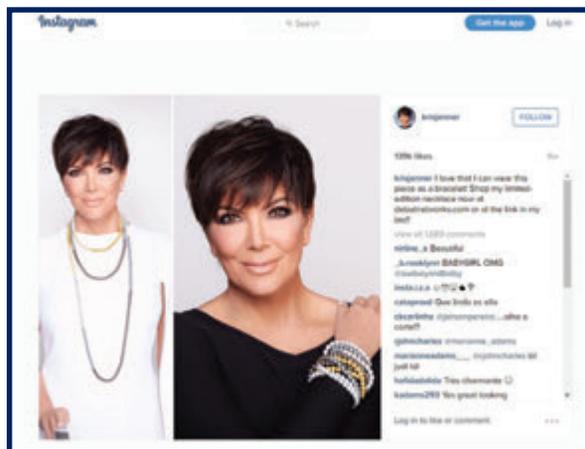
Kris Jenner is using the power of social media to help promote her new Kris Jenner Signature Collection limited edition line of Majorca pearls, produced in collaboration with JOIA De Majorca.

Jenner, who has almost 25 million followers between Facebook, Twitter and Instagram, launched her first JOIA de Majorca product in January exclusively on debutnetworks.com, and will come out with a new product once a month through June.

"This is Kris Jenner's own collection and we are collaborating with her in the design, production and distribution," says Lenny Di Cristofano, president and founder of JOIA De Majorca and Worldclassbrands.

Launching the Kris Jenner Signature Collection on Debut Networks, rather than through Home Shopping Network or QVC, is a game-changer, says Di Cristofano.

"Debut Networks is a disruptor concept, because before celebrities had to get on a plane and travel to Pennsylvania for QVC or Tampa for Home Shopping, etc, and the celebrities hate it. For Debut Networks we do a photo shoot in the celebrity's house, shoot for a day, and then we can run these as many times as we want, as often as we want," says Di Cristofano. "It becomes a powerful tool, because you are only channeling their social following. When we put the Kris Jenner Signature Collection products out, within five minutes she received five hundred thousand likes between Instagram,



Kris Jenner is using her Instagram reach of more than 11.6 million followers to promote the Kris Jenner Signature Collection of JOIA de Majorca pearls.

Twitter, and Facebook."

When the first item, a long string of multicolor pearls, debuted on January 27, Jenner let her 11.9 million Instagram followers know about the launch.

"I love that I can wear this piece as a bracelet!" Jenner wrote on Instagram. "These pearls are to die for!"

That post currently has more than 139,000 likes.

Di Cristofano says Jenner is the ideal celebrity partner for JOIA de Majorca.

"We could not have partnered with someone better than Kris Jenner. She loves the pearls and the genuine feeling comes across. She is promoting something she really loves," he says. "When we put a product out, it sold. This has been a very

innovative, very revolutionary idea."

While the collection is now only available via Debut Networks, Di Cristofano hopes to expand to other sales options going forward.

"We are asking her now to take it from there to other venues, like home delivery, like duty free, and outlets outside the Debut Networks launch path," he says, adding that Kris Jenner's online presence extends far beyond the U.S. border.

"The UK is a huge market for her. We had more than 20% of the orders from the UK. There have been inquiries from Europe. If you Google the Kris Jenner Jewelry Collection there are articles from the *Daily Mail*, the *Singapore Times* and the *Hong Kong Daily*."

Worldclassbrands shifts portfolio to meet market trends

Worldclassbrands has shifted its portfolio of watches, jewelry, and accessories to "where the trends and tendencies are," says Lenny Di Cristofano, WCB president.

"We finished last year up 8%, which is great considering the issues going on around the world. The success has continued through March; we are up almost 10%," he says.

"We attribute the success to our shift in the product mix as we adapt to a changing market environment."

WCB's portfolio now covers every price segment from \$30 to \$1,000, says Di Cristofano.

"We've got a brand that fits every category. In the \$25-\$200 level, consumers are spending money. But when you go over

that \$200 price we are finding it much more difficult," he says.

"We've been trying to build that \$29.99 to \$500 core brand competency, because that is where the market is right now. More people are going to all-inclusive resorts and they never leave. When they go into the gift shop they are not buying \$200 watches. They are buying \$30, \$50, \$75 watches. We've created products for that segment."

Impulse gift products in the sub-\$100 category are also working.

"The Breo sunglasses -- a \$39-\$50 impulse purchase--have been really hot for us. Hippie Chic has been tremendous," he says.

"We just signed a deal with Sekonda watches for the Americas. As a brand in the

\$50-\$125 range it gives us a tier that we were missing," he says. "WCB has created three packages: a classic mix, a fashion mix, and the 'close-out mix,' where the display units themselves will be telling the consumer to 'Save 50%.' If you are bargain hunting, we are giving you that option."

The company has also added Concepts in Time watches with its Rampage, Ellen Tracy, Geoffrey Beene, and Caribbean Joe brands.

WCB has also shifted its jewelry mix, creating more options in the \$50-\$200 range.

"We are trying to get 80-90% of our brands to redesign product to hit that price point," he says. "We've got a turnkey idea for jewelry, for watches. We have accessories like Oilily, where \$25-\$85 is 80% of the line. We are really focusing on our strengths and core competencies."



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Distilled spirits records sixth consecutive year of market share gain in U.S., Whiskey leads the way

Distilled spirits delivered another year of steady growth in the U.S. in 2015 with supplier sales up 4.1% and volumes up 2.3%, according to the Distilled Spirits Council of the United States (DISCUS). Distilled spirits suppliers and marketers also marked the sixth straight year of increasing market share relative to beer in 2015.

“The positive performance of distilled spirits is the result of many factors including market modernization, product innovation, consumer premiumization and hospitality tax restraint,” said DISCUS President and CEO Kraig R. Naasz.

The Council reported strong growth in every whiskey category for the second straight year, with revenues rising 8%. Super premium whiskeys were particularly popular among American consumers with luxury Bourbon, Scotch, Canadian and Irish whiskeys all recording double-digit gains. Other categories performing ahead of the distilled spirits average growth included Tequila, up 9.4%, and Cognac, with sales growth of 16.2%.

The Council estimated that overall retail sales of distilled spirits in the U.S. market reached nearly \$72 billion in 2015.

The appeal of American whiskey – Bourbon, Tennessee and Rye – with consumers in the U.S. and abroad resulted

in 7.8% overall growth for the category.

Both Irish Whiskey and Single Malt Scotch continued their rapid growth with revenues up 19.9% and 13.5%, worth \$664 and \$732 million.

In 2015, super premium Irish Whiskey grew 54.4%, while high end premium Irish Whiskey rose 13.7%. This trend continues the impressive growth of the Irish Whiskey category with high end and super premium Irish Whiskeys growing a staggering 589% and 3,054%, respectively, since 2002.

“It is the premium categories leading the Irish Whiskey boom as adult consumers continue to favor higher-end products. The growth of Irish Whiskey is reflective of the overall trend of consumers trading up to more premium versions of their favorite spirits,” says DISCUS Vice President Frank Coleman.

While the higher price categories had the most substantial growth, the entire category is growing. In 2015, over 3.2 million 9-liter cases of Irish Whiskey were sold in the United States, generating \$664 million in revenues for distillers. This compares to nearly 2.8 million cases and \$553 million in revenue in 2014.

Cognac sales were up 16.2%, generating \$1.3 billion in revenue, and Tequila revenues grew 9.4%, generating \$2.3 billion revenue. Despite growing only 0.5%,

Vodka sales reached \$5.8 billion.

American Whiskeys lead export growth

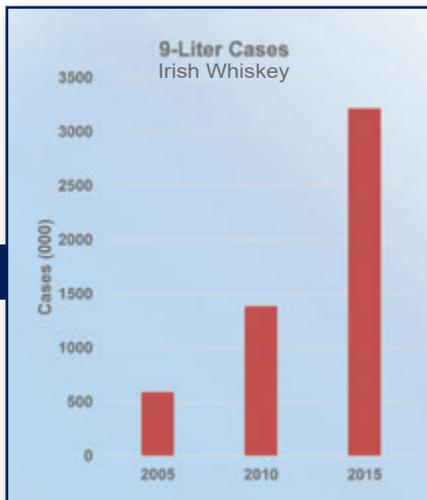
Overall spirits export volumes increased 3.4% in 2015, while American whiskey export volumes of Bourbon, Tennessee and Rye grew 4% due to growing consumer interest in these products around the globe.

The Council reported that revenue from export sales was relatively flat at \$1.56 billion due to the impact of a strong dollar in key foreign markets.

DISCUS cited 10 markets to watch in 2016 for U.S. export growth: United Kingdom, Japan, Latvia, Panama, Vietnam, South Africa, China, Dominican Republic, Brazil and Taiwan.

In 2015, the projected top six export markets for all American distilled spirits by dollar value were United Kingdom (\$226.1 million), Canada (\$194.7 million), Germany (\$128.5 million), Australia (\$126.1 million), Japan (\$108.3 million) and France (\$84.1 million).

Top six export markets above \$10 million by percentage growth were Vietnam (+225.3%), Latvia (+79.7%), Dominican Republic (+38%), Panama (+32.1%), Brazil (+29.5%) and United Kingdom (+26.7%).



Country	Current Export Market Ranking	Percent Increase in 2015 from 2014	Total Exports in 2015 (USD millions)
UK	1	26.3	221
Japan	5	10.4	110.2
Latvia	10	76.2	44
Panama	13	21	20
Vietnam	17	224.1	16.8
South Africa	19	2	15.7
China	22	6	15.2
Dominican Republic	23	27.9	13.7
Brazil	24	29.3	12.2
Taiwan	27	0.7	0.6

Left: Irish Whiskey sales in the U.S. have surged in the past decade. Center: Premium, High End and Super Premium spirits make up almost 65% of the U.S. spirits market. Right: Panama, the Dominican Republic and Brazil are three of DISCUS' 10 Markets to Watch in 2016.

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American Whiskey portfolio drives Brown-Forman from strength to strength

Brown-Forman Global Travel Retail has used the strength of its American Whiskey portfolio to counteract the instability in the Americas region brought on by the strength of the U.S. Dollar and the fluctuation of currencies around the world.

“It is no secret that this year has been one of the more challenging for the travel retail industry. Foreign currency swings around the world have had an adverse effect on global travelers particularly those from Russia and emerging markets. Closer to home, the travel retail market in the Americas has been buffeted by a tough combination of a strong sustained U.S. Dollar and depreciated currencies in Latin America. There has been a silver-lining of sorts in that the depreciation of the Euro against the U.S. Dollar hasn’t adversely affected passenger levels going to or from the U.S. However, we do detect a weakening of spend in the U.S. as these passengers seek similar value in European domestic economies,” says Marshall Farrer, managing director, Brown-Forman Global Travel Retail.

“Having said all this, we take great pride in the tremendous growth of American whiskeys around the world led by our portfolio of Jack Daniel’s, Woodford Reserve and Old Forester.”

With Jack Daniel’s a travel retail best-seller throughout the world, and Woodford Reserve and Old Forester rounding out its American Whiskey portfolio, B-F’s

American Whiskeys remain among the star performers in the global retail market.

“We predict this movement will continue to grow despite the challenges I have just laid out for you. Jack Daniel’s is performing well at numerous price points around the world as is Woodford Reserve. Our founding brand, Old Forester, is enjoying rapidly growing popularity in the United States and we feel that trend will translate well in travel retail,” says Farrer.

Brown-Forman is celebrating a significant milestone in 2016 with the 150th anniversary of the Jack Daniel’s Distillery in Lynchburg, Tennessee. Even with Jack Daniel’s Old No. 7 currently the #3 selling spirits brand in Global Travel Retail, Farrer says the company has only recently begun to tap into the brand’s potential in this channel.

“Of course Jack Daniel’s No. 7 is the primary focus of our Tennessee Whiskey – if not American Whiskey efforts. However, Travel Retail presents us an opportunity to introduce special Jack Daniel’s super-premium offerings that might appeal to new consumers while re-enforcing the heritage and integrity of Jack Daniel’s. Obviously such products as Jack Daniel’s Sinatra Select and Jack Daniel’s No. 27 Tennessee Gold fall into this category.”

Cruises are another channel Brown-Forman has made great progress in over the past few years and sees tremendous potential going forward.



“Not too long ago the cruise ship industry was simply about vodka, rum and beer. However, over the past few years we have seen a dramatic change in the tastes of cruise line’s passengers. Similar to global airline passengers, they are much more interested in authenticity, premiumization, flavor and sophistication. Because of this, we are now listing our portfolio of American Whiskeys – Jack Daniel’s, Woodford Reserve, Old Forester – as well as fun and exciting mixology and drink recipes. In addition, we have also enjoyed success on cruise ships with Herradura and el Jimador Tequilas as well as Chambord Liqueur.”

Farrer says that Brown-Forman, as the only major spirits company in the world that operates company-owned cooperages, has an advantage in quality control and product innovation.

“All other spirits company’s must buy their barrels from outside vendors,” he says. “The barrels used to age Jack Daniel’s Sinatra Select and Sinatra Century were made of special staves specially developed by our master distiller and coopers to provide a unique and robust flavor. Because we own our cooperages, we are constantly involved in barrel experimentation and innovation. Incidentally, this year we celebrate the 70th anniversary of making whiskey barrels at the Brown-Forman Cooperage in Louisville, Kentucky.”

Brown-Forman Global Travel Retail will mark the occasion of the 150th Anniversary of the Lynchburg Jack Daniel’s Distillery at the IAADFS Show in Orlando followed throughout the year by a series of anniversary-themed displays and promotions at select international airports around the world.



The IWSR United States Report 2016

The definitive report on the US beverage alcohol market



The 2016 edition of The IWSR United States Report includes brand sales data by category and covers wine, spirits, beer, cider and mixed drinks. It also includes additional insight and analysis specific to the US market, covering key topics such as craft drinks, online sales and innovation trends, plus extended forecasts by category.

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The IWSR United States Report 2016 is due for release in May.

Contact Brandy Rand for more information.

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Patrón Tequila searches for 2016's 'Margarita of the Year'

Ultra-premium tequila Patrón has embarked on a pursuit to find the best margarita, and has launched the "Search for 2016's Margarita of the Year." The program began on National Margarita Day (February 22), and the winner will be announced in late April, in time for Cinco de Mayo.

Patrón, the global leader in the 100 percent agave category, says that while there is no specific style of margarita that's the 'right' one, it is a world-class cocktail and deserves an equally world-class tequila: "That's why Patrón is so excited to celebrate and share in its rich history," says Lee Applbaum, Patrón's Global Chief Marketing Officer. "We didn't invent the

margarita, but we certainly perfected it, and our 'Search for 2016's Margarita of the Year' celebrates the increasing popularity, incredible versatility, and fascinating backstory of this iconic cocktail."

Patrón has enlisted the help of seven top bartenders from across the U.S. and Mexico to create recipes for seven different styles of margaritas, reflecting their personal influences on what makes the #PerfectMargarita, and also the local taste of their cities, culinary trends, and the history of the drink.

The recipes for the seven styles of margaritas – herbal, spicy, smoky, savory, modern, tropical and classic – can be found

at MargaritaOfTheYear.com, where people can log in and cast a vote (once daily through April 15) for their favorite. Consumers will also be invited to vote live at various Patrón-sponsored events in North America over the coming months.

The votes will be tallied and the three most popular styles of margaritas will then be showcased at a pre-Cinco de Mayo event in New York, where the winning "Margarita of the Year" will be crowned.

The seven competing cocktails were created by Stephen Halpin from Dallas (smoky margarita), Bettina Barnoczki from Miami (tropical margarita), Jordan Corney from San Antonio (spicy margarita), Ryan Brown from Tampa (herbal margarita), Laura Newman from Brooklyn (savory margarita), Rosie Ruiz from Los Angeles (modern margarita), and Andrés Moran from Guadalajara, Mexico (classic margarita).

Earlier this year, Patrón brought together all of the participating bartenders to travel to the Hacienda Patrón distillery in the Highlands of Jalisco, Mexico, to prepare and perfect their inspired recipes.

The Margarita of the Year site features videos and interviews, and instructional videos about how to prepare each cocktail. The site also contains downloadable recipes, and a full history of the drink's (often debated) history, as well as conversations and stories about the evolution of the famous cocktail.



Patrón celebrated the launch of Gran Patrón Piedra extra añejo tequila in Vancouver International Airport with a Patrón tasting outside the WDF store in the main hall of the airport.



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IAADFS 2016

Duty Free Show of the Americas

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Beam Suntory strengthens role as category captains

Beam Suntory's most important category in travel retail continues to be whiskeys, with bourbons leading the way, says Andrew Meeks, marketing manager, Global Travel Retail-Americas, Beam Suntory.

"As the only company that can offer whiskey from each category --Canadian, American, Irish, Scotch and Japanese --we are uniquely suited to help grow the category. Plus, bourbon has been on fire and doesn't look like it will slow down anytime soon, so with our large portfolio (we make over 70% of the world's supply), we are in prime position to lead the growth of this category," Meeks tells *TMI*.



"Our biggest brands and star performers are Jim Beam, Maker's Mark, Courvoisier, Cruzan and Sauza. Other hot brands that are really making noise are Knob Creek, Hibiki and Hornitos."

Beam Suntory's biggest challenge is keeping up with the massive

demand for Japanese whiskey and bourbon, says Meeks.

"These are two of the hottest spirits categories in the world and Hibiki Japanese Harmony Master's Select launched last year to enormous fanfare. We continue to work to keep up with the wild demand for the entire category, one that we lead with our robust portfolio," he says. "The global demand for bourbon has made it challenging for us, but we are committed to delivering a wide variety of brands and products in the category. Jim Beam, Maker's and Knob Creek are delivering amazing topline growth, with new variants launching this year to support the category as a whole."

Meeks sees great potential for Beam Suntory's brands in Americas travel retail, leveraging the popularity of its spirits in the U.S. into duty free across the region.

"Our focus from a company aspect is to keep our forward momentum going and to really showcase the power of the Americas in the global travel retail landscape. While it's a huge domestic market, we are seeing the massive opportunities as airports and other key travel hubs continue to expand their stores and offerings. The future is bright, as our company continues to grow our teams, offer brands that are hot, and focus on being a partner with our world-class customers," he says.



"As a house of brands, we want to continue to be category captains for bourbon, Japanese whiskey, peated malts, and other key categories. We are uniquely suited to deliver brands across all categories, and we want to make sure that we are getting out in front of the consumers with exciting promotions and attractive activations."

In Orlando, Beam Suntory will feature new packaging for some of its iconic brands.

"The biggest news is that Jim Beam will be getting new packaging for the first time in nearly 50 years! The entire range will receive new bottles, packages and some new products! Also, Courvoisier launches all new packaging this year to bring them closer to their luxury and Parisian roots."

Gruppo Campari to acquire SPML, owner of Grand Marnier

Gruppo Campari has reached an agreement to acquire a controlling interest in Grand Marnier's parent company, Societe des Produits Marnier Lapostolle (SPML). Simultaneously, Gruppo Campari has entered into an exclusive agreement with SMPL for the worldwide distribution of the Grand Marnier spirits portfolio. The deal values the company at €684 million, approximately US\$760 million.

The company says the acquisition further leverages its expanded international route-to-market as well as its brand building capabilities, adds further critical mass across the Group's markets (particularly the key U.S. market) and enhances its exposure

to the premium on-trade channel as well as Global Travel Retail.

The blend of cognac and essence of bitter orange will enter Gruppo Campari's Global Priorities portfolio, "reshaping, further strengthening and premiumizing Gruppo Campari's offering." Grand Marnier enables the Group to further capitalize on the revival of classic cocktails, particularly in the U.S., says the company.

With Grand Marnier, the U.S. is expected to become the largest market for Gruppo Campari's net sales. Grand Marnier has been in the Moet Hennessy USA portfolio since 1995.

The Grand Marnier spirit portfolio is SPML's core business, accounting for approximately 85% of sales in 2015.

SPML generated approximately 92% of its sales outside France. Key markets are the U.S., accounting for approximately 60%, Germany, Canada and France. SPML brands are currently distributed in more than 150 countries through third party distributors.

The distribution agreement will become effective on July 1, 2016 and will remain in force for a period of five and a half years until December 31, 2021. The initial agreement will be renewable for consecutive five year periods after 2021.

Beam Suntory: Creating a Legendary story at the Point of Sale



In an effort to educate consumers and offer them an “unforgettable Bourbon experience,” Beam Suntory partnered with International Shoppes on an interactive “Bourbon Legends” pop-up store at Terminal 5 at JFK International Airport in November.

For two weeks the pop-up store informed travelers about the entire bourbon category and invited them to experience, through sampling, Beam’s three key bourbon brands (Jim Beam, Maker’s Mark and Knob Creek), and educated them about the differences in the range.

The goal was to provide a memorable experience to travelers, appealing to both the bourbon expert and the novice.

“What we heard, pretty universally, was how wonderful the experience was, how intimate it felt and how incredible the liquid tasted. I think we turned quite a few people into fans and hopefully they continue on their journey to finding a favorite bourbon,” says Meeks.

“The results of our Bourbon Legend

and World of Whiskies activations have been nothing but positive. Given the feedback from airport staff, customers, managers, and even the security who helped, they said it was the best they’ve ever seen! We are definitely committed to pursuing big opportunities like this again, and hopeful the timing and opportunities all line up to make it another successful event.”

Interactive elements

Beam Suntory’s objective was to increase consumer awareness of its “Bourbon Legends” lineup, focusing on the nine products offered onsite: Jim Beam Black, Jim Beam Devil’s Cut, Maker’s Mark, Maker’s 46, Knob Creek, Knob Creek Smoked Maple, Booker’s, Baker’s, and Basil Hayden’s.

The temporary store featured interactive elements designed to create an emotional connection to the brands within the Beam bourbon lineup.

One highlight was a 55” interactive touch-screen sampling bar with custom

built software to display videos, tasting notes for specific products, and history-rich facts regarding Beam and bourbon.

Tablets attached to branded bourbon barrels and one at the bar allowed consumers to take a Bourbon Quiz that simultaneously age-gated, collected consumer contact and demographic info, and provided them with a series of questions to determine which tasting profiles they were most drawn to. At the completion of the survey, consumers were offered suggestions on one to three products from the bourbon lineup to sample based on their answers.

A 360 degree Virtual Reality “Jim Beam Devil’s Cut” experience allowed consumers to travel through Jim Beam Devil’s Cut barrels, giving the consumer the feeling that they were liquid moving through the Devil’s Cut barreling process.

Branded bourbon barrel charging stations were placed within the display so travelers could re-charge their technology before or after a flight.



Heinemann to distribute Tito's Handmade Vodka in European airports

Tito's Handmade Vodka is making huge strides in expanding in international markets and is now available duty free in ten European airports in six countries after beginning distribution with Heinemann.

"We are thrilled to begin offering Tito's Handmade Vodka to a variety of international consumers through our distribution partnership with Gebr. Heinemann," said Bert "Tito" Beveridge, Founder and Master Distiller.

"We have been familiar with the great performance of Tito's Handmade Vodka's in the U.S. market through our counterparts and feel that the brand has super recognition with U.S. passengers. The time is right to introduce the brand to our main airports in Europe," said Laura Kramer, Liquor Buyer at Gebr. Heinemann.

"The fact that Tito's Handmade Vodka was one of the pioneers for the craft spirits movement in the U.S. and the fact that the brand has certified gluten free status give us confidence that the brand can work with

a variety of nationalities."

Tito's will be available in the airports in Stavanger, Norway; Oslo, Norway; Copenhagen, Denmark; Amsterdam, Netherlands; Vienna, Austria; Frankfurt, Germany; Berlin-Schönefeld, Germany; Cologne, Germany; Hamburg, Germany; and Istanbul, Turkey.

Tito's Handmade Vodka, out of Austin, Texas, is one of the fastest growing micro distilleries in the United States. The vodka received early recognition when Tito's earned the Unanimous Double Gold Medal at the World Spirits Competition in 2001 over 71 other vodkas. Tito's Handmade Vodka has also been awarded 95 points by Wine Enthusiast and was recognized with the "UCC Chairman's Trophy" for World's Best Vodka Tonic at the 2010 Ultimate Cocktail Challenge. Tito's Handmade Vodka has also been named the 2014 Spirit Brand/Distiller of the Year by Wine Enthusiast's Wine Star Awards.

Tito's Handmade Vodka is made from

corn, giving it a sweeter, rounder finish than vodkas made from wheat and potatoes, says the company. The brand has seen strong sales growth in the U.S., driven mainly by word-of-mouth recommendations from consumers.

Tito's Handmade Vodka is also now available in Finland through Oy Norex Spirits, which began distribution of the brand in on-trade in March.

The brand, with an ABV of 40%, is sold within the United States, the United Kingdom, and throughout Europe and Asia, as well as through United Airlines and American Airlines.



Galbis' GBES brings a dozen unique brands to Orlando

Jorge Galbis' one-year-old marketing and distribution company Global Brand Equity Solutions LLC (GBES) has expanded its portfolio across multiple categories since making its debut at last year's Duty Free Show of the Americas.

Galbis, with years of experience in the travel retail industry with Bacardi and Ronés de Guatemala (Zacapa and Botran), says his company specializes in representing and developing relevant and international brands in the duty free markets around the world.

"Our core focus is in the development of brands in the Americas, but we also have a broker network that currently reaches Europe and the Middle East," he says.

GBES has a portfolio of 12 brands ranging across several categories: distilled spirits, electronic cigarettes, personal care and fashion.

All of these categories ultimately link to travelers and the travel experience, says Galbis.

"Some of our core brands are Tiburon Rum from Belize, Miami Beach Sun Care, GEO Electronic Cigarettes, and CMUK Active footwear," he says. "Being a young

company we were very excited and proud to have added various brands in the last year. These include - Tiburon Rum, Monte Carlo Vodka, Tanteo Tequila, GEO electronic cigarettes and CMUK Shoes."

GBES is focused on developing its brands in all channels within the travel retail/duty free industry, but the company has achieved its greatest success in the cruise lines, airports and military channels as well as the Caribbean, says Galbis.

"As a start-up company our biggest challenge is opening a relevant universe of customers in the region to bring our portfolio to scale. We are well on our way, but this is by far the biggest factor impacting our business. Independently on a macro basis the biggest challenges I see impacting the industry today are the slowdown in the Latin American economies and recent strengthening of the dollar, which is having a material impact on foreign exchange and travel," he says.

"Due to weakening macro-economic factors many retail partners are not taking on new innovative brands and focusing on their core items. This is great for big companies and brands, but becomes a chal-

lenge for start-ups like us that have unique innovative offering that have great potential and are not given proper consideration due to factors having nothing to do with the brands themselves. I am confident that this will change in the short /medium term."

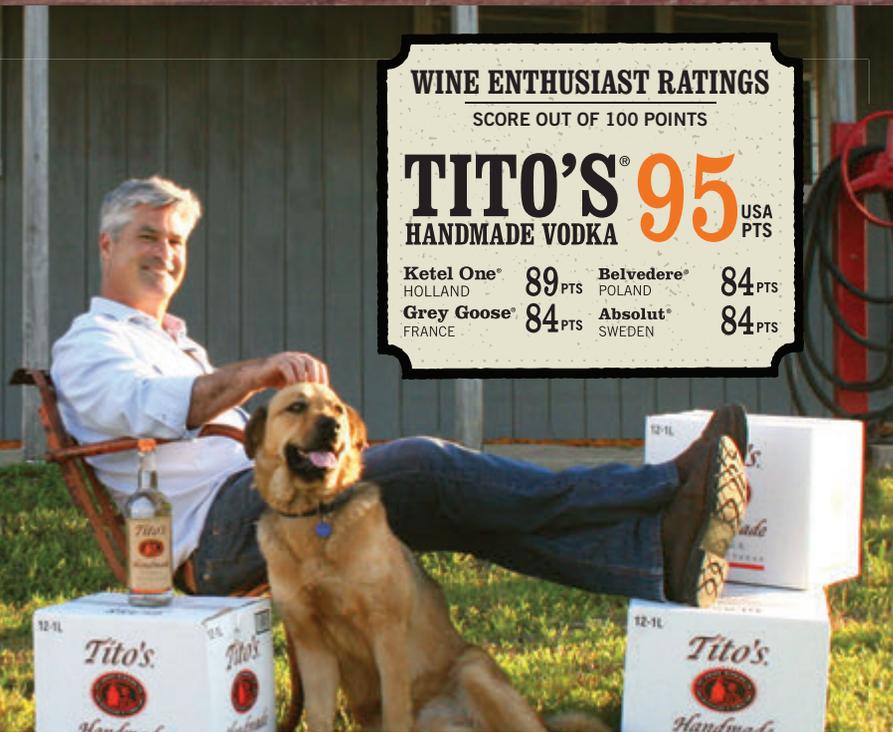
Galbis is looking at the IAADFS show to help his company overcome some of these challenges.

"Our greatest expectation for this show are the opportunity to showcase our company brands to the industry. Being a small company this is a HUGE opportunity for Travel Retail/Duty Free movers and shakers to discover us and/or get to know us better."

Galbis also wants to connect with key customers and establish new commercial alliances as well as discover and explore new brands to partner with in the channel, he says.

"We are extremely satisfied with the progress we have made as a company in the last year and are really encouraged by the opportunities coming over the next few months and year. Many thanks to our industry friends, supporters and core customers!"

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Edrington WEBB to distribute Southern Comfort in the Americas

Edrington WEBB Travel Retail Americas (EWTRA) has announced that it has partnered with Sazerac to exclusively distribute and market Southern Comfort in the duty free and cruise channels, as well as the global business of Dufray and DFS, beginning March 1, 2016.

Sazerac announced in January that it had purchased the American liqueur, which sells more than two million cases annually, from Brown-Forman.

Andy Consuegra, chief operating officer of EWTRA, praised Sazerac for its confidence in entrusting Southern Comfort to his team in the important duty free and cruise channels.

“Sazerac has witnessed our compelling success in this channel, thanks to a

singular focus on the traveling consumer in the Americas, forging strong trade relationships to promote and build brands that engage the traveler, whether vacationing in the Caribbean, sailing on a cruise ship or moving through airports,” says Consuegra.

Founded in January 2015, Edrington WEBB Travel Retail Americas is a joint venture between The Edrington Group and World Equity Brand Builders (WEBB). Southern Comfort joins a spirits and wines portfolio that includes The Macallan Single Malt, Highland Park, The Famous Grouse, Brugal Rum, Tito’s Handmade Vodka, Disaronno, Cutty Sark, Tia Maria, Armand de Brignac, Licor 43, Villa Massa and wine labels Cupcake Vineyards, Ramon Bilbao, Luc Belaire and Mionetto.

Southern Comfort is made from neutral spirits with a blend of fruit, spice and whiskey overtones. Created at McCauley’s Tavern in New Orleans’s French Quarter in 1874, the brand today maintains its proprietary original blending recipe.

EWTRA will be exhibiting its full portfolio at the IAADFS Duty Free Show of the Americas at Stand 923.



Illva Saronno reports strong growth in North America with EWTRA

Coming off a positive year in North America, Illva Saronno will showcase Disaronno and Tia Maria liqueurs at the IAADFS Duty Free Show of the Americas through its regional distribution agent World Equity Brand Builders (WEBB).

On-stand, the company will feature the Disaronno by Roberto Cavalli limited edition bottle, which Illva Saronno says is already proving to be an incredibly successful launch with its graphic animal print design.

“Depletions have grown for Disaronno by over 40% vs 2014- so it was a remarkable performance,” says Illva Saronno International Sales Director Domenico Toni.

“The limited edition series- with the latest Cavalli edition- has proved to be very successful and we will continue with this

consumer demand with the launch.”

Toni says the company is expecting “solid growth” in 2016 as the core North American travelers continue to travel, with female drinkers becoming more important. However, the dynamics of South America create some uncertainty, he adds.

Illva Saronno will continue to invest in high profile activations – such as the wall-space takeover and tasting in partnership with International Shoppes at JFK T1 in November and December (below).

“This created huge interest in the Disaronno Sour cocktail which we will continue to focus on in 2016 with sampling programs at key domestic and travel retail outlets,” says Toni. “The Disaronno Sour is

now ranked no. 30 in the top 50 cocktails by Drinks International, so we’re pretty pleased with the results.”

Outside North America, Toni also reports promising results for the duty free Caribbean islands with Disaronno growing in high single digit figures, while Tia Maria has shown very strong growth in Jamaica duty free.

Visitors to the EWTRA booth (923) in Orlando are invited to see the Illva Saronno range and try a Disaronno Sour.

“We’re delighted to be back in Orlando with WEBB in 2016. They really are doing a fantastic job for us and have made a significant impact in the growth of our brands.”



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Diageo GTME launches new Zacapa Edición Negra rum in travel retail

Diageo GTME and Ron Zacapa have introduced a new Edición Negra rum in travel retail stores around the world.

Inspired by traditional Mayan rituals, the slow-aged artisanal rum is a “true expression of Guatemalan heritage and culture.”

Zacapa Edición Negra is aged in double charred American oak casks, which creates a dark rum with a smoky intensity. The new Zacapa edition showcases a different Zacapa palette stepping away from the sweet butterscotch notes identified in Zacapa 23, to create a unique and remarkable chocolate taste.

“In our quest to provide travel retail customers and shoppers with new and different drinking experiences, the Diageo GTME team is thrilled to introduce Zacapa Edición Negra – a truly exciting innovation in the luxury rum category,” says Peter Fairbrother, Marketing Director of Diageo GTME.

“Delivering a bolder new flavor inspired by the powerful, natural landscape of Guatemala, Zacapa Edición Negra is the perfect choice for the rum connoisseur, as well as those travelers looking for something very special.”

Zacapa Edición Negra comes in a

slender bottle, complete with the distinctive Zacapa Petate band, this time in sleek black, and is encased in a lavish ebony canister.

Each aspect of production was overseen by Master Blender Lorena Vasquez.

Zacapa Edición Negra is priced at EUR70 for a 70cl bottle.



MBWS unveils new plans for Marie Brizard and Gautier, launches “bold & daring” hemp liqueur

Marie Brizard Wine & Spirits will reveal new looks for Marie Brizard liqueur and Gautier Cognac at the Duty Free Show of the Americas (booth #1409).

The Marie Brizard brand will undergo a “radical evolution,” with a contemporary new look drawing from its origins in 1755.

Gautier Cognac will unveil its new brand and packaging design and will be available for tasting by customers onstand.

The award-winning range of Gautier Cognacs won 15 major honors in 2015 including the ‘World’s Best Cognac’ for XO Gold & Blue, and the ‘World’s Best VS Cognac’ at the World Cognac Awards 2015.

“We are delighted to be exhibiting for the first time in Orlando as Marie Brizard Wine & Spirits. We have a strong distribution base and high levels of consumer awareness in the Americas and so we aim

to extend this strength into Travel Retail. We are finalizing exciting new brand positioning and strategies for Marie Brizard Liqueurs, Gautier Cognac, and of course will bring the innovative Shotka to share with customers during IAADFS,” says Kevin Baker, MBWS Global Travel Retail Director.

New to travel retail is Shotka, a premium hemp liqueur targeted at rebellious night-clubbing fans that does not have the narcotic effects of the drug, says Baker. First launched in Spain during Summer 2015 in a strategic partnership with Matinée Group, one of the most prestigious nightlife companies in the world, Shotka is the focus of a targeted activation program that will run until the end of this year.

“Travel Retail buyers are always on the lookout for something fresh and different, and while some retailers may find the idea of Shotka too daring and challenging as a brand concept, some of the more progressive buyers will embrace its potential. Gautier Cognac is a real gem with fantastic heritage and a tremendous number of accolades and awards, making it a perfect brand for consumers to discover in Travel Retail,” says Baker.



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* IWSR 2014, liqueurs traditional category
** The Nielsen company, retail August 2015
*** Internal sources



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Distell focuses on range beyond Amarula in travel retail

Distell Global Travel Retail – best known for its Amarula Cream liqueur-- is showcasing a hand-picked selection of the company's exclusive duty free offerings of a range of spirits and wines at this year's IAADFS exhibition.

"As a multi-beverage producer, Distell is well placed to capitalize on the growing appetite for the new, the exclusive and the hand-crafted," says Andrea Baumgartner, marketing director for Distell Global Travel Retail.

The company says travelers are now looking for more specialty products of "unusual or interesting provenance" that feature different techniques of craftsmanship, which Baumgartner believes puts Distell in perfect position to capitalize on the market tendencies.

"Our portfolio includes rare, small-batch ultra-premium malts in the Bunnahabhain, Ledaig, Deanston and Tobermory ranges. Our heritage cognac Bisquit features several specialty editions exclusive to travel retail. And with South Africa establishing a growing international reputation for original, interesting and pioneering wines, Distell is well-placed to provide a full category solution with leading international brands like Nederburg and a selection of smaller boutique Estates like Durbanville Hills and Plaisir de Merle."

In an effort to expand the presence of key Distell brands in the Americas, Sylvia Sulkes was brought on as General Manager Americas- Travel Retail last July.

"With the creation earlier this decade of Distell's Travel Retail entity dedicated to capitalizing on travel retail opportunities globally, we are now also growing our footprint across other parts of the world and that includes the Americas, albeit from a small and relatively recent base," says Sulkes.

The market conditions in the region,

particularly in Brazil, continue to affect Distell's Americas business, but Africa's largest producer of wines and spirits has big plans for the region, says Sulkes.

"Distell's policy is to trade across a wide and varied geographic reach to limit any specific market vulnerabilities. While last year began well, the economic volatility experienced within Latin America, and Brazil specifically, did have an impact on sales but other markets performed well for the company," she says. "Given prevailing regional economic problems, we have kept our aspirations at relatively conservative levels for the remainder of this fiscal year that ends in June."

Amarula

Amarula Cream, the world's number two cream liqueur and the 32nd biggest spirit brand in the duty free channel (source: IWSR), is Distell's largest brand in travel retail.

"Name recognition is already fairly well entrenched and we continue to activate aggressively to maintain momentum," says Sulkes. "We find our readily recognizable African provenance, striking merchandising and tasting are what drive sales mostly. We also offer a variety of pack sizes, including a 1-liter bottle that offers exceptional value."

The liqueur is made with the fruit from the wild-harvested marula tree that is indigenous to sub-Saharan Africa, and the fruit is also greatly loved by elephants.

"The brand, known as the Spirit of Africa, has a very distinctive and unique profile. These features lend themselves to compelling brand communication with consumers."

Scotch

From travel retail's only aged organic single malt to rare edition malts from Scotland's Isle of Mull, Distell is featuring its unique Scotch whiskies in Orlando.

"We are showcasing exciting new-edition, specialty single malt whiskies all exclusive to travel retail and made in limited editions. They include an organically certified single malt, the Deanston Organic 15 Year Old Single Highland Malt, and two Tobermory single malts - the 18 Year Old that is bourbon cask matured and the

20 Year Old, finished in sherry casks. The last two of these are produced at the only whisky distillery on the Hebridean island of Mull, Scotland. The Tobermory distillery dates back to 1798," says Sulkes.

"We are also making very good headway with Scotch whisky brand, Black Bottle, building visibility across the Americas with activations, different pack sizing and tastings. The response has been exceptionally promising to the revitalized packaging, brought closer in line with the 1879 original, and the reformulated blend that is also truer to the Graham brothers' original."

The company says that with the global shortage of specialty malt whiskies it is increasingly important to differentiate brands within a duty free environment with innovation and exclusive offerings.

Wines

South African wine brands such as Nederburg, Durbanville and Fleur de Cap are strengthening their presence in Latin America with strong merchandizing drives and exclusive offers, says Sulkes.

"Nederburg is arguably the country's most decorated wine brand and was recently included in the 2016 Drinks International World's Most Admired Wine Brands list. It is already a leading brand in Brazil's duty free channel.

Its wines are noted for being richly fruited, intense and well structured. Durbanville Hills is located very close to Cape Town and benefits from a cooler-climate environment that concentrates purity of varietal flavors, while Fleur du Cap wines are known for their classical elegance and finesse."

Distell will also be displaying the latest packaging of wines from Nederburg.

Visitors can sample the Distell range at stand 1105.





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MONARQ thrives in troubled regional environment

Spirits distribution and marketing company MONARQ Group not only survived the troubling times in the region in 2015, but thrived to have another positive year, says MONARQ managing director/owner Robert de Monchy.

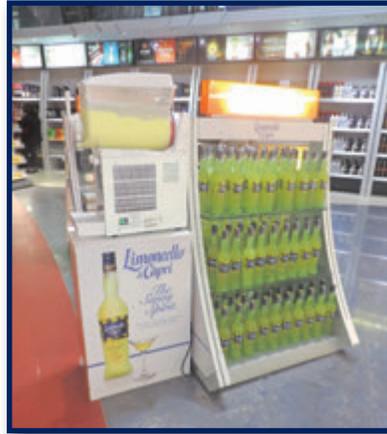
“We have been in the fortunate position that 2015 has been another year of double digit growth, despite the nosedive of the Brazilian economy and its duty free border business. Our growth came mostly from the Caribbean region, Colombia, Mexico and USA Duty Free,” he says. “This year started well, especially for the Caribbean and Central American region while most of the South Cone of Latin America remains under pressure due to the Brazilian crisis.”

The instability in Brazil has been felt throughout the entire region, says de Monchy.

“Latin America has been heavily impacted by the Brazilian crisis, especially its neighboring markets, Uruguay, Paraguay and Bolivia. Argentina travel retail/duty free continued to do well in 2015 but is expected to suffer from the Brazilian currency crisis as well this year. On the other hand, Chile, Peru and Central America did well. Colombia and Mexico are facing some challenges due to the devaluation of their currency but I believe that they rebound relatively fast since the remaining socio-economic indicators look positive. Like most people in our business, we are looking out to see what will happen in Cuba.”

The strongest performers in MONARQ’s spirits portfolio in 2015 were Heineken, Bols, Ole Smoky Moonshine, Seagram’s, Zubrowka and Crystal Head Vodka, says de Monchy.

“The Bacardi specialty brands portfolio, such as Oxley London Dry Gin, B&B / Benedictine and Noilly Prat have also done well, as have the Italian brands Fernet Branca, Molinari and Luxardo. The London Dry



The successful Limoncello di Capri sorbet ice machine program

Gins of Quintessential Brands made a very promising start, especially Greenall’s, Bloom and Opihr Oriental Spiced Gin. Scotch Single Malt brand Tomatin, Michter’s bourbon and American whiskeys and Jefferson’s ridiculously small batch bourbon have also performed particularly well,” he says.

“We have three new Heineken TR/DF exclusive promotions lined up for 2016 and will roll out the hugely. We will also launch a TR exclusive pack for Jefferson’s ridiculously small batch bourbon: Jefferson’s Declaration.”

MONARQ will also offer a new TR exclusive 4x5cl pack for Crystal Head Vodka and introduce the 1 liter TR/DF bottles for Opihr Oriental Spiced Gin and Bloom London Dry Gin at the IAADFS.

MONARQ’s portfolio is well positioned to take advantage of the spirits trends in the region, says de Monchy.

“While Vodka & Scotch Whisky will certainly maintain their leading position, we find an increased consumer interest in Gin, Bourbon, Tequila, Irish Whiskey and Single Malt Scotch Whisky growing. High quality traditional American spirits such as

Mezcal, Moonshine, Cachaça and Pisco are still relatively small but also gaining share. I also see quite a lot of new initiatives in the r(h)um category and this could well be the next category to - finally - seriously take off in travel retail/duty free. The wine category is also gaining interest and shelf space.”

Despite the challenges in Latin America, MONARQ has extended its reach in the region with new brands and listings.

“During the last year we have taken on board a number of new premium brands, most notably Del Maguey Mezcal, Rhum J.M, St Germain, Cognac D’Ussé and the iconic Chartreuse brand. We also started working with Licor 43 in Latin America and Boulard Calvados in USA Duty Free. At the IAADFS we will proudly introduce Tamdhu Speyside Single Malt Scotch Whisky and Kilchoman Islay Single Malt Scotch Whisky, the only independent Single Malt distillery on Islay.”

MONARQ listed Heineken with JPT in Iquique, Chile; Luxardo with DFA; Ole Smoky Moonshine and Toussaint Rum Coffee liqueur with UETA; Alizé, Opihr, Boulard Calvados, Charles Smith Wines and Limoncello di Capri with SMT; Atlantico Rum and Rhum J.M with Caribbean ARI; Ole Smoky with Neutral; AIX Rose de Provence and Pocas with London Supply; and Tomatin Single Malt Scotch with Shopping China.

MONARQ Group has extended and upgraded its booth in Orlando and has high expectations for the Duty Free Show of the Americas.

“We have a full meeting schedule with existing and potentially new customers, it’s hard work and great fun at the same time. We will have laughs, espressos and drinks with our friends and join the social and sports programs as well, such as golf and tennis.”



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Bacardi brings diverse portfolio to IAADFS

Bacardi Global Travel Retail has key brands in both white spirits with gin and vodka, as well as in brown spirits with its flagship rum and its increasingly important Scotch portfolio.

The white spirits category offers tremendous opportunity for Bacardi across the Americas, says Geoff Biggs, Regional Director Americas, Bacardi Global Travel Retail.

“In gin we are witnessing strong growth for Star of Bombay in Latin America, especially in Argentina, Brazil and Colombia where home cocktail making is a growing trend with shoppers at the second stage of luxury,” he says.

“There is proven research that Grey Goose is leading the growth in super premium vodka and, as we gain optimal positioning on shelf space, we are confident we can deliver greater performance for retailers in this category, especially given the popularity of super premium vodka in the growing cocktail culture in the region.”

In Orlando, Bacardi will introduce new packaging for Bacardi Gran Reserva Maestro de Ron, Bacardi Gran Reserva Ocho Anos, and Bacardi Reserva Limitada.

“As the world leader in rum, our ambition matches our market-leading capability to transform this genuinely exciting category, which offers massive growth potential versus domestic markets, because it is so under premiumized in global travel,” says Biggs.

Scotch whisky continues to be a strong category for Bacardi Global Travel in the Americas with both aged blends and single malts, says Biggs.

“The heartland of the Scotch portfolio is Blended, with Dewar’s offering clear age statements, led by Dewar’s 15 YO. The recent launches of the single malts offer the appeal of age statements and also target different shoppers through the stories of craft and heritage, all of which are underpinned with the John Dewar & Son’s Emporium in-store activation.”

The company says consumers are particularly influenced by age statements as a key driver in their purchase decision, as well as by the discovery of lesser known niche brands.

Following its success in Asia Pacific, Royal Brackla single malt Scotch whisky launched January 2016 with select retailers and will fully roll out on April 1 to complement and complete the range of age statements in the whisky portfolio.

Over the past year, Canadian border stores including Blue Water and Peace Bridge, Importations Guy Quebec have benefited from the strength of the U.S. dollar versus Canadian dollar as well as bringing new ranges to the category, says Biggs.

“We have collaborated closely with retailers at these locations to share clear category management principles reflecting shopper and consumer trends. The result

is optimized range visibility and ease of shop, which are helping to drive curiosity, interaction and sales across the category,” he says.

“Turning to cruise lines, we have recently delivered significant success with Starboard on several luxury ships with a shared approach to category management, which has enabled both companies to maximize the engagement opportunity with new malt shoppers and discerning collectors motivated by the discovery of something niche and outside the mainstream.”

Bacardi says its latest retail concept, the John Dewar & Sons Fine Whisky Emporium, which has seen success in Asia Pacific and Europe, is now being introduced across the Americas, including the major airport locations of Sao Paulo, Rio de Janeiro, Mexico City, Dominican Republic, New York JFK, Chicago and Toronto.

From April 1, Bacardi Global Travel Retail will be managing the distribution of Leblon cachaca.

“We see great opportunity for the brand in Travel Retail especially in the main market Brazil and further opportunities as we look to target U.S. and Canadian shoppers and in the cruise market, where we are launching it on cocktail menus with Starboard and Harding.”

Exchange rate

The volatility of exchange rates has inevitably caused a drop in the disposable spend of many Canadians and South American nationals, says Biggs.

The northern border business has to some degree been bolstered by U.S. nationals enjoying the strong U.S. dollar.

Brazil’s border stores continue to be particularly exposed on exchange rates and many retailers will focus on known value items.

“However some retailers are turning this to their advantage. For example, London Supply and Shopping China, operate with a longer term strategic vision focusing on investment in the right range through shared customer insight and category management.”



Bacardi names Carnival bartender its 2016 Legacy Cruise Competition winner

Miroslav Kljajic from Carnival Cruise Lines won the 2016 Bacardi Legacy Cruise Competition Bartender of the Year at the finals of the event held in a lovely outdoor garden in Miami in February.

With his winning cocktail Blueberry Elixir Fizz, Kljajic receives a US \$4000 cash prize and is automatically forwarded to compete in the final of the prestigious Bacardi Legacy Global Cocktail Competition in San Francisco (April 20-25, 2016) where he will compete against professional bartenders from across the globe for the ultimate title.

“Miro’s winning cocktail perfectly captures the spirit of Bacardi. His confidence and professional presentation really impressed the judges and he is clearly a fantastic example of how bartending stan-



Miroslav Kljajic from Carnival Cruise Lines showcasing his winning Blueberry Elixir Fizz in Miami at the Bacardi Legacy Cruise Competition final on Feb. 25.

dards in the cruise industry are fast becoming ever more professional with talent like Miro whose total commitment to his craft, knowledge and skills are an absolute pleasure to witness in action. We were also very impressed with the marketing campaign he

created to promote his cocktail in the months leading up to the final,” says Zachary Sulkes, Regional Manager Bacardi Travel Retail Americas.

The cruise competition is part of the Bacardi strategy for continuous improvement, partnering with cruise and ferry partners to raise standards of professionalism in the on-board bar experience by injecting new levels of sophistication in the craft of cocktail making. Along with Kljajic, the two finalists and their cocktails were: Bailon Pasamba, Holland America Line with the Tropical Fruits & Herb Tini; and Andres Poljakov, Tallink Group with the Golden Emerald.

All entries were required to incorporate Bacardi Superior Rum or Bacardi Gold rum.

The bartenders were supported and trained by the Bacardi Brand Ambassador Ryan MacBean in refining their recipes. Each was also awarded a \$3000 budget to create their own three-month-long promotional campaign.

Highland Park reveals Ice Edition 17yo single malt

Highland Park has announced the launch of a new limited edition 17 Year Old single malt, which celebrates the Viking roots of the distillery’s Orkney Island home.

Highland Park Ice Edition (53.9% ABV) has been aged predominantly in ex-bourbon casks and is limited globally to only 30,000 bottles.

This latest edition is encased in a mountain shaped wooden cradle with accompanying wooden stopper. The intricate

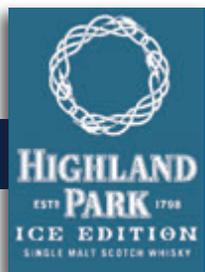
circle design on the label itself represents the circle of life – the creation of the world, protected by a dragon, a mythical creature often central in classic Norse mythology. A booklet accompanying this new variant recounts the story of the realm of the Ice Giants and their colorful battle against the Gods to rule the world.

“This 17 year old single malt has a classic Highland Park flavor. The dynamic soft spicy notes complement and intertwine with creamy vanilla hues, providing a balanced, long finish – a truly harmonious whisky to savor. In blue tinted bespoke glass reflecting dazzling and glittering ice, the bottle shape has been designed to evoke the distinctive sharpness and coolness of the mythical and magical Ice Realm,” says Jason R. Craig, Brand Director at Highland Park.

Highland Park Ice Edition will be followed by Fire Edition in 2017 and fol-

lows the recent Valhalla Collection, which championed the stories of four legendary Gods: Thor, Loki, Freya and Odin.

Highland Park Ice Edition is now available from specialist retailers for a RRP of £190.00.



Behn optimistic with DANZKA Vodka U.S. domestic launch, and Latin America expansion



The DANZKA launch with Dufry in Latin America includes a major digital media presence, such as (above) this LED screen in the Rio de Janeiro airport, and (below) at the Departure shop in the airport in Montevideo, Uruguay.

After years of looking for the right situation to enter the U.S. domestic market, Waldemar Behn GmbH says the time is now for DANZKA Vodka in the United States.

“We are in the final stages of planning for the U.S. launch, and by the time of the IAADFS show in April, we should be available in the first state. We hope to be in 5-10 states by the end of the year,” says Torben Vedel Andersen, Global Sales Director.

“Our import partners are CIL US Wines and Spirits, a Cognac Camus subsidiary and a family owned company just like ourselves.”

While the launch in the U.S. is key to DANZKA’s future in the region, Andersen says the company is cautiously taking the

long-view with DANZKA’s introduction.

“We are – in this context – a small European family-owned company that approaches the huge American market. We approach with a strong focus for long-term success, but also a humble and realistic view of our own forces and limitations. In other words we will launch carefully and wisely and build up sales and relationships in a timely manner,” he says.

Nevertheless, Behn plans for duty free to play an important role as DANZKA becomes visible in more states.

“Duty free shops are a great place to use as premium displays and we will of course have this in mind as we grow in the United States,” says Andersen.

Connected with DANZKA’s U.S. launch, Behn continues to support the brand in travel retail through a program with Dufry in June in Chicago, Houston, Newark, Seattle and Las Vegas (through Dufry’s Nuance store).

The U.S. launch comes on the heels of DANZKA experiencing challenging market conditions in Latin America, but Behn says it will continue to invest throughout the entire region.

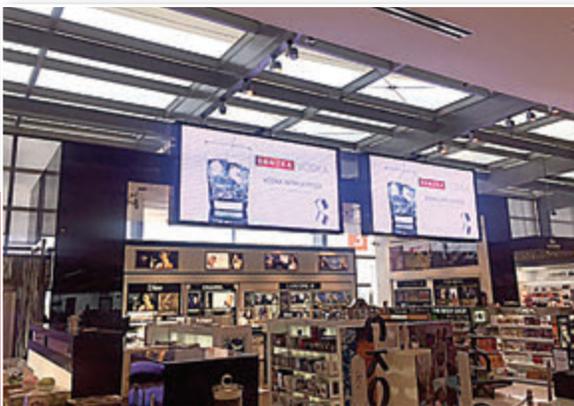
“2015 was a difficult year for most brands in the region of Latin America, with the currency exchange rates fluctuating drastically in short periods of time, discouraging customers to invest in the markets. We are off to a good start in 2016, even though the currencies are still fluctuating, the markets are a little more optimistic. Socio-political changes in the region are always a good sign of better days ahead,” says Ricardo “Tito” Gonzalez, Regional Director Latin America and Caribbean.

“These are the times when you have to decide if you either pull out and wait for better times, or keep on investing and creating a new approach to maintain your presence in the market place. We have taken the second approach, and developed exciting initiatives, which we will share with our customers in Orlando. The key is persistence and focus.”

As a result of this “can do” attitude, DANZKA is running airport activations with Dufry in Brazil, Argentina and Uruguay.

“This year will be difficult for all categories in South America, but we will be there and ride the storm with a positive attitude,” Gonzalez says.

Andersen, with more than 40 years of experience in the spirits industry, agrees and adds that travel retail is today





Dooley's

W *BEYOND LUXURY* eary



threatened from many different directions.

“This is the most challenging period in my many years in the industry with all these ‘hick-ups.’ Many markets are challenged by economic issues and the new Zika virus will be another negative issue to be alert to. Travel retail has a lot of really challenging issue these years that hurt us all in many areas around the globe. The EU duty free abolition was tough and challenging, but one issue that everybody took part in the solving of – now we have many very serious issues that need global action,” he says.

“Our role is to be a good, positive and trusted partner with all our customers. We try to be cooperative and supportive in all aspects. This will always do DANZKA Vodka good.”

New for Orlando

In news breaking right before the IAADFS Show, DANZKA Vodka Red won a gold medal at the 2016 San Francisco International Wine & Spirits Competition.

“We are so pleased,” says Rudiger Behn, Managing Director and owner, and Torben Vedel Andersen, Global Sales Director. “A Golden Easter Egg, right on time for the IAADFS show and our upcoming U.S. launch.”

Behn has unveiled a new DANZKA Vodka Twin Pack featuring two one-liter bottles, which can be customized by

retailers upon request, and is introducing a light and practical 4 x 1 liter pack.

“Multipacks are the new ‘black’ in global duty free/travel retail and we look forward to presenting a couple of nice solutions in Orlando at the upcoming IAADFS show,” says Andersen. “Our twin pack is very flexible and our 4 liter briefcase style pack is light and handy. We believe that nicely designed multi bottle packs are a good future alternative in these channels of trade, both as take home and as gift objects.”

DANZKA Vodka Apple continues

its strong reception wherever it is released, with particular success in South America, Europe, and Asia, says Andersen.

“We hope to further expand in Orlando this year with Dufry Americas,” he says.

Dooley’s The Original Toffee Cream liqueur has strengthened its position during the past year in Europe, Asia, and South America. The latest flavor addition is Dooley’s White Chocolate with Wild

Berries, a blend of finest Dutch Cream, White Chocolate and Premium Vodka.

Behn has also changed the name of Dooley’s Winter Chocolate to Dooley’s White Chocolate, which the company says is more appropriate in South America.

Waldemar Behn GmbH is featuring DANZKA Vodka and Dooley’s the Original Toffee Cream liqueur on its stand 223 at the IAADFS Duty Free Show of Americas in Orlando.



Tequila Corralejo celebrates 20th anniversary with gift pack

Fraternity Spirits is commemorating the 20th anniversary of Tequila Corralejo with a specially designed gift box featuring illustrations of the Hacienda Corralejo and its origins.

The gift box was first launched at TFWA World Exhibition in Cannes last October.

“We have received some very positive feedback regarding our anniversary gift box and since the last quarter of 2015 it has been listed in selected retailers, giving it an element of exclusivity. 2016 will see us focus on the expansion of its distribution into worldwide stores,” says Raffaele Berardi, CEO of Fraternity Spirits.

Fraternity Spirits experienced average

success in the Americas in 2015, but its brands Tequila Corralejo, 99,000 Horas and Los Arango reported strong growth in the region.

“The Americas is a very important region for us, as tequila is one of its most popular spirits. We are seeing steady growth in the travel retail sector and we are determined to maintain this momentum by continuing to develop new and unique product offerings,” says Berardi.

In Orlando (Booth 707) Fraternity will also feature its Los Arango Cream and Coffee Tequila and its RIVES Pink Gin, which was launched at the Americas Show in 2015.



Bacchus exhibits expanded, complementary spirits portfolio

Two years after Managing Director Tom Browne introduced Bacchus at the 2014 IAADFS Duty Free Show of the Americas, the regional spirits distribution company is featuring an expanded spirits portfolio this year in Orlando.

Bacchus' mission is to provide brand owners and distributors an experienced commercial partner to effectively manage their portfolio, says Browne. The Bacchus team has more than 20 years in sales and marketing of wines and spirits in the Caribbean and Americas.

Browne says his experience living and working in Latin America and the Caribbean his entire career, including with United Distillers in Brazil and Mexico and then with Diageo in Miami, gives Bacchus the expertise to deliver for his client brands.

"For our brand partners, we are providing a showcase for millions of cruise and air travelers from the U.S., Canada, Latin America and Europe in both duty free and domestic outlets. We are building an offering of complementary premium brands available out of our best-in-class bonded warehouse in the Miami FTZ, providing efficient and cost effective service to consolidate and expedite orders to the markets. We work closely with distributors in training their teams as well as activating and merchandising the brands in key On- and Off-trade accounts through regular market visits," he tells *TMI*.

"Our brands are present from Bermuda in the north to Cayman in the west down to the ABC islands in the southern Caribbean. Most of our brands are also present in Canada and Mexico and many are in distribution in Central as well as South America. In fact, we are just launching Beluga Vodkas in the domestic market of Peru and have a solid Marketing Plan for building the brand there in 2016."

Bacchus featured Beluga Vodkas and Hine Cognacs when it kicked off at the 2014 IAADFS Show, and has since added a number of key brands to its spirits portfolio.

"We have carefully selected premium brands in other categories to complement Beluga and Hine and provide a more complete offering for our distribution partners," says Browne.

Bacchus' portfolio now includes Corralejo Tequilas, the #4 Premium brand in the U.S.; Lanson Champagnes, the #7 global brand by volume; and LVP Sangrias, which launched in the U.S. in mid-2013, and is now in leading food and liquor chains, the Caesars properties in Las Vegas, in fine dining establishments and hotels in the UK and Europe, the Middle East, and Australia.

Bacchus also distributes Tequila Rose Strawberry Liqueur, a strawberry-flavored cream tequila liqueur, and will be introducing some new brands and packaging in Orlando.

"At this year's show, we will be featuring the beautiful travel retail packaging of the Beluga Vodkas as well as an unprecedented single vineyard, single harvest, single barrel Cognac from Hine, Domaines Bonneuil 2005 and the recently launched 2006," says Browne.

Bacchus will also feature its new gin brands: Caorunn, a classic London Dry, small batch made with foraged botanicals from the Scottish Highlands cooked in the only operating Copper Berry Chamber; and Brokers Gin, which is five times distilled in a 200 year old Gin distillery in the heart of England.

It will also introduce the Glenfarclas Single Malt Scotch Whiskies from the oldest continuously family owned and operated distillery located in Speyside.

Browne says Bacchus has a full schedule of meetings with key distributors in Orlando.

"There are challenges any time you start a new business but the results continue to motivate us as we gain distribution, build brands and add value for our local partners with great service, productive market visits and brand activations for their customers/consumers."



WGS' premium spirits portfolio turns in solid results in Americas

William Grant & Sons Americas Travel Retail had a solid year in 2015 and is well positioned in growing categories for the future, says Steve Corrigan, WGS Regional Director.

"Glenfiddich and Balvenie continue to perform well and lead a single malt whisky category that is growing and becoming much more competitive. The Balvenie Triple Cask and Glenfiddich Cask Collection are our Travel Retail exclusive ranges that continue to excel within the single malt category. Hendricks Gin has also maintained leadership and continues to be a key growth driver for us. This brand is now fully seeded in the Latin America domestic markets, and we are doing our part to ensure that Hendricks continues to lead the premium gin category in travel retail," he says.

The biggest challenge WGS faced in the last year and expects to continue in the foreseeable future is the lackluster economic performance in some emerging markets, says Corrigan.

"The strengthening U.S. Dollar caused a number of local market devaluations and eroded some of the duty free savings in a number of key markets," he continues, adding that 2016 began on target with expectations, and the WGS brands are performing well.

"We expect the U.S. Dollar to remain strong which has a significant impact on



our U.S. business. Additionally, markets such as Venezuela, Brazil, and Colombia will continue to suffer on this account and a number of other political and economic challenges they are facing. We also expect that the competition will continue to be fierce and a number of companies will focus growing market share at the expense of protecting value."

WGS sees these challenges as short term issues and prefers to focus on the mid to longer term picture, stresses Corrigan.

"We are committed to continue striking the proper balance between investing in image, promotional activity that provides in store shopper interaction, and price competitiveness when required."

As a category leader in the travel retail Scotch whisky category, WGS focuses on category management for its leading malts brands in duty free stores around the globe, says Corrigan.

"With the addition of a dedicated category management team, we believe that WGS has proper strategic vision to assist our customers in not only growing our extended malt and premium gin brands, but the entire categories where they compete. We continue to drive value within our premium brand range. In the last 16 months we have witnessed an industry trend that has shifted from value focus towards volume growth. At WGS we are taking steps to ensure that we stay competitive within our market segments."

Corrigan says WGS has a number of opportunities with new launches.

"We are very excited about how a number of developing brands such as Tullamore Dew, Monkey Shoulder & Sailor Jerry are growing within the region. At

the IAADFS show we'll be showcasing the new Grant's Whisky range: Grant's Elementary, and also our premium aged blended scotch whiskey range: Hazelwood. These promise to bring much excitement in the growing blended category. Drambuie is another brand that performed well in 2015, and the company has some

very new exciting plans moving forward for Drambuie. Within Latin America, Milagro Tequila has also been gaining share within the premium Tequila segment.

"We are poised to continue growing within the Irish whiskey market with Tullamore Dew. At the high end our premium Balvenie and Glenfiddich malt range are also showing impressive growth despite slowing economic conditions in Latin America."

The Americas region is integral to WGS' travel retail business, says Corrigan.

"The Americas is a key tactical region for our global travel retail strategy. Our focus is to continue growing our core brands with emphasis on the Single Malt and premium gin categories where we as a company play such a major role, whilst supporting our fast developing brands Monkey Shoulder, Sailor Jerry and Tullamore Dew. In addition to airport retail, we are also very focused on growing our cruise line business, which is one of the fastest growing tourist channels in the world," he says.

"As always, we look to work closely with our strategic retailer-partners. We feel that with consolidation of the GTR global customer base, our WGS global travel retail team is set up and poised to continue partnering with our key customers to grow our mutual businesses.

"The Duty Free Show of the Americas is a highly valuable event at which we can showcase our portfolio and meet with our regional and global partners. This year visitors to our booth will be able to see for themselves why William Grant is the perfect partner for growing the whiskies category in 2016."



Mexico, RumChata and Whyte & Mackay brands shine for Actium in tough regional environment

Miami-based Actium Group, which handles high-end brands in the U.S., Latin America, and the Caribbean, weathered the storm in the region last year with a new brand, RumChata, and the power of its Scotch Whisky portfolio, says Daniel Bras, who joined Actium in January 2015 as director of the company's Beverage Division.

RumChata

Since adding Chicago-based RumChata in all Latin American and Caribbean domestic and travel retail markets and North American Travel Retail last year, Actium has grown the brand throughout the region.

In less than a year, Actium has launched RumChata in 16-17 markets.

"RumChata has been amazing. The brand is on fire in the U.S. Our three priorities were to establish it in Caribbean duty free and domestic, in Mexico, and in U.S. Duty Free," says Bras.

Actium named Bacardi to import and distribute the brand in Mexico, and has seen immediate results in the important country.

"Mexico is the country of horchata, so RumChata in Mexico is even more pertinent than in other countries," he says.

In the Caribbean, Actium gained distribution in the Dominican Republic, Puerto Rico, Aruba, Curaçao, Trinidad, Bahamas, Barbados, St. Martin, and the Caymans.

In U.S. Travel Retail, RumChata is now available with International Shoppes, Fair and Swanson, and is about to start with Duty Free Americas in the U.S. and Latin America, says Bras, who feels RumChata is just beginning to scratch the surface throughout the Americas.

"RumChata is growing heavily. We plan to launch in more markets in Latin America in 2016. We are looking to Colombia, Chile, and Argentina as our priorities for now," he says.

"But even in the U.S., there is definitely room for growth because the opportunities for consumption of RumChata are very complete. You can have RumChata solo, as an after dinner drink,

mixed with ice coffee, or mixed with rum, whisky, tequila, or on desserts."

Whyte & Mackay

Actium's Whyte & Mackay Scotch Whisky business has been growing, especially with its high-end single malt brands Dalmore and Jura.

"This is very encouraging, because rather than being based on entry level brands, which are more subject to exchange rate situations or the economic crisis, when you work with a brand such as Dalmore, which is one of the nicest and most high end brands in the market, it's a solid business that has room to grow."

To help facilitate the growth, Actium hired a brand manager fully dedicated to Dalmore and Jura in Mexico, a key market in the region.

"Mexico is the number one malt market in the region, where malts have been growing 30% a year in the last three years," he says.

"Our number one focus is Mexico for several reasons. Mexico is doing well while the rest of Latin America, with some exceptions, is not doing so well. The Mexican consumer is moving from blended to malts and premium malts, and therefore we obviously want to be present there and to mark our territory.

"We believe that Mexico is highly influenced by the U.S. so it makes sense to prioritize Mexico. We will be creating a strong Dalmore and Jura region with the U.S. and Mexico."

Along these lines, Actium is opening Dalmore with Dufry in the United States, and has already placed Jura in the Caribbean and in Mexico with strong activities.

"So all of this is good for the Whyte & Mackay and Jura business. We also have some opportunities for Whyte & Mackay and Jura to grow in Panama, Chile and Argentina. And we are growing very



strongly in Puerto Rico."

Laurent Perrier & Voss water

In its other two main brands, Actium appointed a new distributor for Laurent Perrier in Colombia, which has helped the visibility of the brand in the country, and also reports good results in on-trade in the Bahamas and the Dominican Republic.

Actium also doubled its business for Voss water in Mexico in 2015, after appointing Bodegas La Negrita, the biggest independent distributor in the country.

Bras sees Actium's Beverage Division set up for continued success:

"We are growing in structure, we are growing in business, and we believe that in 2-3 years we will be in a very interesting spot. We always like to stay focused on a few brands. We are not a company that collects brands; we work with very few selective high-end brands that have potential and we give them a lot of focus and attention," he says.



Perrier Jouët builds “Enchanted Garden” at MIA

Pernod Ricard Travel Retail Americas partnered with JC Decaux in December to create the Enchanting Garden, a multi-sensory pop-up space where international travelers in Miami International Airport’s North Terminal were able to discover Perrier Jouët champagne.

Perrier Jouët created a “secret garden,” also known as L’Eden, which included a tree-like design where the branches held champagne glasses and bottles for travelers to enjoy as they awaited their flights. From December 1, 2015 - January 8, 2016, during Art Basel, the biggest art season in

Miami, passengers were able to sample both Perrier-Jouët’s Belle Epoque and Perrier-Jouët’s Gran Brut. Flutes of the champagne were perched in the enchanted tree, offering complimentary tastings.

The Enchanting Garden showcased Perrier Jouët’s unique interpretation of nature, paying homage to its Art Nouveau heritage, says the company.

A piece of glass artwork which was designed in collaboration with artist Ritsue Mishima was also on display exclusively in the Enchanting Garden space.

The Enchanting Garden experience

exceeded Pernod Ricard’s expectations for the five week period of the installation, with more than 9,300 consumer interactions and 7,300 consumer tastings.

There were also 50 Perrier Jouët digital screens throughout MIA as well as Boingo WIFI sponsorship where passengers could access free internet or watch a Perrier Jouët video.

Perrier Jouët was also featured on giant signage outside the airport for December that resulted in more than 1.4 million impressions for the month.



Perrier Jouët engaged travelers with its “enchanted” message both outside of Miami International Airport, and inside, and drove sales to the DFA duty free store.

Jose Cuervo and Rolling Stones relive 1972 North American Tour at Pop-Up at JFK T4



Photos this page- Ben Hider

One of the most memorable airport activations in travel retail took place at the end of last year when Jose Cuervo, in collaboration with JC Decaux, and DFS Group unveiled a cutting-edge experience at JFK International Airport Terminal 4 commemorating the Rolling Stones legendary North American Tour of 1972.

The activation -- the second in a year-long series of programming and an extension of last year's launch of the Jose Cuervo limited edition Especial and Reserva de la Familia Rolling Stones Tour Picks bottles -- ran from November 2 until December 30.

To relive the iconic sold-out Rolling Stones tour, dubbed the 'Tequila Sunrise Tour,' and called the greatest party of all time, Jose Cuervo partnered with Air Hol-

lywood to turn a 1,500 square foot space in Concourse A at JFK T4 into a one-of-a-kind replica airplane. The entire pop-up was composed of real airplane parts and materials, and visitors were able to enter and sit in the plane.

The activation also commemorated the influence that the Rolling Stones 1972 Tour has in popularizing the "Tequila Sunrise." At the opening night event, guests were welcomed with a complimentary Jose Cuervo drink and Jose Cuervo was featured by DFS for the two months of the promotion.

The highly visible interactive installation gave holiday travelers the opportunity to "experience a piece of rock 'n' roll history" while sampling special edition Jose Cuervo tequila, relaxing in first class and getting their

hands on the limited edition Jose Cuervo Rolling Stone Tour Picks bottles.

In a first for the terminal, a cash register was set up within the activation, which was outside of the duty free store, where passengers were able to purchase Jose Cuervo.

Rock 'n' Roll publicist Carol Klenfner was present at the opening of the installation to speak about the 1972 tour and share memories of how Jose Cuervo played an integral part in the tour. Klenfner worked as the press officer for the Rolling Stones during the East Coast leg of their 1972 North American Tour. Additionally, the founder of Air Hollywood, Talaat Captain, was also on hand to discuss his design inspiration.



Left: Chase International US Director of Sales Robert M. Maher, DFS Group Merchandise Manager Frederik Vanden Buckle & Chase International President Chase F. Donaldson.

Bruichladdich releases 'The Laddie Eight'

Rémy Cointreau Global Travel Retail is unveiling its latest travel-exclusive expression of Bruichladdich, 'The Laddie Eight', in Orlando.

Created by head distiller Adam Hannett, the unpeated 'The Laddie Eight' aims to preserve the floral notes of the young spirit while building up the signature salty, citrus tang that is characteristic of Bruichladdich.

Hannett says that eight years' maturation in a warehouse that hugs the shores of Loch Indaal imparts complex notes of apple, pear and subtle layers of oak.

Bottled in-house at the unusually high

strength of 50% ABV, 'The Laddie Eight' opens up further with a drop of water, revealing soft fruits and notes of sweet, malt sugar.

Bruichladdich says the 'Laddie' range consistently undermines the myth that 'the older a whisky gets, the better it becomes'.

Bruichladdich never chill filter or add artificial colors to their whiskies.

'The Laddie Eight' is available from April 2016 exclusively in travel retail.

Rémy Cointreau Travel Retail Americas will exhibit its portfolio of products at the IAADFS Duty Free Show of the Americas at booth 113.



Rémy Cointreau GTR unveils XO Cannes limited edition



Rémy Cointreau Global Travel Retail has created a Rémy Martin XO Cannes 2016 limited edition to celebrate the 69th Cannes Film Festival, which will be staged in May.

For the 13th consecutive year, Rémy Martin is an exclusive partner of the Film Festival and has unveiled the latest Rémy Martin XO limited edition, which is now available in key airport locations all over the world.

Presented in an exclusive case, the star-shaped carafe is adorned by the sym-

bolic film reel, and is mounted at the top of the famous steps. The carafe accentuates both the refined appearance and the intense mahogany color, says the company.

The limited edition, which the company says celebrates the special bond Rémy Martin has forged with the motion picture industry, will be stocked by the most prestigious merchants, the Rémy Martin store in Cognac and at the main international airports, including Paris CDG, Amsterdam, Dubai and Nice, at a recommended price of €167.

Stoli announces gluten free vodka

Stoli Vodka has announced that its Stoli Gluten Free will launch in the U.S. domestic market starting in April 2016 followed shortly by a U.S. Duty Free roll out.

Made with 88 percent corn and 12 percent buckwheat, the company says Stoli Gluten Free is the first time a global vodka brand is creating a completely new gluten-free recipe to meet the needs of gluten-free consumers.

"Innovating within the Vodka category has remained an integral part of Stoli's DNA for 80 years and counting," says Patrick Piana, President and CEO, Stoli Group USA. "As with all of our innovations, we conduct consumer research and discuss with our trade partners to identify unmet

consumer needs in the marketplace. Stoli Gluten Free will resonate with younger legal drinking age consumers who have an active lifestyle and greater focus on the products they consume."

Added Piana, "Our distributors have given very positive feedback to-date. We believe that Stoli Gluten Free is an incredible opportunity for Stoli and that it will help us continue to grow our market share."

Stoli Gluten Free purposely includes "Gluten Free" on the front label to clearly communicate to consumers that Stoli Gluten Free is a gluten-free product. The U.S. TTB classified Stoli Gluten Free for gluten-free labeling because it meets its standard of being made with naturally gluten-free

ingredients, the only way a product can be classified as truly gluten free.

"We are excited to launch Stoli Gluten Free in U.S. Duty Free where we see true potential for this innovative product that speaks not only to those suffering from Gluten allergies but also those choosing to live a Gluten Free lifestyle as well as those interested in exploring within the Stoli range of products," said Dayna Dennington, Regional Director Duty Free North and Central America, Stoli Group.

Stoli Gluten Free will be launched at the Duty Free Show of the Americas with Chase International (Booth 1111).

Loch Lomond Group brings independent Scotch portfolio to Orlando with Chase International

Independent distiller Loch Lomond Group is bringing its portfolio of Scotch whiskies to Orlando at booth 1111.

The brands will be launched into U.S. Travel Retail and Caribbean markets by Chase International, Inc.

Since being bought in 2014, Loch Lomond Group has undertaken an extensive review of the stock and branding under its stewardship and has invested heavily in creating new ranges for both Loch Lomond single malt and blends as well as Glen Scotia Single Malts, creating new bottles and premium packaging.

Loch Lomond Group's portfolio includes the Loch Lomond Single Malt, Inchmurrin, Glen Scotia Single Malt, a Campbeltown malt as well as several high quality blends.

Loch Lomond Single malt and blend comprise two premium blends, Loch Lomond Reserve and the award-winning Signature, which is created using the solera cask process. The Loch Lomond Original Single Malt features

hints of peat and smoke and is a "great entry level single malt fit to grace any bar or whisky shop," says the company.

The new award winning Inchmurrin Single Malt range comprises a 12 year old, Madeira Wood Finish and an 18 year old. This core range will be the first three expressions of Loch Lomond Island Collection, and each cask has evolved individually, developing unique characteristics. All three expressions are bottled at 46% ABV and are non-chill filtered.

Glen Scotia distillery, founded in 1832, is one of only three distilleries in Campbeltown. The new award-winning range of Glen Scotia Single Malt includes Double Cask, 15 year old and Victoriana. The range reflects the traditional Campbeltown style and also that of the distillery itself. Double Cask and 15 year old are bottled at 46% ABV and are non-chill filtered while Victoriana is 51.5% ABV and is also non-chill filtered.

The Littlemill Private Cellar 2015 Release is a limited edition, direct from the distillers own stocks. Since the Littlemill distillery fell silent in 1994 and was subsequently destroyed by fire in 2004, there is very limited quantity of Littlemill Single Malt Scotch Whisky left for the world. Only 1,500 bottles are available globally.



Chase International to distribute WOPI portfolio in U.S. duty free

World of Patria International (WOPI) has appointed Chase International as its U.S. travel retail distributor to expand the presence and visibility of its brands.

Within the U.S. travel retail sector, Chase International will be focusing on WOPI's Tofka Toffee and Vodka Liqueur, which is imported from the UK. Available to domestic markets in 75 cl sizes, Tofka is now exclusively available to U.S. Travel Retail in one liter bottles and being repositioned to the market as a liqueur.

"The appointment of Chase International enables us to benefit from the company's experience in and deep understanding of the duty free business in the U.S. and Caribbean markets. As a company we have made good inroads into the market in terms of contacts and brand identity, but the on the spot logistical, marketing

and sales resources that Chase can offer is without precedent," says Rob Nichols, WOPI managing director.

Produced by Babco UK, Tofka is "perfect for travel retail where travelers are looking for unique and different products," says WOPI. When shaken, the golden liquid inside the Tofka bottle swirls, and a special merchandising unit was created to enable the bottle to be displayed with the contents constantly swirling.

"Chase will play an important role not just in presenting the brand to retailers, but implementing programs designed to show off the originality of Tofka, which we see as having potential not only in airport retail but border stores, on the cruise lines, and in the Caribbean," says Nichols.

"We're delighted to be partnering

with WOPI, and to add their fine brands to our Premium spirits portfolio. We have particularly high hopes for Tofka, which we absolutely love due to its fabulous taste, the product's unique liquid visual appeal, and its eye-catching packaging. We're excited to introduce this fabulous drink in Orlando to all our existing and potential customers in the U.S. and Caribbean markets," says Chase International president Chase Donaldson.



Gosling's unveils Gold Seal Rum

Gosling's Brothers Ltd will introduce Gold Seal Rum, a premium gold rum the company calls "the perfect complement" to its flagship Black Seal Rum, in Orlando.

"This has taken us years, because the last thing the world needed is another ho-hum amber rum," says Malcolm Gosling,



seventh generation CEO, Gosling-Castle Partners, Inc. "We went to extraordinary lengths to perfect Gold Seal and make it as distinctive from other golds as our Black Seal Rum is from other dark rums."

Gold Seal Rum is created using the finest distillates from both continuous stills and pot stills, using closely guarded blending techniques--and only after each distillate is slowly aged separately in once-used American White Oak barrels for up to five years. The rum that emerges has complex caramel flavors and hints of spice; it manages to embody both the rich flavors of the pot still with the elegance and smooth, gentle finish of continuous still, says the company.

"We achieved what we worked so hard to accomplish," says Gosling. "A gold rum that can be sipped neat or on the rocks like a youthful single malt, but is also imminently mixable so it'll elevate all those cocktail recipes that call for rum."

Gosling's is launching a marketing campaign that invites rum drinkers of all ages and types to "Seal It"--from savoring Gold Seal slowly in a snifter to "shooting Seals" in a gulp, or adding an extra level of "lusciousness" to any rum drink, from

a simple rum & cola to a Southside. There will also be a wide array of point of sale materials available to help off-premise retailers and on-premise accounts.

Available in 1.75 L, 1 L, 750 ml, 375 ml and 50 ml bottles, like its companion Black Seal Rum, Gold Seal Rum is an official rum of the Americas Cup sailing event which will be held next year in Bermuda.

Gosling's Gold Seal Rum is distributed exclusively in the U.S. Travel Retail and Caribbean markets by Chase International, Inc.

Gosling's Brothers Ltd is Bermuda's oldest business house and largest exporter. Since 2004, Gosling's Rums has been spearheading a major international expansion of the brand. Gosling's offers three award-winning products in its line: the flagship brand, Gosling's Bermuda Black Seal Rum; Gosling's Gold Bermuda Rum (select markets); Gosling's Family Reserve Old Rum, and the new Gold Seal Rum. Gosling's also markets the popular Gosling's Stormy Ginger Beer in both regular and diet in 5 convenient sizes, and offers a Ready-To-Drink Dark 'n Stormy cocktail in a can.

Bushmills launches first TR exclusive whiskey range

Bushmills Irish Whiskey has announced the unveiling of its first limited edition travel retail exclusive range – The Steamship Collection.

The Steamship Collection is inspired by the voyages of the SS Bushmills steamship across the world and introduces a range of special cask matured Bushmills Irish Whiskeys.

In 1890 the ship set course for America, traveling as far as Philadelphia and Yokohama, before eventually returning refilled with casks of rum, fortified wine and bourbon.

The first release in the collection, Sherry Cask Reserve, combines the Irish whiskey making craft with intercontinental flavors, to mark the 125th anniversary of

the maiden voyage of SS Bushmills. Sherry Cask Reserve is exclusively matured in first-fill Oloroso sherry butts to deliver additional spiced honey, dark chocolate and rich dried fruit flavors. The bottle is presented in maritime-designed packaging featuring a replica illustration of the famous Bushmills steamship.

"The launch marks an exciting phase for Bushmills and demonstrates Jose Cuervo's commitment to unlocking the potential of this legendary whiskey in the high profile travel retail channel. The Steamship Collection is available now in Belfast, Dublin and London Heathrow, and while it can't be purchased elsewhere, we hope distribution will extend across the world, just like the voyages of SS Bushmills to the

USA, Asia and beyond," says David Phelan, Director of Jose Cuervo Global Travel Retail.

Sherry Cask Reserve is the first release in the collection, which will soon comprise three permanent expressions plus regular special releases.





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Chasing growth categories from around the world

Chase International Inc. is expanding its portfolio into growth categories with the addition of Scotch, bourbon and Irish whiskeys.

“We are gravitating very heavy towards the whiskey category. That is where the growth in our business is headed,” says Chase Donaldson, Chase International President. “At the IAADFS show we are going to be introducing quite a few new brands. We never had a significant premium to super premium scotch, and the single malt and blended scotch whiskeys from the Loch Lomond Group fit very nicely in our portfolio.”

Chase International will be launching the scotch whiskeys from the independent distiller into U.S. Travel Retail and Caribbean markets.

Loch Lomond Group’s portfolio includes the Loch Lomond Single Malt, Inchmurrin, Glen Scotia Single Malt, a Campbeltown malt as well as several high quality blends.

Chase International also picked up Bushmills Irish Whiskey last year when Proximo Spirits acquired the fast-growing whiskey, which Donaldson says has helped the growth of his company’s whiskey portfolio.

“On a small base, we are also getting a lot of continuous repeat business and new listings for Tin Cup, an American whiskey from Colorado, with Dufry and a number of other customers,” says Donaldson. “We’ve also gotten new distribution on Evan Williams and Elijah Craig bourbons.”

Chase International will also reveal new brands from Heaven Hill and Quintessential.

“Heaven Hill acquired Deep Eddy infused vodka, which is one of the hottest brands in that category. They are also introducing Cold Spell intense mint whiskey, which is very innovative,” he says. “From Quintessential Brands, we are going to be introducing a number of brands into travel retail including Feeney’s Irish Cream, Thomas Dakin small batch gin, and The Dubliner Irish Whiskey Liqueur.”



Cruise

Chase International has had more and more success listing its spirits brands on cruise ships, says Donaldson.

“The cruise lines are where we are looking for some significant growth. We are getting more of our brands like Stoli, Bushmills, Kraken, and especially Gosling’s Black Seal Rum with its Dark ‘n Stormy drink, firmly embedded in drink menus on the cruise lines,” he says. “We dominate the cordial section on all the major cruise lines, which is significant when it comes to onboard drinks.”

Chase International has also grown the Peller Icewine business onboard cruise ships.

“We are on the Royal Caribbean menus and are looking to expand. Traditionally it has been an Asian driven brand, but we’ve expanded the tentacle on that brand even into the cruise lines.”

Stoli Vodka’s new packaging has helped make the brand even more premium than it was considered, says Donaldson.

“Stoli has done a remarkable job turning the brand around and we’ve been focusing a lot on the drinks menus. The new packaging will help us this year. We’ve had a lot of success with Stoli Elit in the airports, because of the ultra-premium positioning.”

Fireball Cinnamon Whisky, which is now a five million case brand, has been one of Chase International’s key spirits.

“In the airports we did quite well owing mainly to the strength of some of our hot brands like Fireball Cinnamon Whisky, which is literally and continues to be on fire. We’ve got distribution in almost every airport, certainly every border location, and on the cruise lines,” says Donaldson.

The greatest factor impacting Chase International’s business, especially in the airports and on the northern border, is the stronger U.S. dollar.

“Last year was very good, although it was softer than previous years because of the challenges our customers have faced with the exchange rates. We do quite a bit of business on the northern border with DFA where the exchange rate really affected us,” he says.

“The airports were still good and were very positive, the cruise lines were even stronger for us, but the Caribbean was fairly flat. Overall we fared very well.

“First quarter 2016 has been going well and we are cautiously optimistic. Cautious because we don’t know what is going to happen with the exchange rates and if that continues it is putting a lot of pressure on our customers for pricing,” he says. “We are very optimistic because we have a lot of innovation coming with our core brands with Gosling’s, Kraken, Bushmills and more.”

Confectionery

Chase International’s confectionery business was up over 20% in 2015, says Donaldson.

“The category continues to grow. We’ve done very well with Hershey’s, whose innovation has really ignited our business,” he says. “We are always looking for brands that are unique and different that fit travel retail. In the U.S., we are going to be introducing Fazer Mints, which is an extremely strong brand throughout Europe.”

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The Hershey Company uses shopper research to find opportunities

Hershey World Travel Retail will use key research findings on “The North American Confectionery Buyer” to reveal its latest category vision and strategy. The research, conducted in partnership with Counter Intelligence Retail, covers numerous topics ranging from purchasing motivations, average spend and gifting/self purchase behavior.

Some key findings from the study include that North American conversion rates (30%) are considerably lower than other markets, compared to 46% (South Americans) or 43% (Other World). Additionally, 25% of North American shoppers visit the confectionery section within the retail environment, but only 7% make a purchase. While this is lower than the 12% of South Americans/Other World, average spend for North Americans is slightly higher than the rest of the world at \$26, compared to \$25.

This information is valuable for Hershey’s in understanding the channel and sharing knowledge with retail partners.

“These are insights that we can turn into activation to increase confection category sales. It’s clear from the research that good quality (at 43%) is a key purchase driver for North American shoppers yet the percentage who buy is significantly lower than in other parts of the world.

“There’s clearly an opportunity that we are missing here, both in terms of attracting more shoppers to the confectionery sales area and then converting them into buyers. In Orlando (booth 1315) we will be discussing with retailers our strategies on how we can partner to improve these figures through shopper engagement and retail activations supported by the right product offer in terms of brand and gift or self-purchase/snacking mix,” says Hershey Company Regional Director Europe and Strategy for World Travel Retail Amy Wilson.



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Fazer returns to U.S. Travel Retail with Chase International

Finnish confectionery brand Fazer is celebrating its 125th anniversary this year by relaunching its best-selling Fazermints into the North American travel retail market through Chase International.

Travel retail has been a key market for Fazer since it entered the channel in the 1970s. Today, travel retail is Fazer's third largest market, and the company is #9 in the confectionery segment of the channel in terms of sales.

Fazer is using its iconic Fazermints, the only mint chocolates in praline form with half dark chocolate and half mint cream made with real peppermint oil, to re-introduce the brand in North America. First launched in 1963, Fazermints were widely distributed in both the U.S. and Canada in the mid-1980s, and enjoyed great success as Fazer's best-selling brand and one of the best-selling travel retail brands in the world.

The company again plans to use travel retail to drive growth in 2016, as well as expanding into new geographies outside its core markets in Europe.

"We see the North American Travel Retail market as a very interesting arena



for growth where we aim to re-introduce Fazermint on a broader scale, utilizing its brand recognition and appreciation among the North Americans," says Rickard Hedin, Senior Commercial Manager at Fazer Confectionery. "With this said, our ambitions are high."

Fazer is one of the oldest family-run chocolate companies in the world and a

major player within the confectionery segment in Europe and the Nordic market. It employs a multi-brand strategy to address multiple consumer needs, segmented by geography. In the Nordics, Karl Fazer, Marianne, Dumle, and Tyrkisk Peber are best sellers, while Fazermint and Geisha are more popular outside of the region.

The company says that Fazer focuses on three vital brand ingredients to ensure success: creating taste sensations, quality excellence, and enduring heritage. Fazer-mints—in its shiny silver wrapper that has recently been redesigned and repackaged—encompasses the company philosophy.

Today, Fazer-mints are sold in over 50 markets worldwide. An environmentally conscious brand, both Fazer-mints' carton and wrapping are recyclable.

"With many potential areas of expansion, 2016 could be another landmark year in our company's story and the U.S. reentry in cooperation with Chase International is an important step to expand our global presence," says Hedin, who will be onstand at Booth 1111 during the Duty Free Show of the Americas.

Hawaiian Host brings Paradise to North America Duty Free

Hawaiian Host, Inc. is bringing to Orlando three of its favorite chocolate covered macadamia nut flavors together in one package. Paradise Delights features individually wrapped chocolates that include Hawaiian Host creamy Alohamac Milk, Alohamac Dark, and Maui Caramacs.

"Our brand has been synonymous with gifting for well over 85 years. We are continuing that tradition, but with individually wrapped pieces to add a level of convenience for our loyal customers," says Hawaiian Host, Inc. Sales Manager Daniel Verduzco.

This product will be distributed in the North America duty free channel by Chase International, and will be available by August 2016.



Butler presents new cocktail inspired chocolate collection

Following the successful launch of The Dessert Menu and The Festive Menu last autumn, Butlers Chocolates will be mixing it up with a new collection of cocktail inspired chocolates. The Cocktail Menu includes 8 different chocolates flavors: Passion Fruit Margarita, Whiskey Sour, Lemon Drop Martini, Rum Mojito, Raspberry Cosmopolitan, Classic Gin Martini, Grand Mudslide, and Espresso Martini.

Crafted by Butlers Chocolates' chocolate mixologists, The Cocktail Menu features chocolates hand-finished with decoration and presented in vibrant packaging.





The famous Finnish mint

Gum and sugar confections take off with MITR

Mars International Travel Retail aims to grow in 2016 with new products in both gum and sugar confections. MITR has identified these categories as having huge potential. “In domestic markets, gum and sugar confections can represent over 40% of total confectionery sales and yet in travel retail they deliver less than 10% of total sales, so the potential is enormous,” says MITR Category Director, Matt Boulter.

New products include the travel retail exclusive Skittles brand stand up pouch. Launching in July, the 18x26gr bags feature a handle pouch and is the first product launch in the traditional sharing/Home Sweet Home category by MITR in sugar confections. In gum, Extra will now include a travel retail exclusive pack in an enhanced travel size. These 8x10 packs will be available in June in Spearmint, Peppermint, and Whitesweet Mint.

In chocolate, MITR relaunched Galaxy, the fifth largest domestic chocolate brand, during the TFWA World Exhibition. Now MITR is looking for success in the Americas with ambitions for travel retail. While the brand is currently only distributed in travel retail in parts of the Middle East and Asia, Galaxy is the biggest pure



chocolate brand in the domestic market, with 95% of those sales coming from UK, Middle East, America, and China.

MITR sees a huge opportunity for the brand, which now features four new products, including: Galaxy Pouches, Galaxy Multi-Pack, and Jewels, a mixture of flavored bonbons of Galaxy chocolate. These products fit in with MITR’s Showing Thought and Home Sweet Home category vision concepts. They are also key elements of MITR’s Laws of Growth strategy, which aims to drive sales through unlocking missed opportunities through focus on core blockbuster SKUS, and driving sales through excellence in execution in-store.

“Confectionery is perfect for driv-

ing conversion in travel retail as it is an impulsive category and full of some of the world’s most loved brands. This is as true in the Americas as anywhere with Snickers and M&M’s the preferred confectionery brands in the Americas at #1 and #2 respectively. Our objective for 2016 is to step change growth, with North America as a focus market, by implementing the Laws of Growth through the Power of a Smile category vision. With 50% or more of passengers not even entering the duty free/travel retail shops and only 9% buying confectionery, we see the category as a huge opportunity!” comments Boulter.

Ferrero Rocher T48 Destination Pack soars in the U.S.

After the great success of Ferrero Rocher T48 Destination packs in the U.S., Ferrero Travel Retail looks to move forward with a global roll-out in key airport locations in Europe, the Middle



East, Asia, and the Americas. Ferrero and travel retailer DFA hosted special activations in Atlanta, New York, Miami, and Washington during December, with results confirming data from a pre-launch survey where consumers gave the offer high scores in giftability, modernity, and appeal. Ferrero also presented a French version of the T48 with Aelia in Paris Charles de Gaulle airport in September.

“Our pre-launch research, conducted in partnership with CIR, clearly indicated the appeal of souvenir gifts in the confectionery category. Guided by this research, we have created a product which is modern and has strong gifting appeal. We have then taken a step further by making the powerful Ferrero Rocher brand available in an exclusive offer, which consumers have never seen before, with unique designs for specific destinations,” comments Patrick Baubry, General Manager, Ferrero Travel Market.

“The Ferrero Rocher T48 Destination box is a complete innovation for the

Ferrero Rocher brand and, after the first activations in the USA and France, we are delighted to see that this very special and exclusive gift has been well received by consumers. We look forward to rolling out similar destination-specific packs, as well as a generic ‘World Traveller’ pack, to other countries later this year.”

The souvenir packs, which contain Ferrero Rocher’s iconic chocolates, are decorated with designs of the country’s most famous landmarks. Ferrero Travel Market will exhibit its portfolio during IAADFS at booth 1123.





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Godiva at 90 celebrates its past, as it crafts its future

Prestige chocolatier Godiva is 90 years old in 2016. It is celebrating with an ambitious release of innovative launches in a year-long sensory journey that focuses on color and iconic chocolates from its past.

In travel retail, Godiva began the year with the Coeur Iconique Travel Exclusive Edition 2016, which was showcased in Cannes and shipped in January. This was the second Coeur Iconique limited edition, following the original collection that was launched to great success in June 2015.

The heart-shaped boxes come in elegant colors that are inspired by 2016 fashion palette trend predictions. The soft touch matte packaging features a die-cut effect for an eye-catching and tactile effect.

“The look is a tie-in to Belgian lace and the new edition introduced two new colors,” Thom Blincoe, Trade Marketing Manager Americas & Caribbean for Godiva Global Travel Retail, told *TMI*.

To celebrate its 90th Anniversary, Godiva has created a very special limited edition Gold Anniversary Collection.

The 18-piece Gold Anniversary Collection features eight of Godiva’s most “iconic” chocolates -- one from almost every decade – and each piece signifies an important moment in Godiva’s history, says the company. The Signature Lait, for

example, was created for the 1939 movie ‘Gone with the Wind’, and the decoration symbolizes the feather in Scarlet O’Hara’s hat. Lady Noir, another selection in the collection, is a recreation of one of Godiva’s earliest recipes from Pierre Draps, the Belgian chocolatier’s original Maitre Chocolatier. Ecusson’ bears a lion rampant to mark Godiva’s appointment to the Royal Court of Belgium in 1968. Other historical pieces include: the Coeur Blanc (1945), Noblesse (1959), Nippon (1972), Aztèque (1992) and Mousse Meringue (2015).

The ninth and final piece of the collection is the Egérie Noir (2016); a contemporary creation from Godiva Chef Jean Apostolou made of raspberry ganache with rose notes, encased in dark Belgian chocolate.

Godiva’s iconic gold box has also been dressed up for the anniversary with a vibrant design that echoes bright confetti and effervescent fireworks, specially commissioned for Godiva by Belgian artist Oli B. The artist will be collaborating with Godiva for the entire year, and has other special designs in the pipeline.

The Gold Anniversary Collection is formally rolling out in domestic and travel retail markets worldwide in April.

“Godiva, which is using chefs to bring innovation to market, has some very exciting plans for Travel Retail this year, which includes tastings and pairings with ice wines and cognacs and a number of other instore activations as we continue this multi-sensory journey,” says Blincoe.



TDL gets energized with important new brands, expanded categories

Regional food and confectionery distributor TDL International has added a new product category to the portfolio that it delivers to the Caribbean travel industry with Energizer batteries.

Miami-based TDL will be distributing the Energizer batteries for all travel retail in the Caribbean, including cruise ships, airlines, hotels, airports, and duty free stores.

“We are always looking for new opportunities,” says Nathalie Betances, TDL president. “We talk to a lot of manufacturers out there who do not know the potential of the travel retail business. Although it’s been a tough year all over the region, if you get creative, I think there are still opportunities.”

“We see a huge potential for Ener-

gizer. You use batteries for everything, remote controls, cameras, toys and other devices and people need them in hotels, on planes and cruises. There is a very big need for batteries in travel retail,” says TDL co-founder Mike Guerra.

TDL was approached about the new category through a contact they had worked with at Kraft Foods for many years.

“When he went to this new company, he saw the potential to enter into travel retail and work with us. We are copying the model that we are already using. Companies are looking to grow their business but do not know much about travel retail. But when they see what we are doing with the food brands, they ask if we can do something similar for them,” says Guerra.

TDL also signed Frito Lay, the foods division of PepsiCo, in March and has just placed its initial order. “We are excited because this is another huge manufacturer for us, with important brands like Doritos, Lays, and Tostitos that we are distributing in travel retail for all of the Caribbean,” says Betances.

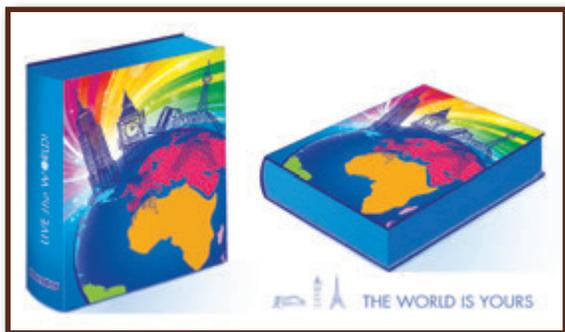
TDL also signed up with Snak Club, a family-owned California-based producer of premium specialty nuts and trail mixes and healthy snack alternatives perfect for travel retail.

“Snak Club has a very wide range of sizes and varieties and has 8 of the top 10 SKUs in the U.S. We are doing very well with this brand,” says Guerra. TDL is exhibiting in Orlando at Booth #1207.

Perfetti Van Melle's new products and strategic plan take on the Americas

With fun new products designed for POS, Perfetti Van Melle will present merchandising solutions for the Americas at IAADFS. PVM will showcase custom-made displays, backwalls, gondolas, and corners aimed to ensure high visibility in travel retail stores, at booth 1329.

PVM recorded significant development in the Americas over the past few years.



“Last year saw our North America, Canadian Travel Retail market business record significant growth in comparison to 2014, which in the current economic climate was very pleasing,” comments Susan De Vree, Global Travel Retail Manager, adding that part of this success was due to the hard work and brand focus by PVM’s distributor in Canada, DFX Distribution.

While North America saw positive growth, economic uncertainties affected PVM’s performance in the south. “The fluctuating Brazilian Real made business in South America very challenging for us last year, especially in the border trade between Uruguay and Brazil where we have seen a drop in sales. Fortunately, the Argentineans were spending more than they were in 2014, but regrettably this does not cover the gap caused by the

Brazilians. We started a new retailer partnership in Venezuela last year and it will be very interesting to gauge performance in this market. All in all, our results in South America were majorly influenced by economic and political factors, nevertheless this region remains an area still full of potential,” says De Vree.

PVM’s new portfolio includes Mentos Book for young adults, and Mentos Mini UFO Dispenser, a refillable gift with alien stickers and eight mini Mentos rolls. Mentos Now Mints, a travel exclusive item, comes in three different flavors and contains 120 mints designed for sharing, snacking, and refreshing.

The Chupa Chups Sweet Magnet, a gifting item for teens and young adults, contains a sweet message and eight mini fruity lollipops. Chupa Chups Pouch Bag Mini Sour contains 40 mixed sour fruit mini lollipops and is ideal for snacking and sharing.

ALFA Brands and Jelly Belly celebrate Star Wars, Frozen with new products

Fun flavors and novel concepts from Jelly Belly will be on display at ALFA Brands booth at IAADFS. Several new items celebrate the Star Wars film franchise, as well as Disney’s Frozen.

Joining the Jelly Belly Star Wars Collection is the Star Wars Jelly Beans Tin – 1 oz Tin- 24 Count Case. Each 1 oz

tin contains a Galaxy Mix of jelly beans and features Darth Vader, Storm Trooper, or Yoda. The Star Wars Dispenser features a Death Star globe with Darth Vader and a Stormtrooper at the base. This collector’s gift includes a 1 oz. bag of Assorted Jelly Belly beans, and can hold up to 23 oz. of jelly beans. The Star Wars VII 20-Flavor

Gift Box- 8.5 oz features Kylo Ren in signature mask and light saber on the cover of each box, and comes with a Jelly Belly flavor menu.

Disney Frozen Jelly Beans Gift Tin- 3.92 oz includes an Icicle Mix bag of jelly beans, and features Queen Elsa, Princess Anna, and Olaf on the cover of each tin.

The 4th edition of BeanBoozled jelly beans are now available. Several zany flavors and pairings have been retired, with Spoiled Milk replacing Baby Wipes, and Dead Fish replacing Skunk Spray. On the “delightful flavors” side, Strawberry Banana Smoothie replaces Licorice.

Available in 5.5 oz bags, Assorted Organic Fruit Flavored Snacks are USDA-Certified organic, made with non-GMO ingredients. These snacks are also vegetarian, and are free of gelatin, gluten, peanut, fat and dairy. The fun fruit shapes are flavored with real fruit juices available in six flavors.



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Tea Forte redefines confectionery offer in travel retail

There is a new concept in some travel retail shops in the Americas that is paying huge dividends for operators.

Tea Forte, the award-winning gourmet tea company known for its iconic patented pyramid-shaped infuser, has been developing in the travel retail channel since launching in the Americas three years ago, reports Moshe Cohen, vice president of global sales for the Concord, Massachusetts-based brand.

“Our retailers have realized that our teas are a way for them to inject innovation and excitement into the offer and stay relevant,” Cohen tells *TMI*.

Tea Forte is the global luxury tea brand available in over 35 countries where it is presented at leading hotels, restaurants, prestige resorts and high-end retailers.

“Known as the exceptional tea experience for our variety and unparalleled quality of hand-crafted teas, exquisite packaging and luxuriant approach, Tea Forte is the definitive cup of tea. Additionally, Tea Forte is selected as the exclusive House Purveyor of premium teas for the James Beard Foundation,” he adds.

“Our teas are affordable, giftable, original, offer good shelf life, and have become top sellers in many of the locations where they are sold,” says Cohen.

Tea Forte is currently listed with DFS in Hawaii, Guam and San Francisco, with International Shoppes in all of its stores, in Miami International Airport at Prive Gourmet Market in the Ocean Drive boutique run by Newslink, and with Lotte Duty Free’s new shop in Seoul, South Korea.

“We tested our brand first with International Shoppes at JFK Terminal 1. It did so well that we are now in all of their stores, including two IS shops in Boston Logan with customized Tea Forte display units, as well as in Philadelphia and the IS Diplomatic store in New York,” says Cohen.



The Tea Forte shop-in-shop concept at Prive Gourmet Market in Miami International Airport's Shoppes at Ocean Drive boutique.

In MIA, sales of Tea Forte were so strong in Prive Gourmet Market in the branded Ocean Drive store that operator Newslink moved the brand into its own shop-in-shop concept that includes permanent sampling of hot and cold teas.

Cohen began selling Tea Forte in Latin America about 18 months ago and the line is now available with Neutral, and on the Bernabel ferries and port store, “where it is a top seller,” he reports. “We were listed with London Supply in Iguazu, where Tea Forte sold out so now we are expanding to all the London Supply stores. And we were recently listed with UETA for Punta Cana and Iquique, so we are very excited,” he says.

“We are selling affordable luxury and our teas have been successful with this passenger profile. We are making a new offer in confectionery and managing it like a luxury brand,” noted Cohen. “Tea Forte

— with its iconic silken pyramid infuser — has reconnected with the ritual of the tea ceremony.

“The trend is very favorable for tea right now. Not only is tea the second largest beverage in the world after water, but preparing it is one of the most sophisticated daily rituals. Then we have the wellness factor, and tea’s benefits have been well documented,” said Cohen.

Tea Forte has introduced several travel retail exclusive gift sets, including the Passport Collection, teas in presentation boxes and gift tins, chocolate infused teas in heart-shaped boxes, a Lotus Collection of relaxing teas, and launching in February to coincide with New York’s Fashion Week, the Couture Collection, a limited edition assortment of bespoke, organic teas in the company’s signature hand-crafted infusers inspired by designer themes and colors.



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Braun and Travel Blue displays generate buyer interest

Braun reports that visitors to its stand in Cannes—where it showed its newest products for the travel retail channel last October-- showed greatest interest in the new Braun Series 9 and Series 3 shavers, battery operated travel beard trimmer PT 5090 and Braun Face – a combination of a facial cleansing brush and a facial epilator.

“They were also very interested in the display solutions presented at the company’s secondary location next to the main Braun stand. One of the displays presented the new cooperation between Braun and Travel Blue which was particularly welcomed by major multi-location Duty Free operators,” commented Klaus Mellin,

owner of Tax Free Trade, P&G’s exclusive agents for Braun, Oral-B and Duracell in Travel Retail.

Braun and Travel Blue announced last year that they were partnering to offer a selective range of the three P&G owned brands, which are present in hundreds of airports in more than 100 countries worldwide.



PGT brings a Gold Standard to travel retail

Full service sales and marketing company Premier Global Trading, Inc., which specializes in Duty Free/Travel Retail for North America and the Caribbean, with a growing business in Latin America, reports that 2015 has been an exciting year with growth across all PGT product categories.

PGT represents a portfolio that spans a wide range of categories including fragrances, beauty tools, electronic accessories, watches, men’s accessories, and candy.

PGT “literally has something for everyone,” says company president Elizabeth Taylor.

Among the standouts in the PGT business this year are the Zwilling Beauty Group brands, whose Tweezerman contin-

ues to build on its reputation as the “Beauty Tools Expert.” New this year, Tweezerman is featuring the Gold Star Gift Set, in which the precision brow tools are coated with titanium nitrate for durability and corrosion resistance. Tweezerman has been listed in important outlets throughout North America in all relevant channels, says Taylor, whose company has conducted trainings and promotions throughout the region.

The premium Zwilling brand, which is sold in 200 countries worldwide and offers a portfolio with 5-piece sets of precision beauty tools priced at more than \$150, is also being listed in select airports throughout North America, reports Taylor.

PGT also reports excellent sales of its Myme Electronic accessories that include headphones, chargers, and speakers with new products specifically designed for traveling consumers. Myme has been listed on cruise ships, in airports and in the Caribbean, as well as on the northern border.

In the watch category, PGT is introducing Strumento Marino, an award winning Italian fashion watch brand with a special focus on diving, and prestigious Italian luxury watches from Lancaster.

PGT has built a solid niche for incremental sales with licensed products

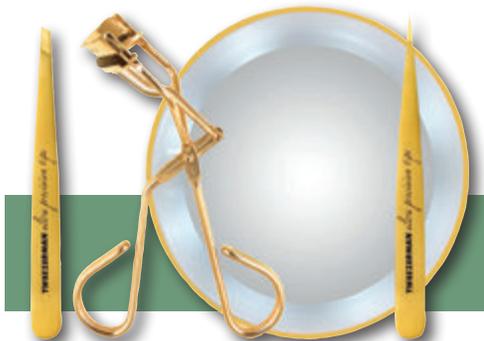
with names such as Hello Kitty, Disney, Dream Works, and more, and this year will showcase Disney watches from Frozen, Star Wars and Mickey & Minnie. “We have designs from Princesses to Super Heroes,” says Taylor. “Our product assortment is not just for kids -- but spans a wide target audience, from tweens to adults.”

Premier Global Trading is also known for customizing its services to the specific needs of its retail partners.

“We enjoy long-standing and close working supplier and customer relationships. As a privately owned company, PGT has the flexibility to tailor our programs, always looking to maximize sales and to build our customers’ bottom line. We also have the flexibility and ability to source new brands or products keeping pace with and sometimes ahead of changing trends in the marketplace or as changing passenger/traveler profiles demand,” she adds.

Taylor says that she is also very proud to be one of the few woman-owned companies in DF/TR, and that she places a lot of value on her long standing relationships with both customers and suppliers.

The brands will be showcased at the 2016 IAADFS Duty Free Show of the Americas at the PGT booth 1708.



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Imperial Tobacco to showcase new booth, expanded portfolio

Housed in a new booth (713) that continues the “Experience and Evolution” theme, Imperial Tobacco will present an expanded product offer and highly relevant brand mix for U.S. travelers at IAADFS.

The enriched portfolio features Winston, first introduced in the USA in 1954 and one of the world’s most popular brands, and Kool, a menthol product with a history dating back to 1933. Imperial Tobacco has trademark ownership for Americas Duty Free for these brands, and the company is optimistic about its success. “We are thrilled to have acquired these strong regional brands in addition to our

international portfolio in the summer of last year. They are the perfect offer for this region due to the popularity they have already achieved over the last 50 plus years,” comments Jennifer Cords, Corporate Af-

fairs Manager Global Travel Retail.

In addition to regional brands, Imperial Tobacco will highlight Davidoff, Gauloises, Lambert & Butler, Golden Virginia, Rizla, and USA Gold.



JT completes acquisition of Natural American Spirit business outside the United States

In January, Japan Tobacco Inc.’s JT Group completed the acquisition of the Natural American Spirit business outside the United States, which was first announced last September.

With its strong international presence in the premium priced category, Natural American Spirit will allow the JT Group to further extend its brand portfolio outside

the United States. Its unique brand equity combined with a group of experienced and energetic people will further strengthen the Group’s business foundation, says the company.

Japan Tobacco Inc.’s products are sold in more than 120 countries and its internationally recognized brands include Winston, Camel, Mevius and LD.



FLIO wins major international travel industry mobile innovation award in U.S.

Global airport app FLIO was named the Best Mobile Travel Solution at the the 5th EyeFor Travel Mobile Innovation in Travel Awards in San Francisco on March 15.

The EyeFor Travel’s Mobile Innovation in Travel Awards honor innovative solutions in the travel industry. FLIO beat finalists Aptelligent and RoamingAround to win the prestigious international award for this category.

Finalists in the other two categories included American Airlines and Hotelplanner.

Andy Watson, FLIO Co-Founder, ac-

cepted the award on behalf of FLIO.

The awards jury said: “...anybody who makes it to the final is a big deal and FLIO is an amazing product. The Wi-Fi feature alone is very useful to any traveler.”

FLIO CEO and Co-Founder, Stephan Uhrenbacher added: “This recognition within the online travel industry is a great moment for us. We have already been called a game-changing app and this win vindicates our belief that with FLIO we are genuinely changing the way in which airports can serve the needs of the traveler. With FLIO we support their journey through the airport, with access to free

Wi-Fi and deals on food and shopping and services like lounge access and train tickets.”

Past winners and finalists include: KLM, TripAdvisor, Marriott Hotels, Carlson Wagonlit Travel, Best Western, BookAssist and in 2016, American Airlines, Alaska Airlines, Skyjet, Hotelplanner, Aptelligent and Dohop.

In other recent news from FLIO, the app has partnered with Plaza Premium Lounges, which will allow FLIO’s 100,00 registered users to find, book and pay for any of 51 Plaza Premium Lounges in 24 international airports worldwide.

Mercury Travel Retail launches data management service for brands and retailers

There is no substitute for easily manageable data to make the right decision on assortment, and allow accurate planning to prevent out-of-stocks. Most travel retail operators and suppliers know that aggregating sell-out data can be tricky. Reports come in all different formats, SKU numbers don't always match, and it is difficult to harmonize the data into a unified report.

Philippe Guiol, who has been developing databases for over a decade as a hobby, is now applying this skill to successfully match up data for his customers so they can get a big picture view of their business. Guiol talks to *TMI* to explain how his new service works.

Guiol's company, Mercury Travel Retail, is on a mission to help brands and retailers get as much insight as possible from their sell-out and inventory reports, and make the data useful.

"I've always been passionate about data, and over my past 10 years as an area manager for travel retail handling the Americas, one of the biggest hurdles was making sense of the sales reports I was receiving," explains Guiol.

"Every retailer organizes sales data in a different manner, depending on their POS system and what information is important to them. As a result, it is difficult for a brand to aggregate the data when collecting from several retailers. Also, due to the diversity of product categories carried by travel retail operators, retailers need to choose which characteristics are most common to all product groups for their sales platform. This means that there is a high likelihood that a brand's key characteristics will be missing from the report if it is not common to all categories," he says.

As a direct result of these two challenges, many brands rely heavily on their sell-in and ad-hoc analyses for production planning, rather than sell-out results to see what end-users are actually buying.

Mercury Travel Retail's purpose is to receive all of your data, repackage it, and make it available to you in a way that you need. It offers several customized solutions to make this happen.

The brand or retailer sends the sales/inventory reports to Mercury Travel Retail, who will harmonize the data, with varying levels of analyses as per client requests.

The main services revolve around:

- **Data harmonization:** Taking sales and inventory reports and converting them to a uniform format that adds all of the key characteristics that are missing from the original report.
- **SKU Change Tracking:** When an item is relaunched or repackaged, its SKU number usually has to change; with that, its historic performance becomes difficult to track.
- **Marketing and Inventory Identifiers:** Mercury Travel Retail can return sales reports in a format that makes it easy to identify which promotions were running on which products at which time, and whether the inventory levels were adequate, making analysis easier.
- **Sell-out Forecasts:** Based on historic performance, marketing promotions, and inventory levels, to determine what sales should be if there weren't any out-of-stocks.
- **Sell-In Forecasts:** Based on the sell-out forecast and other characteristics, what orders to expect from the retailer, which translates to better planning.
- **Internal Reporting:** Mercury Travel Retail can generate data that clients need for their internal reports.

The two main benefits that Mercury Travel Retail delivers to a brand are data continuity and time management. This



Philippe Guiol, Mercury Travel Retail

service ensures that no matter who is receiving the reports in the organization, the information will always be processed and stored in the same way, which allows for easier year on year analysis and reporting on country, regional, continental, or other level.

"When an area manager or buyer prepares a report, they have to do a series of time-consuming procedures to transform the information before they can begin to analyze the data. Analyzing the data could be streamlined if all of the files received are properly harmonized in the first place," says Guiol. "Most people today do just enough transformation to get by, but all of their formulas have to be adapted. If they were working on files formatted in the same way, the analysis could be significantly streamlined."

"Mercury Travel Retail will be attending the IAADFS and is available to meet with brands and retailers to discuss how we might provide our special expertise to meet their individual needs," says Guiol, who can be reached at Philippe@MercuryTravelRetail.com.

The 7C Group: Digital Direction in Travel Retail

With current economic prospects for Latin America forecast to remain lackluster in 2016, it's a crucial time for brands and duty free and airport operators to maintain customer loyalty and brand awareness. Taking a proactive approach using digital tools could entice customers to spend more time and money in store (or even before this through pre-order), and will support and drive sales going forward.

The 7C Group helps brands and operators in the duty free and travel retail industry reach these commercial goals by providing international and strategic expertise coupled with a cultural understanding approach, using digital solutions with social media support.

As part of its connected approach, the 7C Group identifies, develops and implements global business opportunities for airports, airlines, cruise lines and ferries, border shops and free zones, with specific experience in Latin America. To do this, it offers a range of services, including Corporate Branding, Marketing Strategy, Category Management, Trade Marketing – promotion planning and implementation, Digital Media – optimizing digital channels, PR & social media, advertising and branding campaigns, Digital Solutions – Loyalty programs, interactive tables, TV & video walls / media, Coaching – training and professional development, Logistics – Cost effective logistics services in Latin

America and Consumer Research.

The company identifies and applies tailor-made digital solutions (including loyalty programs), which are used to collect and analyze customer information. Such information is vital in predicting future consumer trends and can be presented in interactive tables or video walls. Its team of regional experts also works on campaigns designed to leverage the power of the brands in combination with retailer digital channels.

Through its approach, 7C helps its clients to really understand, connect with and drive their customer in the brand experience.

The 7C Group also assists with e-retail strategy and implementation, including pre-order and online duty free offers, and online and mobile marketing strategies.

“From our experience, these are all powerful tools in developing brand awareness, increasing sales, supporting promotions and activations, and targeting



Adda Rodriguez, The 7C Group Founder

specific passenger groups,” comments company founder Adda Rodriguez.

Social media platforms are an increasingly important part of the traveler's journey in interacting with the airline, airport and retailer, adds Rodriguez.

“At The 7C Group we understand that to sell directly to consumers, you need to be part of their direct environment. We're here to point you in that digital direction,” she says.

The 7C Group is currently providing consultancy service primarily to European brands looking to be introduced in the Americas. Rodriguez is also conducting some coaching and loyalty programs related to Cosmoprof, and recently was one of the judges for *The Moodie Report's* international social media marketing awards.

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Products like the BioMiracle anti-aging and moisturizing face mask are a \$35 billion industry worldwide -- \$20 billion alone in Asia. Now it is rolling out to the U.S. where it is available in 3,000 stores, from Macy's to GNS, says Mary Bang of BioMiracle, which distributes the brand direct from the manufacturer in Asia.

“This is a great form of skincare that moisturizes and nourishes in just 20 minutes. The disposable BioMiracle mask revitalizes your skin with an instant lifting effect and the aloe mask specifically hydrates and moisturizes, while minimizing and reducing fine lines and wrinkles.”

BioMiracle has masks available in green tea, rose, vitamin C and collagen, as well as premium versions with 24k gold and Black Pearl.

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PEOPLE NEWS

Elizabeth Arden has appointed **George Cleary** as President, Global Fragrances, effective March 14, 2016. Cleary is a seasoned executive with over 20 years of experience in beauty and personal care. His most recent role was as CEO of global beauty device company, Iluminage. He also held several senior positions at Coty Inc. including President, Americas, and before that worked at Nestle and Johnson & Johnson.

Revlon's chief executive officer **Lorenzo Delpani** stepped down from his position, effective March 1, citing personal reasons. He will remain on the company's board and serve as an adviser, however. Executive Vice President **Gianni Pieraccioni** was named as the new CEO. The announcement comes after **Ron Perelman**, Revlon's controlling shareholder and chairman, said he would seek strategic alternatives for the company.

Marcelo Colombo, currently commercial director at Edrington WEBB Travel Retail Americas based in Miami, is moving to Singapore to become head of marketing for Edrington Global Travel Retail, effective April 15.

Ferrero has appointed **Patrick Baubry** as general manager Ferrero Travel Market, effective March 1.

Patrick Baubry has extensive experience in the confectionery sector having held various senior roles in Ferrero and in other brands, including Mars and Mondelez, most recently in global sales development for Ferrero operations worldwide.

The appointment follows the selection of **Francois Godin** – who successfully led the Travel Retail team for the past three years --for a new role within the Ferrero group.

UK-based fashion jewelry designer, Buckley London, has appointed **Rasmus Olsson** to spearhead its international sales

growth plans. Rasmus previously held a Sales Director role at Swarovski for over 10 years.

In his new position at Buckley London, Rasmus will lead the international business development strategy and market expansion of the brand.

With a proven track record in luxury retail and wholesale experience, Rasmus will focus on developing key partnerships, expanding networks and introducing engaging sales campaigns.

Alessandro Assunção has been appointed Marketing Manager at Melancia Mall & Free Shops in Rivera, Uruguay.

Assunção arrives at Melancia from a similar position in Itajaí Shopping, the premier shopping center, located just north of Florianopolis on Brazil's Atlantic Coast. His brief in the new post is to attract larger numbers of Brazilian shoppers to the new Mall as well as ensuring that the needs of local residents from Rivera are also addressed.

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Special Issue
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 of the Americas
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TRAVEL MARKETS **INSIDER**

Will Cuba's opportunities help Travel Retail combat a tough year?

Unfavorable currency exchange. Corruption in Brazil. A new government in Argentina. Falling commodity prices. Mosquito-borne diseases. Internet competition. It has been a tough year in the travel retail business in the Americas, with not much relief in sight.

In South America, Brazil's political crisis has spilled over into the economy, and hit particularly hard on travel retail sales on the border with Brazil, which are said to have fallen between 20 - 40%.

The strength of the U.S. dollar has driven up the cost of American-made brands in overseas markets, and made travel to the United States and neighboring Caribbean more expensive for European and Asian tourists. Nevertheless, tourist arrivals to the U.S. and the islands welcomed a record 28.7 million visits this past year — turning in a 7% rate of growth, much higher than the 4-5% growth officials had originally predicted.

While retailers tell *TMI* that the added traffic has not translated into more sales, shopping is still a major activity among Caribbean visitors. Widespread hotel and infrastructure expansions should bode well for the future and tourism and health officials are working hard to bring the Zika virus threat under control.

But it is the opening of Cuba that is generating the most excitement in the industry as it brings unprecedented attention to the region from American travelers. And the news out of Cuba is developing very quickly. U.S. President Barack



Cuba president of maritime operations Nelson Torres, left, and Carnival Corp. CEO Arnold Donald sign a deal allowing Cuba cruises from the U.S. Standing from left, Carnival Corp. senior vp of global port development Giora Israel, Fathom president Tara Russell and Carnival Corp. general counsel Arnaldo Perez. See story on p. 56. Photo Credit: Carnival Corp.

Obama's historic three-day visit to Cuba on March 20-22, the first sitting U.S. president to visit Cuba in nearly 90 years, seems to be accelerating the thaw between the two countries.

On March 15, the U.S. Treasury Department announced a further easing of restrictions brought on by the 54-year-old economic embargo against Cuba, making it easier for individual Americans to travel to the island, and loosened restrictions on business and banking transactions, even though Congress has yet to act on removing the embargo.

On March 19, the day before President Obama's visit, Starwood Hotels announced it had signed a milestone agreement to operate three hotels in Havana, the first American hotel company to enter the Cuba market for more than half a century.

On March 21, Carnival Corporation announced the history-making news that the company had

been approved to sail its "social impact" Fathom cruise brand between the U.S. and Cuba. Its inaugural cruise is scheduled for May 1!

And all this happened just days after the 2016 Seatrade Cruise Global event took place in Fort Lauderdale, Florida. Once again, Cuba was a main topic of discussion.

This issue of *TMI* reports in detail about all of the above, with commentary from some of the leading voices in the travel industry, along with reports from key retailers and suppliers throughout the region.

The Americas travel retail business continues to find ways to weather similar storms and intends to come through this cycle as well.

Read all about it, *Inside Insider*.

Lois Pasternak,
 Editor/Publisher

INSIDE INSIDER

News

North America

Dufry, JFK, ATL, Washington's Reagan and Dulles, LAX & Westfield, Denver Duty Free, Orlando, MIA, Paradies Lagardère, SFO, Hawaii

Canada: currency, marketing, FDFA, Peace Arch, IGL

Caribbean/Cruise

Seatrade 2016
TMI's Caribbean Duty Free Review
 Hand in Hand for Haiti turns 5
 Le Rouge-Curaçao



Argentina's Rouge comes to the Caribbean

Latin America

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At the Point of Sale: Jose Cuervo's Rolling Stones activation at JFK T4

Plus Products-People-Places
 The Insider View

The most comprehensive coverage
 on the duty free and travel retail
 markets in the Americas.

But you already know this.

You're on page 177.

PEOPLE NEWS

The Estée Lauder Companies has promoted **Stephane de la Faverie**, previously Sr Vice President/ General Manager, Origins and Darphin, to Global Brand President, Origins and Darphin. He will continue to report to **Jane Hertzmark Hudis**, Group President, The Estée Lauder Companies.

Beth DiNardo, Sr. Vice President/ Global General Manager, Smashbox, has been promoted to Global Brand President, Smashbox. She will continue to report to **John Demsey**, Executive Group President, ELC.

Daniel Rachmanis – who has led The Estée Lauder Company’s expansion in Latin America since 2009 when he was named Sr. Vice President, GM, Latin America and International Business Development, has been promoted to President, Latin America. He will continue

to report to **Cedric Prouvé**, Group President, International, ELC.

German lifestyle brand Porsche Design has appointed well-known travel retail executive **Mimmo Mariottini** as VP Global Sales and US-CEO of Porsche Design of America, Inc. He will lead together with **Karsten von Engeln**, COO Porsche Design of America, Inc., the brand’s U.S. subsidiary.

In his previous position at Bally, Mariottini served as VP Global Sales and US-CEO, successfully driving the growth of the company’s global travel retail business. Prior to Bally, Mariottini was Travel Retail Director for Bulgari.

John Cugasi has left his role as Senior Vice President for Strategic Planning and Business Development at Paradies Lagardère to become Business Development consultant, based in Florida.

Gerry Savaria will assume Cugasi’s responsibilities in Planning and Development in addition to his role co-leading the integration of the new company.

Richard Bush has joined William Grant & Sons Global Travel Retail as Regional Marketing Manager – Americas. He was most recently with Camus Cognac where he spent two years as Area Manager (Sales) covering U.S. travel retail, Canada and parts of the Caribbean.

“Richard will undoubtedly be a strong asset to the WGS GTR team and we’re delighted to welcome him onboard. He adds to an already highly experienced and committed team that will continue to bring best-in-class products, activations and support to travel retail in the Americas region,” says WGS Regional Director North America **Stephen Corrigan**.

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