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Duty Free City opens Flagship in San Ysidro

New US travel retail operator Duty Free City officially opened its doors at its flagship location on the US-Mexico border in San Ysidro, California, on July 29.



Located at 601 East San Ysidro Boulevard, the 14,000-square foot retail location created in the Spanish Colonial style is described as a luxurious shopping experience with beauty products and fragrances, leather goods, wine and spirits, tobacco, hair and nail services. It also offers a wine and cigar lounge and a City Café.

Valet parking and assistance from personal shoppers are also available, says the company. "Our concept from the beginning has been to bring an elevated duty free shopping experience to consumers, and we're thrilled to finally see that come to fruition," said Philippe Dray, CEO of Duty Free City. "We couldn't have chosen a better spot for our

flagship location than San Ysidro, and we look forward to serving the many consumers who pass through here each day."

To celebrate the "soft opening" Duty Free City is inviting the community to enjoy complimentary manicures, pedicures, makeup application, mini facials, blow outs, shaves and trims on weekday mornings through October.

San Ysidro is the world's busiest land border crossing with 50,000 vehicles and 25,000 pedestrians crossing from Tijuana, Mexico into the US every day. Duty Free City has plans to open 25 locations across the US, including on the Mexico and Canada borders.

Top: The Beauty Ramp at the entrance of the new Duty Free City store; Lower left: Kid's Town. Below: the Furla Boutique. See more photos of the new Duty Free City store on the TMI Facebook page.

Furla opens in Duty Free City

One highlight of the new Duty Free City land border store opened last week in San Ysidro is a 15sqm personalized corner from Italian leather goods brand Furla.

Commenting on the opening, Furla Global Travel Retail Director Gerry Munday said: "Furla is delighted to be working with Duty Free City as the sole leather goods brand present in its stunning border store in San Ysidro. We are present alongside some of the world's most prestigious brands and have found the team at DFC a pleasure to work with. San Ysidro is one of the busiest border crossings in the world with a high spend per head, so we are confident that business here will be excellent for Furla as we continue to expand within the Americas. We look forward to working with DFC on further projects for the future."

DFC Director of Marketing Alejandra Rudner adds: "... We wanted to work with a premium brand that would align itself with our affluent clientele and Furla



very much fits the bill. San Ysidro is designed as a lifestyle destination - far more than just a border store - and Furla will sit very nicely alongside the many other signature brands in place, such as Versace and Swarovski."

The Furla store opened with the Spring Summer 2014 Collection focusing on key lines from the Premium and Icon collections, including a range of shoulder bags, satchels and the innovative Dome in several sizes.

ACI, IATA, CANSO, ICAO convene to discuss conflict risks to civil aviation

Following the downing of Malaysia Airlines Flight MH17, the International Civil Aviation Organization (ICAO), the International Air Transport Association (IATA), Airports Council International (ACI) and the Civil Air Navigation Services Organisation (CANSO), held a high level meeting last week in Montreal to jointly express their strong condemnation of the use of weapons against civil aviation.

Calling the downing of the passenger carrier "unacceptable," the meeting issued a statement of "deepest condolences" to the families of the passengers and crew who lost their lives, and pledged a number of steps including convening a task force comprised of States and industry experts to examine possible solutions. Findings will be reported to a special meeting of the ICAO Council.

Fraport acquires AIRMALL USA

Germany's Fraport Group has entered the US market and will be managing retail outlets in Baltimore (BWI), Boston (BOS), Cleveland (CLE) and Pittsburgh (PIT) airports.

Effective Aug. 1, Fraport acquired 100% of US-based AMU Holdings Inc., which owns AIRMALL USA Holdings Inc. (AIRMALL). One of the leading airport-concessions developers in North America, AIRMALL markets space at these airport hubs, serving a total of about 70 million passengers per year.

AIRMALL currently oversees about 366,000 square feet of space in the passenger terminals at the four airports - with about 270 retail and food and beverage outlets operated by international, national, regional and local tenants.

AIRMALL's headquarters will remain at Pittsburgh's international airport. The addition of AIRMALL in the Fraport global portfolio will help provide new two-way synergistic benefits -- a win-win business relationship, says the company in a statement.

Through its concessions model in North America, AIRMALL has one of the highest per-passenger spends on the continent.

For Fraport, AIRMALL offers substantial expertise in the US marketplace and industry leadership as an innovator, said the company. The highly awarded AIRMALL most recently was honored in the 2013 ARN Best Airports and Concessionaires Awards (by *Airport Revenue News*) for best practices in concessions design, customer service, unique services, and overall concessions programs.

In addition, the craft brew pubs at AIRMALL's CLE and BWI airport malls were recently recognized in *GQ Magazine's* 2014 America's Best Airport Beer Bars ranking.

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Patrón Spirits introduces artisanal, tahona-only Roca Patrón tequilas

In a series of launch events across the US, Patrón Spirits is unveiling Roca Patrón, the company’s first line of tequilas produced entirely from the tahona process. Each tequila in the new Roca Patrón family – Roca Patrón Silver (90 Proof), Roca Patrón Reposado (84 Proof), and Roca Patrón Añejo (88 Proof) – is made from only 100 percent Weber Blue Agave, and is traditionally handcrafted at a specific proof, higher than the core line of Patrón tequilas.

Patrón is launching the new line with big events in Los Angeles, New York, Chicago, Miami, Austin, and San Francisco, as well as around 40 smaller events.

According to the company, Roca Patrón is the product of a meticulous – and today rarely practiced – process that starts with a tahona, a giant two-ton stone wheel hand-carved from volcanic rock (roca), that slowly crushes the cooked agave to break the bonds of fiber and release the rich agave juice. From here, both the juice and the agave fiber are placed together into wooden fermentation vats for 72 hours, and then distilled in small-capacity, handmade copper pot stills.

“What truly sets this process apart from other more automated methods of producing tequila is that in the tahona process, we introduce the agave fibers – not just the agave juice – into fermentation and distillation,” says Francisco Alcaraz, Patrón’s master distiller. “Patrón is one of only a small number of distilleries in Mexico that still uses this traditional tahona process. It’s very time consuming and expensive to create tequila in this way, but it’s well worth the effort, as the tahona method creates an incredible and distinctively complex tequila, characterized by its earthy and vegetal aromas and flavor.”

While Roca Patrón is the company’s first line of tequilas crafted exclusively from the tahona process, every tequila in the Patrón portfolio has included tahona

tequila in the blend. The core line of Patrón tequilas, and Gran Patrón Platinum and Gran Patrón Burdeos, are created from a combination of tahona tequila and tequilas produced from the more modern roller mill process. Patrón has also recently introduced a tahona-only extra añejo, Gran Patrón Piedra.

“From the beginning, we set out to create the highest-quality, most exceptional, ultra-premium tequila possible using traditional and time-honored distillation techniques,” says Ed Brown, President and CEO of Patrón Spirits. “Because the tahona process has always been an integral part of our recipe, we now have the proud opportunity to introduce a tahona-only artisanal tequila, a spirit that only a brand like Patrón can truly perfect. Consumers’ appreciation for fine tequila has quickly grown and evolved, and Roca Patrón represents our continued commitment to producing top-quality, highly crafted and innovative spirits that people around the world are seeking.”

The Roca Patrón line of tequilas are sweeter, earthier and more vegetal – with distinctive notes of roasted agave – than other Patrón varietals, exhibiting more complexity and slightly less citrus, pepper and fruit. The aged variants are rested in single-use American bourbon barrels – Roca Patrón Reposado for five months, Roca Patrón Añejo for 14 months. The core Patrón line is aged in a blend of new and used oak barrels.

Bottles have the same design language as the other Patrón tequilas, with some special features including a distinctive medallion bearing Patrón’s iconic bee, and a color-coordinated, hand tied and finished rope.

The suggested retail prices for the Roca Patrón line of tequilas are \$69.99 (750ml), \$79.99 (750ml) and \$89.99 (750ml). They will be available first in the US, starting in Summer 2014, before making their way into additional markets across the globe.

Michael Pasternak



The New York launch for Roca Patrón was held at the Williamsburgh Savings Bank in Brooklyn, considered one of the City’s architectural icons.

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Dufry shows accelerated growth in 2Q

Dufry Group reports that strong organic growth of 5% in the second quarter from 2.2% in the first quarter helped turnover grow by 6.7% in constant exchange rates (cer) -- 2.4% in Swiss Franc -- in the first half of 2014. Dufry's first half sales reached CHF 1,707.9 million (approx. US\$1,884m). EBITDA reached CHF 221.4m for the half year 2014 and EBITDA margin was 13.0% in the period and 14.2% in the second quarter. Cash flow before working capital grew by 9.0% to CHF 212.2m.

Dufry credits new concessions and improvements in all businesses in Latin America, notably in the Caribbean, Uruguay and Brazil, for the improvement. Its business in the US & Canada and EMEA & Asia also showed continued positive trends begun in the first quarter.

Gross profit margin expanded by 40 basis points to 59.2% from 58.8% in the first half of 2013. In absolute terms it grew by 3.1% and reached CHF 1,011.1 million in the first half of 2014 versus CHF 981.0 million one year before.

Dufry opened 16,200sqm of gross retail space in the first half, including 27 new shops in Brazil, 17 of which are located in the new Terminal 3 in Sao Paulo Guarulhos Airport. Dufry also opened shops in Indonesia, South Korea and Sri Lanka.

Turnover by region

Turnover in Region America I was flat in cer at CHF 357.3m in the first half, although performance accelerated in Q2 with 4% growth (cer). Mexico continued to perform well and operations in the Caribbean slightly accelerated on the back of an increase in passenger numbers. Business in Argentina held up well and business in Uruguay had positive momentum after the weakness in the first quarter due to the depreciation of the Uruguayan Peso at the end of January, says the company.

Turnover in Region America II reached at CHF 318.4m in the first half of 2014 down from CHF 342.6m in the same period in 2013, but turnover growth accelerated in the 2Q (cer), up 3.7% compared to -9% in the 1Q.

Sales measured in Brazilian Reals also accelerated to 9% in the period, but the devaluation of the local currency continued to mask the turnover growth when measured in USD. The devaluation of the Brazilian Real was significantly lower in the second quarter with -8% versus -18% in the first quarter. Dufry expects to see a positive impact on sales from all the new shops opened in Brazil in May.

Dufry also reports that the Football World Cup hosted in Brazil in June and July had a neutral effect on sales in the region, even though it expects to see a long term benefit from the positive effect on tourism in Brazil.

Turnover in Region United States & Canada surged by 13.4% in constant FX rates. In Swiss Franc terms, sales were CHF 451.1m in the 1H 2014 from CHF 420.1m in 1H 2013. The business continues to be strong driven by the roll out of the new Hudson format and new concessions.

Turnover in **Region EMEA & Asia** increased by 12.9% in cer to CHF 552.1m in the year to June from CHF 498.8m in the previous year. France, Italy, and Switzerland showed good performance, as did Serbia and Armenia, while Russia was impacted by currency and the Ukraine situation. Africa and Egypt were also impacted by the political situation. In the **Middle East and Asia**, existing operations performed well, and new openings in China, Indonesia, Kazakhstan, South Korea and Sri Lanka contributed to results as expected.

According to Julian Diaz, CEO of Dufry Group, Dufry's "development in the US & Canada continue dynamic, where we have already opened 36 shops or 2,800 sqm and additional 1,900 sqm are planned for the second half of the year. We are in the perfect position to accelerate growth during the most important period of the year," he said.

Continued on next page.

Tourism: Haiti to get new airlift and cruise terminal

Two critically important tourism developments were announced for Haiti over the past few days.

American Airlines will become the first US major carrier to offer daily, nonstop service to Cap-Haïtien, Haiti, the country's second largest city. And Carnival Corp. announced that it had signed a memorandum of understanding to develop a \$70 million destination cruise project in Tortuga, an island just off the northern coast of Haiti.

Booking is open now for tickets on the new American Airlines route, with travel beginning Oct. 2, 2014, subject to government approval. The new route supplements American's longstanding service to Port-au-Prince, Haiti, and will be operated with a Boeing 737-800.

"We have proudly served Haiti for more than 40 years and believe this new service is important not only for our customers, but also as an important catalyst to develop the north coast and open up this historically significant destination," said Art Torno, senior vice president -- Mexico, Caribbean and Latin America.

"This new route represents a tremendous opportunity for significant economic impact for our country by connecting Miami directly to the second city of Haiti," said Haitian Prime Minister Laurent S. Lamothe.

Carnival's Haiti cruise port would be the largest cruise industry investment ever made in Haiti, according to David Candib, vice president, development and operations for Carnival Corporation's Global Port & Destination Development Group.

Royal Caribbean already operates a destination port in Labadee, Haiti.

In related news, Carnival's Amber Cove Cruise Center in Puerto Plata, Dominican Republic is slated to open next year.

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Brown-Forman celebrates record 2014 fiscal results

Brown-Forman Corporation is celebrating one of the company's most successful years in its 144-year history.

During the company's regularly scheduled annual meeting of shareholders on July 24, Paul Varga, chairman and CEO, discussed the company's strong performance in fiscal 2014 and over the last decade. He noted

that Brown-Forman's underlying operating income growth far exceeded the rate of growth of its industry and other relevant benchmarks, and that the company's 22% Return on Invested Capital was also at the top of the distilled spirits industry.

"These consistently strong results were led by the remarkable Jack Daniel's trademark, our

portfolio skew to premium North American whiskey, and the continued globalization of our company," says Varga. "We delivered yet another strong year of returns for our shareholders in fiscal 2014, which helped drive total shareholder return of 17% per year over the last decade, more than twice the S&P 500."

Hawaii tourism spend in 1H14 reaches \$7.4 billion

Hawaii's tourism economy is on pace with last year's record-breaking year in spending and arrivals. Visitor expenditures in 1H 2014 were \$7.4 billion, up \$178 million over last year, says the Hawaii Tourism Authority.

Visitors spent an average of \$40.2 million statewide per day in the period.

Canadian airport sales continue to soar; land border sales dip slightly

Halfway through 2014, Canadian airport duty free sales are up almost 15% for the year, but land border sales are down slightly for the January-June period, according to the latest numbers from the Canada Border Services Agency (CBSA).

Airport duty free sales are up 14.96% for the year, to C\$150.65 million and up 14.23% for the month of June, to \$27.92 million.

Land border sales are down 2.62% for the year, to 57.87 million, and fell .68% in June, to \$13.43 million.

Alcohol, the #1 sales category

(37.62%) on the land border, fell .84% in June. Tobacco, category #2 (25.6%), grew by .83% in June, while Perfume, Cosmetics, Skincare, (16.3%), slipped 3.13%.

In May, Canadian airport sales jumped 20% versus May 2013, reaching \$24 million. For the year airport sales were up about 15%.

Land border duty free sales for the month were \$12.3 million, dropping 1.5% in May 2014 versus the same month one year ago. For the year sales were down around 3%.

Beauté Prestige International

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AREA SALES MANAGER TRAVEL RETAIL for Central/South American Region.

Ideal candidate must have a minimum of 3-5 yrs experience in the luxury brand industry, preferably in TR.

Must be highly organized with outstanding sales and managerial skills. Must be fluent in English and Spanish and have good computer skills. Ability to travel 40-50%.

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to_gcamlani@bpi-sa.com

Dufry 1H earnings

Continued from page 3.

As for the Nuance transaction announced on June 4, Diaz reports "good progress," including the issuance of a new bond of EUR 500 million.

"Once we have obtained all regulatory approvals and have closed the transaction, we will launch the integration process. Overall, we expect to generate synergies of approximately CHF 70 million per year which should be fully implemented by 2016," said Diaz.

ESSENCE CORP.

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based in South America

Candidate must be willing to travel 40%,

have experience, be organized, dynamic and self-motivated. With strong skills of Excel, Word, PowerPoint (MS Office) Mandatory Bilingual English/Spanish Portuguese is a plus.

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Acct/Area Manager

Caribbean

The ideal candidate will be based in Miami and must have a minimum of two years' experience in Travel Retail.

Candidate must be extremely organized, dynamic, self-motivated with strong sales skills and willing to travel 55% of the time.

Proficiency in Excel, Word, PowerPoint (MS Office) and Mandatory Bilingual: English/Spanish, written and oral. French is a plus.

Please send resumes to

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