Global health pandemic halts travel worldwide

This is an issue of Travel Markets Insider magazine that I never envisioned we would be writing.

The spread of this horrific virus across the globe has been particularly hard on the entire travel-related industry. COVID-19 has ground international and domestic travel to a halt, decimated air traffic, closed borders, wiped out economies and self-quarantined millions of people worldwide—not to mention the unimaginable suffering and loss of life.

Up until the insidious spread of this COVID-19 nightmare, it had been business as usual, albeit with regional and local challenges. Nevertheless, the travel retail business throughout most of the world was strong, in some cases quite robust.

Our Canadian report on page 16 is a perfect case in point: Canadian tourism again turned in its best year on record in 2019 in what I am calling “Before Coronavirus.” Just three months into 2020, air travel has fallen to such a degree that the Ottawa government has announced that it is waiving lease rents for all the Canadian airports that pay it rent from March to December.

The entire world is going through serious turmoil with an unprecedented health crisis. Nearly every island nation in the Caribbean, desperate to control the spread of the disease, has stopped all tourism and incoming arrivals, imposed curfews and closed borders. Cargo flights—the lifeblood of the world right now, do continue. Yet before coronavirus, the Caribbean had been forecasting record recovery and tourism.

Cruise lines may be one of the most seriously hit channels, as some ships became epicenters of disease and most have stopped sailing for the foreseeable future. Servicing the huge debt carried by many lines may be an insurmountable challenge if they do not receive government aid.

Although the situation is changing daily, key organizations are trying to assess what lies ahead and how the travel-related industries will cope. Whatever the future holds, we must work together as much as possible and reimagine what the new reality will look like once global air travel is able to resume.

To that end, TMI has tried to present a timely and accurate picture of what is taking place today, as well as what had taken place up until the outbreak of the global health threat, laying the groundwork for what will be afterwards.

We would like to give a very heartfelt thank you to all of our media partners who continued to invest with us in this issue.

We wish everyone of our readers good health. Stay safe.

Lois Pasternak, Editor/Publisher

Sign of the times: Like airports throughout the U.S. and worldwide, a very quiet Miami International Airport reflects the drastic drop in domestic and international passenger travel related to COVID-19 and has temporarily closed certain concourses. Full coverage of the impact of the coronavirus begins on page 6.
CONCEPT NUMBER 2

This limited edition is inspired by the similarities in the creative approaches of crafting whisky and creating music.
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As we go to press at the end of March, travel has fallen to dire levels worldwide. In the U.S. TSA reported on Friday, March 27 that it had handled only 8% of the passenger traffic that it had handled on the same day a year ago.

Global business travel has been nearly eliminated reports the Global Business Travel Association, with people across the globe working from home if possible.

With the epicenter of the disease now concentrated in the U.S. – where deaths doubled to over 2,000 nationwide within two days between March 26-28 – the government was urging people from the tri-State New York City area to now “refrain from non-essential domestic travel.”

It took about a month from the first report of a coronavirus death in the U.S. on February 29 to the number reaching 1,000 on Thursday, March 26. By Saturday, the number of reported deaths had doubled to 2,000.

Airports throughout the U.S. and Canada—as they are worldwide – are consolidating operations and shutting down both airside and landside properties. A glance at any airport website is strewn with notices that concessions and services are “temporarily closed”. Standalone bars in most airports have been closed until further notice.

The Miami-Dade Aviation Department (MDAD), for example, this week closed Concourses E, F and G and relocated flights by Bahamasair, Frontier and United Airlines among others. It is open for essential travel and cargo.

MIA continues to be one of 13 U.S. airports approved by the U.S. Department of Homeland Security (DHS) to receive flights from the Schengen area of 26 European countries, the United Kingdom and the Republic of Ireland, under a presidential proclamation that permits entry to the U.S. from those countries for U.S. citizens and legal permanent residents only.

San Francisco International Airport (SFO) announced plans to consolidate all flight activity in the International Terminal to a single concourse. Effective Wednesday, April 1st, 2020, Boarding Area A, which contains Gates A1 – A15, will be closed, and all flights in the International Terminal will depart from Boarding Area G, Gates G1 – G14. SFO is also consolidating Customs & Border Protection (CBP) to a single point of entry for international arrivals.

“In the recent days, an average of less than 12 flights per day have departed from Boarding Area A. By April 1st, international flights at SFO will have been reduced by 52%,” said the official notification.

In a video announcement, Vancouver Airport Authority President and CEO Craig Richmond reported that VVR had already shut down 11% of its terminals and could shrink to 40% and still “get the job done.” Passenger traffic was currently 10,000 a day, compared to a norm of 70,000 and the important U.S. traffic is forecast to drop to nearly zero, he said.

This scenario is being repeated across the globe.
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To contain the spread of COVID-19 many governments have imposed travel restrictions and travel bans. First, the U.S. government limited flights between Schengen countries and more recently the EU. A March 17 report from travel analytics company ForwardKeys reveals that the U.S. trans-Atlantic travel ban on non-U.S. residents entering the country from the Schengen area, due to the coronavirus, has put 1.3 million airline seats at risk of elimination as of midnight, March 16, when the exclusion was extended to the UK and Ireland. This is in addition to the 2 million seats placed in jeopardy with the initial ban announced on March 14.

As reported by TMI on March 13, OAG says that the ban will affect 10.9% of all international flights and 16.9% of all scheduled international seats between the United States and Schengen countries (the 22 countries of the European Union plus Norway, Iceland, Switzerland and Lichtenstein). Overall, 6,747 flights and roughly 2 million seats will be affected each way over the next four weeks.

Delta and United Airlines are the most affected U.S. carriers. Together, they account for 31% of the affected flights. Lufthansa is the most affected European airline (13%). The most affected European countries are Germany, France and the Netherlands—which service 57% of all flights between the Schengen Area and U.S.

According to ForwardKeys, U.S. airline carriers Delta and United are set to lose around 400,000 seats. BA is next, followed by American, Lufthansa, Virgin Atlantic, Air France, Aer Lingus, KLM and Norwegian.

In terms of countries, the UK is set to be worst hit, potentially losing over a million seats. The UK is followed by Germany, standing to lose around 500,000, France, around 400,000, the Netherlands around 300,000, Spain, around 200,000 then Italy and Switzerland, each with around 100,000.

Olivier Ponti, VP Insights, ForwardKeys said: “Whilst a few flights are still operating, bringing permanent U.S. residents and their immediate family back home, this is an unprecedented collapse in air travel. In an incredibly short space of time, this ban has decimated the world’s busiest and most profitable segment of the aviation industry, trans-Atlantic travel.”

The Federal Aviation Administration (FAA) is temporarily waiving minimum slot-use requirements at seven U.S. airports to help airlines impacted by flight cancellations or reduced demand for air travel, due to the coronavirus.

Under normal circumstances, airlines can lose their slots at congested airports if they don’t use them at least 80 percent of the time.

The FAA is waiving the 80-percent-use requirement through May 31, 2020 for U.S. and foreign airlines that have affected flights. In doing so, the FAA expects that U.S. carriers will be accommodated with reciprocal relief by foreign authorities at airports in their countries, and may determine not to grant a waiver to a foreign carrier whose home jurisdiction does not reciprocate. The agency will continue to monitor the coronavirus’s effect on travel demand and may adjust this waiver as circumstances warrant. The FAA will inform airlines of any decision to extend the waiver period as soon as possible.

This waiver of the slot usage requirement, which the FAA is publishing in the Federal Register, applies to John F. Kennedy International Airport (JFK), New York LaGuardia Airport (LGA), and Ronald Reagan Washington National Airport (DCA). Additionally, at four other U.S. airports where the agency has a formal schedule review and approval process—Chicago O’Hare International Airport (ORD), Newark Liberty International Airport (EWR), Los Angeles International Airport (LAX), and San Francisco International Airport (SFO)—the FAA will give credit to airlines for flights that were canceled due to the coronavirus through May 31, 2020, as though those flights had been operated, when the FAA conducts future schedule development.
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Airline CEOs update on coronavirus impacts and airlines’ commitment

With airlines throughout the nation facing rock bottom load factors, carriers are losing money on every single flight, according to Southwest Airlines Chief Executive Officer Gary Kelly, in a speech to employees cited by Bloomberg.

On March 25, security officials at U.S. airports screened just 239,000 passengers, down from 2.2 million a year earlier, according to trade group Airlines for America.

While hard hit by the current crisis, Delta Airline’s chief executive, Ed Bastian, is one of the airline industry leaders stressing the carrier’s commitments during the COVID-19 crisis.

In a letter sent out on March 29, Bastien noted that the airline continues to carry medical supplies globally via cargo flights and is operating repatriation flights to get Americans home. Delta—like several other airlines including Southwest and JetBlue—are offering free flights to medical personnel traveling to certain U.S. regions that have been significantly impacted by COVID-19 to support medical professionals on the front lines.

“Three months ago, I would have never dreamt our world would be facing such volatile times, but I remain confident we will prevail because of you and the people of Delta,” he said.

American Airlines announced that it will suspend 60% of its capacity in April as compared to the same period in 2019 and is planning to suspend up to 80% of its capacity in May compared to the same period in 2019.

The domestic capacity reductions take into consideration the FAA’s recent decision to grant additional flexibility in slot-use policies at U.S. airports during this unprecedented situation. See page 8.

Southwest earlier said it would reduce capacity by at least 20%, freeze hiring and offer leave to workers to reduce operating costs. The Dallas-based carrier secured a $1 billion term loan and drew down the full amount of an existing $1 billion unsecured revolving credit facility earlier this month, reports Bloomberg.

In other related news, Airlines for America reported that United Airlines operated 21 repatriation flights to bring nearly 2,500 Americans home from Panama, Ecuador, Peru and Honduras. Air Canada has been operating special flights to repatriate Canadians from Morocco, Spain, Peru and Ecuador.

Air Canada has begun cargo-only flights, carrying medical supplies and other time-sensitive freight to Europe. The airline has future plans for cargo-only flights to Latin America and South America, and it is considering offering the service domestically.

ACI-NA details billions in losses for U.S. airports from COVID-19

Based on preliminary assessments by Airports Council International – North America (ACI-NA), the COVID-19 outbreak will cost U.S. airports at least $13.9 billion in calendar year 2020, a significant setback from previously forecasted stable growth prospects. This estimate is based on the following projections:

- Passenger traffic at U.S. commercial airports is expected to fall by 73% in the March to June period, which represents a 53% decrease in the first half of 2020 and a 37% drop for the full year compared to forecasted 2020 levels.
- Total passenger enplanement is anticipated to fall by 244 million in the first half of the year and 349 million for the full year.
- Total airport operating revenue is expected to decrease by roughly $12.3 billion for the calendar year, representing a nearly 49% reduction driven by cancellations and other reductions in domestic and international air travel, as well as dramatically lower non-aeronautical revenue.
- Collection of the Passenger Facility Charge, a critical funding source for U.S. commercial airports, is expected to fall by close to $1.6 billion in 2020.

This comes as ACI-NA reports that the total outstanding debt for U.S. commercial airports stands at roughly $100 billion.

U.S. airports will have to pay $7.4 billion in cash payments to service those debt obligations, as well as higher operating expenses to upgrade cleaning and sanitizing of their properties.

Hawaii passenger arrivals by air

The number of passengers flying into Hawaii continues to drop. On Sunday, March 29, 2020, 826 people arrived in Hawaii on the fourth day of the state’s 14-day mandatory self-quarantine for all incoming passengers. Of that number, 167 people were visitors. Most of the passengers were either returning residents or crew members. In comparison, during this same time last year, more than 30,000 passengers arrived in Hawaii daily, including residents and visitors. This table shows the number of people who arrived by air on March 29.
Gebr. Heinemann: Bringing 140 years of experience to the Americas

Over the last five generations, Gebr. Heinemann has become a major distributor and retailer for the international travel retail market, setting new standards again and again in this increasingly dynamic landscape. Since Heinemann Americas opened its doors in Miami in 2014 we bring that experience to the Americas as well. We have already become a major player in the US cruise market – and even more exciting new partnerships on land and at sea are on the horizon.

Discover more at heinemann-americas.com
CARES relief act promises government assistance for U.S. aviation

On March 27, 2020, U.S. President Donald Trump signed a sweeping Coronavirus Aid, Relief, and Economic Security (CARES) Act into law. The immense $2 trillion emergency package provides critical relief for the aviation industry in the United States, including at least $10 billion in direct aid to national airports.

In total there is about $88 billion in aviation-related government assistance, although much of the aid comes with conditions attached.

In addition to the $10 billion for airports, CARES provides for direct cash grants of $25 billion for commercial airlines, $4 billion for cargo air carriers, and $3 billion for contractors who employ baggage handlers, wheelchair attendants, cabin cleaners, food service workers and others at airports. These funds are to be used exclusively to pay employee wages, salaries, and benefits.

Grant recipients cannot cut jobs, pay or benefits through Sept. 30, 2020, and they cannot buy back their stock or pay stock dividends through Sept. 30, 2021.

The airlines must maintain service to all the destinations they served on March 1, 2020, through March 1, 2022, which could mean continuing to fly empty or near-empty planes.

The airports receiving the grants must maintain at least 90% of current employment levels through Dec. 21, 2020.

In addition to the grants, the relief act has earmarked $25 billion in loans and loan guarantees for U.S. passenger airlines, repair stations, and ticket agents, and $4 billion in loans and loan guarantees for U.S. cargo carriers.

In accepting the support, the carrier or contractor must agree to: not involuntarily furlough or reduce pay or benefits through September 30, 2020; maintain certain air service; and accept limits on stock buybacks, dividends, and executive compensation.

Airlines, their employee unions and travel groups were quick to praise the compromise legislation for providing necessary relief to the industry which has practically ground to a halt from the travel bans instigated as a means to fight the coronavirus.

“On behalf of U.S. airlines and our 750,000 employees, we applaud President Trump for signing the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which includes provisions intended to assist the U.S. airline industry to continue making payroll and protect the jobs of pilots, flight attendants, gate agents, mechanics and others,” said A4A President and CEO Nicholas E. Calio in a statement after the signing.

ACI-NA President and CEO Kevin M. Burke, noted: “The entire airport industry is extremely grateful Congress and the Trump administration have stepped up to help offset a portion of the $14 billion and counting that airports will lose this year as a result of the steep, unexpected drop in travel brought about by the coronavirus health pandemic.”

U.S. Travel Association President and CEO Roger Dow, commented: “The Phase 3 relief package passed by Congress this week is a great first step in this process, and comes at a time when the American travel industry is facing catastrophic economic disaster, with almost six million travel-supported jobs expected to be lost in the next five weeks.”

APTRA petitions governments across Asia Pacific for supportive measures to aid DF/TR in region

The hard hit travel retail industry in Asia, the first region to feel the impact of the travel bans enforced to help stop the spread of the coronavirus, is seeking support across the entire Asia Pacific Region. The Asia Pacific Travel Retail Association, APTRA, is urging over 45 governments and hundreds of government administrators to recognize the unique economic contribution of the entire Travel Retail industry and to prioritize support packages to the channel and the many that are, and will be, affected financially by COVID-19.

APTRA is writing to government policy-makers responsible for determining COVID-19 fiscal relief and funding across ministerial offices including aviation, maritime, retail, F&B and tourism industries. The Association is calling on its 100+ members to continue the call for action via local outreach within countries to reinforce the initial message to the greater network of stakeholders and decision-makers.

The broad-reaching appeal is supported by a report recently commissioned by APTRA and DFWC, ‘The Economic Impact of Duty Free & Travel Retail in Asia Pacific,’ considered a key tool exemplifying clearly the Travel Retail industry’s vital input to the aviation, maritime and tourism sectors, and the economies and employment across the region.

Published in October 2019, the report cited that in Asia Pacific in 2017 the industry provided over 300,000 jobs and contributed almost US$15bn to GDP. APTRA is working closely with DFWC and, with the assistance of Hume Brophy, creating a plan, aligned to the global objective, to monitor government packages and share knowledge as best practice to try to appeal to other governments.

Grant Fleming, President of APTRA, comments. “APTRA is sending a clear and simple message that financial support for the entire Duty Free and Travel Retail industry is required. All governments and agencies in charge need to understand the importance of our industry for their economies and should correctly apportion and prioritize financial efforts quickly. APTRA’s mission is to strengthen, nurture and protect our industry. There has been no greater need for a call to action than now. As an association we believe we can voice the needs of industry via a unique stage for the entire industry and not merely seen as a group of businesses. This approach can charge the appeal.”
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The changing coffee landscape of U.S. airports

One of the bigger stories impacting airport concessions in North America pre-coronavirus was the news in January that HMSHost and Starbucks had ended their exclusive arrangement after three decades of working together.

The “split” would leave the partners free to work with others in opening airport concessions, explained the companies. The new arrangement is said to better reflect a growing demand for local concepts in airport foodservice – one that we may well see again when airports gear back up again post crisis.

The new arrangement does not preclude HMSHost from running Starbucks coffee bars—which had become so ubiquitous in airports around the world. In fact the food and beverage specialist will continue to operate more than 400 Starbucks airport units in North America alone.

However, HMSHost lost no time in announcing that it had signed a new 10-year contract valued at about $60 million with Jacksonville International Airport to bring the local Southern Grounds coffee house to the airport. Southern Grounds is a Florida-based chef-driven coffee house that says it prides itself on creating a community around great food and drink. The first one is scheduled to open in Concourse A in the fall.

“We ended the exclusivity, because the exclusivity goes both ways. For us it was prohibiting our growth. Local coffee to me is the future,” HMSHost President & CEO Steve Johnson told TMI’s Michael Pasternak during a recent restaurant opening in Fort Lauderdale-Hollywood International Airport.

“Starbucks is a great brand and has a place in airports and they’ll continue to be a partner. But we’ll also have other partnerships. With local brands that everyone knows this allows us to bring that authentic local coffee into the airport. Starbucks is wonderful and there is a place for it, but it shouldn’t be everywhere.”

Starbucks, for its part, also immediately expanded its universe of airport vendors. Less than a week after announcing the end of its exclusive agreement with HMSHost, Starbucks named two major new airport partnerships, one with Paradies Lagardère and the other with OTG Management, and announced plans to introduce a number of new concepts such as a Starbucks café or a popup Starbucks with digital and mobile ordering for gate-to-gate coffee delivery service.

In its joint announcement with OTG in February, Starbucks said the partnership would introduce a re-imagined customer experience, with a focus on new experiential concepts and innovative technology to better serve travelers at airports across the country.

OTG and Starbucks say that they will introduce a variety of traditional and experiential locations, and explore new technology to better serve customers anywhere in the terminal. Locations will be mobile and/or strategically placed and move throughout the airport depending on time of day, providing travelers with Starbucks at their gate.

OTG operates airport food concessions in Newark, LaGuardia, JFK, Philadelphia, and George Bush Intercontinental Airport.

In its statement regarding the partnership with Starbucks, Paradies Lagardère president and CEO Gregg Paradies says the agreement was a “historical moment,” pointing out that the deal marks the first time the brand will be available from multiple licensees since the very first airport Starbucks opened in Seattle 29 years ago.

“…”The addition of Starbucks to our brand arsenal aligns perfectly with the growth strategy of our Dining Division,” added Paradies.

Starbucks sees the agreement with Paradies Lagardère as a way to reach even more travelers.

“Our partnership with Paradies Lagardère will allow us to expand our footprint and reach more customers across U.S. airports. We will also bring new innovations to the market and elevate the overall Starbucks Experience for partners and customers,” said Henry Klein, Starbucks senior national account executive, travel.

Paradies Lagardère has a retail and dining presence of 850 stores and 170 restaurants and bars in more than 100 airports, including JFK, Newark, LAX, Las Vegas McCarran, Austin-Bergstrom, Orlando and Seattle-Tacoma.

About a week after the OTG and Paradies announcements, Areas USA announced its licensing partnership with Starbucks.

Areas currently operates in the busiest airports in the country, as well as in travel plazas on major highways. The roll out plan is to provide the Starbucks experience at airports and in turnpike plazas across the U.S. with an experience that is customer centric, innovative, and representative of the Starbucks brand, said the company in its official announcement.

“We know customers demand retailers innovate and work to meet their needs. Our partnership with Areas will allow us to expand our footprint and reach more customers across U.S. airports,” said Starbucks’ Klein. “This includes new store concepts and digital capabilities that meet our customers where they are in their particular travel journey.”
Canada has third consecutive record-breaking year in 2019

2019 was the best year for Canadian tourism on record, with arrivals reaching 22.1 million, breaking the 22 million mark for the first time ever. This is the third consecutive record-breaking year.

Overnight arrivals to Canada from countries other than the United States reached an all-time high of 7.15 million (2018: 6.7 million). Overseas tourists typically stay in Canada longer and spend more, according to Canada’s national marketing organization Destination Canada, which markets Canada to 10 countries: Australia, China, France, Germany, India, Japan, Mexico, South Korea, the UK and the U.S.

The United States saw a strong year in air arrivals with 5.1 million (2018: 4.6 million) and a solid rebound in automobile crossings with 8.5 million (2018: 8.2 million). Overall, the U.S. had another record-breaking year with 14.99 million total arrivals.

Mexico once again experienced impressive growth with 495,627 total arrivals, with a particularly notable increase of 12.4% in air arrivals. The Mexican market has continued to grow since changes to visa requirements at the end of 2016, which spurred demand for travel to Canada, prompting airlines to increase air service.

India saw an 9.7% increase in air arrivals helping achieve a new annual record for this market with 333,111 arrivals (2018: 287,416).

Improvements in international air access to Canada helped stimulate travel with non-stop air services adding 2.2% more seats in 2019.

Canadian government ends ground lease rents through end of the year

The Canadian government has announced that it is waiving ground lease rents from March 2020 through to December 2020 for the 21 airport authorities that pay rent to the federal government. The government will also provide comparable treatment for PortsToronto, which operates Billy Bishop Toronto City Airport and pays a charge to the federal government.

This will provide relief up to $331.4 million, reflecting payments in the same period of 2018.

The 21 airport authorities that will receive relief are: St. John’s International Airport Authority, Gander International Airport Authority Inc., Halifax International Airport Authority, Charlottetown Airport Authority Inc., Saint John Airport Inc., Greater Moncton International Airport Authority Inc., Fredericton International Airport Authority, Aéroport de Québec Inc., Aéroports de Montréal, Ottawa Macdonald-Cartier International Airport Authority, Greater Toronto Airports Authority, Greater London International Airports Authority, Thunder Bay International Airports Inc., Winnipeg Airports Authority Inc., Regina Airport Authority, Saskatoon Airport Authority, Edmonton Regional Airports Authority, Calgary Airport Authority, Prince George Airport Authority Inc., Vancouver International Airport Authority, and Victoria Airport Authority.
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2020 FDFA Convention
MSC Cruises focuses growth on the U.S. market

Adrian Pittaway, Head of Retail at MSC Cruises, hosted a retail open day in February onboard the Swiss-based company’s newest ship in Miami, the MSC Meraviglia.

Some 40 local suppliers and partners such as Heinemann attended, to see the company’s newest ship in which MSC had invested one billion euros, and hear about MSC’s ambitious U.S. market growth plan.

As much as 35% of MSC’s winter deployment is now in the U.S. with plans underway for further expansion and additional home ports in the region, explained Pittaway.

MSC Meraviglia officially arrived at its new home in PortMiami last November. The 4,475-passenger ship, launched in 2017, is MSC’s largest cruise ship sailing out of the United States market, and has spent the winter season cruising seven-night itineraries from Miami to the Caribbean.

The Meraviglia was also the first of the MSC ships to visit New York and had the distinction of being the largest ship ever to visit New York City when it had sailed into the harbor there in October 2019. But once the COVID-19 crisis passes, they could be a much more common sight as MSC plans to expand significantly in the region with new ships, new ports and new markets.

Although based in Europe, MSC has an increasing focus on the Caribbean and Asia.

“Our goal is to be global,” Pittaway tells TMI. In February, MSC had 5 ships in South America, 4 ships in Miami, 2 ships in the Mediterranean, and 1 in the Middle East.

“We are the #1 cruise line in South America and the Gulf (Dubai, Abu Dhabi and India). We are also the #1 cruise line in Europe and the Mediterranean and Southern Africa,” explains Pittaway.

But now the company is vying to grab a larger share of the North American market.

The Meraviglia, which spent two seasons in Europe before heading for its new home in Miami, boasts a number of features to appeal to Americans—from signage in English to a Cirque du Soleil at sea along with its signature Swarovski crystal stairway in the atrium.

In addition to the MSC Meraviglia, the Miami-based fleet includes the MSC Armonia, which debuted there in 2018, the MSC Divina (2013), and the ground-breaking MSC Seaside, a new class of ship, which launched in 2017.

The four ships based in Miami are part of MSC’s €5.5 billion investment program to build the world’s most modern cruise fleet. The fleet is set to expand to 29 cruise ships by 2027. In 2020 the MSC Armonia was supposed to have relocated to Tampa, but with the cruise line closed for business through at least May due to the coronavirus, plans are uncertain. MSC was also looking to start its first cruises in Canada later this year.

The arrival of the Meraviglia was not the only event that marked a significant entry for MSC into the U.S., says Pittaway. The company also opened its long awaited Ocean Cay Marine Reserve, a 64-square-mile marine protected private island situated only 50 miles from Miami. Ocean Cay will become a base for marine biologists to conduct scientific research into coral restoration and Super Coral, as well as a destination for MSC guests.

“The proximity of Ocean Cay makes it such a unique part of our cruise experience and we look forward over the next years to seeing it all really grow and flourish,” says Pittaway.

On top of this, MSC is building a huge new cruise terminal scheduled to open in PortMiami in 2022. The new facility will be capable of hosting two mega cruise
Heinemann’s cruise business takes off in the Americas with new lines and major ship contract

Heinemann Americas was in the midst of a very successful year in the cruise channel in 2019 and early 2020, celebrating concessions for new ship brands and announcing it had won a major retail contract for Carnival Cruise Lines newest, most high-tech ship. The Miami-based division of global travel retail company Gebr. Heinemann added its first Royal Caribbean ship to its retail portfolio last year, and continued to grow its supply arrangement with fast-growing MSC Cruises in the region.

“We were very satisfied with our turnover in 2019, especially since we were able to bring in new products and new concepts,” Nadine Heubel, CEO of Heinemann Americas, tells TMI.

In a huge development for the company, Heinemann won the retail concession for Carnival Cruise Line’s new Mardi Gras ship, which is scheduled to launch in November of this year. The 5,200-passenger ship is named after Carnival’s first ship, which set sail back in 1972. The new Mardi Gras is Carnival’s largest ship to date and features a new hull design, a new color-scheme and is Carnival’s first ship to run on liquefied natural gas (LNG), which emits almost no emissions. It will be based out of Port Canaveral near Orlando, Florida, where Heinemann is the concessionaire on two other Carnival ships.

“We are thrilled to have been selected as a duty free retailer aboard Carnival’s newest, largest and most innovative ship to date,” commented Heubel. “This is the latest addition to an already successful retail partnership that includes four Carnival ships: Carnival Liberty, Ecstasy, Fantasy, and Spirit. We look forward to unveiling new, one-of-a-kind shopping experiences and concepts that will continue to provide the best retail experience for travelers.”

The new Mardi Gras (the first one was retired in 1993) will feature six themed “zones” inspired in part by New Orleans neighborhoods. These include “French neighborhoods. These include “French

ships at the same time, handling up to 28,000 passenger movements per day, and will support the cruise line’s expanding presence in North America and in the Caribbean in particular.

“We will have a new cruise port, new offices, and new warehouse. It is a really integrated terminal that will create a very special guest experience. We are even working with the fast-speed new Brightline train line to create a sustainable way to bring people here to the ship,” says Pittaway.

MSC is also strengthening its presence in North America through high profile local partnerships, especially those that emphasize MSC’s company values.

The company partnered with the Miami Dolphins football team and Super Coral to create an ad featured during the Super Bowl that focused on its sustainability and Ocean Key. Another partnership is with Martha Stewart, who has created a number of excursions and offerings exclusively for MSC as well.

Retail flexibility

Because MSC repositions its fleet significantly from season to season, the retail program must also be flexible enough to accommodate different nationalities, says Pittaway.

“In winter, we have 35% of fleet in the Caribbean, 26% in South America, 15% in Europe, 12% in the Middle East, 6% in Asia and 6% in South Africa. But our summer deployment is very different—with 61% in the Med, 19% in the north of Europe, and only 4% here in the Caribbean. In the summer our goal as a European cruise line is to focus on our core European market. This means that all our ships have a level of flexibility that allows us to adapt our retail offer to the changing guest profile.”

MSC, one of only two cruise brands to handle its retail inhouse, does this by using direct partnerships and a program that revolves around the experience, says Pittaway.

“Instead of calling it travel retail we call it experience retail. We use events and activations, unique collections, knowledge and trust built up during the course of the cruise, and quality and relevance, making it all an integral part of the cruise experience.

“This is a process: we use presentations and spend time to build guest trust in the sales team, and back it up with events and promotions. Our cruise retail offering is in continuous evolution and what motivates the passenger to buy can be very different depending on where you are in the cruise schedule. It is a very different model than in an airport, and we look forward to see how we can develop it further in the future.”

Pittaway and his teams are looking forward to launch the MSC Seashore in 2021, which will have much more space dedicated to retail, as well as a huge beauty offering, along with accessories and a fashion boutique.
Quarter” and the 3-deck high Ultimate Playground that is making history with the first roller-coaster at sea.

“We have developed a vision and concepts together with Carnival for Mardi Gras, that will be revealed later,” said Heubel.

William Butler, Vice President, Retail at Carnival Cruise Line, says that Carnival Mardi Gras will feature Carnival’s most extensive retail offering in the fleet.

While noting that it is still too early to divulge specific details, Butler tells TMI: “We are extremely proud to launch with our wonderful partners at Heinemann and Effy Fine Jewelers. We’ve worked closely with both partners to create the most exciting and entertaining product assortment that we know our guests will love. Our retail environment is thread throughout several areas of the ship on multiple decks. I can assure you our guests will be wowed by the breadth of offer and we look forward to sharing many more details closer to launch.”

Independence of the Sea

Heinemann added Royal Caribbean Cruise Line’s Independence of the Seas to its cruise portfolio last July. The 3,858-passenger ship is based in Ft. Lauderdale for its 5- and 6-day Caribbean cruises.

In May of 2018, the ship had gone through a major refurbishment as part of Royal’s $900 million “Royal Amplified” program, which introduced a host of new features from a virtual reality trampoline experience to two water slides and a kids’ aqua park.

The fine watch shop, designed and operated by Heinemann, onboard the Carnival Liberty.

The new retail offer includes a range of shops along the massive Royal Promenade, an at-sea mall that includes a logo shop, an essentials shop, designer fashions, handbags, watches and duty free.

Heinemann’s special relationship with MSC

Parent company Gebr. Heinemann has been partnering with leading European cruise company MSC for the past 10 years, supplying products and logistical support for the fast growing line, which handles its retail concessions inhouse.

In fact, Heinemann opened the Miami office -- which was a strategic milestone for the company -- in November, 2013, to act as a distribution partner to MSC Cruises in order to supply MSC’s fleet in Miami, the Caribbean and South America. Heinemann supplies the core duty free categories to MSC in the U.S., including liquor, tobacco, confectionery and beauty products.

“MSC came to the U.S. the same year that Heinemann opened their Miami office -- we have been evolving together at the same time,” Adrian Pittaway, Head of Retail for MSC, tells TMI.

“Our strong global relationship was instrumental in Heinemann opening our office in Miami,” confirms Heubel. “You could say that our story in the Americas started with our partnership with MSC.

“Today in Miami we want to grow our proven business model for the past 140 years, to the U.S. and North America in all channels, but initially it started with the partnership with MSC. MSC is a great example of how a long-term partnership is the cornerstone of the success of Heinemann globally,” she concludes.

Carnival’s Butler comments on the impact of COVID-19 on cruise business

“It has been a challenge over the past several days since we announced our suspension, but our industry will bounce back. Although this point in time can feel a bit uncertain, I am proud of what Carnival Cruise Line and the Corporation have done thus far to protect the health and well-being of our guests and crew. I’m grateful for the partnerships with our retail partners and suppliers and I look forward to our industry-wide relaunch soon. Our retail partners and suppliers are an integral part of the Carnival Cruise Line experience and we will come back stronger than ever before.

“We are all eager to celebrate the relaunch of the industry…and of course the launch of Carnival Mardi Gras.”
Baja Duty Free’s 30th anniversary celebration on hold for now

Baja Duty Free was just beginning a year-long celebration of its 30th anniversary, when COVID-19 ground the activities to a halt.

The retail arm of Fairn & Swanson opened its first store in a small shopping center in San Ysidro, California, near the border with Tijuana, Mexico in December of 1989.

“There were only the UETA duty free store and Baja Duty Free in the area then,” recalls Irene Rojas, Marketing Manager of parent company Fairn & Swanson. “We opened a 1,200 square foot store in a small shopping center selling the basic core duty free products. Business was so good that in 1994 we moved to a new 5,500 sq. foot location across the street.”

The company opened a second small store in San Ysidro in 2002, and today operates nine stores, three in Texas and six in California, along with a 12,000 square foot warehouse in Otay, CA.

“Little by little we saw opportunities to open more locations,” she said.

As of press time, the Baja Duty Free stores are continuing operate, says Rojas, although some are on reduced hours, especially in Texas

The U.S. and Mexico suspended “non-essential travel” not related to trade and commerce, education, and medical purposes, at all ports of entry, on Friday, March 20.

“Because we sell water, sodas, snacks and beer, those categories are considered groceries, so the stores are able to stay open. We are implementing all required safety guidelines with the staff and customers. The border crossing is limited to U.S. citizens and working people with a valid working permit,” she explained.

“The situation is changing day by day. The domestic mall near us had closed but BDF had seen a steady flow of customers as recently as the last week in March. Traffic has slowed down since the non-essential traveling restriction was enforced, although U.S. citizens and people with working visas can still cross the border. The decrease in traffic has also been affected by the ‘stay home’ regulations,” she said.

The original plan to celebrate the anniversary entailed a year-long campaign throughout its various locations to offer incentives and special events to customers. Partnering with its suppliers and local media, Rojas and her team had planned to offer GWPs, raffles, promotions and contests to entertain and add value for its customers in the different cities where it operates.

“At least this was the plan before the virus hit,” said Rojas. “Working with our vendors, and using local radio for live broadcasts from our stores, we wanted to share our celebration with our customers across all our points of sale. We were going to have give-aways and raffles with prizes that included tickets to local attractions like the zoo and Legoland. We even launched a new logo in December to commemorate the anniversary, which we incorporated into our store uniforms and all our POS.”

“The idea of the celebration was to spread activities throughout the year and share it with our customers, but it is all on hold for now.”

“It is so important to be one-on-one with our customers, That is our secret for being in business for so long – it is thanks to them, our customers, for being so loyal.”

Baja Duty Free was able to celebrate the anniversary for one month only before COVID-19 hit, notes Rojas, who hopes to restart the events after the crisis has passed. “We will see when we can activate them again and look forward to restarting the celebration,” she said.

Baja Duty Free currently represents 45% of the overall F&S business, with the rest generated by ship chandelling and distribution activities. Fairn & Swanson supplies products to a number of independent duty free stores along the border, as well as some overseas bases, says Rojas. Supplying cruise ships is one of its major channels.

The Fairn & Swanson company had began supplying duty free products to marine vessels visiting the Port of San Francisco in 1949. When company founder Wolfgang Uhlig opened the first Baja Duty Free store back in 1989, it was with the full support of his ship chandelling suppliers.

“Wolf had great business partnerships with a lot of the suppliers and they were very supportive about him exploring other types of businesses in travel retail. We had a warehouse at the time in Los Angeles to supply cruise ships and San Diego/ San Ysidro was not that far, so he saw the opportunity to open a duty free shop for the southern border.

“And that led to the opening of our first store in San Ysidro in 1989. In 1997, he opened the first store in Texas, in Eagle Pass, and through the years he saw opportunities to open more stores.

“When we opened we sold only the core products, perfume, tobacco, liquor, but we have expended to such a degree that we even opened a shop-in-shop for Diageo in San Ysidro and in Calexico,” she says.
SeaWalk debuts in the Americas at Jamaica’s new Port Royal

SeaWalk, the Norwegian break-through floating cruise pier, celebrated its first use in the Americas in January during the inaugural ship call at the newly built Port Royal Cruise Port in Jamaica, near Kingston.

On January 20, Marella Cruise Line’s Discovery 2 arrived and disembarked passengers at the historic port, using SeaWalk, a floating articulated bridge that is motorized and under electronic control.

The SeaWalk unfolds to meet a ship off the shore (analogous to a jet-bridge at an airport). It is anchored at the port at one end and positioned and secured alongside the ship at the other end allowing passengers, baggage, trolleys and crew to move from the ship to the bridge to the port.

SeaWalk not only facilitates the berthing of vessels in Port Royal, it does so without the dredging and extensive infrastructural works typically required to construct a conventional berthing system. This ground-breaking environmentally-friendly technology was one key reason that the Port of Jamaica signed with the company in 2018, which was SeaWalk’s first sale in the Caribbean.

“The use of the SeaWalk technology in Port Royal enables the PAJ to both adhere to its environmentally conscious operational practices as well as fulfil the objective of establishing Kingston as a permanent cruise port destination,” said PAJ in its official announcement. It is Jamaica’s fifth cruise port, joining Montego Bay, Falmouth, Ocho Rios and Port Antonio.

The port has been built nearby historic Port Royal, a notorious “pirate city” that was hit by a devastating earthquake in 1692 followed by a tsunami. The remains of the city are now under 40 feet of water.

Protecting the environment is particularly important at Port Royal, which is being preserved by the Jamaica National Heritage Trust. The ecological and historical environment in Port Royal includes a sunken city, buried artifacts and archeological assets is highly sensitive and protected. Port Royal will only take one ship at a time, as a way of not overwhelming the fragile environment of historic Port Royal.

“SeaWalk is a solution and really the only thing that could work in a place like Port Royal because of the pristine environment, and we wanted to preserve what is there,” Ole Hegheim, Chairman of SeaWalk, tells TMI.

“We have a very minimal environmental footprint and because of the environmental issues at Port Royal ours was the perfect solution. I first heard that Jamaica wanted to build a cruise port at Port Royal 15 years ago, but they could not have built a permanent pier in that area.”

Hegheim also explains that the cost of SeaWalk compared to a fixed pier is a significant advantage.

“We are normally less than half the cost of a normal pier. Of course that depends but we are substantially less expensive than a normal pier. Also, as a floating structure, our piers can be financed almost like a ship.”

Flexibility is another huge advantage, explains Capt. Svein Sleipnes, regional representative for SeaWalk in the Americas. “We have a quick release system, that allows us to secure the pier in case of a major hurricane,” he says. “Kingston is one of the largest natural harbors in the world, and very well protected, but with the quick release system you can disconnect the pier from the shoreside depending on the tidal range.”

SeaWalk Port Royal was constructed at the Vard Promar ship yard in Brazil and transported to Kingston, Jamaica in February 2019. At that time the landside facilities were being built by the POJ; SeaWalk was hooked up in August last year, while the official public inauguration took place in January 2020.

“We delivered on time and on budget,” said Sleipnes. “We always give a fixed price and there is no risk unlike with building a permanent pier where there is always a risk with the seabed. We take that risk away with our technology.”

The technology of SeaWalk could be the way forward in the future.

“We have had more than 650 calls on our piers across the world,” says Hegheim. “They are very well tested, and all the cruiselines report a very good experience with it. We are hopeful that when this current situation is over the cruise lines will have use for an environmentally friendly, cost-efficient pier that can deliver cruise passengers to many new exciting places.”

“The Jamaican port authority was very happy with the pier and the functionality,” adds Sleipnes. “Working with POJ was a great experience and I was very impressed with what they were able to do on the shore side in such a short time. We are very happy with the team work.”
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Regency Group opens new Colon 2000 cruise port stores

The Colon 2000 cruise port in Panama now has a new duty free operation in effect.

Regency Group, a privately owned multinational company with headquarters in Panama, which won the concession to develop some 4,500 square meters of premium travel retail space within the terminal in 2018, held a soft opening of its new Colon 2000 cruise port store on December 27.

“The store was fully operational with the most important brands in February and the results per ship were in line with internal targets,” said Walter Aguilar, VP of business development who has been working with Regency on the Colon 2000 project since its inception.

Aguilar tells TMI that the company was “making the most of what was left from the cruise ship season,” when the government of Panama gave an order to bar cruise passengers on March 13.

“In general we did not manage to have a full season with the store fully functional. But we are ready for the new season and very positive that the whole worldwide situation will turn around and the industry will be back and become even stronger,” he comments.

Regency Group took over the Colon 2000 cruise terminal concession on June 1, 2019. Located on the Atlantic side of the country at the entrance to the Panama Canal within what is billed as the world’s largest free zone, the Colon 2000 cruise terminal is undergoing a major upgrade that will include a massive rebuild and expansion of the duty free shopping area.

Regency Group is the exclusive duty free operator in both terminals 1 and 2, and will also be the anchor retailer in the new shopping mall galleria being built behind the cruise terminals, which is tax-free.

About 1,000 square meters of retail space will be a dedicated duty free cruise port store carrying all the major categories, along with luxury fashion products and watches and jewelry. A second shop in cruise terminal 2 will cover between 300-400 square meters of space.

Regency’s tax free store, which will be in the main concourse of the Colon 2000 shopping gallery behind the duty free terminals, will be opened next.

Primarily a home port now, the developers have confirmed port calls for Colon 2000 from nearly all the major cruise operators, including Carnival, Royal Caribbean, Norwegian, Holland America and MSC, as well as luxury lines Celebrity, Seabourn, Azamara, and Crystal, among others.

Regency Group, with operations in Central & South America and the Caribbean, is a leading regional player in retail, real estate development, banking, insurance, tourism, energy and logistics businesses.

The Regency Group-operated duty free stores at Panama’s Colon 2000 cruise port carry a full range of core and specialty merchandise.
Treating and snacking, made better for travelers. Better moments with great brands, more fun, and more opportunities to snack on-the-go, treat others, and bring gifts for loved ones.
Crisis in Latin America by John Gallagher

The Latin American duty free market has always been volatile. But without a doubt, with only one quarter of the year under our belts, 2020 will go down as the craziest year in our lifetime.

The year started with regional economies showing signs of low single-digit GDP growth but unclear economic prospects in Brazil and Argentina were clouding the short-term future.

Airport traffic figures were slightly ahead of expectations in January. The first few days of February were also positive and passenger traffic on ferries linking Argentina and Uruguay was slightly up in the first two months of the year compared to 2019 and much better than forecast.

The much-expected boom from the new “lojas francas” in Brazil failed to materialize with the newly opened stores lead new “lojas francas” in Brazil failed to materialize with the newly opened stores lead new "lojas francas" in Brazil failed to materialize with the newly opened stores lead new "lojas francas" in Brazil failed to materialize with the newly opened stores lead new "lojas francas" in Brazil failed to materialize with the newly opened stores lead.

Meanwhile the traditional border stores in Uruguay, Paraguay and Argentina reported sales in line with or just slightly ahead of the same period in 2019; the disappointing news was that sales were still below levels reached 4 and 5 years ago. Many store operators had been expecting significantly higher sales following the approval of increased duty free allowances late last year – but in most cases these did not happen.

The COVID-19 virus hit Latin America a few weeks after it attacked Europe and Asia. The first case in Brazil was reported on February 26 and slowly cases were reported in other countries with the total reaching 11,000 just as we go to press.

Measures to counteract the virus have been taken in most countries with flights to high risks countries in Europe, Asia and North America cancelled. Lockdowns were imposed and schools and non-essential businesses closed. Strangely enough, Brazil’s President Jair Bolsonaro refused to acknowledge the seriousness of the virus threat and has failed to adopt similar measures that have been taken in neighboring countries. All this, in spite of more than 4,600 confirmed cases and upwards of 160 deaths. As a direct result, former Bolsonaro ally Joao Doria, the governor of Sao Paulo state, has taken direct action in a bid to stop the growth of the virus in the state that he controls, closing non-essential businesses and introducing social distancing guidelines.

As the pandemic spreads, financial commentators voice worries about the effect on the regional economy as major industries begin closing down. Original GDP estimates of between 1.5 and 2.2% annual growth for the continent have been revised downwards by between 0.5 and 1.0% (see more on this in the IMF report on page 28.)

Currency fluctuations are also making economists nervous. The Brazilian Real depreciated to over 5 to the US Dollar after starting the year at just around 4. Sharp currency fluctuations are historically bad for the border duty free trade and with the onset of the coronavirus and a reduction in the number of tourists, border and low tax stores in Paraguay, Uruguay, Brazil and Argentina initially reduced opening hours but then finally closed by the middle of the month.

Sales in airport stores have also fallen dramatically after a positive start to the year. Extensive flight cancellations have reduced passenger numbers with no indication when international services will recommence.

What does the short-term future hold? Flight schedules will run over the next two months at around 10% of the initial plans. Quarantine and lock downs will be extended until after the Easter vacation and are predicted to be in effect until the end of April. Social unrest and political turmoil could be in the cards especially in the poorer areas of the big conurbations in Argentina, Brazil and Chile.

What is evident is that no one is making plans to take a plane to visit friends or to say hello to customers. No one is booking hotels. No one is browsing the Airbnb website and rental cars are motionless in the airport parking lots.

There is absolutely no certainty in the travel retail business – now. Clearly there are huge challenges ahead for everyone. Once the virus recedes, we will have to give people incentives to travel and once they travel, we will have to make them want to shop. There is a long road ahead for all of us.

New duty fee legislation proposed for Paraguay

Paraguayan’s position as the only country in Latin America with no clearly defined legislation to control the duty free and travel retail industry may be changing. A multi-party group of senators has petitioned the government to create duty free zones adjacent to the country’s borders as a way to encourage the development of shopping tourism in Ciudad del Este, Salto de Guairá and Pedro Juan Caballero.

The group formed by senators Enrique Bachetta, Gregoria Arrúa, Juan Bartolomé Ramirez, Abel González, Arnaldo Franco and Zulma Gómez is looking to guarantee a series of fiscal advantages for border retailers through corporate tax breaks, reduced rates of VAT and modified customs duties.

Juan Vicente Ramirez of the Ciudad del Este Chamber of Commerce says, “Given that Brazil has authorized duty free shops on its borders and stores are opening in Foz de Iguazu and have a very big duty free store in the Argentine town of Puerto Iguazu, we are insisting to our government that they create a similar situation here to allow us to compete effectively. The legislation in Mercosur allows our government to use similar laws and directives to allow border retailers to compete with our neighbors.”

However, Asuncion-based retailers and importers are arguing against the proposals, saying that border retailers will have an unfair advantage and that merchandise for sale to tourists could be diverted to the local market.

The border retailers lobby and senators have reportedly been hoping to rush through an initial draft of the legislation in the Paraguayan parliament. However, the coronavirus crisis looks likely to delay any new legislation in the short term.
PREMIUM SUPERIOR VODKA
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"For the region, a 2020 with negative growth is not an unlikely scenario." - International Monetary Fund

IMF REPORTS

COVID-19 Pandemic and Latin America and the Caribbean: Time for strong policy actions

The International Monetary Fund began a series providing regional analysis on the effects of the coronavirus. This excerpt is from the first of the series, by Alexandro Werner, issued on March 19, 2020.

“COVID-19 is … no longer a regional issue—it is a challenge calling for a global response. Countries in Latin America and the Caribbean have been hit later than other regions from the pandemic and therefore have a chance to flatten the curve of contagion,” begins the IMF blog.

“Efforts on multiple fronts to achieve this goal are underway. In addition to strengthening health policy responses, many countries in the region are taking measures of containment, including border closures, school closings, and other social distancing measures.

“These measures, together with the world economic slowdown and disruption in supply chains, the decline in commodity prices, the contraction in tourism, and the sharp tightening of global financial conditions are bringing activity to a halt in many Latin American countries—severely damaging economic prospects. For the region, the recovery we were expecting a few months ago will not happen and a 2020 with negative growth is not an unlikely scenario.”

Deep impact

The resulting increase in borrowing costs will expose financial vulnerabilities that have accumulated over years of low interest rates, the report continues. “While the sharp fall in the oil price is expected to benefit the oil importing countries in the region, it will dampen investment and economic activity in countries that are heavily dependent on oil exports...[service] sectors such as tourism and hospitality, and transportation [will be] particularly affected.

“The economic impact of the pandemic is likely to vary due to regional and country-specific characteristics.

“South America will face lower export revenues, both from the drop in commodity prices and reduction in export volumes, especially to China, Europe and the United States, which are important trade partners. The sharp decline in oil prices will hit the oil exporters especially. The tightening of financial conditions will affect negatively the large and financially integrated economies and those with underlying vulnerabilities. Containment measures in several countries will reduce economic activity in service and manufacturing sectors for at least the next quarter, with a rebound once the epidemic is contained.

“In Central America and Mexico, a slowdown in the United States will lead to a reduction in trade, foreign direct investment, tourism flows, and remittances. Key agricultural exports (coffee, sugar, banana) as well as trade flows through the Panama Canal could also be adversely affected by lower global demand. Local outbreaks will strain economic activity in the next quarter and aggravate already uncertain business conditions (especially in Mexico).

“In the Caribbean, lower tourism demand due to travel restrictions and ‘the fear factor’—even after the outbreak recedes—will weigh heavily on economic activity. Commodity exporters will also be strongly impacted and a reduction in remittances is likely to add to the economic strain.”

Policy priorities

“The top priority is ensuring that front-line health-related spending is available to protect people’s wellbeing, take care of the sick, and slow the spread of the virus. In countries where there are limitations in health care systems, the international community must step in to help them avert a humanitarian crisis.”

In addition, targeted fiscal, monetary, and financial market measures will be key to mitigate the economic impact of the virus, says the IMF, recommending that governments use cash transfers, wage subsidies and tax relief to help affected households and businesses. Central banks should increase monitoring, develop contingency plans, and be ready to provide liquidity to financial institutions. Temporary regulatory forbearance may also be appropriate in some cases, it says.

“Given the extensive cross-border economic linkages, the argument for a coordinated, global response to the epidemic is clear.”

The IMF notes that countries were taking policy initiatives such as securing additional funds for health spending in many countries including Argentina, Brazil, Colombia, and Peru. Brazil also announced “an emergency economic package on March 17 that is targeted for supporting the socially vulnerable, maintenance of employment, and combatting the pandemic.”

In closing, the IMF blog iterated the importance of decisive actions to limit the economic fallout from the coronavirus and avert a humanitarian crisis.
We know and we notice the resilience that characterizes our partners, clients and suppliers. Because we have been there, with each one of them, for a long time.

Today, is the time to be healthy and take care of each other. Knowing that we will soon find ourselves transformed and ready to face new challenges and opportunities.
BEAUTY AT THE POINT OF SALE

Although travel retail stores throughout the world are currently not operating—TMI is delighted to spotlight some instore highlights from the end of 2019/early 2020. We truly look forward to being able to feature many more before this year is done.

Art Perspectives from Hermès

To end the year, Hermès set up an exciting holiday animation in the windows and sales floor of Parfumerie II in Grand Cayman.

The design for this animation was based on the art “Perspectives” by A.M. Cassandre, a renowned French graphic designer and stage designer, from the 1930s. Through Cassandre’s art clients were drawn to the holiday universe of Hermès and invited to experience the remarkable world of Hermès fragrances at the hand of Parfumerie II’s exclusive Hermès fragrance specialist.

His & Hers, Good & Bad from Carolina Herrera in Martinique

Carolina Herrera showed her two sides last season at Galeries Lafayette in Martinique.

Side one featured Good Girl, the ultra feminine warm floral fragrance in its ground-breaking bottle shaped like a high heel shoe. Good Girl embraces the “unapologetic duality” of the modern women of today, Carolina Herrera’s boldest, most provocative statement to date, says the company.

On the other side, Carolina Herrera showed that there was also a new (bad) boy in town. Bad Boy Eau de Toilette – with top notes of bergamot, white and pink pepper, also expresses a duality, and contrasting characteristics in its lightning bolt-shaped bottle.

Both Carolina Herrera fragrances are represented by Essence Corp.
Loewe reveals nature and skin at John Bull in The Bahamas

Loewe Perfumes pays homage to German photographer Karl Blossfeldt, interpreted by contemporary artist Arno Rafael Minkkinen, in its latest collection of fragrances.

As the character of the house crosses multiple collections—including accessories and men’s and women's fashion—Loewe’s perfume division embarked on its own quest to bring out the essential traits that have informed its scents from day one, and found a natural connection to a theme at the forefront of Loewe.

Blossfeldt is known best for his stark close-up portraits of plants, twigs, seeds, leaves, and other flora. A series of his photos has been adopted to represent the new Loewe fragrances in a campaign encapsulated by the twin concepts of nature and skin. Each of the new Loewe fragrances has a unique character and personality which has been captured in different Blossfeldt images.

These beautiful visuals in the campaign, photographed in black and white by Arno Rafael Minkkinen, are displayed in John Bull Bahamas and reflect the elegance of the Loewe fragrance.

Montblanc Explorer travels the region

Montblanc Explorer, the 2019 men’s fragrance from the luxury brand made by Interparfums, claims to be an invitation to travel the world.

Combining contemporary craftsmanship and cutting-edge technology, Montblanc Explorer “transports” its users with an unconventional woody-aromatic-leather fragrance. From the top note of bergamot from Italy, to a dry down of rich, warm leather and woody Haitian vetiver, the ingredients span the globe.

Representative Essence Corp held HPPs for the brand throughout Latin America, as shown here at Cidecof Mexico (left), Motta Colombia (right) and Motta Ecuador (not shown).
The New Fragrance
COACH DREAMS Live Yours
Coach fragrances bring its New York attitude to Argentina

Coach fragrances (Interparfums) brought its New York attitude and American authenticity to the Dufry stores at Buenos Aires Ezeiza International Airport for an HPP featuring the Coach for Men and Coach Platinum fragrances.

Coach for Men, a woody scent with a fresh top note, and a spicy heart that first launched at the end of 2017, was Coach’s first men’s fragrance and is described as energetic, confident and cool. It captures Coach’s belief of being enduring and grounded and blends it with a modern spirit of youthful possibility, upbeat optimism and freedom.

Coach Platinum for men followed in 2018. The fragrances symbolize the spirit of Coach-- everyday luxury, and a signature that makes a lasting impression.

The Coach fragrances are represented by Essence Corp.

Coach Floral Blush celebrates Americana

The new fragrance for women Coach Floral Blush enveloped Cidecof Mexico with its fruity and floral scent of goji berries and grapefruit. The heart features peonies with a splash of peach before drying down to delicate white woods and musks.

Coach Floral Blush is inspired by the Tea Rose, a Coach code and a symbol of the Coach Girl’s wild, feminine spirit. A celebration of Americana, the iconic flowers also speak to the romance of adventure and a sense of possibility.

Versace Eros Flame sails with Princess

The fiery red, intensity of Versace’s newest launch, Eros Flame, was featured in the windows of Princess Cruises. Inspired by Eros, the mythological God of Love, the fragrance is characterized by head notes of lemon, tangerine and bitter orange then warmed with notes of black pepper and aromatic wild rosemary, pepperwood, geranium and rose facets. The base features precious woods, tonka bean and vanilla.
**Coty unveils new face and eye makeup collection from Gucci Guilty**

Coty has unveiled a makeup collection from Gucci Beauty that includes a face powder and an eyebrow pencil available in 6 different shades.

Designed by Gucci’s Alessandro Michele, the new Gucci Beauty launch includes three products: Poudre De Beauté Mat Naturel, a smoothing mattifying pressed face powder; Crayon Définition Sourcils, a defining brow pencil; and Éclat De Beauté Effet Lumière, a gloss-effect multi-use face gel.

**Poudre De Beauté Mat Naturel**

Encased within a pale pink refillable click compact with gold trim and mirror, Poudre De Beauté Mat Naturel is signed with Gucci lettering. Available in 12 shades and suitable for all skin types, it has a soft sponge applicator crafted from microfiber textures and designed with a foldable double material construction to allow for versatile application and coverage in hard-to-reach areas. The formula glides on for a customized and buildable application, from natural to medium.

**Crayon Définition Sourcils — Powder Eyebrow Pencil**

Crayon Définition Sourcils powder is housed within a dual-sided pencil, with a spoolie at one end. It allows color to be combed through the brows, and the easy-to-blend formula does not smudge, bleed, transfer or migrate once applied.

Available in six shades from Auburn to Noir, it covers every complexion and brow color.

**Éclat De Beauté Effet Lumière — Multi-use Gel Gloss**

Éclat De Beauté Effet Lumière creates a luminous light effect in a lightweight gel texture, for eyes, lips and cheeks. A versatile gloss delivers a transparent veil of high shine that amplifies makeup, says the company.

It is available in one, universal gloss.

**Coty produces hydro-alcoholic hand sanitizer to help combat COVID-19 virus**

_Coty Inc. announced on March 25 that it has started producing hydro-alcoholic gel, which is used as hand sanitizer, to help combat the COVID-19 virus._

Production and donations are expected to reach tens of thousands of units per week, said the company. The products are free of charge and are being distributed to medical and emergency services staff who are facing shortages due to the fast-spreading COVID-19 virus. Products will also be provided to Coty employees working in the plants and distribution centers producing sanitizers, as well as pharmacy staff at some retail customers.

The Company has produced its first batches of hand sanitizer at factories in the United States and Monaco.

Additional factories were do to start production within the week. Production depends on the resources and materials available as well as local government regulations, said Coty in its official announcement.

**Coty launches new Burberry Her fragrance in homage to London**

Burberry has introduced the fourth edition of its Burberry Her fragrance, called Her London Dream Eau de Parfum. Embodying a relaxed and youthful sense of style, Cara Delevigne continues to be the face of the brand in a series of images shot throughout London by Juergen Teller.

Featuring top notes of lemon and ginger, a heart of peony and rose accord and a base of musk, Her London Dream contains the same notes as the first three fragrances in the line, shaped into a different olfactive family, says the company.

Made from smooth, curved glass, the bottle is inspired by an archival Burberry fragrance design in a darker look. Customers will be able to personalize the fragrance by adding a gold charm in brass engraved with initials on Her bottle’s neck.

Burberry Her London Dream became available as of April 1.
Essence Corp. hosts region-wide Beauty Advisor Seminar in Mexico’s Playa del Carmen

Essence Corp.’s 2019 Beauty Advisor Seminar for Travel Retail of the Americas took place last September in Playa del Carmen in the Mexican Riviera Maya.

The seminar hosted 53 Beauty Advisors from 12 different countries throughout the region, for a week of activities and trainings provided by the Essence Corp Sales and Training teams.

Throughout the course of the week, the BAs discovered the upcoming 2020 novelties from the brands represented by Essence Corp, reviewed important merchandising and brand guidelines, sales tactics, and participated in brand workshops.

But it was not all work. The participants had time to enjoy such fun activities as snorkeling, an energy-filled morning yoga session sponsored by Rituals, and a day trip on a catamaran.

In addition, the BAs enjoyed beautiful brand-sponsored evening parties, including the Welcome Cocktail with a view from the rooftop, the Red Night celebrating spirituality and the launch of Versace Eros Flame. A dance-filled Mont Blanc Explorer White Party closed the week-long event.

53 Beauty Advisors from across the Americas attended Essence Corp’s 2019 TR Beauty Seminar.

Rituals launches special collection that enhances relaxation and sleep

Rituals has launched a new collection — the Ritual of Jing — inspired by the ancient Chinese concept of calmness, stillness and tranquility.

The Ritual of Jing comprises two ranges — Relax and Sleep.

The Relax range provides a calming and soothing experience with a warm, floral fragrance based on the essential oils of sacred lotus and jujube, combined with a bouquet of intense blossoms, soft woods and musks. It includes a Foaming Shower Gel, a Body Scrub composed of ultra-fine bamboo particles and a rich cream base, Body Cream, and Hair and Body Mist Fragrance.

Other products in the collection include an easy-to-use Relaxing Serum roller, which combines Chinese peppermint and Jujube, a Scented Candle, a Ritual of Jing Relax Tea infused with Chamomile and Verbena, and a nourishing Hand Lotion.

The Sleep collection features a fragrance based on lavender and sacred wood essential oils, which helps to promote quality sleep.

The collection includes a scented Massage Candle, the Ritual of Jing Sleep Tea, a high-quality herbal infusion of lavender and valerian; Shower Oil, Magnesium Bath Crystals, a Dry Oil, a Foot Mask and a Pillow Mist.

Neil Ebbutt, Rituals Director Travel Retail, comments: “All too often our health is compromised when traveling due to a number of reasons, including stress, jet lag and a change in environment. We’re confident that by incorporating The Ritual of Jing into their daily routines, travelers will be relieved of stress and able to unwind after a long journey.”

Rituals is represented by Essence Corp. in the Americas travel retail channel.
Global health pandemic halts travel worldwide

This is an issue of Travel Markets Insider magazine that I never envisioned we would be writing.

The spread of this horrific virus across the globe has been particularly hard on the entire travel-related industry. COVID-19 has ground international and domestic travel to a halt, decimated air traffic, closed borders, wiped out economies and self-quarantined millions of people worldwide—not to mention the unimaginable suffering and loss of life.

Up until the insidious spread of this COVID-19 nightmare, it had been business as usual, albeit with regional and local challenges. Nevertheless, the travel retail business throughout most of the world was strong, in some cases quite robust. Our Canadian report on page 16 is a perfect case in point:

Canadian tourism again turned in its best year on record in 2019 in what I am calling “Before Coronavirus.” Just three months into 2020, air travel has fallen to such a degree that the Ottawa government this week announced that it is waiving lease rents for all the Canadian airports that pay it rent from March to December.

The entire world is going through serious turmoil with an unprecedented health crisis. Nearly every island nation in the Caribbean, desperate to control the spread of the disease, has stopped all tourism and incoming arrivals, imposed curfews and closed borders. Cargo flights—the lifeblood of the world right now, do continue. Yet before coronavirus, the Caribbean had been forecasting record recovery and tourism.

Cruise lines may be one of the most seriously hit channels, as some ships became epicenters of disease and must have stopped sailing for the foreseeable future. Servicing the huge debt carried by many lines may be an insurmountable challenge if they do not receive government aid.

Although the situation is changing daily, key organizations are trying to assess what lies ahead and how the travel-related industries will cope. Whatever the future holds, we must work together as much as possible and reimagine what the new reality will look like once global air travel is able to resume.

To that end, TMI has tried to present a timely and accurate picture of what is taking place today, as well as what had taken place up until the outbreak of the global health threat, laying the groundwork for what will be afterwards. We would like to give a very heartfelt thank you to all of our media partners who continued to invest with us in this issue. We wish everyone of our readers good health. Stay safe.

Lois Pasternak, Editor/Publisher

The most comprehensive coverage on the duty free and travel retail markets in the Americas for the last 22 years.
Spanish jewelry brand Unode50 targets travel retail growth in the Americas as it celebrated a record 2019

Spanish jewelry brand Unode50 enjoyed a spectacular year in 2019, and was gearing up for an even better 2020.

Not only did the brand known for its hand-crafted limited edition collections of watches, necklaces, rings, and bracelets made in Spain deliver its best sales and EBITA ever, but the company opened up 17 new retail points of sale, including in the Americas and travel retail, says Americas CEO Jason McNary.

“We were scheduled to open our first stand-alone branded travel retail store in the Americas on April 30, with Hudson Group at Seattle Airport in the Delta Terminal,” says McNary. “This was to be followed by a second airport store in Salt Lake City, to be followed by another store in Charlotte Douglas with Paradies Lagardère.”

McNary tells TMI that the company last year debuted in Puerto Rico with a store in Ponce and two duty free shop-in-shops with Dufry in the airport, although these corners are not carrying the full line.

The brand also opened in Panama, and in the U.S., at Macy’s in New York and Chicago in 2019. It also strengthened its presence in Mexico with five openings in Palacio de Hierro.

“North America and South America are our largest markets,” says the experienced executive, who headed up the Agnes b. fashion brand in the Americas before his current position. “And we see travel retail as a most important growth channel for the brand and a way to introduce the brand to new audiences.”

Unode50 is also targeting the cruise channel where it is listed with Starboard and Princess, and has a very strong wholesale business in the Caribbean, says McNary.

The brand name of Unode50 (one of 50) comes from the company’s original philosophy of creating only 50 units of each design. Although the company’s global volume no longer makes this limited production feasible, the company continues to create four limited edition collections a year and each of these features a necklace that is one of 50.

Unode50 ended 2019 with revenue of around 60 million euros (US$65.3 million) and increased its gross operating results (EBITA) by 62%.

For 2020, the Spanish jewelry company had expected to boost its international business further with new openings in the United States, United Kingdom, Asia, and through e-commerce on Amazon and Zalando. The online channel grew by 25% for Unode50 in 2019.

Renderings of the first two Unode50 travel retail airport stores in the U.S. The boutique at Seattle-Tacoma International Airport (bottom) was scheduled to open at the end of April in association with Hudson; to be followed by the opening of a second boutique at Salt Lake City International Airport.
Global cannabis company based in Colombia launches CBD skincare line targeting TR

The beauty industry’s obsession with CBD isn’t slowing down and Khiron, a Colombian company whose well-being unit has produced the first branded CBD skincare line in Latin America, Kuida, is targeting travel retail as a key channel for international distribution.

Incorporated as a public company in Canada, Khiron is based in Colombia with manufacturing in Colombia, Spain and soon to open in the United States in Nashville.

Colombia was one of the first Latin American countries to legalize cannabis in 2017. Khiron Life Sciences, the parent company, was created to produce THC and CBD medical products, and has since introduced the country’s first ever line of CBD products.

Kuida CBD skincare line is distributed at retail and online across Colombia and since last November, very selectively in the United States, where it debuted in an exclusive CBD boutique on Rodeo Drive.

The company is highly invested in research & development and committed to a patient-oriented operational model, Khiron skincare director Elsa Navarro tells TMI.

Khiron’s consumer products are just one of four main areas of the company: it also has clinics, medical products and...
R&D, in addition to the well-being division.

“So people buying our products realize that they are getting products produced from the highest standards in the cannabis industry,” explains Navarro.

“There are a lot of CBD brands in the beauty industry but too often a lack of consistent quality in the ingredient. Our main advantages are that our products come from a cannabis [and pharmaceutical] company, we use the highest quality and have a better understanding of how to use the CBD,” says Navarro.

“We think that the CBD ingredient needs to be more understood. Our company is always encouraging research and uses this research to back up any claim that we make. You will not find any claim on our packaging that is not supported by research.”

**Kuida’s unique synergy**

According to the company, Kuida stands out because of its proprietary formula called CBDERM.

With CBD derived from hemp as the main ingredient, CBDERM is CBD plus a higher portion of other active ingredients, acting together in synergy that results in a more powerful formula than one with just CBD, says Navarro.

“When CBD enters into this formulation, it enhances the efficacy of the other ingredients. This formula is a powerful antioxidant, and with its other cosmeceutical ingredients works strongly on hydration and is especially good at anti-aging and retaining water in the skin.”

The full Kuida range of products each has its own special attributes. The night cream, for example, helps to regenerate skin cells while the user is sleeping. The full range of 11 products were to be featured at the Summit of the Americas in Orlando, before it was cancelled, as well as at Cosmpof in Italy.

**Travel Retail: perfect channel to help consumers understand CBD**

Navarro believes that travel retail is a perfect landscape through which to introduce the Kuida products because it allows the brand to have a one-on-one relationship with the final consumer. It is working with travel retail specialist Nick Tamma, who represents the brand globally in the channel and in the domestic Florida market.

“Cannabis needs to be understood on a first-hand basis. Getting the message from an advertisement or a counter that doesn’t have the right information, isn’t really enough,” says Navarro. “Our strategy is to contact travelers in select airports or cruises using beauty advisors who have been specially trained in the product. The BAs will have a deep understanding of the products and time to explain on a one-to-one basis.

“The first questions we always get are ‘Am I going to smell like pot?’ ‘Am I going to get high?’ and ‘Am I going to get arrested?’ We think the travel retail industry can open space that no other industry or strategy in the beauty industry is able to offer.

“The cannabis industry is getting a lot of attention and many CBD products are getting on shelves by making their claims, so now is the opportunity to show that we really know the category and can teach the consumers about the products that can be trusted.”

**CBD vs Hemp**

In addition to the 11-product Kuida range, Khiron has created a brand of Hemp products for travel retail under the name Kredo.

“We need to teach people the difference between CBD and Hemp seed oil. The benefits between them are quite different,” says Navarro.

CBD is one of the cannabinoids that comes from the cannabis plant; and hemp seed oil comes from the seed of the plant and does not contain cannabinoids.

“But the hemp oil is rich in nutrients, fatty acids and bioactive compounds – it is one of the richest emollients, and is very good against some inflammation. We have just launched in Colombia three different Kredo hand creams that are meeting the standards of the industry: a very light texture for daily use; a formula for intense hydration and a third with anti-aging properties.”

**Consumer focus and clinical trials**

With its Kuida and Kredo beauty products, Khiron feels that it is creating a new category, says Navarro.

“Our company always focuses on the consumer, on the patient. Whereas other companies focus more on the business aspect, Khiron’s purpose is getting to the consumer with the right product, with the right information, so they know it is the most reliable, best product, meeting the highest quality standards. We are always trying to exceed the consumers’ expectations,” she explains.

To this end, the company recently held a forum with the Centro Dermatológico Federico Lleras Acosta (Colombia’s leading dermatological institution, administrated by the government) and signed an agreement for the first clinical trial of cannabis in dermatology in Latin America.

“This is a very important milestone that represents a successful union between the private and the public sectors towards the scientific development of the region. We try to make people’s lives better every day,” she concluded.

The Kuida CBDerms skincare line and Kredo hemp products are represented in travel retail worldwide by Nick Tamma at American Caribbean Gateway. For more information, contact him at Nick@usaacg.com
Spirits companies step up in times of crisis

Pernod Ricard donates alcohol to produce hand sanitizer around the world

Pernod Ricard has announced it is mobilizing its affiliates globally to deal with the shortage of hand sanitizer.

In France, the company Ricard SAS is donating 70,000 liters of pure alcohol to Laboratoire Cooper, one of France’s leaders in everyday health products, and the leading supplier of hydroalcoholic gels to pharmacies.

This will allow Cooper to increase alcohol deliveries to pharmacies to produce hydroalcoholic gel, the equivalent of approximately 1.8 million individual 50 ml vials. Laboratoire Cooper is committed to donating the equivalent of the donation to various health care associations.

Other Pernod Ricard subsidiaries around the world are also contributing to local efforts to fight the pandemic and help their communities.

In Sweden, the distillery of Absolut Vodka is offering spirits at large scale to produce hand sanitizer for public health care.

In the U.S., Pernod Ricard’s Ft. Smith, Arkansas manufacturing plant and distilleries for Rabbit Hole (Kentucky), Smooth Ambler (West Virginia) and TX Whiskey (Texas) are producing hand sanitizer.

In Spain and Ireland, Pernod Ricard Spain and Irish Distillers have announced they will put their technical, human and production facilities at the service of the authorities to produce hand sanitizer.

Brown-Forman announces $1 million donation for COVID-19 response funds

Brown-Forman Corporation announced a donation of $1 million to COVID-19 response funds. The donation supports multiple locations and agencies as the company assesses community and industry needs and identifies the best ways to support those impacted by COVID-19.

Brown-Forman partnered with the Restaurant Workers’ Community Foundation to support their COVID-19 Crisis Relief Fund. As part of this partnership, the company is encouraging people to make a donation to the foundation and will match dollar-for-dollar donations (up to $100,000). Please visit https://bit.ly/RWCFReliefFund to make a donation.

Brown-Forman has also joined its colleagues in the Distilled Spirits Council of the United States and is making a donation to the United States Bartenders’ Guild (USBG) Foundation Emergency Assistance Program to help them during this time of need.

Brown-Forman made a donation to the One Louisville: COVID-19 Response Fund, which will rapidly deploy resources and financial assistance to households, businesses, and community-based organizations working at the frontlines of the outbreak in the company’s home city.

Campari Group donates one million euros to fight COVID-19

Campari Group has donated €1 million to ASST Fatebenefratelli Sacco, a public healthcare institution in Milan, for the Coronavirus emergency.

ASST Fatebenefratelli Sacco is a center of national excellence in the research and treatment of highly contagious and dangerous diseases, which is dealing with patients critically affected by COVID-19. The sum will be used to finance an Intensive Care Operational Unit to hospitalize critically ill patients who have tested positive to COVID-19. It will also supply a negative pressures system equipped with 10 resuscitation kits.

Bacardi diverts global production to increase hand sanitizer supply

Bacardi has announced it is producing more than 267,000 gallons (1.1 million liters) of hand sanitizers. Eight Bacardi-owned manufacturing sites across the United States, Mexico, France, England, Italy and Scotland are joining the efforts, following the company’s previous announcement that Bacardi in Puerto Rico would supply alcohol to make hand sanitizers. Across the sites, Bacardi is diverting its global production power, resources and processes to supply the much-needed alcohol essential for the increased production of hand sanitizers.

Bacardi is also playing a part in donating these products to local organizations and emergency responders, as well as its employees and contractors. In addition, the company is providing alcohol at cost to select partner companies looking to ramp up their production of hand sanitizers for commercial sale.

Tito’s Vodka donates $2 million, produces hand sanitizer

Tito’s Handmade Vodka has pledged $2 million in national support to organizations that are providing assistance to those affected by the current pandemic. That $2 million includes an immediate donation of $1 million between four organizations – CORE, USBG, Southern Smoke, and World Central Kitchen – and will fund an additional $1 million as it uncovers further needs stemming from the COVID-19 pandemic.

Tito’s Handmade Vodka is also producing 24 tons of hand sanitizer to help combat the COVID-19 pandemic, which will be distributed for free to those who need it most.

Beam Suntory and Southern Glazer’s donate $1 million

Beam Suntory and Southern Glazer’s Wine & Spirits (SGWS) will donate a total of $1 million to the United States Bartenders’ Guild (USBG) Foundation Emergency Assistance Program and the Restaurant Workers Community Foundation.

These organizations support the bar and restaurant community and are providing financial aid and other resources for workers who are most impacted by COVID-19 as a result of restaurant and bar closures across the country.

Additionally, Beam Suntory is working with its other distributors across various states to provide donations to local organizations that will further help support the trade in their respective communities during this challenging time.
Beam Suntory Travel Retail has a clear vision for its business strategy: the company wants to be the preeminent spirits supplier in global travel retail, John Rosair, Beam Suntory Managing Director – APAC & GTR tells TMI.

Rosair and Ed Stening, Global Marketing Director – Travel Retail, Beam Suntory, sat down with TMI at the TFWA World Exhibition in Cannes to pinpoint how the global spirits power is evolving to achieve its goals.

“We are really excited about the journey we are going to take. We are in phase three of a journey we started six years ago; then it was about making sure that we were on-shelf, in-store. That was our GTR strategy. In the last couple of years we’ve moved to much more customer engagement. And that’s allowed us to set ourselves up to take on what we think is the most exciting phase for GTR,” says Rosair.

“Our vision for this business is to be the shop window of the Beam Suntory portfolio for the world. We know that GTR is one of the most effective touchpoints for building a brand. We are going to move from just having a presence to focusing on our brands. That’s changed our marketing capability significantly. We also believe that we can be the go-to in the travel retail industry on how to drive foot traffic into stores, convert shoppers into buyers, and help increase basket size. If you go to a duty free store in an airport today you see us very differently than we looked before. Now we have beautiful activations built on insights; instead of a ‘we had some space so let’s fill it’ philosophy.”

Rosair says category management and research-driven shopper insights are key to the company’s success in the category.

“We are moving the commercial conversation away from asking retailers to sell our brands to offering them solutions to grow their businesses. It is a completely different mindset.

“We’ve identified the demand spaces that will drive both the consumer and the shopper purchases. For us, it is driving the bourbon category rather than selling only Jim Beam and Maker’s Mark. We are telling the retailers that we believe bourbon can be the whiskey of the world. How do we help you grow bourbon?

“Our goal in GTR is to focus on the mutual growth of categories using a much more disciplined approach based on category insights. We are also creating an IT infrastructure that allows our teams to have information in real time and provide that information to our customers.”

Beam Suntory’s marketing is much more focused now under Ed Stening’s leadership, he says.

“We’ve moved to an agile model, which allows us to work across the world more quickly and is a better use of our capacity. We don’t try to sell all of the volume of all our brands, but focus on five global brands in global travel retail along with some ‘local heroes’ we invest behind where it is appropriate,” says Stening.

“The first global brand, obviously, is Jim Beam. It is our focus brand, our number one. It’s the name on the door.”

Maker’s Mark bourbon, Bowmore single malt scotch, Courvoisier cognac, and Sipsmith Gin are the other four global brands, he says.

“For local heroes, in Latin America and the U.S., tequila is still a part of our game. And we make amazing tequila.”

Beam Suntory is using more activa-
THE DESIGN EXPERIENCE
Rosair wants duty free operators to consider Beam Suntory as their partner of choice. “We want a consistent presence for our brands and the way they shop across the world. That’s a huge drive for us. We’re successfully growing our five focus brands across the globe, and they are starting to resonate with consumers across the world. “We want retailers to say ‘Beam Suntory is so innovative. They are helping us grow our businesses, they understand us more than anyone else, and they bring solutions to the table.’”

Beam Suntory is currently the fifth largest spirits supplier, but the company has aspirations to climb up the ranking. “We definitely would like to be higher. And I think that is going to come from being the company that retailers call. We might not be the big fish like Diageo, but we are committed to achieving their objectives, whether that’s increasing basket size or footfall, and this will be through super compelling activations,” says Stening.

“Hopefully over the next couple of years Beam Suntory will be punching well above our weight with the customers,” says Rosair. “We want the customers looking at us for solutions because they know that Beam Suntory knows the category and how to drive shopper behavior, and are disciplined in their brands. The brands they bring to life they bring to life like nobody in the industry.”
Impressive growth of UK’s Whitley Neil gins spurs development in Americas travel retail

As the craft gin boom takes the spirits world by storm, Whitley Neil gin’s success in its home UK market has quickly spread to the global travel retail market.

“We are the fastest growing premium gin on the planet,” Simon Roffe, Managing Director Global Travel Retail, Halewood Wines & Spirits, tells TMI. “We have secured, in less than three full years in the market, business with over 80% of the Top 25 operators in duty free and I expect Whitley Neill to improve on its #6 premium gin ranking in the summer when IWSR is updated.”

Brand owner Halewood Wines & Spirits, which is the largest independent alcoholic drinks manufacturer in the UK, has focused on Whitley Neill Dry Gin and its flavored variants in global travel retail over the past few years. Both North America travel retail and domestic markets are priorities going forward, says Roffe.

“Whitley Neill Gin is already listed in key U.S. gateway airport locations, including New York JFK and Washington with Los Angeles and San Francisco due to come online soon, and the response from travelers has been fantastic. We have committed to additional promotions and activations with our existing U.S. operators to drive the in-store visibility of the brand,” he says.

Domestic distribution is also making impressive strides.

“Part of the evolution of the Americas domestic business is organization, our route to market. We are established with Whitley Neil with five chains in the northeast and five in Florida. The core focus of our investment in domestic U.S. is New York, Florida, California, and maybe Texas. If you can crack those hubs then you can translate the story into other areas.”

In Canada, Whitley Neil’s duty free business has been growing on the northern side of the border thanks to its North American agent Haleybrooke International, says Roffe.

“The Canadian border business is fantastic. This is the fourth year I’ve been coming to the FDFA show. We won an award last year as the best liquor product in Canadian borders. This is paramount to the relationships that Haleybrooke International’s Roger Thompson has in Canada.”

Halewood has invested heavily in its organization to support its growth in international markets, says Roffe.

“Two years ago there were probably five people. Now there are closer to 50 people working in the international markets. We have our own operation based out of Miami since March 2019 for the Americas. We have our own operation in China. We’ve got people in Australia.”

Whitley Neil has grown from selling 3,000 9 liter cases five years ago to more than half a million 9 liter cases globally in the last two years, says Roffe.

“The split between the UK business and the international markets has changed from 99% UK to probably near 80-20. Travel retail is about 10% of the brand. We’ve had a massive expansion in terms of distribution,” he says.

Demand for the gin continues to grow.

“We are the number one gin with Dufry in the UK. We are in all of the 65 Dufry stores in the UK, every airport. And they cannot get enough of it.”

While Whitley Neill has led the way for Halewood in travel retail, a key part of the company’s strategy going forward is to diversify its duty free business beyond Whitley Neil into whisky and rum, says Roffe.

“We are following the success of this brand in the Americas with a powerful marketing drive in support of some of our other premium spirits such as Crabbie’s Yardhead Scotch, Dead Man’s Fingers rums and Peaky Blinders whiskey. All of these lend themselves to colorful themed activations so you can expect some excitement with those brands in the next year. The brands are being rolled out simultaneously in the domestic markets in North and Central America and we hope the success of one will fuel the drive of the other.”
Halewood
Wines & Spirits

Award-Winning Brands from the Home of Artisanal Spirits

For more information on our Artisanal Spirits, please contact
Customer.Services@halewood-int.com

for the facts
drinkaware.co.uk
halewood-int.com
Innovation spurs strategic growth of InnoTRI’s boutique distribution

Miami-based specialist distribution company InnoTRI credits innovation and uniqueness – along with flexibility – for the strategic growth the company has enjoyed in the past three years.

“The name itself stands for Innovation Travel Retail International,” Christoph Henkel, InnoTRI co-founder and manager tells TMI. “We consider ourselves a boutique distribution company fully dedicated to all our brand partners with a focus on liquor, tobacco, and confectionery, and a growing arm on specialty spirits,” says Henkel.

“We feel that we offer something that some other distributors cannot offer. There is uniqueness and innovation throughout all of our products.”

Since it was founded in December 2016, InnoTRI has fine-tuned its focus, as it has strategically grown its portfolio.

“Starting out we set a focus on local Floridian craft spirits, which we have successfully placed in the market. Unfortunately certain retailers are not ready yet. My strong belief is that this is a big gap in the operators’ portfolios, especially here in South Florida,” says Henkel.

InnoTRI’s Florida spirits include Big Cypress Distillery, a Miami-based craft distillery which produces whiskey and rum; and Timber Creek Distillery, which produces craft spirits in Destin, Florida.

One big success story for InnoTRI is El Salvador’s Cihuatan rum.

“Since we started with Cihuatan last year we successfully launched two limited editions into travel retail,” he says. “The strategy of the brand is to come out with a new limited edition every year. The next one will come out in May, which we will only launch with selective retailers because of limited allocation.”

InnoTRI launched the brand’s first travel retail exclusive, Obsidiana, in Cannes last year, and has since successfully established Obsidiana here in the region with Heinemann, on Carnival and Royal Caribbean cruise ships. It is also with DFA in El Salvador and hopes to get listed in other DFA locations, he says.

The brand is also growing in the U.S. domestic market with Canada duty free on the horizon, partnering with ALFA Brands, says Henkel.

“We are the U.S. importer for Cihuatan. The brand is in California, Illinois, New Jersey, New York, and Texas, with Florida coming.’

InnoTRI is targeting the Canadian duty free market for later this year.

InnoTRI’s “innovative” cognac Blancrux fills a hole in the market, especially in the Caribbean, says Henkel.

“The brand was created to fill a niche in the market dominated by a huge cognac house. We felt we had to offer the consumer something that the other brand does not. Blancrux brings a larger bottle at a very competitive price with a high quality juice inside. As of January we are onboard 14 cruise ships, with Heinemann and with Harding. This brand is really going to steal some market share.”

The InnoTRI business took a big step this year, when it was named Distell Global Travel Retail’s exclusive distributor for the USA and parts of the Caribbean on January 1, 2020.

The main focus of the partnership is to grow the Amarula business, push the Travel Retail Exclusive range from Islay Scotch whisky distillery Bunnahabhain and increase awareness of Highland single malt Deanston and South African wine brand Nederburg. InnoTRI has since launched Distell brands in Panama with Regency, and with Penha in the Caribbean.

Distribution is just one of InnoTRI’s four business pillars, Henkel emphasizes, explaining that brand building, logistics and a retail component round out its services.

“Logistically we are in good hands with Sean Gazitua and WTDC in Miami. They have been our partner from day one. Coming back to business ethics and values, the family is doing business as we think it should be done. They have a great, very knowledgeable team that are solution driven. Having logistics and warehouse in Miami is key.”

Brand building is a prime objective at InnoTRI, says Henkel.

“We focus on brand building for our smaller brands, which are focused on production, not as much on marketing the product. It is important to have someone like InnoTRI that understands travel retail, has connections in the market, and existing listings with retailers. We know what kind of marketing support they need, and what kind of activities are working and not working.”

InnoTRI’s retail pillar began with a partnership with Penha at Curacao airport.

“Penha is part of the consulting arm within InnoTRI. Penha has been a customer since day one. We were approached by the owner Kevin Jonckheer asking for retail advice, because he was about to tender for Curacao airport. We developed a commercial proposal for the airport, which included a design and concept component. The financial element came from Penha,” he says.

“Our collaboration was supposed to stop at that point, but we saw a mutual beneficial relationship. Penha was a large beauty retailer, but was lacking the liquor, tobacco, and confectionery expertise, which is my stronghold. With this partnership, our distribution model gained even more traction.”
“The initial idea was to work with independent products, but we partnered with the Bacardis and Pernod Ricards and now fulfill the full distribution function to retailers such as Penha, but also to companies such as Regency.”

Henkel says that InnoTRI’s future expansion will depend on the innovative aspect of new brands.

“All of our own brands have a unique feature,” he says. “The strategy for the future will be to find those brands or brand partners that are unique, preferably on a smaller scale, that we can bring to the market, take them along, and make them part of our innovative approach in the portfolio.

“In the beginning, our portfolio and distribution network was focused on South Florida and Caribbean retail. We have taken the distribution global with Cihuatan. I think we are showing that we are able to serve retailers also on a global basis. But going global is not the key focus for all of our brands right now. We want to solidify our business. We want to do our job right, quality over quantity.”

Tito’s, now #1 spirit in the U.S., restructures to leverage domestic popularity overseas

Tito’s Handmade Vodka, now the number one spirits brand in the United States (IWSR), is surging in popularity worldwide, John McDonnell, Tito’s Managing Director, International, tells TMI.

In the U.S. Tito’s sales volume increased by more than 20% in 2019 (IWSR) as Smirnoff vodka dropped down as the top-selling distilled spirit in America for the first time in more than a decade.

Tito’s reorganization of its duty free and international business announced last year has set the company up for even more global success, say McDonnell.

WEBB Banks began distributing the brand in Americas travel retail beginning October 1, 2019. WEBB Banks also represents Tito’s in domestic markets in Latin America and the Caribbean, and handles major global accounts Dufry and DFS around the world.

Tito’s was previously handled in the channel through Edrington Americas Travel Retail (EATR) and Duty Free Global.

McDonnell tells TMI that it is important that Tito’s be a distributor’s number one priority.

“Now we are the largest and most important brand in WEBB Banks’ portfolio, enabling us to get the focus the brand deserves and more programs. That alone is going to help us grow the business. WEBB also has a dedicated person only focusing on Tito’s on cruise lines as well. Cruise lines are a huge piece of our business,” he says.

Tito’s also underwent a major restructuring in Asia Pacific, the Middle East and Europe.

In September, a new team took over responsibility from Duty Free Global, which has managed the brand since its international launch five years ago.

In Asia Pacific, a new Duty Free Manager role has been created. Former Duty Free Manager Asia Pacific for Patrón Spirits, Art Hyndman, joins the business and is responsible for managing Tito’s development and activations across the region from his base in The Philippines.

Business in Europe with Aer Rianta International, Lagardere and other major customers is now led by Tito’s European Regional Manager, Luca Cardillo, Tito’s representative in domestic markets for the past five years. Tito’s German distributor, Hardenberg-Wilthen AG, is responsible for the relationship with Heinemann in the region.

In the Gulf, where Tito’s historically has performed strongly, the duty free business is now managed from Dubai by domestic partner of five years, Focus Brands.

In duty free, Tito’s is currently available in 45 of the top-75 global airports.

Even before the coronavirus stopped travel in its tracks, Tito’s was facing challenges as it tries to match its success in the U.S., says McDonnell.

“The challenge outside the U.S. is still the taxation on imported products. For example, the UK is the fourth most taxed country on beverage alcohol. So our price positioning is much higher overseas than in the Caribbean and the U.S., which is a challenge. The cost of doing business in those duty free shops continues to go up.”

McDonnell expects Tito’s explosive growth to continue when life returns to normal.

While on-premise and travel retail spirits sales ground to a halt during this global crisis, the spirits home delivery channel has seen sales grow.

“The liquor delivery service business is going through the roof and Tito’s is one of the more popular brands being delivered. Obviously all the consumption is moving to in-home during this crisis. When things go back to normal we will pick right up where we left off,” says McDonnell.
WEBB Banks, on track for record year, plans to resume growth after crisis

WEBB Banks was on its way to delivering its best year ever in 2020 when the COVID-19 hit the region. Now the Americas spirits and wine distribution company is setting itself up for life after the Coronavirus, Andy Consuegra, Managing Director, WEBB Banks, tells TMI.

“We grew nicely in 2019, not as fast paced as the previous year, but we did end the year up 10%. But we would have broken our record for our best year in 2020, exceeding 2019 by about 30%. In addition to organic growth, a lot of new business was coming in,” says Consuegra. “But things have changed. Tourism is pretty much closed in the Caribbean and this was our high season.”

WEBB Banks has a clear strategy for getting through this crisis, says Consuegra.

“My message to the team each day is positive, that we’ll get through this. We are working with our partners on terms. We are focused on getting through this, solidifying our partnerships, managing our risk, and launching new brands focused on well-known, highly recognized brands.”

Consuegra points to Tito’s Vodka and the Beringer wine portfolio as brands he expects to keep growing after the crisis.

“We are going to be focused more on brands that do well in off-trade. On-trade brands will have the biggest decline in the short and medium term. In the U.S. we are seeing that trusted, recognized brands are doing well in off-trade.”

Tito’s Handmade Vodka is WEBB Banks’ most important brand, says Consuegra. WEBB Banks began distributing the brand along with Ilva Saronno in Americas travel retail and cruise beginning October 1, 2019. WEBB Banks also represents Tito’s in domestic markets in Latin America and the Caribbean, and handles major global accounts Dufry and DFS around the world.

“These brands added a lot of business and then starting March 1, 2020 we took on the Constellation Brands wine portfolio for the Caribbean, which was a big boost to our business as well. We were already doing Constellation’s spirits portfolio, and now we’ve added their wines,” says Consuegra.

“These brands give us even more power and scale in the Caribbean. Our strategy is to be the number one supplier of wine and spirits to all our wholesalers that we work with. It really enables us to go into accounts and be a full stop service with our distributors.”

WEBB Banks had planned to launch some new brands at the now canceled Duty Free Summit of the Americas.

“We were planning to launch Whistle Pig, Templeton Rye, and Hine cognac. We have them for the Caribbean, Central America, military, and for Americas duty free.”

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Florida Caribbean Distillers and WEBB Banks respond to Coronavirus crisis; launch new sanitizer brands and ethyl disinfectant compliant with heightened FDA guidelines

In an effort to help curb the spread of the Coronavirus, Florida Caribbean Distillers (FCD) and WEBB Banks have announced a partnership to produce and distribute Ethanol and Isopropyl Alcohol sanitizers.

Hand washing and sanitizing are a crucial part of preventing the spread of the virus, but the ability for consumers and the service industry to do so consistently is obstructed by the global lack of access. Alcohol-based sanitizers are the most effective at attacking and destroying viruses, including coronaviruses, but need a minimum alcohol-base in order to do so effectively. Florida Caribbean Distillers has begun production following newly announced FDA guidelines requiring an 80% alcohol base.

Capitalizing on both company’s existing operations, Florida Caribbean Distillers will produce 3-liter bag-in-box and 750ml glass bottles hand sanitizers with 80% ethanol alcohol for WEBB Banks to quickly turnaround for distribution across their network in the Caribbean, South America and Travel Retail. The primary focus is on industries hit hardest by the public health crisis, particularly cruise ships, hotels, casinos, restaurants and duty free stores.

The products will be available within a month. Contact info@webbbanks.com for more information regarding distribution and jose.rivera@floridadistillers.com for information regarding production.
A LEADING WINE AND SPIRITS DISTRIBUTOR IN CENTRAL AMERICA, CARIBBEAN AND TRAVEL RETAIL DEVELOPING BRANDS AS AN EXTENSION OF OUR SUPPLIER PARTNERS
Takara Sake USA aims to expand best-selling sakes throughout region

Takara Sake USA Inc., the makers of Sho Chiku Bai Classic, the number one sake sold in the United States, is looking to expand its distribution in the cruise channel, as well as to new markets in the Caribbean and Latin America.

Al Bashian, whose company AAM-CO Duty Free has distributed the Takara Sake USA sakes for many years, tells TMI that Takara Sake had been having a fantastic year in the region, particularly on cruise ships.

“We had a banner year last year. The cruise ship business was booming. We gained new listings. Takara Sakes are the number one sakes sold on cruise lines. And that has obviously taken a hit with COVID-19. The bottom has fallen out,” says Bashian.

“We are hoping to gain some new business and expand our cruise ship business to Europe and Asia, as well as to markets in Latin America. We have had some nice success in the Caribbean, with our biggest markets being Jamaica and the Dominican Republic. Takara has other distributors in the Caribbean and South America and with Takara’s support we are now looking to expand into other areas in the Caribbean. And we are looking to pursue and explore the additional markets in Central and South America.”

With the popularity of sushi, sake is the perfect pairing with the meal, says Bashian.

“Sushi has been one of the hot products in the restaurant business for years. Sushi and sake go together hand in hand, it complements the meal. Takara Sake is the brand leader.”

Takara Sake USA, while part of Japan’s Takara Group, creates its award-winning sakes out of Berkeley, California, and was established in the United States in 1983. For more than 35 years, the company has been producing its main products including its flagship Sho Chiku Bai Classic in California, taking pure snow melt from the Sierra Nevada Mountains and superior rice from the fertile Sacramento Valley.

Sho Chiku Bai Classic is today the best-selling sake in the United States, and has excelled in sake competitions around the world. In the 2011 U.S. National Sake Appraisal Competition, competing against more than 300 entrants, mostly from Japan, Sho Chiku Bai Classic became the first U.S.-made sake to win a gold medal.

The success and popularity of Sho Chiku Bai Classic has helped change the perception that U.S.-brewed sake is not as good as sake produced in Japan, says the company.

Takara Sake USA was one of the first established sake breweries in the United States and has played an important role in the introduction of Japanese sake culture to the country. In 1990, Takara Sake USA became America’s largest sake producer.

The Takara Sake Tasting Room, opened in 1983 and redesigned and renovated in 1997, receives 10,000 guests each year.

The company has expanded its portfolio past its flagship Sho Chiku Bai Classic over the years. Today, Takara Sake USA has multiple SKUs of Sho Chiku Bai, including Sho Chiku Bai Nigori, which was the first Nigori-style sake produced for the U.S. market in 1985.

Takara has continuously introduced new sake genres, such as fruit flavored HANA sake, and nigori-style flavored YUKI. The fruity HANA series is comprised of Lychee, Fuji Apple, White Peach, Orange, Pineapple; and the YUKI series features Mango, White Peach, and Lychee flavors. Takara Plum is a dessert wine that has gained popularity for more than 30 years.

The most recent addition to the Takara line is the innovative Sho Chiku Bai SHO.

Takara Sake USA is ready to support its partners when people are traveling again, says Bashian.

“Takara Sake continues to march forward. We will continue to supply product and we are hoping that we can continue to partner going into the future.”
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Family Brands Alliance restructures and expands in the Americas

The Family Brands Alliance has announced a new structure in the Americas. The Alliance, which is made up of four 100% family-owned companies, had hoped to share the new structure with the travel retail industry at the Duty Free & Travel Retail Summit of the Americas.

Formed in 2017, the Family Brand Alliance has been growing steadily and now comprises four partners which share the same visions, passions, and values: Waldemar Behn, producer of premium spirit DANZKA Vodka; Pallini Limoncello, producer of the Nº 1 Limoncello brand in Duty Free & Travel Retail; Bache-Gabrielsen Cognac, producer recognized for its innovation within its category; and G’Vine, a luxury French gin distilled from grapes and infused vine flowers.

The Alliance allows them to offer a diverse portfolio, creating synergies and optimizing logistics, marketing and service. All the products from the four Family Brands Alliance partners are available to ship to the region from the Miami Warehouse.

IWSR: U.S. consumers purchasing alcohol at higher rates to drink at home

Despite recent government directives to stay-at-home, U.S. beverage alcohol sales are buoyant as a result of shifts to retail, which includes e-commerce delivery and click-and-pick options, reports IWSR.

The recent growth rate in alcohol purchases has been increasing at a much higher pace than overall 2019 growth, which underscores the scale of the current consumer panic and comfort buying. In comparison to IRI’s weekly data for March 2020, IWSR, which tracks total annualized beverage alcohol consumption, showed preliminary 2019 full-year trends up 0.3% in volume and 2.5% in value.

IRI week-over-week data shows a steady increase in volume and value sales across beer, spirits and wine in the U.S. Figures for week ending March 22nd show total beverage alcohol USD sales increased 40% vs the same period last year, and volume sales increased 33% vs last year.

These numbers are higher than those of the previous week ending March 15 as well, and show a mix of increased purchase in both value and premium brands across categories.

Standout IRI-tracked categories over the latest week of March 22nd include premium box and table wine, flavored malt beverages (FMBs), non-alcoholic mixers and premixed cocktails. Softening sales are evident in higher-end sparkling wine, non-alcoholic beer and imported beer.

IRI data also indicates key trends across packaging showing a jump in large-format wine and spirits sales in the week ending March 22 compared to previous weeks. Spirits packaging in 1 liter, 1.5 liter and 1.75 liter and wine sized 1.5 liter and higher, including popular 3-liter boxed wines, outpaced smaller formats.

Top-selling volume brands like Tito’s, White Claw and Barefoot have all been enjoying accelerated growth rates, not only annually according to IWSR, but in IRI channels over the last several weeks. The Budweiser family of brands has reversed a 52-week volume decline, posting growth week ending March 22. Across spirits, whiskey brands like Wild Turkey, Crown Royal, Jack Daniel’s, Bulleit and Maker’s Mark are all seeing increased purchase at retail.

Interestingly, Corona brands have seen a spike with sales volumes up 28.8%.
Caribbean and Latin American spirits and wine specialist T Brands had been looking forward to introducing some new unique premium spirits brands at the Summit of the Americas, Tom Browne, T Brands owner tells TMI.

“We had some great news to bring to the trade that I was really excited about, such as the award-winning Purity Vodkas and Purity Mediterranean Citrus Spritz, Coppa Cocktails, and Sloane’s gin,” says Browne.

“The cancellation of the Summit for a small company like mine really hurts, because at the show I am able to sit down with 20+ current and potential customers over the course of a few days.”

Business in the Caribbean was picking up when COVID-19 hit the cruise industry in the region, he said.

“On a five year basis the Caribbean numbers were turning in the right direction. 2019 was better than 2018 and it looked like 2020 was going to be better than 2019. We got the rug pulled out from underneath us.”

In Orlando, T Brands was launching Purity Vodkas, three Swedish vodkas, which are made from organic wheat and malted barley, the heart distilled 17, 34 or 51 times. Purity Connoisseur 51 Reserve was recognized as the World’s Best Tasting Organic Vodka with a Double Gold Medal in the 2019 International Spirits Challenge, Best Vodka in the World IWSC 2017 and Best Vodka USC 2017.

The new Purity Mediterranean Citrus Spritz is produced with the same spirit distilled 34 times to 30% ABV and infused with natural grapefruit, orange and bergamot flavors.

Purity Nordic Dry, Old Tom and Navy Strength Gins will be available later in 2020.

Sloane’s Gin is handcrafted in small batches individually, distilling botanicals such as juniper berries and iris root, coriander, angelica root, cardamom pods and liquorice root and whole vanilla beans, married with fresh citrus oranges and lemons. The gin won the San Francisco Spirits Challenge with a Double Gold and the World’s Best White Spirit Awards in 2011 and 2012.

Coppa Cocktails are new innovative pre-mixed ready to pour cocktails, which Browne says are perfect for bars and restaurants in the Caribbean.

Representatives from these spirits companies were going to be on-hand at the T Brands booth in Orlando. Browne had hoped to build on the success of Egan’s Irish Whiskies and Cocalero Herbal Liqueur, which T Brands presented at the 2019 Summit of the Americas.

“The response to Egan’s and Cocalero last year was very positive. We sold out of the Egan’s limited edition we showed last year. Cocalero is a niche brand that I think has great opportunities in the Caribbean and Latin America.”

When travel begins again in the region, Browne believes he has the right spirits portfolio for the Caribbean and Latin America.

“I want to bring a complete offering of unique and premium products to the market place. I’m not a brand collector. I like to focus on one brand in each category. I think T Brands has a good mix in the portfolio now,” he says. “What we offer is fast economical access to great products out of Miami. And for the Caribbean islands and Latin America that is key.”
Mondelez International takes action to support and protect communities during COVID-19 crisis with $15 million in donations around the world

Demonstrating its huge generosity, Mondelez International, Inc. announced it will donate $15 million in financial and in-kind support to community partners advancing critical food stability and emergency relief efforts across the world in the wake of the COVID-19 crisis.

“Managing through and recovering from this global crisis will take everyone’s support and I am pleased we’re standing up to advance relief efforts around the world,” said Dirk Van de Put, Chairman and Chief Executive Officer. “Our purpose and values as a company are rooted in doing what’s right for our people and our communities and this $15 million global commitment will help further the impactful work of local community partners providing safety, security and assistance for the people who need it most.”

Mondelez World Travel Retail Managing Director, Jaya Singh added: “At Mondelez, people are at the heart of everything that we do and our approach to responding to this unprecedented situation is no different. Around the world, across our communities and within our special travel retail channel, we are weathering an immense storm. The key to our perseverance right now is reaching out to one another and lending a helping hand where possible. We are stronger together.”

Support for this program will come from the Mondelez International Foundation as well as global and local brand initiatives. Mondelez China, for example, has already donated approximately $1 million in cash and in-kind donation value to support relief efforts in the region, including the China Youth Development Foundation. Other local business unit efforts will follow.

For more information about Mondelez International’s response to the COVID-19 crisis, please refer to our website: https://www.mondelezinternational.com/coronavirus

Nestlé to partner with Red Cross as part of humanitarian efforts during COVID-19 crisis

Nestlé has announced it is partnering with the International Federation of the Red Cross and Red Crescent Societies (IFRC) as part of its global response to the COVID-19 crisis.

Initially, Nestlé and IFRC will work together in four ways to provide urgent help for emergency services and caregivers and strengthen healthcare systems.

1. They will donate food, medical nutrition products and bottled water to bring relief to those most affected by the pandemic.
2. They will deploy available logistics capacities from its out-of-home business to support the needs of the IFRC in various countries.
3. Nestle will donate CHF 10 million for immediate deployment in countries where it is most needed.
4. Nestlé will match 1:1 any donations to the Red Cross and Red Crescent National Societies or Federation made by its employees.

Mark Schneider, CEO of Nestlé, said: “Now is the time to demonstrate the values of the Nestlé family. I am deeply impressed and humbled by what our team has accomplished in order to support individuals and communities affected by this crisis.

“The COVID-19 pandemic is a global problem and consequently we are offering help on the ground everywhere, drawing on our extensive presence and experience in 187 countries. In addition, we give our full support to those who are fighting tirelessly against the spread of the virus, every day. This is where our trusted and longstanding partnership with the IFRC comes in.

“We applaud the relentless efforts of the millions of Red Cross and Red Crescent volunteers and admire their determination to make a difference on the ground.”
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Sweet by nature
Otis McAllister enters liquor distribution business through asset purchase of Chase International

Otis McAllister, Inc., the leading confectionery specialist in the Americas travel retail channel, is officially expanding into spirits distribution following its asset purchase of Chase International, Inc. The asset purchase became official on March 1.

Chase International president and founder Chase Donaldson, whose spirits and confectionery distribution company has been a hallmark of the travel retail industry in the Americas for decades, is retiring.

Marc Panara, Otis McAllister, Inc. VP Sales & Operations, tells TMI that Otis McAllister is delighted to enter the Americas spirits distribution business.

“Otis McAllister is delighted to enter the spirits business,” Justin Nee, Otis McAllister: Nicholas Arena, Sales Director and Maria Lingwall, Logistics and Customer Service Manager.

“The asset purchase of Chase International complements our overall strategy for continued growth while diversifying into another category which we have long sought after. We are delighted to be entering the spirits business, which offers wonderful development opportunities and at the same time increasing our presence in Travel Retail in the region.”

As part of the asset purchase, two respected members of the Chase International team are joining Otis McAllister: Nicholas Arena, Sales Director and Maria Lingwall, Logistics and Customer Service Manager.

“The asset purchase of Chase International joins two great icons in the global product distribution network. Blending both companies’ expertise within the sales management and marketing of consumer products is a perfect fit,” says Nicholas Arena, who is joining Otis McAllister, Inc. as Sales Director.

“Add in the years of dedication and hard work from Otis McAllister’s growing Confectionery and Tobacco divisions – the newly created Spirits and Wine division complements Otis McAllister’s goal to provide premium beverage products to all traveling consumers within the US and Caribbean markets.”

Arena continues: “Maria Lingwall, (Logistics and Customer Service Manager) has worked with Ritter Sport, and has since the asset purchase by bringing in the spirits business to the fold. We’ve admired Chase Donaldson and his company for the past few decades and are privileged to carry on the business he built into the future,” says Panara.

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“Add in the years of dedication and hard work from Otis McAllister’s growing Confectionery and Tobacco divisions – the newly created Spirits and Wine division complements Otis McAllister’s goal to provide premium beverage products to all traveling consumers within the US and Caribbean markets.”

Arena continues: “Maria Lingwall (Logistics and Customer Service Manager) and I bring over 15 years of sales and logistics experience in the DFTR segment and over 35 years’ experience in the Spirits & Wine category to Otis McAllister’s well-structured sales and marketing organization.

“Lastly, we owe a large portion of our DFTR knowledge and management skills to Mr. Chase Donaldson, who guided us through the years with his unparalleled experience and wisdom. We wish Chase and his wife, Judy, all the best during their upcoming years of retirement!”

Chase Donaldson tells TMI how pleased he is with the development.

“After 22 years with Chase International and over 40 years in business, I’ve decided to retire to spend more time with my family,” said Donaldson.

“Otis McAllister acquired our confection business in early 2019, and I’m now very honored that they have acquired our remaining spirits business.

“Both companies being privately and family owned, share the same values, integrity, professionalism and strong customer and supplier focus. These qualities have been core to the way we both conduct our businesses, and make for a great fit with each other.

“I wish Otis McAllister much success continuing the growth of and taking our spirits business to the next level,” he concluded.

Otis McAllister leads Americas TR channel as Confectionery Category Captains

Even as Otis McAllister ventures into the spirits sector, confectionery is still Otis McAllister’s core duty free business in the United States, and continues to go from strength to strength.

“We finished last year up 21% generated by both organic growth and new brands,” Justin Nee, Otis McAllister Sales Director - Confectionery tells TMI. The company added such powerhouse brands as Mars, Mondelez, Perfetti Van Melle, Hershey’s and Hawaiian Host to its confectionery distribution portfolio in 2019.

Otis McAllister’s duty free portfolio, once split evenly between confectionery and tobacco, is now more than 80% confectionery, Marc Panara, VP Sales & Operations, explains.

“We are not losing focus on the core, which we know is chocolate. We feel there is room for growth with our current chocolate brands. Retailers have been giving the category more space over the last few years and when stores are being modernized confectionery is being featured front and center,” says Panara.

“We feel that we are the Confectionery Category Captains in the U.S. As Category Captains it’s our job to listen to what the retailers and the consumers are asking for. Research indicates big opportunities in Sugar, Biscuit/Wafers; Liquor Filled; Healthy/Better For You; and the Snacking Category,” says Nee. “We’re in discussion with two major brands in the Snacking Category to develop a partnership and offer for the Travel Retail Market in the near future. We also have an interest long-term of getting into salty snacks.”

Last July Otis McAllister also began working with Ritter Sport, and has since
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listed the German chocolate brand with International Shoppes and is expanding with DFA.

The Otis McAllister team takes great pride in how it supports its brands instore, says Nee.

“What we do in the market is a core part of our DNA in this division. We’ve worked hard this past year at creating a Sense of Place through themed displays. We also want to make sure to create a fun environment. And we’ve done this with the M&M Photo Booth, Lindt Maître Chocolatier Events, Toblerone Messages, and character appearances during HPP events,” says Nee.

“Using more brand ambassadors is part of our success story. They serve as an extension of Otis personnel. As we grow we want to continue to invest in having more people instore.”

Otis McAllister has also developed USA Destination/locally themed items.

“A lot of the operators are asking for more destination packs. We’ve done a lot of New York specific-themed items or USA products that do really well in the summer, especially around the Fourth of July,” says Panara.

The team is always looking to capitalize on more space instore, as well.

“We think there is room for growth at the cash wrap, for example, and we are working with duty free retailers to find space there and throughout the store.”

Despite Otis McAllister’s duty free division’s strong expansion into both new brands and categories in the past few years, Panara and Nee are prepared for even more growth.

“We are Otis McAllister’s fastest growing division. We always say we had a good year, but we are never satisfied. We continue to strive for double digit growth organically, but are also looking at new acquisitions.

“We take our role as Confectionery Category Captains seriously, and hope to grow the category throughout the region.”
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