Special Issue
LATIN AMERICA
August 2018

TRAVEL MARKETS
INSIDER

Currency fluctuations, political fears slow economic recovery in South America, but industry investment remains strong

Welcome to the first totally digital *Travel Markets Insider* magazine. This issue follows on the special magazines that we previously produced for distribution at the ASUTIL Conference, and like those focuses on news and developments taking place throughout Latin America.

As it has in the past, the cyclical nature of the economies in many South American countries can take a sudden dive, and this year was no exception. Following nascent business recoveries at the end of last year, and a stronger first quarter in 2018, internal and external factors combined to create a new currency crisis in Argentina and Brazil in April and May, seriously impacting business, especially on the borders.

The uncertain election predictions in Brazil – where there is no clear front-runner just three months before voting is to take place, has brought business decisions in South America's largest economy nearly to a stand-still. In Argentina, the peso lost more than a third of its value by the end of May, stimulating worries that another recession may be inevitable.

Within these pages, *TMI* presents in-depth analysis of the business prospects in the region from ASUTIL Secretary General Jose Luis Donagaray and Buenos Aires-based correspondent John Gallagher, bolstered by reports from CiR, ForwardKeys and airport route tracker anna-aero.

Coty created this stunning travel retail vision for GUCCI BLOOM in a pop-up animation running with Dufry in Rio de Janeiro airport in August and September.

In more aviation news, *TMI* covers updates about a new round of airport privatizations in Brazil, the future of the new Mexico City airport, construction delays at the Arturo Merino Benitez International Airport in Santiago de Chile, and approval for a brand new terminal in Cancun.

Despite the cloudy fiscal future, air traffic and investment remains strong in Latin America. AA2000 is in the midst of a massive US$750 million expansion and renovation at Ezeiza airport (page 10). Dufry continues to create some of the most striking travel retail stores in the industry. These stores capture an especially strong sense of place, as seen in the new Destination store at Sao Paulo's Guarulhos International Airport (page 20).

Keeping travel retail shopping fresh and exciting, suppliers and operators throughout the region are collaborating at the Point of Sale with fun and creative animations that engage shoppers and drive them into a store. In a special feature, *TMI* presents some of the most successful retail-tainment activations of the past few months from such beauty brands as Gucci, Hugo and Hugo Boss, Givenchy, Ralph Lauren, Dolce&Gabbana, Montblanc, Versace and YSL.

Spirits companies are also upping their game when engaging travelers. Bacardi's recent Whisky Emporium at Miami International Airport in collaboration with Duty Free Americas is a shining example of how to tell a brand story (page 32). Get ready to see some stunning activations from Edrington as well, since the company has reorganized its Americas business to put greater emphasis on travel retail (page 30).

We believe that our readers will find the information in this issue as timely, relevant and critical to your business as always, and look forward to your feedback.

I would also like to extend a special thank you to all the companies who have supported this issue and shared their news with us! Looking forward to seeing you all soon in Cannes.

Read all about it, *Inside Insider.*

Lois Pasternak,
Editor/Publisher

TRAVEL MARKETS INSIDER

TABLE OF CONTENTS
Retail and News Features

One on One: with ASUTIL Secretary General Jose Luis Donagaray

Political, fiscal winds batter business in South America's largest economies

The duty free business in South America's two largest nations—Argentina and Brazil –started flailing in the second quarter of 2018, buffeted by currency fluctuations caused by external and internal factors, comments Jose Luis Donagaray, Secretary General of South American Duty Free Association ASUTIL.

"The business in South America is feeling the impact of several main issues, right now. We have a worldwide currency situation caused in part by the commercial war between the United States with China and the increase in rates from the Federal Reserve. This worldwide situation is generating a difficult environment for the business. These are external factors against which we can do nothing," Donagaray tells *TMI*.

But Donagaray says that the impact of these external factors has been amplified in Argentina because of the economic condition there and in Brazil because of the uncertain political environment.

"In Brazil, the speculation surrounding the presidential elections coming up in October is impacting the country. There is no single well-defined candidate in the lead – in fact Lula is leading in the polls and he is in prison and cannot run – and this uncertainty is amplifying the weakness of the real.

"In Argentina, the problem is not political; it is economic. We have an established government under President Mauricio Macri but the government still has to fix a lot of things because of the fiscal deficit. Macri's administration had to go to the International Monetary Fund to borrow money to prop up the peso, which required the government to establish stricter controls and this led to more devaluation. (Ed. Note: In May a stronger dollar and higher US Treasury yields prompted international investors to flee risky assets in emerging-markets. As a result, Argentina's peso has lost more than a third of its value this year, making it the world's worst-performing currency. Source: Bloomberg and Mercopress.)

Donagaray reports that the currency exchange is also causing changes to the duty free business in the airport: "We had a lot of Argentines traveling outside of the country, because Argentina was expensive, but other countries were cheap. People were traveling to Chile and to Miami. But now with the devalued currency, Argentina is cheaper and other countries are more expensive, so Argentines have cut back on outbound travel (See page 18.) On the other hand, Argentina is now receiving more tourists, because it is cheaper here. We are seeing a more travelers from Chile, for example. The situation in Brazil is somewhat the same.

Jose Luis Donagaray

"We also had two truck strikes that impacted the business. In Brazil we had a nation-wide 10-day truck strike caused by high fuel costs after the devaluation and the border stores are suffering. Then in June, we had a one-day strike in Argentina with drivers demanding wage increases to compensate for the surge in inflation, which seriously impacted the airports."

Donagaray said that Argentina and Uruguay have also had a very tough summer with its agriculture. "We had no rain which hit the soy and grain harvests very hard. These are important exports. (Ed. Note: The two countries suffered the worst drought in 50 years in March. News sources reported total losses are near $3.9 billion, making the drought the most expensive weather-related disaster on the planet up to that date in 2018.)

"This is the trend we are seeing over the past two months (May and June): the political situation in Brazil with the coming election; the fiscal deficit in Argentina."

The travel retail industry is also waiting to see what happens with the first installation of the stores on the Brazilian border, says Donagaray.

"There are still a number of issues to solve before the border stores can go forward. First there is still a problem with the Fiscal software. The software runs on the internet, and many of these small cities on the border of Brazil do not have good WiFi or steady internet connections. What happens when a city runs out of internet or power? Conditions on the border are not always optimal and the software does not run well when faced with outages.

"Another problem still to be resolved is that some cities have not yet determined exactly where to place the duty free stores. They need to decide whether the entire city should be declared a duty free zone, or if only a specific area within the city be declared a duty free zone. This must be decided by the mayor of each of the designated cities. Some cities – which do not have a direct conflict with their local market -- have said a store can be anywhere within the city, so they can develop their tourism. Other cities have not yet announced where the zone will be. Maybe we will see a few small duty free stores opening but the big players are studying the market carefully and proceeding very slowly. They are searching for land, searching for property, so they are moving forward, but very slowly at this time."

Future?

Despite the business challenges hitting South America since May, Donagaray is optimistic that that the environment will improve by the end of the year.

"I think that we will see Argentina recover stability and return to growth within 4-6 months. For Brazil, we have to wait and see what happens with the election in October. I think we will see signs of recovery by the end of the year. You know

that Brazil and Argentina are countries where the economy can go up very quickly, but also go down very quickly."

Donagaray also sees a tougher environment for Uruguay—which is so closely tied to Argentina. "The devaluation of the currency in Argentina is making Uruguay more expensive for tourists, so we will not have a wonderful summer season. But there are a percentage of Argentines who will always visit Uruguay, no matter what the economy does, so there will be a market, even if smaller."

On a more positive note, Donagaray says that the threat of a commercial war with countries like China and Japan, due to the Trump policies, could offer some opportunities to small countries like those in LATAM.

In addition, he says that investment in Latin America never drops—whether it is a down cycle or an uptrend: "Look at the expansion at Ezeiza (page 10), also Argentina's aviation is growing and a number of cities in Argentina are now receiving direct international flights for the first time. Everyone does not have to go through Buenos Aires to some major cities now, and these are flights not only from the region but also from more long-haul destinations."

ASUTIL/IAADFS Summit of the Americas 2019 readies to launch

The first Summit of the Americas to take place in the new Hyatt Regency Orlando venue on March 24-27, 2019 is taking shape, reports Michael Payne, President & CEO of the International Association of Airport and Duty Free Stores, co-organizer of the annual event along with South American Duty Free Association ASUTIL.

Payne tells *TMI* that the organizers have begun inviting potential exhibitors to visit the Hyatt property to view the space, and are putting the final touches on creating a specific Summit micro-site on the overall website so people can access Summit information, but also connect back to the ASUTIL or IAADFS websites.

"These processes are underway," says Payne, speaking with *TMI* in mid-July.

"We have held meetings with 12-13 companies at the Hyatt so exhibitors can see the space. We're now finalizing the layout of the trade area to designate exhibit space, meeting space, foyer space, etc.

"Part of the reason we invited people to visit the hotel earlier this month was to start the process of laying out the trade floor. We wanted to get their input and have them see how we were thinking of setting up the space. We wanted to give them a feel for the hotel and get them engaged in the process." Payne says the first visitors were a mix of current exhibitors and some who have not been here in a while.

The layout of the new trade show floor will look different than in the past so this is a time-consuming exercise.

"There are a lot of details to work out. We are going over logistics and moving in and moving out issues with the hotel now," he confirmed.

Payne says that the Associations plan to have registration information available earlier than usual this year.

"We do not have the luxury of waiting until Cannes to release materials as we did formerly. We need to get our information out in the public eye earlier than that," he comments.

IAADFS and ASUTIL are looking at having a Trade area containing a combination of exhibit hall and meeting rooms, and it will probably not be laid out with one big aisle down the middle as in the past. The layout will also offer foyer space where companies can set up booths, along with meeting rooms.

The Trade area will be contained to a specific location within the Hyatt, says Payne: "We are going to have a security perimeter, for lack of a better term, and you will have to show your badge to get into any or all of these areas.

"At the Orlando Marriott property, rooms were too spread out and you did not necessarily have to register to hold or attend meetings, such as in the lobby. The goal is to make a more confined area for people to come in and do whatever they need to do."

Payne insists that there will be plenty of opportunity to meet right next to and right across from this Trade area. "It will be more connected and a little more intimate. We are still finalizing the layout and getting the fire marshal approval, but hope to have the micro-site up and running and registration materials ready as soon as possible," he says.

Costs will be kept the same as last year, with the same price per square footage and registration fees. The Summit organizers will also continue to look at ways to expand the universe of attendees to attract more aviation and travel-related retailers.

Payne reports that his team, working with ASUTIL, are also fine-tuning the Conference sessions, working to improve the Buyer's Lounge, and planning the social activities such as the Opening reception.

There will also be a Women in Travel Retail networking meeting. We will announce details as soon as they are available.

TRAVEL MARKETS INSIDER

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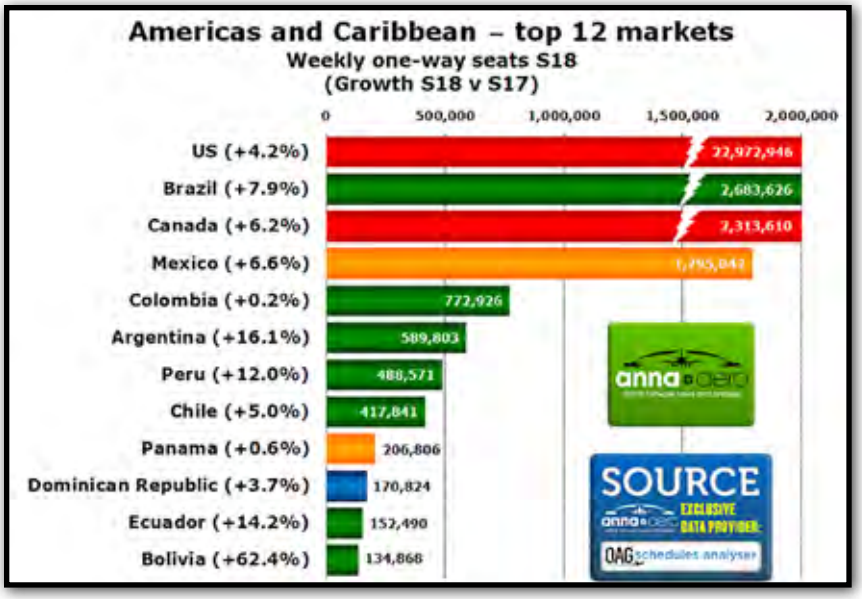
Americas-Caribbean airline route review:
US has two-thirds of seats; Rio-São Paulo is busiest route

Airline network news and analysis group anna-aero reports that domestic South and Central American services top the Americas and Caribbean route rankings, even though US airports and airlines dominate the market in terms of available capacity and account for more than two-thirds of the region's weekly departing seats.

In fact, anna-aero reports that the four largest routes are all domestic services in South or Central America and the Rio de Janeiro Santos Dumont to Sao Paulo Congonhas route is the region's busiest airport pair in Summer 2018 (S18).



Source: OAG Schedules Analyser – non-stop flights only. Data is for week commencing July 31.

North America

There are 33.89 million weekly one-way seats available from airports in the Americas and Caribbean region in peak S18. This represents a 4.5% increase compared to S17. About 79% of this capacity is scheduled for domestic operations, although it should be noted one-way seats on internal services are counted in both directions, while international capacity to destinations outside of the Americas and Caribbean region is only counted in one direction.

The US is the largest market in the region for one-way seats. Nearly 23 million seats will be available from US airports during the week commencing July 31, representing 68% of the region's total capacity. US airports will offer 19.76 million seats on domestic services and 3.21 million on international links, equivalent to 74% and 46% of the respective total capacity in the Americas and Caribbean for the week.

The top 12 country markets in the Americas and Caribbean include the US and Canada in the first and third spots. The rest of the top-ranked markets feature seven South American countries (highlighted in green), two Central American nations (highlighted in orange) and one from the Caribbean (highlighted in blue). Brazil is the largest country market in the region after the US, while the only Caribbean representative in the top 12 is the Dominican Republic.

For all but two of the top 12 markets, domestic capacity accounts for around two-thirds or more of the total available seats. Only Panama and the Dominican Republic are dominated by international traffic, with 94% and 99% of their respective departing seats operating to international destinations.

All of the top-ranked countries have witnessed an increase in capacity for S18 compared to the equivalent peak period last year. The top 10 remain in exactly the same positions they occupied in S17 but Ecuador moves up a place to 11th and Bolivia replaces Cuba at the top table after a 62% jump in departing seats, largely due to strong growth on domestic services.

US Airports are major players

Ten of the 12 busiest airports in the Americas and Caribbean region in S18 are located in the US (See chart on next page.). The highest-placed airport outside of the US is Toronto Pearson, in ninth position. Mexico City also makes the top 10 and is the only top-ranked airport outside of North America.

The highest placed airports from South America and the Caribbean are Sao Paulo Guarulhos and San Juan which are in 17th and 70th position respectively.

Only New York JFK (57%) and Pearson (59%) will see more seats departing on international services than on internal flights.

All of the top 12 airports witnessed an increase in departing capacity this summer compared to last year. The largest growth has taken place at Seattle-Tacoma and Mexico City. In total, OAG schedules show that 1,379 airports in the Americas and Caribbean region will see scheduled services during the week commencing July 31, with 19 of these welcoming just one weekly flight.

USB3 lead the way, LATAM is top non-US operator

The top four airlines for departing seats in the Americas and Caribbean region are all US-based operators. The US Big Three (USB3) of American Airlines, Delta Air Lines and United Airlines, occupy first, second and fourth positions. Between them they account for 13.79 million departing seats, which is equivalent to 41% of those available from the region. Nine of the top 12 carriers are North American-based operators, with seven of these being US airlines. Air Canada and WestJet were the two Canadian operators. The remaining three airlines to make the top 12 are all from South America. LATAM Airlines is the largest of these with 1.64 million weekly seats on offer. The highest ranked carriers from Central America and the Caribbean are Azul Airlines and Caribbean Airlines which are in 13th and 33rd place respectively.

All of the top 12 carriers have experienced an increase in capacity this summer compared to the equivalent peak

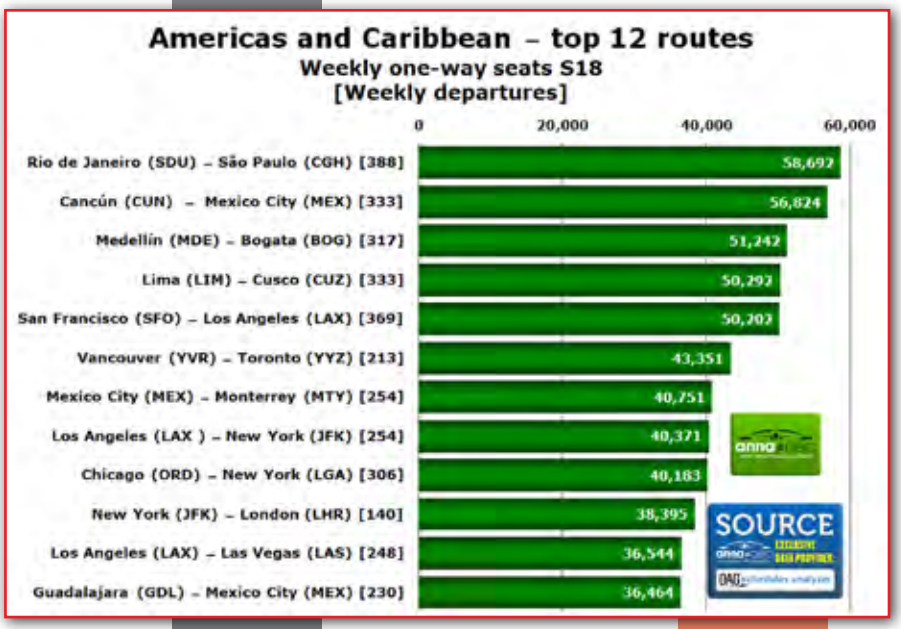
week in S17. LATAM Airlines has seen the largest year-on-year growth, although this appears to be a result of published capacity being transferred to its LA IATA code from LATAM Brasil's JJ code, with the latter still operating a significant proportion of flights. If the published LATAM and LATAM Brasil capacity for S17 and S18 is combined, the equivalent year-on-year growth rate is a more reasonable 5.4%. Schedule data suggests that 267 airlines will offer at least one scheduled departure from airports in the Americas and Caribbean region during the week commencing July 31. The smallest operator is Norlandair which will offer one flight between Greenland (considered part of North America) and Iceland using a nine-seat twin turboprop.

Latin America tops route table

Despite the pre-eminence of the US in the Americas and Caribbean market, the four largest routes in the region, based on weekly departing seats in S18, are domestic links in South or Central America. In total 11 of the top 12 routes are domestic, with four in the US, three in Mexico and one each in Canada, Brazil, Colombia and Peru. The only international route in the top 12 is the JFK to London Heathrow connection which is in 10th position.

The largest route originating in the Americas and Caribbean region this summer is the link between Santos Dumont and Congonhas. Nearly 59,000 weekly one-way seats will be available on this internal Brazilian airport pair in S18, with three operators offering a combined 388 departures.

Mexico City and Los Angeles appear the most in the top 12, with each airport featuring as the origin or destination in three of the top-ranked routes. Nine of the top 12 have experienced an increase in weekly capacity this summer, with the strongest percentage growth coming on the Mexico City-Monterrey (24.2%) and Guadalajara-Mexico City (19.7%) sectors. Three of the routes have witnessed a decline in seat numbers, including the only international link in the top 12. However, the most pronounced cuts are Canadian, with the Vancouver to Pearson airport pair seeing a 5.9% reduction in one-way seats. The smallest scheduled service in the region is a link from Ouzinkie to Port Lions in Alaska, which is operated once during the week commencing July 31. The route is flown by Island Air Service with a small Piper aircraft and only five seats are available.



Source: OAG Schedules Analyser – non-stop flights only. Data is for week commencing July 31, 2018.

Caveats and considerations

This analysis used a number of assumptions. The Americas and Caribbean region includes all countries grouped into the following global groups by OAG; North America, Latin America: Caribbean, Latin America: Central America, Latin America: South America. Typical peak S18 capacity and frequencies are taken from OAG schedule data for the week commencing July. 31. Where comparisons are made with last summer, the data refers to the week commencing August 1, 2017. The capacity included in the analysis accounts for any flights departing from airports in the Americas and Caribbean region. This includes all domestic and intra- and extra-regional international flights. On domestic and intra-regional international links capacity is counted in both directions on an airport pair. For extra-regional international services, seat numbers are only counted in the outbound direction.

Rendering of the expanded Ezeiza International Airport under construction by operator AA2000, Corporacion America, and the Argentine government.

AA2000's 15 billion Arg. Peso renovation underway at Ezeiza

Aeropuertos Argentina 2000 (AA2000) has held the concession to manage the principal airports in Argentina since 1998. Controlled by the powerful Buenos Aires based conglomerate Corporacion America, which is owned by Argentine entrepreneur Eduardo Eurnekian, AA2000 is part of a group that manages airports in Italy, Brazil, Ecuador, Italy and Armenia. In Argentina, AA2000 controls more than 90% of commercial air traffic and looks after more than 30 million passengers per year. Most of these passengers pass through the two big airports in the country's capital Buenos Aires – Aeroparque, Argentina's biggest airport for domestic travel, and Ezeiza, the leading international gateway in the country. John Gallagher reports from Buenos Aires.

AA2000 and Corporacion America, along with the Argentine government, announced in March a major renovation plan for Ezeiza International Airport which will prepare the airport for further growth. The 15 billion Arg. Peso (approx. US$ 750 million) project will create one of the most modern airports in the Americas.

The airport will also be able to receive four times as many aircraft and will feature a new air traffic control tower. Renovations have been ongoing at Ezeiza for several years but this new project, already under way, will continue through 2020.

Travel Markets Insider met with Daniel Ketchibachian, AA2000 CEO, at Ezeiza International Airport, to discuss the future of the airport, where the terminal will be expanded from just over 58,000sqm to more than 217,000sqm. The redesigned airport will feature 52 gates from the current 27, with a totally refurbished check-in area incorporating over one hundred self-check-in units.

"There will be more boarding gates, more parking positions for aircraft, bigger and more spacious security and immigration controls, more luggage belts and better parking facilities," says Ketchibachian.

"The new departures terminal, which will measure just short of 40,000sqm, will centralize all departures, and ensure an efficient and comfortable experience for arriving passengers. The objective is to create a great airport for passengers. The air traveler is very important to us and we want him to be comfortable and have a pleasant stay before he leaves or when he arrives. The airlines are also important, and we talk to them on a regular basis to ensure that any changes we carry out will allow them to become more efficient."

Ketchibachian took over the top post at Ezeiza just over a year ago, after spending almost six years in Brasilia running the Inframerica operation, the Corporacion America business unit that

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The expanded modernistic terminal at Ezeiza will offer double the space for duty free in the departures area.

manages Brasilia and Natal airports. In Ezeiza he has followed a similar strategy that he adopted in Brazil.

"Basically, we have taken a detailed look at what we do – the things we do well will remain, the things we do badly will be changed. Innovation will be important, and we will bring a lot of new ideas and new concepts to improve the passenger's experience," he explains.

"As part of the renovation process we will be making changes to the services we offer the passenger. The commercial offer will be vastly improved and when we talk about commercial we are thinking not only about retail but also about food and beverage."

Duty free will be central to the commercial offer, Ketchibachian adds, "We have a great relationship with Dufry, our anchor duty free retailer, and we have been talking closely with them to ensure that our duty free shop will be one of the best in Latin America."

AA2000 is working with Portland Design of London – which worked with the group in Brasilia -- to develop the new commercial offer at Ezeiza.

"The greatest part of the new commercial offer will be located in the connecting building that will link the new departures area to the new arrivals terminal. The duty free store in departures will be more than double the size of the current store when we finish the whole development in the connecting building. Dufry is preparing something very special and we really feel that the new offer will be very well appreciated by the Ezeiza airport user," says Ketchibachian.

Food and beverage will play a major role in the renovated airport. "Many people do not have access to the VIP Lounges and in the past the offer has not met the travelers' expectations, neither with the range of the offer nor the pricing. The F&B proposal will be totally renovated. Several different segments use the airport - frequent travelers, some first-time travelers, people with high incomes, people with less cash to spend - and we must appeal to all segments to ensure that we can maximize our revenues."

Ketchibachian says that passengers will begin to see the new offer at the end of this year, when AA2000 will introduce several international brands along with strong Argentine brands to ensure that Ezeiza does not lose its sense of place. Pricing will be in line with similar outlets in Buenos Aires city center.

"We as the landlord will make sacrifices and we are sure that overall revenues will be in line with expectations."

Under Ketchibachian, AA2000 has implemented a continual dialogue with all the players involved in making the airport work, conducting regular meetings with Immigration, police, airlines and commercial players.

"We want to make sure that problems are solved quickly. On the commercial side, if we can solve problems quickly the duty free shop operator, the retailer, or the restaurant concession holder will improve revenues. If they improve revenues so does the airport. Additionally, if there are no problems the traveler enjoys the airport experience, and this is always positive."

Ezeiza is already reporting better traffic figures this year (+9.9% first six months). New routes and increased frequencies tell part of the story but the increase is also partly due to a government decision to relocate regional flights away from Aeroparque, which will become solely a domestic airport. From next year, the only international services from Aeroparque will be to Montevideo and Punta del Este.

Ketchibachian says that Ezeiza has already assumed more than half the flights to Chile, Brazil and Paraguay and the remaining 50% will change over to Ezeiza in April, 2019.

"Regional passengers need to be looked after in the same way as long-haul passengers and we feel we will be able to meet their needs in every way. Brazilians make up the biggest foreign group in the airport and recently we have established a number of Brazilian-friendly measures to accommodate their needs."

Ketchibachian is also confident AA2000 will be able to meet the needs of low-cost carriers as they begin to operate in Argentina.

"Some of the new airlines will use El Palomar, the new terminal on the west side of Buenos Aires. Others will use Ezeiza. Sky Airlines already operates several flights per day to Santiago in Chile and Level operates a regular service to Barcelona in Spain, both from Ezeiza. Later this year we will see the first flights from Swiss carrier Edelweiss to Zurich.

"One of the major factors with low cost aviation in Latin America is that no one is sure what the traveler will want when he arrives at the airport. Some of the passengers are business travelers, some are leisure passengers, some are frequent travelers, and some have never flown before. As low-cost services grow, we realize we must continue to study the needs of all the passengers in order to offer them the services that they require."


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Currency crisis in Brazil and Argentina

Buenos Aires-based John Gallagher looks at the economic situation in Latin America and studies how recent currency fluctuations are affecting the duty free business.

Currency devaluations in Brazil and Argentina in May and June have led to severe currency fluctuations in both countries, with an overspill that impacts all facets of their economies including the travel retail channel.

After a strong finish to 2017, the travel retail business expected a stable year in 2018 with both countries forecasting further growth, higher inward investment and stable employment. Regional tourism was strong in January and February with airports and ferry companies reporting high single-digit and low double-digit increases in traffic. March and April were slower, but not yet worrisome.

Since May, however, the current fiscal crisis has led both the Macri government in Argentina and the Temer administration in Brazil to rethink the short-term future. Both presidents need to ensure the short-term well-being of their countries and worry about the medium term later on. Temer is trying to ensure his party wins the next elections so he can continue the economic reforms he has timidly carried so far, and Macri is seeking reelection in next year's Argentine elections. Neither scenario is conducive to sensible economic management.

More tears in Argentina

The Argentine peso started the year at around 18 pesos to the US Dollar, floating to around 20 in March. But in May speculation about devaluation and economic uncertainty pushed the currency to just over 28 pesos to the dollar, despite the Argentine Central bank spending millions of dollars in reserves to shore up its value.

Changes in the government economic team, the resignation of Federico Sturzenegger, the President of the Argentine Central Bank, and a $50 billion rescue package form the IMF have stabilized the market, at least for the moment. The government is fighting to keep the dollar below 30 pesos but results are not guaranteed.

One big problem facing Macri is the high inflation, which has slowly climbed once again to around 30%. In addition, unemployment is rising, interest rates continue to be stubbornly high and the government has revised GDP growth estimates downwards.

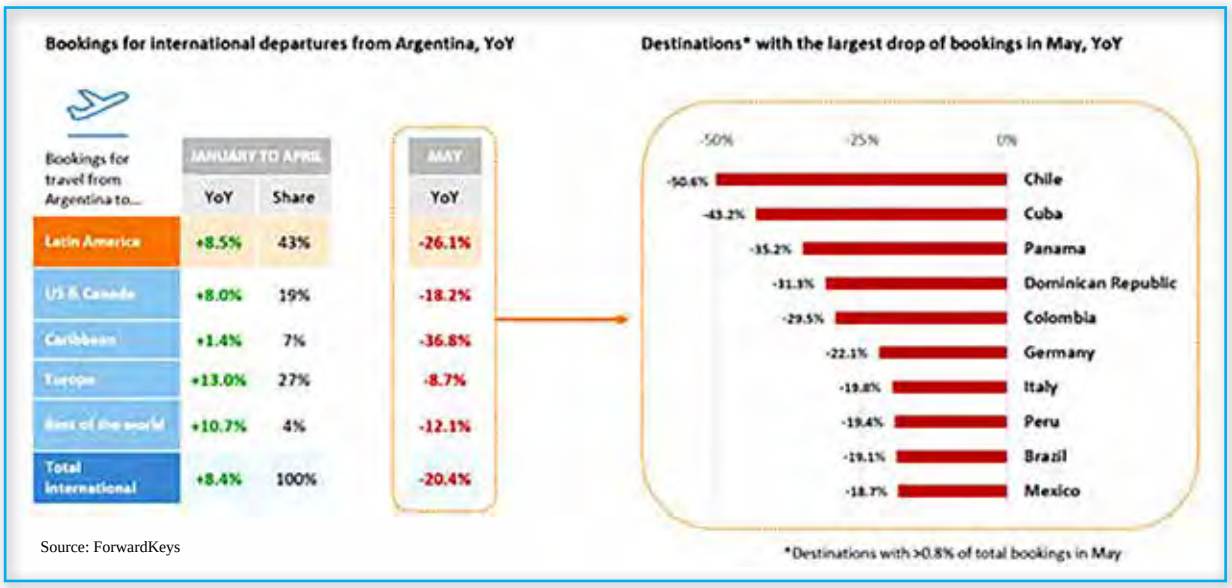
Economists forecast growth for 2018 will be between 1.0% and 1.5%, down from original forecasts of around 2.0%. The IMF deal will allow the government to refinance external debt but will likely bring some degree of fiscal austerity. Details of the IMF bailout have not yet been announced.

We expect that fiscal deficits will have to be reduced, government subsidies cut, and infrastructure projects reviewed. The Macri government has not been able to meet its own inflation and economic targets so it is difficult to imagine how they will meet the stiffer targets that the IMF could impose.

GDP growth for H2 will slow – agriculture could suffer as a nationwide drought affects harvests and the feeble economic situation is bringing more labor problems as the powerful unions strive to maintain purchasing power for their members. Social unrest is likely; the powerful truckers union has already staged a one-day general strike. More action from the unions is likely to follow.

The construction business, which reported strong figures in Q1, is slowing and Q2 figures will be poor. Supermarkets report stagnant sales and consumers are reconsidering purchases. Sales of new cars fell in June for the first time in two years. However, tax revenues are running ahead of inflation.

Argentina's current currency woes have resulted in a sharp drop in outbound air bookings.



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30 September / 5 October 2018 — Cannes

For the first time in recent memory, online travel agencies and hotel chains are reporting slow bookings and reservations are down for the rest of the year. Travel data tracker ForwardKeys confirms that outbound travel bookings collapsed after the Peso crashed in May. In late June, the company said that bookings for travel from Argentina to neighboring Latin American countries (which have the largest share of Argentina's outbound travel, at 43%) slumped year-on-year by 26.1%.

Total international outbound bookings were down 20.4%, following on from an increase of 8.4% in the first four months of the year. USA and Canada bookings were down by 18.2%, whereas the Caribbean fell by 36.8%. All these destinations had shown increases up to April. Local reports indicate travel to Uruguay, Paraguay, Brazil and Chile was also down in May and June. The picture for July is unclear – many businesses and schools take a one or two-week winter vacation and these trips are booked up several months ahead of the actual travel date – so we might not see the true picture until August and September.

The Macri government has been examining overseas travel habits of Argentine residents as it worries about the negative deficit in foreign currency movements. But the government is denying rumors about a possible surcharge on credit card use outside of Argentina and increased taxes on international air tickets. The Central Bank says that credit card use by Argentine residents abroad has fallen substantially in May and June.

Similar suffering in Brazil

We can relate almost the same story for Brazil and the Brazilian Real. The year 2018 started with the Real valued at 3.2 to the US Dollar, in line with the value it held for the whole of 2017. But from mid-January the Real started weakening, initially slowly in March and April but gathering a furious pace in May to reach 3.90 at the beginning of June. For almost a month, it stabilized slightly in a band between 3.75 and 3.85.

The economic recovery noted in the second half of 2017 has stalled. Q1 was a slow three months with unemployment up, investment down and exports lower than expected. The strike by Abcam, the powerful Brazilian truckers' union, slowed business throughout the country and the government had to reverse several austerity measures to broker a peace deal with the drivers. As economic data continues to be poor, growth estimates for the year have fallen from just under 3% to just over 2%.

Brazil's October elections inhibit the Temer administration from further action, leading only to more uncertainty. The question is which candidate can unite the passion of the Brazilian electorate? Most opinion polls indicate that center right candidates will not do well against left of center candidates. Brazil's economic reforms are still necessary, yet it is questionable if any candidate proposing austerity can be elected. The election is crying out for a charismatic candidate like Lula but with a degree of economic sobriety. There are only three months to go before the first round of voting, but following years of graft and corruption, and with more than 20 politicians serving prison sentences for various misdemeanors, this election is difficult to predict.

Lula is not allowed to stand (given his conviction for fraud and money laundering) yet despite being incarcerated in Curitiba, opinion polls show him as the most popular candidate of all potential presidential aspirants. When Lula is excluded, the leader in all polls is right wing candidate Jair Bolsonaro, a former general and a supporter of the last Brazilian military dictatorship. But Bolsonaro is considered unlikely to win a second round as his extreme views worry potential allies. Sometimes described as the Brazilian equivalent of Donald Trump, he appeals to many voters tired of mainstream politics, but would be unlikely to win a runoff vote if he were to finish in the top two in the first round.

Border blues

The current economic and political situation has not benefited the travel retail business. Currency fluctuations have always been the biggest enemy of the border duty free trade, and recent events have been no exception.

After a quiet but solid start to the year in January and February, most duty free retailers in Uruguay, Paraguay and Argentina report very slow sales over the last two months. A leading retailer who asked to be anonymous says that the general feeling is that the situation will not improve until after the Brazilian Presidential elections and the Argentine Peso stabilizes.

The expected inauguration of border stores on the Brazilian side of the land border with Paraguay, Argentina and Uruguay seems to have been postponed. "The Brazilian Customs Authorities have got too much to do now without trying to control a new business segment," the retailer commented.

But it's not all bad news in the Americas

Even though Argentina and Brazil have been struggling, Chile, Peru and Colombia have all enjoyed solid growth during the first half of the year. All three countries have enjoyed stable economic conditions and GDP growth forecasts for the year and the medium term are sound.

In Chile, GDP is forecast to grow at 3.5% in 2018 and 3.3% for next year. Business-friendly president Sebastián Piñera took office in mid-March, and growth figures could be revised upwards.

In Colombia, center-right candidate Ivan Duque won the second round of the presidential elections, stimulating a positive business outlook for the short and medium term; GDP growth for 2018 is forecast at 2.5%, rising to 3.0% in 2019.

Strong growth is also expected in Peru with analysts predicting 3.6% GDP growth this year, rising to 3.7% in 2019. Following the resignation of former President Pedro Pablo Kuczynsk in March, new president Martín Vizcarra is expected to be positive for the country and its economy.

Lima, Bogota and Santiago airports all showed strong passenger growth in the first quarter of the year. Growth may slow in the second quarter given the problems we are seeing in Brazil and Argentina, although the positive trend is still likely to continue for the rest of 2018.

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Argentina's economic turmoil hits international travel

ForwardKeys: Impact felt across Latin America and beyond

As reported in John Gallagher's economic report, the fall-out from Argentina's financial turmoil is having a huge impact on travel to and from the country. In addition to the fall in outbound bookings reported on page 14, ForwardKeys notes that Chile tops the list of countries showing the largest falls in flight bookings from Argentina year-on-year, down 50.6%. Cuba is down 43.2%.

The ForwardKeys findings show the countries most potentially affected by Argentina's travel collapse, because of their market share of its visitors, are Brazil, Paraguay, Uruguay and Chile, followed by Bolivia, Peru, Cuba and Colombia.

Argentina itself is also suffering an inbound decline among Latin American travelers who are nervous about its current economic difficulties. Bookings made in May were nearly 14% down on those made in May last year.

Looking ahead, Argentina's problems are set to persist as the country struggles to find economic cures. Bookings for arrival in June to August are behind by 4.9% on last year. Bookings from Brazil alone are lagging by 9%.

Argentina is not alone; its difficulties are echoed in the tourism outlook for Latin America and the Caribbean as a whole, where bookings for June, July and August are 2.0% behind last year's.

In Central America, the slump has been largely caused by Nicaragua's social unrest and volcanoes in Guatemala. In the Caribbean some destinations are still struggling to recover from recent hurricanes. Chile and Cuba have been hit by the woes of their important source market, Argentina.

Massive infrastructure improvements underway in Buenos Aires should enhance tourism appeal

Despite the fiscal downturn in Argentina, Buenos Aires is currently undertaking a multi-million-dollar urban infrastructure investment on the Paseo del Bajo highway, a major transportation link within the city. When completed, it will funnel trucks and large vehicles underground directly to the highways, train station and ports, with passenger cars passing along redesigned Avenidas Alicia Moreau de Justo and Huergo-Madero. The new project also creates new urban green space in the heart of the city.

One of the Argentine capital's largest major infrastructure improvement projects, the new highway connection was begun in early 2017 and is expected to be completed in 2019. The new route connects the Illia highway, which currently ends in the northern part of Buenos Aires, near the Retiro train and bus station complex and seaport, to the Buenos Aires-La Plata highway in the southern area of the city, near the San Telmo, Barracas and La Boca historic districts around the city's original colonial port.

The connection runs parallel to Puerto Madero along Avenida Alicia Moreau de Justo, in an area of currently underused land between this area and the downtown MicroCentro and other central neighborhoods.

Once completed, around 25,000 vehicles including approximately 10,000 trucks, along with several bus lines and private cars are expected to pass daily through the over 4-mile route.

Much of the new highway connection corridor will be submerged underground via a partially covered open trench process, giving the opportunity to create landscaped, plazas, urban parks and pedestrian and cycling walkways.

The project is expected to be a boon for tourism, providing walk ways connecting the Corrientes Theater District, Plaza de Mayo, Puerto Madero and the Ecological Reserve.

The Mayor of Buenos Aires Horacio Rodríguez Larreta comments that the project is considered among the most important infrastructure improvements for Buenos Aires in the past 50 years, when the current highway system was originally constructed.

The new Paseo del Bajo highway will pass by the busy Puerto Madero area, shown here where the famed Woman's Bridge crosses over the Rio de la Plata.


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Dufry brings the feel of Sao Paulo to its new Destination store at GRU

Dufry brings a distinctly Brazilian vibe to the new "destination" space it recently inaugurated at the Terminal 3 departure area at São Paulo International Airport (GRU).

With products from premium local brands offered within an area of 500 sq meters, the store presents a strong sense of place with a wide selection of categories from beauty to fashion.

Dufry first introduced the Destination concept in Brazil in 2016.

In this new concept, located in the departure area as a "last call" to shop, Dufry is targeting passengers looking for souvenirs or products made in Brazil.

With design concepts echoing the atmosphere of some of the most popular sites in the city of São Paulo, each of these local brands has a dedicated space representing different city neighborhoods.

The Oscar Freire area offers products from famous fashion brands, such as Farm, Lenny Niemeyer, Cia Maritima, Osklen, and Havaianas. The Ibirapuera space offers products for pets and sports brands like Zee Dog and Penalty. Avenida Paulista sells souvenirs and Natura products. Confectionery like Garoto chocolates and local spirits such as cachaças Leblon, Mata-Velha and Sagatiba are featured in the Vila Madalena space.

Dufry has a long term contract in GRU and the Destination shop complements Dufry´s presence in Terminals 2 and 3 where it has duty free arrival and departure shops.

In other retail developments in GRU, Dufry has expanded the area devoted to electronics inside the duty free shop at Terminal 3 to 235 sq. meters in size, and made the experience more interactive.

In addition to tailored brand spaces for JBL, Bose and DJI, the store features a flying area for DJI drones, where consumers are able to test-pilot them. New brands coming soon include Garmin and Sonos.

GRU Airport is the largest hub in Latin America and received more than 37 million passengers in 2017, with a passenger flow estimated to reach 40 million in 2018.

Gustavo Fagundes, Dufry General Manager for Brazil and Bolivia, comments: "This new space is another successful accomplishment of our project expansion and partnership with GRU Airport. In this space, we aim to bring a sense of place to International and Brazilian travelers showing typical local brands in an exclusive retail environment.

"Upon leaving the country, [passengers] will have a unique shopping experience and be able to take part of Brazil with them through the products of the best and famous local brands. Dufry strongly believes in the potential of the travel retail in Brazil and therefore we are introducing this concept that has already proven elsewhere to be hugely successful to attract more passengers to our shops.

"Finally, we thank GRU Airport for this long standing partnership and, we trust to continue with many other opportunities and achievements together going forward," concluded Fagundes.

A look at passenger traffic at Panama's Tocumen Airport, as it prepares for opening of new Terminal

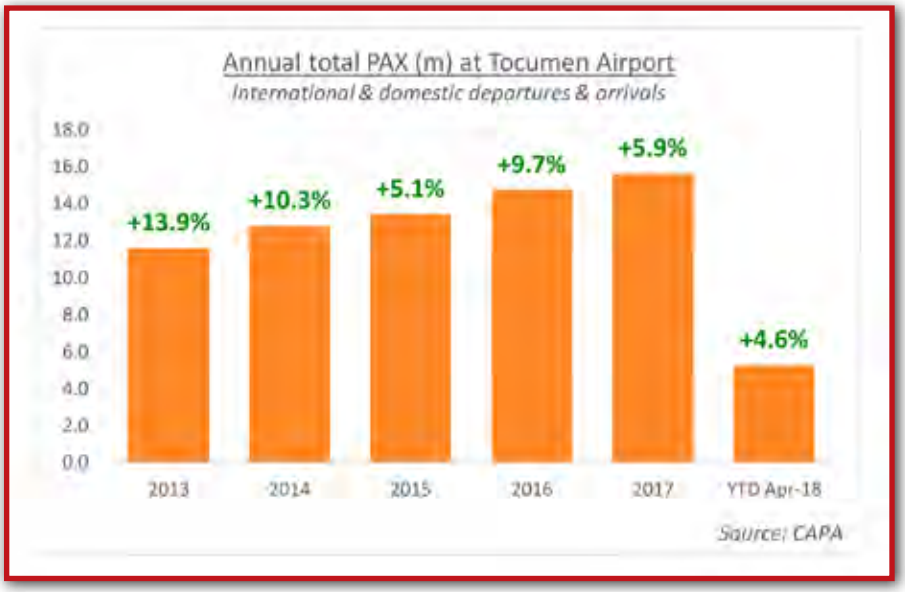
Some of the newest duty free stores in the Americas were opened over the past few months at Panama's Tocumen International Airport. The new stores began opening in April, after Duty Free Americas had been awarded two of the three blocks of the commercial area in Terminal 1 and Attenza Duty Free, operated by Motta Internacional, won the third block. (*TMI* will cover the new stores in-depth in our October magazine.)

After several delays, Tocumen is reportedly about to issue a tender for three blocks of duty free spaces in the airport's new Terminal 2 in August. Terminal 2, which will have the capacity to service aircraft in 20 boarding gates, is expected to begin operations in the last quarter of 2018.

In preparation of the upcoming tenders, travel retail research agency Counter Intelligence Retail put together some traffic volume figures for *TMI* from Tocumen.

A total of 15,616,065 passengers traveled through the Tocumen Airport in 2017, up by 874,128 passengers compared to 2016. Passenger volume rose by 5.93% in 2017, the 30th consecutive month of PAX growth since October, 2015 when growth slipped just-0.3%, reports CiR.

The airport achieved double-digit PAX growth in each year between 2011 and 2014, but this fell to a little more than 5% growth in 2015, when volume was hit by the Brazilian recession. Traffic rose again in 2016 by nearly 10%, but the growth rate fell again to just under 6% last year.



Routes

Although it experienced declines in capacity from many key markets in 2017, Panama achieved +2% capacity growth in 2017, thanks to continued interest from the US, as both a destination and key transfer hub for access to other parts of Central and South America.

Volume was also buoyed by the recovery in the outbound Brazilian market, as the airport also acts as a key hub for Brazil, particularly for travel to the States.

Forecast

CiR reports that passenger traffic is looking positive for 2018, with +4.6% PAX growth in the first four months of the year, and +5.0% growth in capacity in the next six months (May-October). Robust growth from Argentina, USA and Colombia - which already feature in the top 10 source markets - is driving volume and percentage growth. Tocumen is also benefiting from double-digit growth in some smaller markets.

2017 top source markets for flights into Panama City Tocumen

Scheduled international flights only

Departure Country	% Share	% YoY
USA	20%	7%
Colombia	13%	-3%
Mexico	8%	5%
Brazil	7%	23%
Costa Rica	5%	-5%
Dominican Republic	5%	-2%
Venezuela	5%	-13%
Ecuador	5%	-12%
Cuba	4%	-2%
Chile	3%	9%

Source CiR Business Lounge

Top source markets for flights into Panama City Tocumen May-Oct'18

Scheduled international flights only

Departure Country	% Share	% YoY
USA	22%	12%
Colombia	13%	11%
Mexico	8%	2%
Brazil	7%	3%
Dominican Republic	5%	5%
Costa Rica	5%	-1%
Ecuador	5%	4%
Argentina	4%	46%
Cuba	4%	2%
Peru	3%	11%

Source CiR Business Lounge

Top growth markets for flights into Panama City Tocumen May-Oct'18

Scheduled international flights only

Departure Country	% Share	% YoY
Curacao	0%	58%
Argentina	4%	46%
Aruba	1%	24%
Bahamas	0%	14%
USA	22%	12%
Peru	3%	11%
Jamaica	0%	11%
Colombia	13%	11%
Honduras	1%	8%
Paraguay	1%	8%

Source CiR Business Lounge

Can construction of the delayed Santiago airport Terminal get back on track?

The new 175,000sqm international terminal building under construction at the Arturo Merino Benitez International Airport in Santiago de Chile may be delayed and not ready for operation until mid-2021, almost one year behind the original schedule.

Nuevo Pudahuel, the airport's management concessionaire, claims that the Chilean Ministry of Public Works is taking an excessive amount of time to certify each stage of the project, holding up the approval of each stage beyond the contracted dates.

Nuevo Pudahuel claims that they are finishing each section on schedule but that a shortage of qualified technical inspectors in the Ministry is adding an excessive amount of time for approvals.

The administration of Chile's new President Sebastián Piñera is meeting with the concessionaire to try and re-instate the original timetable.

The initial concession contract clearly spells out the responsibilities and obligations of each party and should point the way to settle the dispute. Chile's newly appointed Public Works Minister, Juan Andrés Fontaine, has established a working group in an effort to solve the problem and get Chile's biggest infrastructure project back to the original timetable.

JG

Cancun Terminal 5 gets Stock Exchange approval

Mexican airport manager Aeropuertos del Sureste (ASUR) has received approval for a new terminal at Cancun International Airport. The new Terminal 5 will be located next to Terminal 4, which was opened at the end of 2017.

ASUR presented a revised five-year investment plan to its airport master plan to the Mexican Stock Exchange at the end of June. The new plan, which is an integral part of the company's airport development, was approved by the Mexican Transport Ministry.

ASUR, which also manages airports in Colombia and in Puerto Rico, will invest 11,000m Mexican pesos in the nine airports it controls in South East Mexico from 2019 until 2023. Half of this investment will go to the airports of Cancun and Cozumel, with the majority being channeled to the new Terminal 5 building at Cancun.

Cancun is the second busiest airport in Mexico. More than 23.6 million passengers traveled through Cancun in 2017, up from 21.4 million the previous year. More capacity is needed to guarantee medium term growth, says ASUR.

Construction will start in Q1 of 2019, although it may be brought forward to the end of 2018, said ASUR President Fernando Chico Pardo.

JG

New Mexico City airport future unclear

Following the victory of Andres Manuel Lopez Obrador in Mexico's July 1 presidential elections, the future of the new US$ 13billion Mexico City International airport, currently under construction in Texcoco, is in doubt.

During his campaign, Lopez Obrador said he would cancel the new project, arguing the country could get by with the current airport plus a new runway and terminal at the military base in Santa Lucia.

The Santa Lucia solution was soundly rejected by aviation industry leaders who pointed out the technical and air traffic control problems that would ensue since the flight paths of each air terminal crossed, and would seriously affect flight operations.

In the latter part of the campaign, Lopez Obrador softened his hardline stance but still insisted he would review the construction contracts to ensure against corruption and then decide whether to go ahead with the airport once he took office.

Now, the President Elect suggests holding a referendum to decide the future of the project. Javier Jiménez Espriú, the probable new Transport Minister in the Lopez Obrador government, suggests three possibly paths: the project goes ahead as planned (but with a stricter revew of contracts); the project is totally financed by the private sector with a possible management concession of the new airport; or 2 new runways and a terminal are built in Santa Lucia.

Lopez Obrador takes office at the beginning of December, although the new Congress is sworn in on September 1. Lopez Obrador has already met with outgoing president Enrique Pena Nieto and the Mexican press hints that the future of the new airport could be decided as early as August.

JG

New round of privatizations in Brazil

The Brazilian government has just announced a further round of airport privatizations covering 13 airports that account for 9.5% of the Brazilian domestic market with almost 20 million passengers.

The airports included in this round are Recife, Maceió, Aracaju, João Pessoa, Campina Grande and Juazeiro do Norte located in the Northeast region of the country; Vitória and Macaé, in the Southeast region; and Várzea Grande (Cuiabá), Rondonópolis, Sinop, Alta Floresta and Barra do Garças in the Matto Grosso.

This will be the first time that airports will be offered in regional blocs. Companies looking to bid must indicate their interest to ANAC, the Brazilian Civil Aviation Authorities, by mid-July.

One possible bidder told *TMI* that his company was worried that the Brazilian presidential elections coming in October could delay the tender process.

Unlike the first rounds of privatizations, Infraero will not be a shareholder in the new concessions.

JG

Travel Retail connects with shoppers by engaging the passenger At the Point of Sale

Suppliers and operators throughout travel retail are successfully engaging with shoppers through retailtainment-led activations. These fun and creative animations – many of which take place within a distinctive brand environment -- capture the attention of passengers, drive them into a store and increase shop penetration. At the same time, these Point of Sale activations often tell a story and create a connection between the passenger and the brand. Travel Markets Insider here presents some of the exciting Point of Sale animations that are taking place in travel retail in Latin America and the Caribbean.

GUCCI BLOOM blossoms with Coty in Brazil

The vision for GUCCI BLOOM in travel retail was to create a 'pop-up' store that strongly communicated GUCCI BLOOM's key attributes of vitality, creativity, quirkiness and uniqueness. Coty is working with Dufry in Brazil to host this stunning animation in August and September.

The 'pop-up' created by Coty captured the attention of passengers and transformed the airport into a distinctive luxury environment showcasing the world of GUCCI BLOOM when it launched at New York JFK earlier this year. As passengers engaged with the brand, brand ambassadors help convert them into customers.

GUCCI BLOOM is the first Gucci fragrance developed wholly under Alessandro Michele's creative vision and encapsulates his modern philosophy that is the guiding vision for the House.

Coty is working with Dufry in Brazil to host this stunning animation in August and September.

In Latin America, HUGO Urban Journey took passengers in the Rio de Janeiro airport on a virtual reality paragliding trip over Peru.

HUGO goes on an Urban Journey

HUGO Parfums unveiled the next chapter of its #YourTimeIsNow campaign with a new scent, HUGO Urban Journey, which encourages millennials to explore the city on their doorstep before venturing into the world beyond.

To mark the launch in travel retail and to bring the campaign to life different retailtainment-led 'pop-ups' were installed within airports.

In keeping with the theme, passengers were encouraged to interact with the world beyond and become urban explorers via a VR interactive game. Passengers were entertained by the brand directly instore. This unique interaction with the brand converted passengers into customers, reports Coty.

With top notes of Himalayan whorlflower and heart notes of intense, Black Tea, the new HUGO Urban Journey limited edition fragrance provides an instant alertness and curiosity. At the base, Gaiac Wood expresses masculinity and confidence, creating a balanced portrait of the ideal scent for millennials today, says Coty.

BOSS BOTTLED UNITED celebrates the World Cup

To mark the launch of the limited edition BOSS BOTTLED UNITED in travel retail, BOSS Parfums shared the excitement of the World Cup by partnering with key retailers in an activation that celebrated soccer. The new fragrance comes enclosed in a silver-shaded flacon, and with a scent said to act as a physical reminder of the well-earned trophies received when players perform at their best, so the soccer connection was a natural.

The Soccer campaign launched in June and showcased BOSS Bottled United via a retailtainment-led 'pop-up' featuring VR soccer games that put people right on the field with some of soccer's best players and mini foosball tables installed inside stores. The VR Soccer was a huge hit with passengers in the Motta stores in Panama, with Dufry in Mexico City at the Rotunda in Terminal 1, and with UltraFemme in its Malecon Americas store in Cancun (through Tairo International).

The VR Soccer was a huge hit with passengers in the Motta stores in Panama (left), with Dufry in Mexico City at the Rotunda in Terminal 1 (right), and with UltraFemme in its Malecon Americas store (top, bottom) in Cancun (through Tairo International).

LVMH gives Givenchy's Gentleman Eau de Parfum the Mega treatment

Givenchy Parfums celebrated the launch of its new Gentleman Eau de Parfum with Mega Events that invited shoppers to "Feel the Flow" across Latin America beginning in April.

A reinvention of the 1970s classic Gentleman, the New Givenchy Gentleman proposes olfactory variations that define a new modern-day gentleman. Following the launch of the first Gentleman variation -- Gentleman Eau de Toilette -- in 2017, LVMH-owned Givenchy Parfums describes the new Gentleman Eau de Parfum as a "hedonistic essence tailor-made for an enchanting night bird."

The Givenchy Gentleman feels the music, creates his own flow, and marches to his own beat. This was the inspiration for the Mega Events retailtainment, where customers had the opportunity to create their own flow and dance to the beat of their personalized tune. #BeTheFlow

Mega Events took place across the region, with such retailers as Dufry in airports in Chile, Argentina and Mexico, as well as a major activation with London Supply.

Mega Events took place across the region, with such retailers as Dufry in airports in Chile (top right), Argentina (bottom left) and Mexico (top left), as well as a major activation with London Supply (bottom right).

The Polo Ultra Blue wave takes over Travel Retail Americas

Polo Ultra Blue, the new fragrance for men from Ralph Lauren, is an ultra-fresh and ultra-long-lasting interpretation of the iconic Polo Blue. Ultra Blue launched in March in Travel Retail Americas, and evokes the refined, yet sporty lifestyle of the Polo Blue Man. This concept is embodied in the new campaign featuring MMA fighter and model Luke Rockhold, the new face of Polo Blue fragrances. Further exemplifying the sports life, Rockhold is also an avid surfer and kiteboarder.

In July 2018, Polo Ultra Blue took over Travel Retail Americas across 16 different cities. The retailtainment concept was inspired by the surf-globetrotter who travels to all the hot surf destinations in search of the most thrilling wave. Buenos Aires, Rio de Janeiro, Miami… an exclusive city stamp was created for each city explored.

During the month, passengers buying the Polo Ultra Blue fragrance received a great sense of place souvenir gift of a complimentary personalized Sport Bag with name initials and city stamp.

The scenery for this event included an experiential Polo Beach Bar, where passengers were invited to discover the fragrance tailored to their lifestyle through their usual après-work cocktail recipes. The experience expanded to a surfboard photobooth with waves crashing in the background for sharable selfies.

The Polo Ultra Blue event in Travel Retail Americas, which was a great success, is the best expression of retailtainment and sense of place enhancement that allowed travelers to live a one-of a kind experience they could enjoy at the point of sales and also take back home.

The Polo Ultra Blue fragrance is an energizing blend of sparkling cedrat lemon, bergamot and a salty mineral accord.

Polo Ultra Blue feels the wave in Buenos Aires (top) and Rio de Janeiro (above).

Dolce&Gabbana Light Blue transports LATAM passengers to a virtual Capri

In May 2018, Dolce&Gabbana had extensive and exclusive OOH presence in the airports of Ezeiza in Buenos Aires, Argentina and Carrasco in Montevideo, Uruguay.

As travelers entered the immigration area, they were invited to discover the world of Light Blue fragrances, sampling Light Blue EDT and Light Blue Eau Intense. During their fragrance discovery, passengers also experienced the Light Blue Campaign by posing for a photo at the Capri window. For further engagement, there was an in-store promotion where Dolce&Gabbana offered a special gift with purchase, which effectively drove traffic to the store.

Explore the World of Montblanc Fragrances

Essence Corp. held an animation with the Motta Group at Bogota International Airport in March designed to introduce passengers to the World of Montblanc fragrances. The activation featured the Legend franchise -- Legend, Legend Spirit and Legend Night -- as well as Lady Emblem.

The last launch in the Legend franchise was Legend Night (September 2017) which was also featured as part of this animation.

Versace Pour Femme Dylan Blue

Essence Corp. has been featuring animations for the new Versace pour femme Dylan Blue throughout the region over the past few months, as shown left at Ultrafemme in Cancun, Mexico, during June.

Versace pour femme Dylan Blue bottle is the expression of innovative design: the curves recall an amphora, evoking Greek culture and mythology, and the intense blue is like the Mediterranean Sea. Gold details and the iconic Medusa reinforce the classic Versace image.

"Dylan Blue pour femme is my tribute to femininity. So I created a strong, sensuous yet refined fragrance for a woman who knows her own power."

-Donatella Versace

Yves Saint Laurent's YSL Y dresses up the Caribbean

Tairo International dressed windows all over the Caribbean for the recent launch of Yves Saint Laurent's new YSL Y, a new male pillar that offers a bold new take on the traditional fougere. YSL Y is inspired by the iconic Yves Saint Laurent white t-shirt and black jacket.

The juice represents the multifaceted personality traits of the Y Man, clear and bright at the top, and strong and sensual at the heart and base. Pictured here are some of the animations at Yellow House in Curaçao and John Bull in Nassau.

Edrington Global Travel Retail reorganizes Americas team

Edrington Global Travel Retail (GTR) is putting stronger emphasis on its travel retail business in the Americas and has named Juan Gentile, formerly Senior Vice President for Latin America and Travel Retail, to the new role of Managing Director, Americas Travel Retail.

The new organization is designed to provide greater support to retail partners and drive continued growth in the region for its Americas Travel Retail (AmTR) business.

In this role, Gentile will be 100% focused on the travel retail channel, while also leading and supporting a new Global Cruise Development initiative.

Under the reorganization, Jada Portela has been promoted to Regional Director – Latin America & Caribbean, excluding Mexico. Juan Campos, formerly Regional Director – Latin America & Caribbean, has taken over as Managing Director for newly created Edrington Mexico.

In related news, Edrington Travel Retail Americas moved into a new office in the heart of Miami's business district on Brickell Avenue last month. The new site also houses Edrington's LATAM team and the South Division domestic team, which covers ten states from Texas to North Carolina.

The Miami office will act as an important hub for the Americas, Gentile told *TMI*.

In 14 years at Edrington, Juan Gentile has been instrumental in the growth of Edrington's business, developing The Macallan to become the leading Single Malt in Latin America domestic markets. In 2012 he assumed responsibility for travel retail and was a board member of Edrington WEBB Travel Retail Americas. Gentile played a central role in the 2017 integration of this business within Edrington's global structure, establishing a fully owned and integrated Global Travel Retail business unit.

Anette Mourier will assume the role of Global Cruise Manager, responsible for both the on- and off-premise cruise business. Formerly Marketing Director with WEBB, Anette combines significant experience of on-premise brand building with strong relationships in the cruise line industry.

According to figures from Cruise Lines International Association, global cruise passengers grew by 20.5% in 2017, with North America (including Mexico) representing almost half (49%) of global ocean passengers.

As part of the reorganization, Lilian Sanchez takes full responsibility for the Edrington portfolio as Head of Marketing for Edrington Americas Travel Retail.

Igor Boyadjian, Managing Director, Edrington Global Travel Retail: "The Americas region in travel retail is full of opportunity, with major investments in airport infrastructure and improved retail facilities as well as a dynamic and rapidly growing cruise business. By allowing Juan to focus all his experience and expertise on leading our travel retail business and bringing in Anette to develop and execute a tailored strategy for the cruise line business, I'm confident we are in a strong position to grow our brands and strengthen our premiumization agenda in the region."

Juan Gentile, Managing Director, Edrington Americas Travel Retail: "I'm extremely passionate about travel retail and believe that an even stronger focus on this channel in the Americas is a crucial step. Edrington has laid out a very bold vision to take leadership of the super-premium spirits category in the Americas, and travel retail has a major role to play in delivering on this vision by driving brand equity and consumer recruitment at iconic, high-profile locations across the region. I'm delighted to wish Jada, Anette and Lilian well in their new roles."

Top: Juan Gentile will focus on Edrington's Americas Travel Retail Business as Managing Director, Americas Travel Retail.
Bottom: Anette Mourier assumes the role of Global Cruise Manager with Lilian Sanchez as Head of Marketing, Americas Travel Retail.

In the first year, the WEBB Banks merger delivers sterling results

A year and a half after the merger of North Carolina's Banks Channel and Miami's WEBB, the newly created wine and spirits distributor has had a highly successful integration, even with the devastating hurricanes that struck parts of the Caribbean last summer.

First half sales for 2018 are up 33 percent against the pre-hurricane numbers says WEBB Banks President Andy Consuegra, who tells *TMI* that his company is now seeing the benefits of the merger.

"We merged Banks and WEBB 18 months ago to create WEBB Banks, and we now have what we think is the strongest portfolio in the region. We focus on the Caribbean and Central America. The merger isn't about one plus one equals two it has to be one plus one equals ten," says Consuegra.

Partnerships with the in-market distributor are one element in the success of the merger, he explains.

"Today, as a result of that merger and of consolidating with the in-market distributors, we are the number one supplier to eight of them and number two to five more in wines and spirits. That is pretty substantial.

"We are really partnering with the in-market distributors, having portfolio managers there inside their operations, constant and frequent trips to market, brand trainings, giving them the tools, developing the marketing plans. That is the benefit."

Consuegra says the power of the combined portfolios of WEBB and Banks has allowed WEBB Banks to compete with large multi-national wine and spirits companies.

"I think our portfolio is well-balanced today. We are about half wines and half spirits. So we can go into an account and be a one stop supplier. We have wines from entry level to luxury. We have six hundred wines that are rated 90 plus points," he says.

"In spirits, we have really strong brands that complement each other. Obviously having a brand like Tito's Vodka in our stable opens a lot of doors. Tito's caters to basically every consumer group, from millennials to the baby boomers. And what more can be said about Macallan? It is the number one single malt in value and it still has a lot of growth potential. We picked up Jagermeister about nine months ago."

WEBB Banks' 2018 has been particularly impressive as the numbers are up against what was a very strong first half of the year last year in the Caribbean, before the hurricanes hit.

"After a disastrous end of 2017 because of the hurricanes, this year we are up 33 percent against the pre-hurricane numbers. We are going to go into H2 and we are up against a soft H2 from last year.

"What happened was a shift from brands that were sold mainly to tourists to brands that are for the local population and people working in those markets. We still think we are a good year to two years away from getting back to the normal, pre-hurricane business. The markets are holding steady, they are coming back. We are getting good orders. There are certain brands that are doing better than others. Brands that depended solely on the tourists are not doing too well in those hurricane-affected markets. However, brands like Nineteen Crimes (wine) and Brugal are doing really well.

"Up until August last year the Caribbean was on pace to break all records for tourist arrivals. And then everything halted. Tourism numbers ended the year about up two percent. This year we are seeing the number of tourists going into markets that were impacted by the hurricanes way down. Other markets, like the Bahamas, the Cayman Islands, and Jamaica, are up significantly. There has been a shift. The Dominican Republic is up nine percent, but that is off a big base. Some islands are way down and some are way up."

Consuegra says the Caribbean hurricanes brought WEBB Banks and its distributor partners closer together.

"They say that adversity can really bring people closer together and I think that is what happened. It was personal for us. We raised more than $100,000 the first week just to help the employees. It has created more bonding and partnerships," he says.

"I am still really proud of what the team did. We were right there manning the phones, working with the employees of the different distributors. When we lost power in Miami the North Carolina team kept going and was making sure that people were okay, and in some cases getting them off islands."

Bacardi Wows MIA travelers with fun-filled Dewar's Whisky Emporium

Bacardi Global Travel Retail wowed passengers at Miami International Airport in June and July with a creative eye-catching month-long John Dewar & Sons Fine Scotch Whisky Emporium. The activation was designed to engage consumers traveling through the United States' gateway to Latin America and the Caribbean, whether or not they could buy in the duty free store.

The 10 ft by 10 ft space featured a tasting bar, whisky pong, whisky vaporizers, and temporary tattoos, and is the largest activation Bacardi has developed for Dewar's in Americas travel retail.

Rosie Hathorn, Senior Customer Marketing Manager Americas, Bacardi Global Travel Retail, tells *TMI* the goal of the activation is to introduce consumers to the brand by engaging them at all the different touch points in the activation, not just through sampling.

"We engage with them with whisky pong. We have a temporary tattoo parlour with a fun-filled state-of-the-art photo booth. For people who don't wish to sample we have the vaporizing unit where they press a button and the aroma of the whisky is emitted. The main objective is for shoppers not just to engage with the brand, but to learn how to love the brand," she says.

"The structure is built to tell the story. Each of the malt gondolas has pipes connecting to a center unit. The story is our Double Aging– we age, we blend and then we age again. All of our malts and blends have an age statement on them. We want to drive home the message of Double Aged for Smoothness."

Once travelers are attracted to the Dewar's Fine Scotch Whisky Emporium space, they are spending an average of ten to fifteen minutes engaging with the brand, she says.

Travelers were able to try six different variants: Dewar's 12 YO, Dewar's 15 YO, Dewar's 18 YO, Aberfeldy 12 YO, Aultmore 12 YO, and Craigelachie 13 YO.

A key aspect of the MIA activation was that sampling was available to both international and domestic passengers.

"We have three promoters working the space at all times. When a passenger is interested in purchasing a promoter walks them to the Duty Free Americas store. The same six variants are also being sampled inside the nearby DFA stores."

Geoff Biggs, Regional Director Americas, Bacardi Global Travel Retail explains how the campaign epitomizes the company's whisky strategy across the Americas: "Bacardi is firmly committed to offering whisky consumers the quality and refinement that comes with age, with a diverse portfolio of 100% aged stock across all single malts and Dewar's blends.

"As consumers in many Latin American and Caribbean markets become more knowledgeable in their whisky choices, they are increasingly opting for the intrinsic benefits of age, resulting in unprecedented double-digit growth for Dewar's – led by Dewar's 15 Years Old – and significant increase in demand for our single malts, where we now offer a portfolio of five single malt brands.

"Here at Miami International Airport, we are keen to build on that regional success and leverage the incremental impact of an amazing shopper engagement campaign, led

DANZKA Vodka uses new Latin America TR listings to give more exposure in local markets

DANZKA Vodka has gained expanded listings throughout Latin America this summer. The premium Danish vodka producer owned by Waldemar Behn is also holding tastings and introducing its new super premium THE SPIRIT variant to the region.

DANZKA Vodka has been listed in Lima's Jorge Chavez Airport, where it held tastings with Dufry in May.

"As part of our strategy in South America, we recently launched DANZKA in Lima Airport with Dufry, giving more exposure to the brand, both, on the local market as well as the travel retail segment," says Waldemar Behn's Americas Regional Director Tito Gonzalez.

Gonzalez tells *TMI* that the tastings are the latest step in DANZKA's long history in Peru, where it has been available since the late 1990's.

"DANZKA was one of the first premium vodka brands in the region, so it is well known in Peru. By expanding our distribution, we continue to develop the brand throughout the region, both domestic as well as Travel Retail.

"We will continue to grow our presence in the different airports in South America with our DANZKA Original and DANZKA Flavors.

DANZKA Vodka conducted tastings at Lima Airport in May.

We are only focusing on a few of the most important vodka markets where we are exploring opportunities for local and domestic distribution. You will continue to read more about DANZKA and the Americas in the coming months. This is all very exciting," he says.

DANZKA THE SPIRIT is also expanding in the region, following its launch in North America last year, and is now being sold in Brazil and Argentina, and in other locations throughout the Americas.

"DANZKA THE SPIRIT is now available at Sao Paulo, Rio de Janeiro and Ezeiza airports. Our Traveller's Exclusive - Premium Superior Vodka has arrived to the Southern Cone. After a successful launch in Europe, America couldn't wait to get this product on the shelf," says Gonzalez.

"THE SPIRIT has also arrived in Mexico City, Cancun, and Puerto Vallarta, as well as in Ocho Rios, Jamaica, Puerto Plata in Dominican Republic, and Aruba," says Gonzalez.

THE SPIRIT is also available in travel retail in Houston, Las Vegas, Newark, and Chicago in the United States.

by high quality advocacy and with creative touches bringing the Dewar's personality to life in new, unusual and memorable ways. Our partnership with Duty Free Americas is rooted in a shared commitment to bringing excitement and innovation to the whisky category. We are convinced that the most powerful purchase motivator is the discovery of something new combined with the confidence of great quality."

Jonathan Bonchick, VP / Buying and Merchandising, Duty Free Americas Inc adds: "We are always excited by opportunities to innovate the retail experience for DFA customers and this Dewar's campaign ticks all the boxes. It is immensely creative in bringing something genuinely new to how shoppers explore the whisky category and is delivering very positive results in foot traffic and sales uplifts."

The Dewar's Fine Scotch Whisky Emporium ran from June 15-July 12 near Gate D 37. It was developed for Miami by Bacardi Global Travel Retail and JCDecaux, designed by UK-based agency GLOCK and built by Bloommiami.

Zamora Company and MONARQ Group extend distribution partnership

After successfully working together for 3 years in Central America, Zamora Company and MONARQ Group have expanded their partnership to include the Caribbean and USA Duty Free.

Spanish family-owned Zamora Company's brands include Licor 43, Ramón Bilbao, Martin Miller's, Lolea, Villa Massa, Mar de Frades and Yellow Rose.

Thomas Clamens, Managing Director International of Zamora Company, commented: "We are delighted to extend and expand our partnership with MONARQ Group. The past three years, MONARQ has proven to be true – and professional partner, successfully managing the distribution, sales and marketing of our brands in this region. The consolidation of the three territories with one partner will lead to a structured development of our brands throughout the full region."

Robert de Monchy, founder and Managing Director of MONARQ Group, added: "We have been working with Zamora Company in Central America for more than three years, which proved to be a successful and fruitful partnership. Zamora continuously improves their portfolio with the acquisition of new brands and the development of successful brand extensions. This coincides perfectly well with our corporate philosophy of bringing innovation to the Americas. We look forward to working many more years together with the Zamora team and to achieve our mutual goals."

IWSR reveals Top 100 largest spirits brands

While giant domestic Asian brands make up the lion's share of the top 10 most sold spirits brands globally, the international bestsellers are not far behind, according to the IWSR Real 100, which ranks the world's largest spirits brands by volume.

Johnnie Walker Scotch whisky grew by 2% last year, but fell one place to 12th, just ahead of Bacardi rum, unchanged in 13th, and Jack Daniel's whiskey, which rose two places to 14th.

Eighteen of the brands in the Real 100 belong to Diageo, the most-represented owner on the list. Pernod Ricard follows with ten brands.

The most-represented category in the Real 100 is whisky, with 29 brands featured. Fifteen of these whiskies are Indian, of which ten are owned by either Diageo or Pernod Ricard. The biggest climbers of the whisky category were Japanese whisky Nikka, climbing from 96th to 87th place (12% growth 2016-2017) and Jameson Irish whiskey which climbed from 48th to 43rd (12.1% growth 2016-2017)

Nineteen vodka brands appear on this year's list. Tito's once again surged up the rankings: impressive growth of 17.6% in 2017 means that the brand has leapt from 93rd place to 35th in the space of just two years.

Smirnoff is the first truly global brand on the list, selling over 25m cases across 155 countries, and rising one place to sixth this year.

The list features six rum brands. Bacardi stays at 13th, Captain Morgan breaks back into the top 20 in 19th place, and Havana Club grew 6.3% to rise one place to 67th.

The world's most popular alcoholic drink in 2017 was the South Korean soju brand Jinro, owned by Hite-Jinro, which sold almost 76m nine-liter cases.

Tito's grew 17.6% in 2017, leaping from 93rd place to 35th on IWSR's Top 100 largest spirits brands in the space of just two years.

The New Macallan Quest Collection Exclusive To Travellers

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