

Special Issue
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TRAVEL MARKETS INSIDER

Political pressures temper business prospects in the Americas

The roller coaster cycle of prospects for travel related businesses in the Americas is facing a bumpy ride, as political and economic tensions in the region's biggest economies are in turmoil.

Brazil's presidential election scheduled for Oct. 7 turned dire last month when far-right candidate Jair Bolsonaro was struck down by a near-fatal stabbing (the leading candidate, former president Lula de Silva, is in jail and banned from running). Voters are polarized between Bolsonaro and the leftist Sao Paulo Mayor Fernando Haddad, but as many as 20% of voters may refuse to cast ballots in protest, even though voting is mandatory in Brazil.

In Argentina, where the peso has lost more than half of its value against the dollar so far this year, intervention from the International Monetary Fund (IMF) has provided some temporary relief, as the government of Mauricio Macri struggles with austerity.

In the U.S., President Donald Trump is escalating the trade war with China, imposing 10% tariffs on some \$200 billion worth of imports on top of tariffs imposed earlier on \$50 billion worth of Chinese products. The tariff is due to increase to 25% by year's end, and China vows retaliation and has already responded with an announcement of tariffs on \$60 billion worth of U.S. goods.

In a direct impact on travel, Mexico's new administration under Andres Manuel Lopez Obrador, set to take office in December, is threatening to stop construction of the \$13 billion new Mexico City Airport.

Business in Brazil is nearly at



This stunning shopping arcade onboard the Carnival Horizon is just one of the innovative travel retail venues created by Starboard Cruise Services and its partners to enhance the booming cruise shopping experience. In an exclusive interview Starboard CEO Beth Neumann tells why she expects her company to continue leading the way. Story begins on page 34.

a standstill until after the elections, and between Brazil's political unrest and Argentina's economic problems, the duty free business on the borders and in Paraguay are suffering, even as it appears Brazil will approve its own border shops early next year. In another silver lining, Argentina's currency crisis is attracting large numbers of tourists to its airport shops.

What else is ahead? In a first of its kind report for this region, the Duty Free World Council has released a detailed analysis of the duty free and travel retail industry throughout the Americas, several highlights of which are featured in this issue of *Travel Markets Insider*.

What impact will the escalating trade war between the U.S. and China have on travel retail? Through our continuing series of studies with CiR, the

research agency has examined several sides of the issue and prepared a striking report for *TMI* readers.

The cruise industry continues to offer tremendous potential for travel retail, and Beth Neumann, CEO of Starboard Cruise Services, tells why she expects her company to continue leading the way.

TMI also features a revealing interview with Furla Americas CEO Scott Link and a look at how jewelry and watch brands in travel retail are going after Millennial and Asia travelers with Luxe for Less.

All this and more, as the industry gathers in Cannes and next month in Toronto, *Inside Insider*.

Lois Pasternak, Editor/Publisher

INSIDE INSIDER

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L'INTERDIT

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 in the Americas

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The Only One



THE NEW
FEMININE FRAGRANCE

BY THE NUMBERS

UNWTO: Global tourism arrivals highest since 2010 as tourism generates \$4 billion a day worldwide

International tourist arrivals grew 7% in 2017, the highest increase since 2010, according to the World Tourism Organization (UNWTO)'s latest Tourism Highlights.

Tourism is currently the world's third-largest export sector, reaching US\$1.6 trillion in 2017, says the report.

International tourist arrivals reached a new record total of 1,323 million in 2017, some 84 million more than the previous year, according to the UNWTO Tourism Highlights 2018 Edition.

The tourism sector has now delivered uninterrupted arrivals growth for eight straight years.

The growth in 2017 was the highest since 2010, led by the regions of Europe and Africa, which received increases in arrivals of 8% and 9%, respectively.

International tourism receipts increased by 5% in 2017. In addition to the US\$1.3 trillion in receipts earned by destinations, international tourism generated another US\$240 billion from international passenger transport taken by

non-residents. This raised total tourism exports to US\$1.6 trillion, or US\$4 billion a day, which corresponds to 7% of the world's exports.

The strong 2017 results were driven by sustained travel demand across all world regions.

Strong outbound demand from virtually all source markets, including rebounds from major emerging economies Brazil and the Russian Federation, benefited both advanced and emerging destinations, reports the UNWTO.

China continues to lead global outbound travel, spending US\$258 billion on international tourism in 2017. This is almost one-fifth of the world's total tourism spending, which stood at US\$1.3 trillion, some US\$94 billion more than in 2016.

Among the top markets and destinations in the world in 2017 Spain rose to become the world's second most-visited destination in terms of international arrivals after France.

Japan entered the top ten in tourism earnings in tenth place after six straight

years of double-digit growth. The Russian Federation re-entered the top ten of world spenders at eighth place.

Available data for early 2018 confirms that international tourism is maintaining strong growth, with arrivals up 6% YOY between January and April.

UNWTO: The Americas

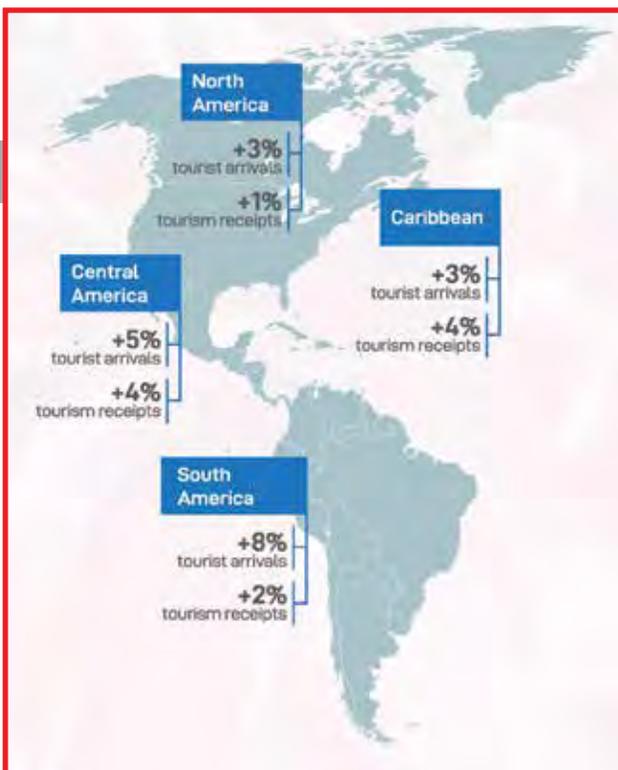
Arrivals to the Americas are estimated to have increased by 4% with receipts showing a slightly slower growth.

In South America, the momentum continued in 2017. Robust outbound travel from Argentina and the rebound of Brazil fueled growth in neighboring destinations. Double-digit growth in arrivals was recorded in Chile, Colombia, Ecuador, Paraguay and Uruguay.

Central America recorded positive results in almost all destinations in terms of arrivals, led by Nicaragua, but also thanks to strong demand from regional markets.

In the Caribbean, results were rather mixed, with some destinations recording robust growth such as the Dominican Republic and Jamaica, and others declines due to the strong hurricanes that affected many islands from mid-August through September 2017.

North America, which accounts for two-thirds of the region's international arrivals and receipts, recorded slower growth in 2017.



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TRAVEL MARKETS
INSIDER

A TRIBE APART.

SINCE 1798



BY THE NUMBERS

U.S. resumes publication of international visitation figures; corrected data reports slight increase to 77 million arrivals in 2017

The U.S. Department of Commerce International Trade Administration's National Travel and Tourism Office (NTTO) resumed publishing international visitation and spending data on Sept. 12, after a six month suspension to correct what it called "anomalies in data collected from Customs and Border Protection."

According to NTTO, more than 4.5 million travelers had previously been misclassified as residents of the United States due to a programming error at some airports. The new report reflects corrected data from the Department of Homeland Security's Office of Customs and Border Protection, and indicates that the United States welcomed more than 76.9 million international visitors into the country in 2017.

These visitors collectively spent a record-setting \$251.4 billion while visiting the United States, an increase of 2% over 2016, says NTTO.

"International travelers continue to set spending records visiting the United States, and I expect that trend to continue in 2018 spawning further job growth," said Secretary of Commerce Wilbur Ross. "The American tourism industry, which generated a trade surplus of more than \$77.4 billion last year, continues to help drive our economy to new heights."

According to the new data, the number of international travelers to the United States rose slightly by 0.7 percent in 2017 compared to the previous year. The agency had earlier reported a drop of 1.8% compared to 2016.

Growing markets were led by South Korea (+17.8%), Brazil (+11%), Argentina (+10%), Ireland (+9%), and Canada (+4.8%). Growing markets outnumbered declining markets by 2-to-1, says NTTO.

By region, visitation to the U.S. from Western Europe rose 0.4%, Asia was up 5.2%, South America rose by 2.8%, the Caribbean was up 5.3%, Eastern Europe was up by 8.9% and Africa rose by 1.8%, while Oceania fell -1.8%, visitation from the Middle East was down by -12%, and Central America was down by -1.6%.

Visitation from Mexico was also down by -6%.

Other notable drops in visitation numbers last year were: UK, -2.3%; Sweden, -6.8%; Switzerland, -6.3%; and Finland, -3.3%. Visitation from Australia was down by -2%, and arrivals from Saudi Arabia fell by -28.5%.

Commenting on the release of the new international inbound visitation figures, U.S. Travel Association President and CEO Roger Dow said:

"... while raw visitation figures have

been slowly rising, they are not keeping pace with the explosive growth we are seeing in travel and tourism worldwide. U.S. market share has eroded, which means we are not adequately harnessing global travel growth to keep adding jobs and exports to the U.S. balance sheet."

Outbound travel soars

Outbound travel from the U.S. is booming, however, and reached a record 87.7 million travelers in 2017, up 9.3% from 2016.

Travel to overseas countries reached a record 38.3 million, up by 9%. Travel to Mexico, reached 35.1 million, singly the largest outbound market with a 40% share, was up 12% and set a record. Travel to Canada, at 14.3 million, was up 3%.

The top overseas regions were Europe, up 15%, and the Caribbean, up 10%. The top overseas countries visited by U.S. residents in 2017 were the United Kingdom (3.8 million), Dominican Republic (2.7 million), France (2.6 million), Italy (2.3 million) and Germany (2.2 million). All the top 10 destinations visited by U.S. travelers posted increases in 2017.

Travel to South and Central America was down as was travel to India and Brazil.

IATA World Air Transport Statistics-Traveler numbers reach new heights

Worldwide annual air passenger numbers exceeded four billion for the first time, while airlines connected a record number of cities worldwide, providing regular services to over 20,000 city pairs in 2017, more than double the level of 1995.

The record results are supported by a broad-based improvement in global economic conditions and lower average airfares, says IATA, in the latest edition of World Air Transport Statistics (WATS), the yearbook of the airline industry's performance

Passenger Traffic

- System-wide, airlines carried 4.1 billion passengers on scheduled services, an increase of 7.3% over 2016, representing an additional 280 million trips by air.

- Airlines in the Asia-Pacific region once again carried the largest number of passengers. The regional rankings (based on total passengers carried on scheduled services by airlines registered in that region) are:

1. Asia-Pacific 36.3% market share (1.5 billion passengers, an increase of 10.6% compared to the region's passengers in 2016)
2. Europe 26.3% market share (1.1 billion passengers, up 8.2% over 2016)
3. North America 23% market share (941.8 million, up 3.2% over 2016)
4. Latin America 7% market share (286.1 million, up 4.1% over 2016)
5. Middle East 5.3% market share (216.1 million, an increase of 4.6% over 2016)
6. Africa 2.2% market share (88.5 million, up 6.6% over 2016).



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World-class speaker line-up set for TFWA Conference

A panel of leading senior retail executives will address the 2018 opening conference at the TFWA World Exhibition in Cannes at the Palais des Festivals.

Speakers include Dufry CEO Julián Díaz González, Gebr Heinemann Co-owner Claus Heinemann, Lagardère Travel Retail CEO Dag Rasmussen and King Power International Senior Executive Vice President Susan Whelan, all of whom will address how the industry can and must adapt to meet new business challenges.

The Conference opens at 9 am on Monday, Oct. 1 with a welcome address from TFWA President Erik Juul-Mortensen, who will provide an overview on the current state of the industry, and in his last address in his role as TFWA President, also give a personal view of the future of the industry.

The second part of the Conference will include insight from former Secretary General of NATO Anders Fogh Rasmussen and scientist and adventurer Dr. Bertrand

Piccard, who will share stories of his experiences in business and exploration – including conceiving and piloting the Solar Impulse, the first entirely solar-powered aircraft to fly around the world.

TFWA will also feature two morning workshops: a Digital Focus Workshop on Tuesday, Oct. 2, 8-9 a.m at the Salon Croisette, Hotel Majestic and the Inflight Workshop on Wednesday, same time and place.



Speakers include (from left to right) Dufry CEO Julián Díaz González, Gebr Heinemann Co-owner Claus Heinemann, Lagardère Travel Retail CEO Dag Rasmussen and King Power International Senior Executive Vice President Susan Whelan, with the second part of the Conference featuring former Secretary General of NATO Anders Fogh Rasmussen .

Fresh thinking and the latest duty free and travel retail technology on display at the TFWA Digital Village

TFWA will showcase the latest technological innovations and provide a glimpse into the future of the duty free and travel retail industry at the TFWA Digital Village, which will return at this year's TFWA World Exhibition & Conference.

Following a positive reception at its debut in Cannes last year, the TFWA Digital Village will now run for an additional day from Tuesday, Oct. 2 to Friday, Oct. 5, at the Gare Maritime located next to the main exhibition hall at the Palais des Festivals.

This year the TFWA Digital Village will also host a Pitch Corner, which will provide a platform for exhibitors to share in-depth details of their new digital products and services.

TFWA Digital Village will also be previewing a groundbreaking new initiative piloted by the European Travel Retail Confederation (ETRC), which would allow users to receive multi-lingual

consumer information on all products destined for the duty free and travel retail market. The technology has been designed to help protect the industry from the potential harmful effects of new packaging regulations.

ETRC will have a dedicated stand at the TFWA Digital Village, and ETRC Deputy Secretary General Julie Lassaigue will provide further details about the project which aims to help tackle the challenges of legislation relating to packaging during the Digital Focus Workshop, which will run on Tuesday, Oct. 2 from 8-9 at the Salon Croisette, Hotel Majestic.

The Digital Focus Workshop will also discuss the importance of coherent digital strategies to brands and retailers in the duty free and travel retail industry. Using a number of case studies, the workshops will explore best practice and pitfalls to avoid, with perspectives from several key regions and markets.

Guest speakers at the workshop include Ivo Knuesel, Head of Category Planning at Mondelez World Travel Retail, Shi Ling Tan, Digital Manager Global at Shiseido Travel Retail and Jérôme Lepage, Marketing & Business Development Director at JCDecaux.

The Association has also developed a TFWA App which will enable delegates to access the latest conference and exhibition news. This new business tool will provide year-long access to a variety of services, both on- and off-site. Attendees can also take advantage of TFWA's exclusive ONE2ONE meeting service, which will maximize networking opportunities for eligible companies and participants.

TFWA give special thanks to Shiseido as WiFi sponsor, Blynk as press breakfast sponsor, Concourse Display Management as solution focus sponsor and Frontier as the media partner for this year's TFWA Digital Village.

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DFWC releases Economic Impact Study on the DF & TR industry in the Americas

The Duty Free World Council has published a report on the Economic Impact of the duty free industry in the Americas. The report outlines the important contribution that duty free makes to the travel industry and the broader economy.

The key figures revealed in the study are:

- In 2016, US\$12.9 billion was spent on duty free and travel retail in the Americas. The principal components were:
 - Duty free and travel retail sales in the aviation sales channel estimated at nearly US\$1.9 billion in the U.S. and Canada and US\$4.8 billion in Latin America and the Caribbean, most of which was generated within airport terminals.
 - Land and maritime duty free and travel retail sales amounting to approximately US\$6.2 billion.
 - Duty free and travel retail spending in the

Americas directly accounts for an estimated 61,400 jobs and US\$8.2 billion in GDP.

Together with the businesses that supply the goods and services (indirect impacts) and spending of employees in the wider economy (induced impacts), duty free and travel retail in the Americas is estimated to support a total of 110,000 jobs and US\$10.6 billion in GDP.

DFWC commissioned InterVISTAS Consulting Group, a leading management consulting company with extensive expertise in aviation, transportation and tourism to compile this independent report on the industry in The Americas.

Publication of this study follows release of a similar study on the industry in Europe published in 2016 and will in turn be complemented by a study of the impact of the industry in Asia Pacific in 2019.

Frank O'Connell, commenting on the publication of the study said "Economic Impact Studies are critical tools for DFWC and our regional association members when outlining the importance of our industry and the contribution we make to airport, and other travel infrastructure, the tourism industry and the general economy.

"When engaging with regulators or other parties contemplating decisions which may impact on our industry, we must have independently verified data, not just on the sales generated by duty free and travel retail, but, which also quantifies the employment impact and the positive contribution to airport revenues etc. in order to promote and defend our industry's interests."

TMI here presents a detailed analysis of some key parts of the report.

Total Duty Free and Travel Retail Sales in the Americas, by Region and Sector, 2016

Sales Channel	North America Total Sales (US\$ Billions)	Latin America & Caribbean Total Sales (US\$ Billions)	Americas Total Duty Free and Travel Retail Sales (US\$ Billions)
Aviation	\$1.9	\$4.8	\$6.7
Maritime	\$0.3	\$3.1	\$3.4
Land	\$1.6	\$1.1	\$2.8
Total	\$3.9	\$9.0	\$12.9

Sources: ACI North America reports, ACI (Airports Council International) World Key Performance Indicators Report 2016, Generation Research, Cruise Lines International Association, Counter Intelligence Retail Ltd., Canadian Border Services Agency and InterVISTAS Consulting analysis.

Note: Figures may not sum to totals due to rounding. Aviation covers airports and airlines, maritime covers cruise and ferries, land covers border-crossings and downtown duty free shops. North America includes the U.S. and Canada only. Mexico is included in Latin America & Caribbean.

The total sales estimated for the airport channel is based on analysis conducted by InterVISTAS Consulting using data from ACI-NA and Moodie Davitt. The Generation Research data on the airport channel appears to under estimate the total sales for the region. The estimated duty free and travel retail sales for the airline, ferries, cruise and land sales channels are sourced from Generation Research.

Total duty free and travel retail sales in the Americas vary between North America and Latin America and the Caribbean, as well as across sales channels. Based on an analysis of sales data, an estimated US\$12.9 billion was spent on duty free and travel retail in the Americas in 2016. Of this total, US\$3.9 billion was spent in North America and US\$9 billion of spending occurred in Latin America and the Caribbean.

When reviewing the different sales channels, the total duty free sales handled by airports and airlines are higher than for other sales channels. With US\$6.7 billion in total sales in 2016, aviation comprises approximately half of the sales in the Americas, with higher value goods purchased at airports compared to other sales channels.

The above chart provides a breakdown of the estimated total sales in the Americas by region and sales channel.



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Aviation Sales Channel

The aviation sales channel is approximately half of the estimated total duty free and travel retail sales in the Americas. In 2016, total duty free and travel retail sales in the aviation sector across the Americas were estimated at US\$6.7 billion, of which US\$1.9 billion of sales occurred in the U.S. and Canada and US\$4.8 billion in Latin America and the Caribbean, most of which was generated within airport terminals.

Duty free purchase rates and average spend tend to be lower in the U.S. compared to other countries in the Americas, as well as most other regions in the world. The average spend per departing passenger in Latin America is roughly three to four times the average spend per departing passenger in the U.S. This is partly due to higher tax rates in South America which encourage greater spending on duty free, coupled with higher exemption rates. In Brazil, for example, purchases are made mostly by locals due to high purchase exemptions and duty free

allowances when traveling internationally. Importantly, most purchases are made at arrivals duty free shops.

Concession revenue per pax

For North America, the concession revenue per passenger is much lower than that generated in other geographies. European airports average US\$3.32 of concession revenue per passenger while Asia-Pacific airports average US\$2.28 per passenger. Latin America and Caribbean airports average US\$2.51 of concession revenue per passenger, which is in the same range as airports in Europe and Asia Pacific regions.

In North America, the retail revenue per passenger is roughly one-quarter of the global average and this is largely driven by the performance of airports in the U.S. The lower allocation of retail space and shorter dwell times in North America impacts retail-specific spending compared to other world regions.

Duty free retail in North America accounts for roughly half of airports'

concession revenues, compared to 74% globally. Airports in North America derive a greater share of revenue from car rental and parking in their portfolio of non-aeronautical sources of revenue.

Unlike North America, Latin America and the Caribbean more closely approximate the worldwide average, with duty free sales contributing 70% of total airport concession revenue. In particular, duty free retail in Brazil comprises 60% of total concessions revenue, while duty free retail in the Caribbean makes up larger share of total concessions revenue (84%).

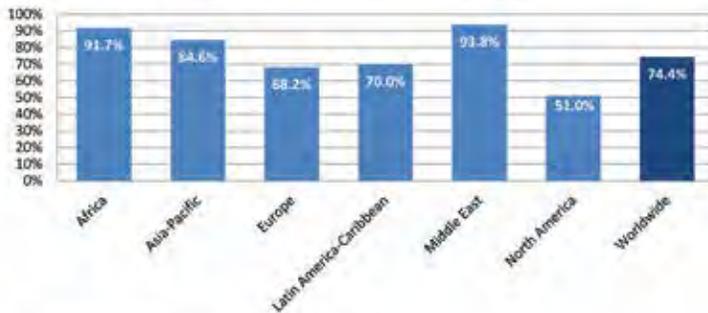
Canada & U.S.

Looking at revenue per passenger, Canada's airport duty free shops tally more than three times the sales per passenger than U.S. airport duty free. In Canada, airport retail concession revenue per passenger is just over US\$1.60, compared to US\$0.47 in the U.S. The major airports in Canada that serve international passengers, with generally lower levels of passenger traffic than their U.S. counterparts, also generate higher average airport revenue from duty free sales (US\$0.61 per passenger) than the largest international U.S. airports (US\$0.17 per passenger).

Retail space at airports, while growing in magnitude, is generally less developed and less utilized in the Americas relative to other regions. The average number of retail outlets at airports in North America (39) exceeds most other regions (perhaps due to the overall average terminal space being larger than in other regions). However, North American airports exhibit a lower allocation of physical retail space relative to the level of passenger traffic. Conversely,

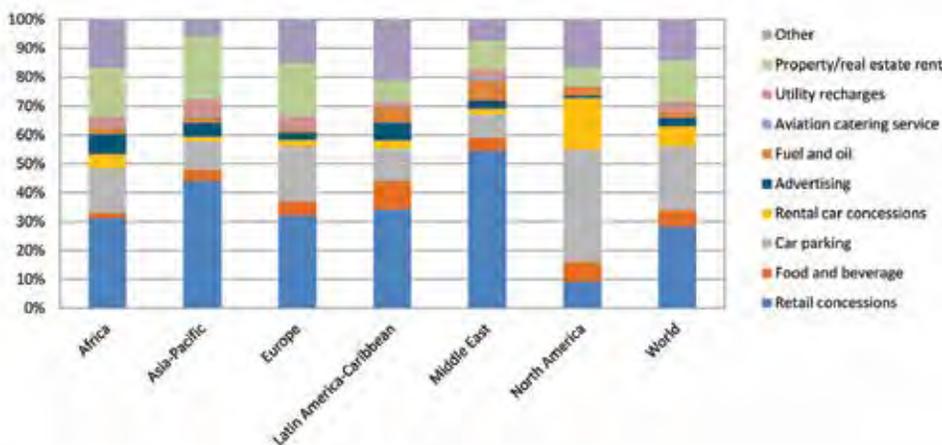
airports in Latin America and the Caribbean contain 23 retail outlets on average, but they allocate more than double the amount of physical retail space relative to passenger volumes, compared to North America. In particular, the average number of retail stores at airports in Brazil is 16, while the average number of retail stores at airports in the Caribbean is 20, with a relatively high allocation of retail area relative to passenger traffic.

Duty Free Revenue as a Share of Total Concessions Revenue, by Region, 2015



Source: ACI World, Key Performance Indicators 2016

Sources of Non-Aeronautical Revenue, by Region, 2015



Source: ACI-NA, Concessions Benchmarking Survey 2016.

PREMIUM SUPERIOR VODKA

TRAVELLERS EXCLUSIVE



Maritime Sales Channel

Total estimated duty free and travel retail sales in the global maritime sales channel is \$3.4 billion.

Maritime transport in the Americas is well-supported by duty free and travel retail. This includes duty free purchases made by passengers on cruises (at shops either onboard the ships themselves or onshore at ports of call) and ferries. Duty free and travel retail is particularly well-

integrated within the cruise industry in the Americas, and forms a substantial part of the cruising experience, as evidenced by the high conversion rates for duty free shopping on cruises.

Overall, purchase conversion is high among cruisers, as 88% of those who browse duty free shops also end up making a duty free purchase either on-board or on-land. Duty free spending by cruise travelers is consistently high across the global cruise

industry and tends to outpace other sectors, such as airports, because cruisers are exposed far more frequently to duty free opportunities throughout the duration of their trip, and are likely to make multiple purchases.

In the Americas, duty free and travel retail sales on ferries amounted to only US\$34 million in 2016.

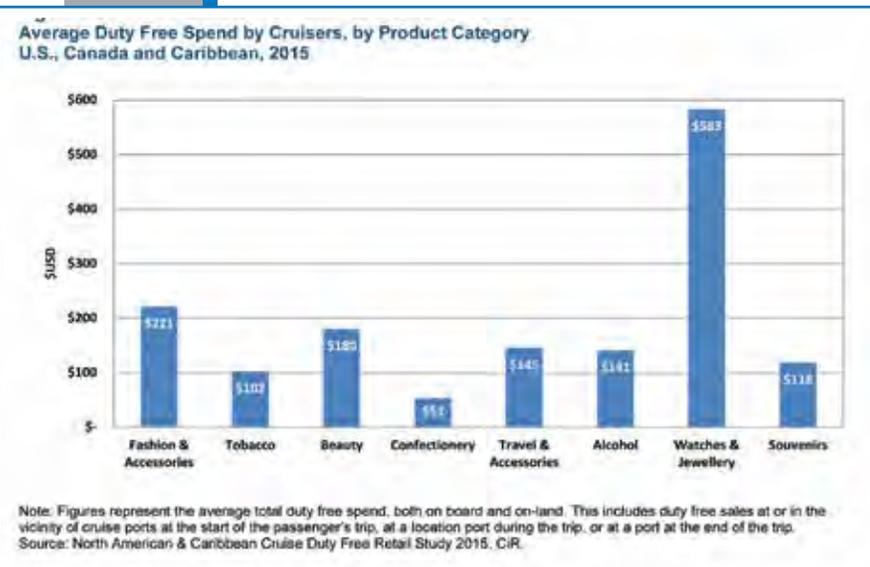
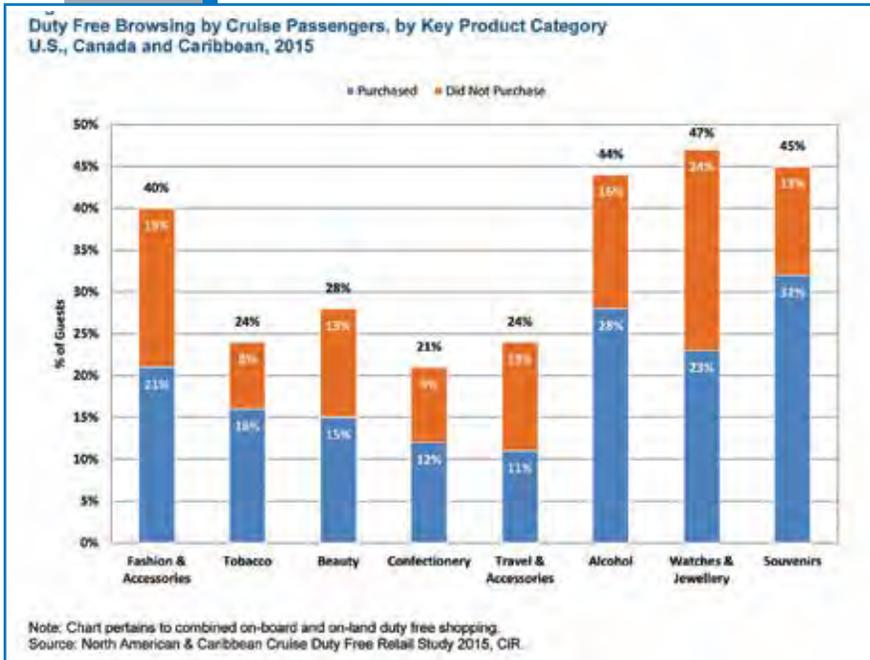
International travel by ferry is less prevalent in the Americas relative to other regions, such as Europe, with the bulk of cross-border services offered among the island nations of the Caribbean and in some South American countries.

Passengers on routes between Buenos Aires, Argentina and Uruguay, which range in duration from one to three hours, show a preference for purchasing duty free perfume and cosmetics, as well as food and beverage items while onboard. Other duty free items are offered onboard, including toys and electronics, but these make up a minority of duty free sales generated by the ferries.

Duty free retail can be offered on-board the cruise ship as well as in duty free shops available onshore at ports of call. In the Americas, on-board duty free retail represents a key part of the cruise vacation for passengers. Based on a 2015 passenger survey from Counter Intelligence Retail Ltd. (CiR), on-board duty free shopping is highly valued by passengers on cruises in the U.S., Canada and the Caribbean. Over half of surveyed passengers consider on-board duty free retail to be “very important” to their cruise experience

In terms of passenger traffic, the North American and Caribbean regions together comprise the largest market for cruise travel in the world. North America was the source region for around 14 million (57%) of the nearly 25 million total cruise passengers in 2016. In terms of capacity, cruises in the Americas account for over 40% of global cruise capacity.

Specifically, the Caribbean was by far the top cruise destination in the world in 2016, contributing 35% of global ocean cruise capacity. The market is served by a large source of suppliers, with roughly 65 cruise liners deployed within the North American and Caribbean cruise region, though passenger traffic and cruise revenues are predominantly concentrated in a handful of companies.



Land Sales Channel

Total estimated duty free and travel retail sales in the land sales channel is \$2.8 billion. Alcohol shows the highest purchase conversion rates (51%) at U.S. land border duty free stores. At Canadian land borders, alcohol accounts for about 50% of all duty free sales, followed by tobacco (22%) and beauty products (14%). Duty free spending along the Brazilian-Uruguayan border in 2016 is estimated at approximately US\$109 million.

Other forms of international transport in the Americas, such as land travel, tap into a broader consumer base of leisure, business, and local travelers who make more frequent and comprehensive use of duty free and travel retail. Land border travel typically involves transportation by private or commercial vehicles, as well as foot traffic. Prior to undergoing screening by customs and border security, eligible travelers can often stop at duty free shops situated en-route to the crossing itself.

The Americas sees a large amount of duty free-eligible land border crossers relative to other regions. Duty free and travel retail is therefore a major sales generator near land borders and captures spending by customers who would

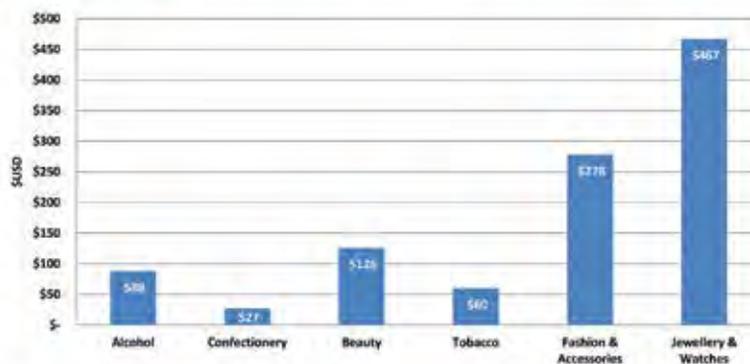
otherwise be underserved by full-price retail in high-tax jurisdictions.

The majority of shoppers (70%) browse for duty free alcohol, while 51% of shoppers ended up actually buying duty free alcohol. Canadians show a higher incidence of purchasing alcohol and tobacco – goods often subject to relatively higher taxes within Canada – compared with Americans and Mexicans. Although limited data is available for duty free spending in South America, one study estimated approximately US\$109 million

(3.5 billion Uruguayan Pesos) in duty free spending along the Brazilian and Uruguayan border alone in 2016, indicating that duty free is even more popular in South America.

Alcohol, the most frequently purchased duty free good along U.S. borders, generates an average of nearly US\$90 per purchase. Fashion items and jewelry, which generally command a higher price per unit but are purchased less often than other goods, top out the average spend at US\$280 and US\$470 per purchase, respectively.

Average Duty Free Spend by Purchasers at Land Borders, by Product Category
U.S. Land Borders, 2017



Source: American Border Stores Duty Free Retail Study, CIR

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Is the Sino-U.S. trade war harming Chinese traffic growth to the States?

A Special Travel Markets Insider Report prepared by Luke Stockton, Counter Intelligence Retail

Historically, or for the last four years at least, international outbound capacity from China to the USA has surpassed overall growth in available seats departing the country, but in 2018 we have witnessed a reversal of fortunes for China's sixth most popular destination.

Despite Chinese international capacity growth of +9% in 2018, an acceleration from the +6% seen in 2017, growth into the States has displayed the opposite trend, slowing from +10% to +3% in 2018, and in doing so has fallen below the global average for the first time in five years.

So it begs the question, what is causing the recent downturn? Is the hostile relationship developing between China and the USA beginning to negatively impact air traffic between the two countries? And which U.S. airports stand to lose the most?

In March this year, in retaliation to claims that China employs trade practices that involve – among other things – stealing the intellectual property of American companies, the Trump administration signed a memorandum that would impose tariffs on up to US\$60 billion of Chinese imports. What's more, recent reports suggest that the U.S. president plans to go ahead with further duties on roughly US\$200 billion more worth of Chinese goods, which will no doubt further escalate the already intense trade battle between the world's two largest economies.

Looking at the data, in the first six months of the year capacity into the U.S. actually displayed robust growth (+5.8%). It is only as we have entered the second half of 2018 that growth has slowed significantly (+1.1%). Of the

sixteen U.S. locations that welcome direct flights from China, the number one airport – West Coast mega hub LAX – accounts for over a quarter of the total inbound seats, and despite the slow growth into America overall is displaying healthy double-digit growth in the second half of 2018. Boston (although off a much lower base rate than LAX) is currently showing the highest growth, while Las Vegas is also surpassing the average. JFK and Newark in New York, as well as Detroit and Dallas, are in growth, although at a more modest rate.

Worryingly, however, is that five of the top ten destination airports are in negative growth. The locations to be hit hardest currently are San Francisco (-12%) and Washington Dulles (-19%) which are both experiencing significant double-digit declines. Outside the top ten San Jose (-25%) and Houston Intercontinental (-12%) are also displaying large declines, while Chicago O'Hare, Seattle Tacoma, and Honolulu, although more moderate, are also in negative growth.

It is also necessary to examine the potential exposure of U.S. airports to a significant downturn in or – worst case scenario – ban on Chinese arrivals. Trump has threatened to impose tariffs on virtually all US\$500 billion worth of goods that the United States imports from China, and while Xi Jinping has thus far retaliated in kind with tariffs of his own, U.S. exports to China amount to just \$130 billion, meaning Beijing could be forced to look further in order to effectively strike back at Trump's latest announcements; a travel ban of sorts isn't completely out of the question.

China has a clear track record of

using tourism as a foreign policy tool within Asia. To name but a few examples, in a display of its disapproval of Taiwan's new independence-leaning government China was swift to restrict the number of Chinese group tours to Taiwan. Likewise, South Korea's well-publicized decision to deploy THAAD – the U.S. anti-missile defense system which China believed to double as an intel gathering tool – resulted in a similar set of repercussions from which the country's tourism and duty free industries are still recovering.

Of course, the U.S. is much less dependent on Chinese arrivals than the likes of Taiwan and South Korea. That said, the importance of Chinese tourists for duty free sales in many markets is well-publicized, and a collapse in the number of potential high-spenders in their terminals would be a hit to any airport.

For the majority of the U.S. airports in question, inbound seats from China account for a relatively low proportion of total inbound international capacity – anywhere from 1-6% – and as such these locations would be less susceptible to any moves by the Chinese government to disrupt the tourism flow to the States.

For some, however, Chinese inbound traffic accounts for an ominously large share. For San Jose, Seattle and Detroit, for example, direct inbound flights from mainland China account for 10% or more of total international capacity, while even at the much larger international airports of LAX and San Francisco the share also stands at around 9%.

For these locations the current simmering political situation poses a much more substantial risk, should it boil over any time soon.

Is the Sino-US trade war harming Chinese tourism growth to the States?

There's been a recent reversal of fortunes for China's sixth most popular destination



Chinese Traffic to the US

Top 10 US Airports

DESTINATION	% SHARE	% YOY
Los Angeles LAX	27%	10%
San Francisco SFO	15%	-12%
New York JFK	14%	4%
Chicago ORD	10%	-7%
New York EWR	7%	4%
Seattle SEA	6%	-4%
Detroit DTW	4%	7%
Washington IAD	4%	-19%
Dallas DFW	4%	6%
Honolulu HNL	3%	-7%

Seat Numbers

Biggest winners and losers



Chinese outbound capacity growth

To the USA vs Global



Seats from China as a percentage of airport total

Top five US Airports



www.counterintelligence-retail.com

Source: CIR Business Lounge & Flight Global

Scheduled flights only July-Dec 2018 vs SPPY

FDFA's new Executive Director discusses Advocacy and Future

One on One with Barbara Barrett, FDFA Executive Director

The Frontier Duty Free Association (FDFA) announced a new strategic direction for its land border duty free association in August when it appointed Barbara Barrett as the association's new Executive Director and appointed advocacy firm Impact Public Affairs to be a proactive advocacy voice in Ottawa.

"The Board is equally excited to bring Barbara Barrett on board to quarterback FDFA efforts. Barbara and our team will be imbedded in Ottawa with Impact so that they can provide members with a full range of lobbying, communications, media and social media support," said the FDFA.

Just a few weeks after her appointment as Executive Director, Barrett spoke to *TMI* about what comes next for the FDFA.

"Impact is an association with deep roots in the advocacy arena. The appointment of Impact will not change what the FDFA does, but it may change how we approach it. Impact has a holistic approach bringing a whole team of expertise. Although I am the voice and the face I have a whole team behind me and that team has a reputation of building award-winning advocacy campaigns at both the federal and grass roots levels," says Barrett, who has held senior leadership and executive roles for Jaguar Land Rover.

"Ultimately we want to make the duty free industry as successful as it can be and we feel there is room to grow, particularly in comparison to other countries at this time. As a federally regulated industry we are challenged with how the duty free program is structured and know that it impacts how we grow. Our biggest challenge will be increasing awareness that duty free shops are a valuable part of tourism in Canada and really encouraging cross border travel. We are looking to reinvigorate the association and drive the agenda forward with the government and with media to bring greater value to our members."

Impact Public Affairs brings a stellar 20-year reputation of building winning advocacy campaigns for trade associations with a specialty in the retail and small business sector. Impact is also known for building a partnership with association



Barbara Barrett, FDFA
Executive Director

leadership to support member retention and recruitment with winning advocacy efforts. Impact is the only advocacy firm to win the Canadian Society of Association Executive's award for business excellence to national associations.

Barrett says that Impact and the FDFA are looking at a four pillar approach to achieving their goals.

"We are looking at a strategic advocacy plan, public relations and communications, stakeholder engagement, and association communications. Blending all of them together and having them work as a whole will achieve our success."

Strategic advocacy

"We are really rethinking the direction of the association. At both the federal level here in Ottawa and engaging with our members at the grass roots level we really want to be a bigger part of the conversation with the government about the tourism industry in Canada. To do that we plan to focus on building awareness about the duty free sector with the public and the government through the conversations about how we add value to the customer, and the end consumer, and the value proposition for the cross border travel and how that helps steer visitors to Canada as opposed to similarly distant destinations."

Public relations and communications

"We will continue to work with the media, but we want to be more present with the consumer-facing media and tell the

stories that they need to hear so the public is more aware of what duty free is and how it is part of the Canadian tourism industry. We want to be more present in the public arena. At the grass roots level we want to make sure that the individual stores and operators are given the tools in order to do that."

Stakeholder engagement

"We have already started the process of reconnecting with partners in the retail and travel industry, such as the Retail Council of Canada and Tourism Industry Association of Canada (TIAC). We want to be at the table with these other associations and find the common goals and work together with them to be a louder voice to achieve our goals together and ultimately support tourism and increase sales."

Association Communications

"It is important for our members to be engaged because we are stronger together. If we are all together with the same message it is more likely that we will be heard. We need to ensure that we are communicating in an appropriate way with our member so we can all work together both at the federal and grass roots level to get our messages across."

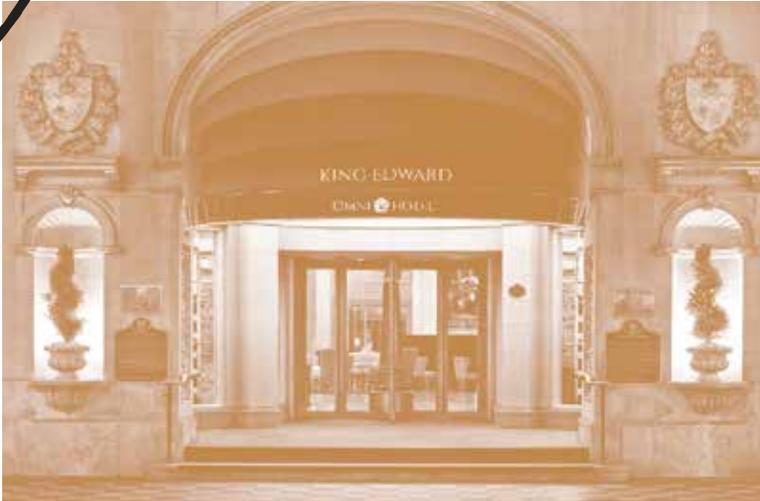
Barrett says these four pillars will help the FDFA raise awareness of Canadian duty free.

"Ultimately we are looking at protecting and enhancing the duty free program. We think that it is very important that we establish with the government that we are truly an export business, our products are sold for export and consumption in the U.S. with the occasional Canadian bringing in products purchased in the stores and bringing them back as part of their duty free allowance," says Barrett.

"We are very focused on raising awareness and we are going to do that through a very strategic and very planned methodical advocacy plan and we do that in a campaign where we tie in all these elements to drive our message and agenda forward."

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Travel to Canada up slightly through May

Through the first five months of 2018, total arrivals to Canada are up 1% to 5.9 million visitors.

From January to May 2018, 4.0 million U.S. tourists visited Canada, up a marginal +0.8% over the same period of 2017 and the highest level of U.S. arrivals for this period since 2005. A small decline in revised data for air arrivals (-1.2%) was offset by a slight increase in auto arrivals (+1.0%) and strong growth in arrivals by other modes of transport (+9.4%).

The strength of the USD in Canada declined compared to a year ago (-4.8% YTD), which may have partly contributed to the slowdown in U.S. air arrivals. Though air capacity between Canada and the US continued to expand (+4.2% YTD), there is evidence that many of those additional seats may be filled by Canadian travelers returning from the U.S.

While U.S. auto arrivals are up slightly YTD (+1.0%), U.S. air arrivals retracted -1.2% YTD. In contrast, the

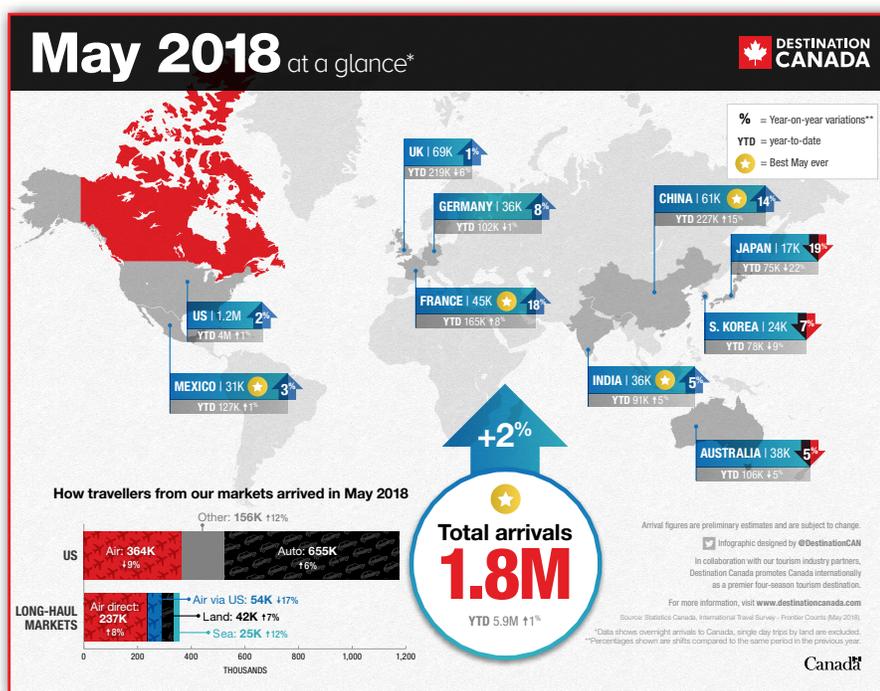
number of Canadians returning from the U.S. by air surged +13.5% YTD.

Year-to-date May 2018 overnight arrivals from Destination Canada's long-haul markets (-0.1%) reveals two contrasting trends. The first trend is the direct air arrivals to Canada, which account for 71.0% of total arrivals from Destination Canada's long-haul markets. This is up +4.6% YTD. The second trend is the air arrivals via the United States from those same long-haul markets, which account for 17.0% of those arrivals. This was down -13.9% YTD. The net result is that the growth in overall direct air arrivals has largely been offset by significant drags in air arrivals via the United States.

Over the first five months of 2018, China (+14.8%) remained Destination Canada's largest long-haul market, outpacing the United Kingdom, which has faced a decline in air arrivals since the start of the year, both direct (-2.0%) and via the U.S. (-14.4%).

Despite subdued year-to-date performances, Mexico (+0.5%), Australia (-4.5%) and Germany (-0.6%) each posted growth in YTD direct air arrivals (+26.8%, +3.0% and +1.1%, respectively) that broadly aligns with expectations given new air capacity.

France and India are both ahead of anticipated arrivals growth, with France at +7.8% YTD overall and +12.5% YTD via direct air arrivals, while India is at 5.4% YTD overall and 15.1% YTD via direct air arrivals.



Canada's duty free sales up after first five months of year

Canada's duty free sales are up at both airports and land border stores for the year through May, according to the latest figures from the Canada Border Services Agency (CBSA).

Total duty free sales at Canada's airports are up 6.49% through May to \$174.8 million.

Through the first five months, Perfumes, Cosmetics, Skincare, the number one category in Canadian airports with

35% of sales, rose 11.38%. Alcohol, with almost 21% of airport sales, increased 4.79% for the year. Number three category Tobacco (11.8% of sales) is up 8.18%.

Total land border sales have increased 1.2% through May to \$47.9 million.

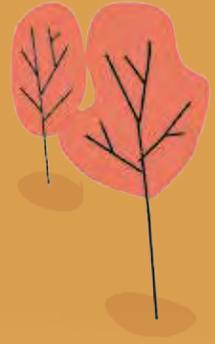
Alcohol the number one category on the land border with almost 44% of sales is down slightly for the year, falling 1.48%. Tobacco, the number two land border category with 24% of sales, is up 6.8%.

Fragrance, Cosmetics, Skincare (13% of sales) is down 1.09% for the year.

Regionally, duty free sales in Atlantic/Quebec are down 1.8% through May to \$9.3 million. Ontario sales, \$27.9 million, are up .34%. The Prairie region, with \$3 million sales for the year, is up 3.91%, while the Pacific region, with \$7.7 million sales, is up 7%.



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Ethos Farm brings staffing solutions with a high-tech twist to Americas travel retail

A new global consultancy is offering Americas-based travel retail companies a portfolio of premium staffing solutions, but adding a state-of-the-art technology aspect that strongly differentiates its services from those of other agencies in the industry.

A female-founded and female-run business, Ethos Farm hit the ground running in the U.K. in September 2017 when co-founder Sally Alington launched a series of services designed to enhance work force effectiveness. At the same time, Ethos Farm Americas, based in New York, opened under co-founder Lauren Walsh, and focused on providing personnel using Ethos Farm's expertise. The company, all women-run in the U.S., provides front-line staffing for airports, airlines, retailers, travel retailers, and the luxury brands of the world.

"We have become very targeted in what we are doing, especially in the Americas," Walsh told *TMI* during a recent meeting in New York.

Ethos Farm offers two main services in North America, particularly: Travel Retail staffing solutions and recruitment of demos, promoters, and brand ambassadors hired directly through the retailer or through themselves, and Managed Agent Solutions across North America and LATAM.

For staffing, the company partners with aviation service provider ABM Industries, which allows Ethos Farm to have security clearance at over 100 airports in the U.S.

"We can provide staff with full airport credentials, background checks, everything they need to work in the airport without impacting the brand or retailer – no temporary badges or security escorts required," says Walsh.

As well as providing recruitment for the brands directly, Ethos Farm America has its own team of about 20 staff with multiple experiences and multiple languages that allow it to provide a flexible solution for a brand either for a promotion site for HPPs or SPPs or for a fixed period of time. For example, the company provides five shifts of promoters a week at the Origins counter at JFK International Airport for International Shoppes.

Walsh explains: "Perhaps a company needs cover on their counter to target a specific flight. The staff need to speak the target language, work a short shift, maybe 4 hours and be trained at short notice. We have the flexibility and technology to deliver this easily."

The company also offers a Managed Agent Solution service. In this model, Ethos Farm does not directly provide the

staffing to the client but instead sources the best local partner to deliver staffing.

"But the personnel are managed by us to ensure one consistent message to staff across multiple locations. It delivers one point of contact for the brand, one invoice and continuous review to enhance performance of local agencies and their staff. For example, we currently operate in this way with Bacardi, managing agencies in Buenos Aires and Santiago, Chile, who have Brand Ambassadors in the field for Bacardi," she explains.

3-fold Technology Tools

Personnel is only one aspect of the service, says Walsh: "Along with these staffing solutions, we provide a technology that I believe is what sets us apart from strictly travel retail staffing," she says.

This technology is 3-fold, encompassing Briefing, Reporting and Training (BrApp, InSight, iTrain).

The technology has been developed by Mat Garner, who managed huge workforces at Stansted, Manchester and Heathrow airports as Customer Service Experience manager.

"Our technology encompasses work force management, it allows the employer to brief and collect information from a large number of staff in a variety of



Ethos Farm manages and helps train airport staff for Bacardi for airport duty free.

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The Ethos Farm 3-fold technology encompasses Briefing, Reporting and Training using proprietary tools BrApp, InSight and iTrain.

locations, where the messages can change quickly day to day,” says Walsh.

The training programs can be customized based on brand requirements and cover everything from product information to how to greet people. Completion of training modules can be monitored from a live dashboard and knowledge is tested and recorded.

BrApp (Briefing App)

Walsh says that its proprietary BrApp does a variety of tasks: it provides briefs on a daily basis that can be managed by Ethos Farm or by the brand directly; it pushes notifications directly to staff, either as a broadside or to specific individuals. Notification can be by phone or tablet by text or email, with a link to the brief.

“The message might say: ‘Welcome to your shift today, we’re focusing on Grey Goose for this week, Your target is....’ We are notified when someone completes the brief, so we can ask follow-up questions to test their understanding. We get the answers right back and can check them in real time,” notes Walsh.

BrApp can also track sales where staff can enter their sales at the end of the day using pre-loaded product information and pricing.

“Staff can check off sales, submit their report and we see how many units were sold, what the total sales were, who sold them -- it shows us what people are buying. It can also be used to track the success of a promotion or even determine how many customers were recruited,” she says.

A key advantage is that all the information is centralized.

“There is no need for excel spread sheets coming from five or six different people that have to be amalgamated together, the data is accessible live. Staff

can also report issues such as out of stocks or damaged POS, while managers can use it to recognize great service. All of this is pre-loaded within BrApp,” says Walsh.

InSight provides qualitative data

InSight is more of a qualitative reporting tool. Pre-set questions generate feedback about the staff’s shift with questions like ‘which products did people ask about most? Which nationalities are buying which product? What age range is buying? Are customers asking for something that you don’t have?’

“This provides an opportunity for the staff to tell the brand what they need to do, and gets staff involved, positioning them to be the brand’s eyes and ears in the store. It sometimes provides information that the brand might not otherwise hear, which can be especially valuable when no brand ambassador is present,” says Walsh.

As an added benefit, staff information generates a real time dashboard and can provide information in graph form, use multiple choice, and allow for text feedback.

Educating a dynamic workforce

Ethos Farm’s iTrain is about educating and developing the workforce, especially when information changes often and the workforce is across multiple locations.

This tool can deliver training to staff, check knowledge and show the brand that the staff understand the products. It is bespoke and content can be in any form when uploaded into the modules. Ethos Farm can also develop content.

Walsh describes a typical scenario.

“Our modules include video content, short films, YouTube links, and are filled with fantastic information. We break training down into class segments to be

more easily absorbed and so as not to overload the information. We can track remotely what has been downloaded and track online how much of the training each staff person has completed before they begin their shift. We can measure their knowledge with a quiz at the end – 10 or 20 questions created in partnership with the brand to make sure that the team has absorbed the key messages that they need to get across to the customer. We then send this report back to the brand and the brand can say yes, they are good to go, or no, they need more training. With so many travel retail brands in the U.S. based in Miami, company staff are very busy when they come to NY; they don’t have time to train individual sales staff, so that is where we can come in.”

In conclusion, the Ethos Farm team is very excited about the potential they see in the Americas for their services.

“We are hugely experienced in travel retail, offering staffing solutions with the technology that enhances that experience for the brand. Our Latin America specialist, Ellen Alvarez, also has a strong spirits background and brings travel retail and brand experience to the table. We are working with International Shoppes, Heinemann Americas, Bacardi, Estée Lauder, among others, and have been providing recruitment services for Dufry cruises since last November,” says Walsh.

“Between the three of us, Sally, Ellen and I, we feel that we really understand how to select, train and manage a premium caliber of staff. When you are dealing with America, Europe, Asia, the Middle East and Latin America, where the markets are very different, the customers are very different, and the stores are different, how do you assure consistency of service, customer presentation and everything else?”

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Experiences in Travel Retail from both sides of the Pond!

By Sally Alington, Founder & CEO of Ethos Farm and Lauren Walsh Co-Founder of Ethos Farm Americas

'I don't take coffee, I take tea my dear', the opening line from Sting's 1987 hit an 'Englishman in New York' which famously lists all manner of differences between the Americans and the British, a few of which we'd say are somewhat questionable (does anyone really have their toast done on one side?). Apply this thinking to the travel retail industry and, as newcomers to the Americas market, we are discovering there are some interesting distinctions, as well as real best practices, from both sides of the Atlantic when it comes to delivering excellent service and boosting sales in-store.

We established Ethos Farm Americas in 2017 having worked in the travel retail industry in the UK for more than 25 years between us. In fact, together we built one of the largest flexible travel retail solutions businesses in Europe, working with UK travel retail operators across 23 airports, spanning all product categories and supporting the majority of big brand names in the industry. We also delivered services in partnership with airport operators such as Heathrow Airport Limited, Global Infrastructure Partners (owners of Gatwick, Edinburgh and London City) and Manchester Airport Group (owners of Manchester, Stansted and East Midlands). Outside of the UK we also operated in the Republic of Ireland and Dubai.

Together we developed and devised new ways to drive spend in airport retail, not only duty free, through concepts like airport personal shoppers, pop-up shops and retail-entertainment, as well as flexible solutions to drive ancillary revenues including F&B. That is why early last year, we decided to start our new venture in the USA and, with a base in New York, we have started some amazing working partnerships with travel retail brands and shops alike.

As avid travelers ourselves, we had often flown through U.S. airports for work or fun and pondered some of the noticeable differences between the U.S. and UK shopper experience. Delivery of product to the gate from the Duty Free shop for example, which in the USA is a normality and for some passengers is possibly more convenient. However, from the British mindset, we immediately began to question how the in-store sales staff could overcome what we perceived as a potential barrier



Sally Alington (l) and Lauren Walsh (r)

to purchase for customers not used to this practice. Could there be missed sales opportunities when there is not enough time to get the product collected from the store and delivered to the aircraft door?

Solutions that some travel retailers have put into practice are certainly doing their bit to make sure sales opportunities are not missed. Dufry's Reserve & Collect program is a great example of ensuring customers don't miss out on the products they really want in the airport, as well as tapping into the passenger's consciousness before they have even left home for their flight. But what about customers who hadn't planned to shop at all, and maybe don't consider shopping and flying as things that necessarily go hand in hand?

We have long believed that if the passenger can't get to the shop, then the shop should come to the passenger. Shopping in airports should be an easy part of air travel and we need look no further than Newark Airport's Terminal C, the 'Airport of the Future,' for inspiration. With iPad's in the catering areas to allow convenience of ordering and paying for food and drinks from the comfort of the seating area, the airport has most certainly taken the passenger experience to a different level. This should be 'food for thought' for airport retailers and operators to look at breaking out of traditional shopping zones and opening wider retailing conversations with airport operators and airlines.

While Newark's iPad dining concept hasn't only been met with positivity, most of the negative views stem from the lack of interaction with human beings, which some have commented, is making the airport experience lonelier than it should be. We believe this concept can be more appealing and work for retail by combining great

customer service or product specialist staff with virtual shopping technologies at points of the passenger journey normally not associated with retail-therapy. Unsurprisingly people like to communicate with people, ask questions and reaffirm their decision-making choices. It is the blend of great people interactions with innovative ways of browsing product and purchasing that can really be the point of difference and should be something for travel retailers to further explore.

Another area that we are excited to be driving forward with U.S. airport travel retailers is destination-tailored service and sales, drawing on our experiences from working in the UK. Having the right staff, speaking the right language, in the right place at the right time is a formula we have tried to perfect over the years. What other retail environment has the gift of knowing approximately how many passengers will be coming through the doors and when, where they are traveling to and generally speaking what those customers like to buy! Why wouldn't airports and retailers use this information to ensure the experience is customised in the right way?

In fact, we have seen that correctly applied destination targeting strategies for instore staffing and promotions can deliver three or four times more ROI than providing people without advanced cultural understanding and linguistic capabilities. Mandarin-speaking ambassadors tend to top the list of requests we receive, however there are many nationalities who would welcome a more personalised approach to in-store service.

The differences in airport retail around the world are some of the reasons why we enjoy traveling as ultimately, we like to go to new places to learn about ways of life, traditions and customs that are different to our own. However, when it comes to maximizing sales and improving customer experiences, some things are universal. Customer expectations, no matter how different they may be in each corner of the globe, should be exceeded wherever possible to ensure the continued growth of this industry and that requires an enhanced focus on talent selection, learning and development.

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A three-story tall, digitally-decorated funnel with flashing designs greet passengers embarking on the new Carnival Horizon cruise ship, leading up to the largest area dedicated to shopping on any Carnival ship. Starboard Cruise Services and Carnival have created a two-level shopping promenade rimming the ship's atrium on decks 4 and 5, with branded shops boasting the largest and most varied offerings in the fleet with a stellar lineup of some of the most popular brands in the world.

Starboard transforms: Creating onboard retail experiences rather than transactions

One on One with Beth Neumann, President and CEO, Starboard Cruise Services

Miami-based Starboard Cruise Services, Inc., the world's largest cruise ship retailer, is transforming itself from a transactional business to one based on creating the most memorable experiences for cruise guests to take back home as a symbol of a wonderful holiday. Creating customer connectivity and engagement is a powerful strategy, one which will keep the 60-year-old industry pioneer at the top of its game, Beth Neumann, President and CEO Starboard Cruise Services, told TMI during an in-depth interview in the company's Miami office.

"It has always been about constant transformation, which is what any business needs to do. The consumer desires changes, the context changes and you have to change with it. Look at how the cruise industry is upping the game. It is incredible, every year," said the passionate Neumann, who has been at the helm of the LVMH -owned cruise retailer for the past four years. Starboard, originally known by the prosaic name of Florida Export Tobacco before becoming part of Greyhound Leisure Services, Inc., was one of the first duty free players since back in the days of the early Miami airport.

With cruising growing exponentially on an international level, the cruise retail channel has become a target of aggressive expansion from such top retailers as Dufry and Heinemann, as well as long-time player Harding Brothers. Starboard maintains its



*Beth Neumann, President and CEO,
Starboard Cruise Services*

strong leadership position, however. By 2020 it will operate more than 36,000 square feet of cruise retail space on 90+ ships, including 30 mega-ships and the majority of the largest and newest ships afloat.

"Competition is good. There is certainly enough business to go around," insists Neumann. "But we are the leader. We are the leader in mega-ships. We are the leader in Asia – we have about 75% market share of Asia, and growing. There is nobody near us and we plan to keep that lead. And this is why other companies are showing so much interest in the cruise sector."

Starboard believes it has a level of experience and expertise that gives it a distinct advantage over its competitors.

"There are things that we are better at that no one can match," says Neumann. "I do not believe that our competitors can match our level of service and the experience that we can offer. We are deep in this industry. We have the most incredible talent onboard our ships and we also have the backing of LVMH as well as the partnership with DFS."



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Starboard created a whole new way to shop as it helps passengers find the perfect look in an emotional setting. Guests learn the latest looks in a Dior Masterclass conducted by certified makeup artists or enjoy a Tiffany's Dior Fashion Show onboard.



Changes in retail also stimulated a change of approach. “From technology to consumer desires, the fundamental element is that people want experiences, and will spend money on the experience not just a thing. The purchase has to have meaning. This of course is the opposite of the Amazon way of doing business,” she says

Finally, Neumann reports that the differentiation within the cruise lines themselves is of key importance.

“The lines have become much clearer about what they stand for and who their guest is, and that enables us as a retailer to really tailor experiences. Guests on Celebrity cruises like to keep learning and guests on Royal Caribbean like adventure, for example, and our Asian guests prefer different experiences than our Caribbean guests. It made sense 15 years ago to have much of the same merchandise across all the ships, because the ships were catering to the same guests. But not anymore.”

Taking all of the above into consideration, Starboard focuses its approach to retail on entertainment, discovery, guest-to-guest connections and exceptional hospitality.

“So, we started with the brands, and have been very focused on our people and the one-on-one hospitality, but our big dream is to truly bring in unique experiential retail to each of these cruise lines,” she says

Its current onboard retail programs illustrates how carefully Starboard can create a special retail experience.

Celebrity has positioned the cruise line as “opening up the world to people” and since people experience the world through their five senses, Starboard created a retail journey immersing guests in sensory events for *Celebrity Equinox*. And this is just the beginning of what we will see on the new *Celebrity Edge* launching in November, where the retail experiences will reach a whole new level, says Neumann.

The Central Park concepts on the Royal Caribbean mega-ships are all the rage now and offer an opportunity for retail to be an even more incredible experience, she says. Royal Caribbean’s Quantum ships have been described as Las Vegas at sea, while

Neumann and her team have been working furiously over the past four years to make onboard retail an even more integral part of the full cruise experience.

“My remit when I came onboard was ‘how do we create that next level of value for Starboard, what is the opportunity onboard cruise ships for retail?’

“It was very clear to me right away – you just have to get on ships and talk to the people – that the retailer was in the awesome position to sell that memory of this incredible vacation and have people go home with something to remember the joy of the occasion. I saw that our best people knew exactly how to build connections, build relationships, and truly inspire people. We needed to make this the way that we work throughout the company.”

Globalization and the advent of the global passenger and the global itinerary was also creating an amazing opportunity for retail, she said.

“Fifteen years ago, Starboard was in the Caribbean and our guests were North American and Caribbean. Now, only 40% of our business is in the Caribbean, with China, Europe, South America, Alaska and Australia playing greater importance. These international guests tend to be even more attracted to retail and memories. It is true of all cultures.”

The growing importance of mega ships created greater opportunity for stunning retail space – and Starboard was one of the first to bring major brands onto cruise ships. The list reads like a fashion and luxury Who’s Who—Bulgari, Coach, Kate Spade, Michael Kors, Cartier, Tiffany, Dior and on and on.

“These brands have fallen in love with the kind of relationships they can create with people onboard the cruise ships. You can create an incredible experience over the course of many days, you can tell a story,” explains Neumann.



Starboard's newly unveiled Port Merchants spirits store on Royal Caribbean's *Mariner of the Seas*, which recently debuted a \$120m make-over after repositioning from Asia to Miami. The store design evokes more "hip tasting lounge" than traditional "duty free liquor store" by inviting guests to discover new spirits at the center bar with interactive digital displays.

High Tea with Tiffany at Sea. The first Tiffany & Co. store at sea in Asia enhances its full selection of Tiffany jewelry on the *World Dream* with a special tea event featuring a set menu and showcasing exclusive Tiffany treats and British delicacies.

Starboard's *Apprentice of Time* workshops have proven to be an immense hit on the *Celebrity* ships.



The new *Carnival Horizon* is all about fun and the brands Starboard put onboard – from Hublot and Breitling to Michael Kors and Victoria's Secret—were all firsts.

The Genting ships being built exclusivity for Asia will have even more brands but the experiences offered will be different, like with the Tiffany Mystery Box. "Guests in China get a key that opens a mystery box with a free gift from Tiffany and the cruise guests line up for hours outside the shop waiting for their chance to try the key. Here it is more promotional and fun, because that is what the Chinese guests want.

"It is not just luxury, but finding the right brands for the specific audience. What we do on the *Dream* is very different than what we do on *Celebrity*, and also different from what we do with Royal Caribbean on *Quantum*," she notes.

"Every new ship is launching with retail tailored to the cruise line and the itinerary. We are very true to the brand and we are creating a custom experience for every ship. It is really about enjoying yourself and discovering new things. This is the Starboard way of selling now. It is really about how to connect with people, as people. They connect with our staff in an authentic way."

Summing up the new Starboard approach to retail, Neumann concludes:

"Selling is no longer transactional and if you treat it as a transaction, it will not work. And this is a big part of what we are transforming."

Starboard is launching three new ships in 2018 including *Carnival Horizon*, with the largest retail space in its fleet, Royal Caribbean's *Symphony of the Seas* and *Celebrity Edge*. Starboard also recently signed multi-year retail contracts to operate on nine *Carnival* ships; all *Costa Europe* ships, three *Costa Asia* ships, and three of *Norwegian Cruise Lines*' newest ships. In 2019, Starboard is confirmed to launch four of the industry's most important mega-ships.



the *Oasis* class is much more outdoorsy and sporty with an adventure theme.

"Our retail is all about the adventure," says Neumann, specifically mentioning a Scotch and Watch event held in Royal Caribbean's famed rising bar this summer.

"We talk about a different watch as the bar rises from deck to deck—Omega's diver's watch, chronograph, aerospace, etc. and we hold a Scotch tasting on each deck, sampling a higher age Macallen at each level."



The 1,200 sq ft Rouge perfume and beauty store in Charlotte Amalie, USVI.



Rouge Duty Free solidifies business in St. Thomas and Grenada, as it prepares to debut in the U.S.

Rouge Duty Free Retail Caribe continues to make impressive strides in developing its chain of duty free stores in the Caribbean, where it now operates major venues in Grenada and St. Thomas and is additionally debuting in the U.S. local market with a travel-friendly store in the Prime Outlets Mall in Orlando, Florida.

The Group continues to enhance its stores and add new brands to the portfolio as it solidifies its business in the islands.

St. Thomas

“We are now operating the only fragrance store on the waterfront road in Charlotte Amalie, St. Thomas where we

are benefiting from good visibility to all traffic,” reports Marco Bordoni, who heads up the Caribbean and North American business for his family’s Buenos Aires-based Perfumerias Rouge.

Bordoni adds that the 1,200 sq. ft. store, which is dressed on the outside with large visuals of Chanel and Dior, is hard to miss when you are in St. Thomas.

The Rouge store in St. Thomas, which opened in greatly enlarged space right before the Christmas holidays last year, now carries all the major fragrance brands, and a wide assortment of skin care and makeup, including Estée Lauder, Clinique, Smash Box, Glam Glow, Lancôme,

Shiseido, Clarins and NYX, reports Raymond Kattoura, whose company Duty Free & Travel Retail Group Inc. helps manage the business for Rouge Duty Free Retail Caribe.

Rouge St. Thomas will also begin carrying the full Rituals line of lifestyle bath and body products exclusively on the island as of September 2018, says Kattoura.

Grenada

Rouge continues to flourish in Grenada, where it is currently the #1 Travel Retailer on the Island, with three stores at the airport, including 3,000 sq. feet of retail space on the newly opened second level, one in the Spiceland Mall and one at the prestigious Port Louis Marina, says Bordoni.

“We are very focused on Grenada, as it is the fastest growing island in the Caribbean. Several upscale hotels and



The new Rouge Duty Free store in Grenada airport covers nearly the entire length of the 2nd floor concourse.



ROUGE

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Rouge St. Thomas Waterfront

Grenada Rouge Spiceland Mall Perfumerie

Port Louis Rouge Flagship store

Grenada Maurice Bishop Airport level 1 Rouge Duty Free - Maurice Bishop Airprt level 2

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Rouge Duty Free has opened for business in 3,000 sq ft of new retail space on the second level in Grenada's Maurice Bishop International Airport.

boutique hotels will be opening by fall and in 2019, including the Kimpton and SilverSands. We are also expecting more airlift with American Airlines, Jet Blue and Air Canada among the airlines that will be adding flights as of November 2018," says Bordini.

Among its newest brands on tap, Rouge will be expanding its offer from Chanel in Port Louis.

"We are very pleased to announce that Rouge Grenada will be opening a personalized new Chanel counter for fragrance, skincare and cosmetics at our

Port Louis Marina location," says Kattoura. "The official launch will be the first week of December, and will be marked with a special function, including services from a Chanel makeup artist to attend our clients."

Rouge will also be introducing Rituals at the airport and Port Louis locations, and will be carrying the fast-growing brand exclusively on the island.

Rouge will also be introducing Shiseido skin care and cosmetics, adding it to the lineup of top brands already available, including Lancôme, Estée Lauder, Clinique, Smash Box, Glam Glow,

Clarins, NYX and Chanel.

Rouge reports that it has also opened a new kiosk on the level 2 departure lounge next to gate 5 in Grenada's Maurice Bishop International Airport, which is dedicated to liquor and grab and go confectionery. Rouge will also be opening dedicated corners for Furla and Montblanc before the end of the year, as well.

"Grenada continues to offer many exciting opportunities for Rouge, and we will have a lot of news in the coming year, including a new arrival store in Grenada MBIA," says Kattoura.

Top Brands becomes Luryx Duty Free

Top Brands International has rebranded all its stores under the name Luryx Duty Free.

The Panama-based group now operates more than 65 stores in 14 countries, including in the Bahamas, BVI, El Salvador, Costa Rica, Colombia, Uruguay and Paraguay among them.

Luryx most recently began duty free operations in St. Thomas, US Virgin Islands, in the A.H. Riise Mall in Charlotte Amalie. The new concession includes a dedicated Chanel Boutique.





Grand Duty Free upgrades store in Cayman

The Grand Duty Free Store, operated by Luxury Group, Inc. in Grand Cayman, has further upgraded the store, adding 18 extra back walls for its expanded array of fragrances, as well as a shop-in-shop for makeup brand NYX.

Grand Duty Free operates one of the busiest NYX corners in the Caribbean, says director Raymond Kattoura.

“Grand will now be offering a much larger assortment of skin care and

fragrances. We have added Estée Lauder, Clinique, Smash Box, Glam Glow and Tom Ford along with the ELC fragrances,” says Kattoura.

Grand has also renovated its Spa/Cabin for high-end Swiss skincare brand Valmont, which offers facials and other treatments for a growing clientele. Grand is the only duty free operator at this time selling Valmont and its Spa is the only one Valmont has in the duty free channel, as

well as the only duty free shop in Grand Cayman with a cabin.

“Grand is getting ready for the Season, and will soon be launching exclusively in Cayman a shop-in-shop for Rituals, as well,” he notes.

The 2,300 sq. ft. Grand Duty Free luxury store carries fragrances, cosmetics and other skincare brands, as well as a range of jewelry and watches, many of them exclusive to the shop.

PortMiami awarded \$3.9 million for cruise terminal improvements

The Florida Seaport Transportation and Economic Development Council has awarded PortMiami \$3.9 million in grant funding for cruise terminal improvements

and an additional \$108,075 for security, it was announced in early September.

The \$3.9 million grant will be used for cruise terminal improvements and upgrades

to existing facilities and berths, and to help finance three new cruise terminals over the next few years.

There are several projects happening at the port, including Royal Caribbean Cruises Ltd.’s \$247 million crown-shaped Terminal A and Norwegian Cruise Lines Holdings Ltd.’s \$100 million-plus Terminal B, scheduled for completion in 2019.

In addition, Disney Cruise Line has been in talks with the Miami-Dade Board of County Commissioners and PortMiami to allow the company to bring more ships to the port. According to documents filed with the county, Disney is asking to home port two ships in the coming years, and may eventually build its own terminal at the port.

Currently, Disney Cruise Line only offers seasonal service at PortMiami.



The new Norwegian Cruise terminal due to open in 2019.



Two flagship DFA stores on facing corners greet passengers passing through security at Tocumen International Airport Terminal 1 in Panama.

DFA stores help transform Tocumen Airport

Panama's Tocumen International Airport is going through a major transformation, driven in large part by the new stores recently opened by Duty Free Americas.

The makeover is immediately visible as travelers pass through Tocumen's main security checkpoint in Terminal 1 where they are greeted by two brightly lit, welcoming Duty Free Americas stores sporting a modern, state-of-the-art retail design and product offer.

The two 300 sq meter shops are at the heart of the two concession blocks won by DFA in August 2017, in what was the company's first award at the airport at that time.

DFA, owned by the Falic family, won two of the three blocks offered in the tender, with a bid of \$1.2 million per month for each location, double the minimum that was required. (Motta Internacional won the third block). The 10-year contracts cover two blocks of around 700 sq. meters of space. DFA will pay the airport authority about \$288 million in monthly fees over the life of the contract.

"This is a big win for us," DFA President Leon Falic told *TMI* at the time the award was announced. "I live in Panama, my home and office is here and we are moving next week five minutes away from Tocumen."

DFA bid very strategically when choosing the blocks, concentrating on locations as well as overall space.

Falic said that the two blocks will give the company 85% of the sales in Tocumen. "We have been waiting 10 years to get in

[to Tocumen]. We will be paying a lot of attention and building stores never seen before in this airport," he says.

The two flagship shops immediately past security fulfill that promise. Located on facing corners, the stores were formerly part of two separate blocks, one operated by Motta Internacional and the other by the former Waked Group - Grupo Wisa. Now the two locations work together—coming through security, the DFA store to the left showcases a full-on spirits offer in its corner space; the DFA store to the right features beauty and cosmetics in its corner. Both stores carry a full assortment of products (except confectionery), only the layouts are reversed.

Both flagship stores also feature an open design. While not directly walk-through, the open layout makes shopping easily accessible to travelers in the main corridor as well as at the gates in the main hall.

A number of features stand out. All the liquor areas are enhanced with warm wooden textured walls and point of sale display units, contrasting with bright white walls in the beauty sections of the store. Excellent use is made of lighting and video displays. The broad product selection has also been fine-tuned to appeal to specific passenger profiles, says Dov Falic, Director of Liquor buying at DFA's UETA Latin America division, who took *TMI* on a recent tour of the Tocumen stores.

For example, the DFA store nearest to the gates that handles Air China and European countries offers a special focus on cognacs, as well as a curated display

of fine local Latin American wines which have proved to be particularly popular with the Chinese passengers.

"We are offering the best of the best wines from Chile and Argentina directly in front of the Air China gate," Dov Falic said. Although the flight from China is currently only 2 times per week, the airport is in discussion to increase frequencies, he says, following Panama's recognition of "one China" which includes Taiwan as part of the People's Republic. Among other results of last year's switch to Beijing, visa requirements between the two countries have been eased and China is increasing its investment in Panama.

DFA currently is operating eight stores throughout Terminal 1 in Tocumen Airport, each one of which holds a strategic location in each area, says Dov Falic. (The space for the final two stores in the blocks will be handed over to them in October, for a total of 10 duty free stores.)

"Our stores are either the first to be seen in an area or the only store in a specific section," he explains.

A 60 sq meter DFA store in the newest section of Terminal 1 was filled with customers both times I passed by. It is the first duty free store passengers arriving in this section will encounter. "This store is delivering much better sales than we expected," said Dov Falic.

DFA also has stores in both satellite areas in the older part of Terminal 1.

DFA has also won the concession to operate a duty free bar in Terminal 1, where it also holds activations featuring specific brands. The company won the concession



Beautiful wood accents enhance the spirits sections of the new DFA stores in Tocumen, along with a curated product selection.

to operate three more duty free bars in the new Terminal 2 scheduled to open early next year.

A Kate Spade boutique and Ralph Lauren Polo boutique, along with two DFA News & Gift locations, round out the retail operations.

“We brought a new deal to the airport,” said Dov Falic.

In August, the Airport Authority announced that DFA won one of the two duty free concessions awarded by Tocumen for Terminal 2, which is expected to be open for business by May 2019.

In his comment on the concession announcement, DFA President Leon Falic said: “We are very happy with this win.

It fortifies our current strong position in Tocumen. We strategically bid for the block we feel would be best for the airport and current locations.”

Tocumen is considered such a plum duty free prize because 94% of the traffic is international, according to anna-aero. Further sweetening the deal, most of these international passengers are in transit, and all of them can purchase at the duty free stores in the airport.

Panama, often called the “Hub of the Americas,” is the gateway connecting North America and the Caribbean region with all of Latin America.

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 travel retail research agency Counter Intelligence Retail.

The airport achieved double-digit passenger 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.

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 U.S., 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.



Eight DFA stores are strategically located throughout Terminal 1, with two more spaces still to open.



Motta Internacional opened its first new look Attenza Duty Free Store in May in Tocumen Terminal 1.

Motta Internacional plans for expanded presence in Tocumen's new Terminal 2 in Panama

Motta Internacional's Attenza Duty Free, which won the third block of stores in Tocumen International Airport's Terminal 1 duty free tender last year and the larger of the two blocks of stores up for bid for Terminal 2 this August, is also rolling out a fresh, updated new look for its new stores at the airport.

As of the end of May, Motta had opened its new flagship in the main area of Terminal 1, followed in mid-August by the opening of a M.A.C boutique next door.

Covering about 350 square meters, the main store, located in a space formerly occupied by the Waked Group, is divided primarily into one area for beauty and another for spirits. It sports new signage, LED screens at the entrance, and a much brighter look than in the past.

The airport will turn over the last two spaces in the 700 sqm concession in October when the contracts expire. In the meantime, Motta is renovating several smaller spaces throughout Terminal 1 on a

rolling basis.

The new 10-year concession contract in Terminal 2 adds 1,452 square meters of retail space to Attenza's presence at Tocumen, and is in line with Motta's strategy to further expand its presence in the regional travel retail business. The new Attenza Duty Free store in Terminal 2 will offer a wide range of products including most categories such as liquors, tobacco, perfumes, cosmetics, accessories, confectionery, sunglasses, watches, writing





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Motta opened a M.A.C. Boutique adjacent to the main duty free store in Tocumen Terminal 1 and is in the process of building sales, says Motta CEO Erasmo Orillac.

instruments, as well as fashion.

Erasmo Orillac, CEO of Motta Internacional, commented, “We are very pleased about this new project not only because it reinforces our strong commitment to grow in the regional travel retail market, but also strengthens our relations with our commercial partners.”

Earlier in the day, Orillac had told *TMI* how very excited the company was about the new concession opportunity.

“We are looking forward to the new concession. This is our home after all, and we need to be here. We bid on a specific block this time around,” he said.

Despite his excitement about the new win, Orillac voiced a number of concerns about the airport.

For one, Motta Internacional was very disappointed in the delay around the opening of the new stores in Terminal 1, which he said was due to a lack of planning on the part of the airport authority. The delay, which ran from the end of December of last year to this April and May, left the airport with no duty free stores for more than four months and led to a \$6.4m shortfall in revenues to the airport in the first half of 2018 (see page 48).

“It was not a good commercial transition, from Dec. 15 until we were able to open some pop up stores. The airport was without service for a couple of months,” he commented.

He also sees basic services in Terminal

1 as weaker than they should be.

“The Terminal looks better, but still has issues with air conditioning and electrical power,” Orillac said.

“Once they open the new Terminal 2, the Airport Authority will do some renovations on Terminal 1. These include upgrading sitting areas, bathrooms, floors that are cracked, air conditioning, basic infrastructure. They will have to do repairs little by little by blocks, so it could take a few years to complete. We may see this in 2019-2020.”

He is also concerned about some of the design elements in the new Terminal: “Tocumen lacks high ceilings and lacks space for branding, but does have a lot of light. Allocation of space could also have been better. We think there is room for improvement.”

Of most concern is the worry that the airport will not be able to handle the increased capacity without the addition of a third runway, he says.

With 15.6 million passengers in 2017, and 17 million expected this year, the new gates are expected to increase capacity to 25 million.

“Copa Airlines, which is the major user of the airport with 85% of the traffic, says the airport needs a third runway to handle the expected capacity and maintain its position in the aviation market. The airport has the land but it will be a multi-million dollar investment. But we see it

coming in the next 5-10 years, especially since Copa continues to expand its fleet.”

Orillac points out that the new terminal was also designed for expansion, and he would not be surprised to see more gates added within another 5-7 years.

For now, Motta is looking to expand its presence further in the airport. In addition to the duty free stores, the company bid on the electronics concession for both terminals (results had not been announced as of press time); and was bidding on the sporting goods contract along with Adidas, with whom it has partnered in Colombia, Ecuador and Panama. He says the company is also thinking about participating in the convenience store category bid, although that is a little out of their area of expertise.

Motta has also won concession contracts for five luxury boutiques in Terminal 2: one each for Cartier (which is returning to airport duty free after an absence), Montblanc, Hugo Boss and Ferragamo. The company has not announced which brand will occupy the fifth location.

The official ribbon cutting inaugurating Terminal 2 is planned for April, and Orillac hopes to see it fully functional by May-June. He says that three or four gates will open temporarily in late January when Pope Francis will travel to Panama to participate in the Catholic Church’s World Youth Day rally.



New store at Tocumen International Airport in Panama.

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Colon 2000 cruise port under redevelopment to become a major travel retail shopping destination

Tocumen International Airport is not the only major structure being improved in Panama. The Colon 2000 cruise terminal, 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, is undergoing a major upgrade that will include a massive rebuild and expansion of the duty free shopping area.

Regency Group, a privately owned multinational company with headquarters in Panama, is developing some 4,500 square meters of premium travel retail space within the terminal, set to open early in 2019.

Some 1,000 square meters of this space will be a dedicated duty free cruise port store carrying all the major categories,

along with luxury fashion products and watches and jewelry.

Primarily a home port now, the developers say they 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 major operations in Central America, the Caribbean, Colombia, Ecuador, Peru, Uruguay, Paraguay and Chile, is a leading regional player in retail, real estate development, banking, insurance, tourism, energy and logistics businesses.

The Group reports that it has more

than 75 years of uninterrupted retail experience and customer satisfaction in the region. Through its distribution center and warehousing infrastructure, along with the experience and know-how in dealing with customs and import departments in the countries in the region, the Group has the ability to import and deliver product direct to retail locations in less than 24 hours of arrival.

Regency brings an extensive retail background to the new venture. The Group owns and operates 358 retail stores in 12 Latin American countries, with a workforce that exceeds 5,000. Regency Group has particularly strong experience with fashion brands and operates fashion retail stores throughout the region.

"We are dedicated to customer service and satisfaction and have a mandate to work with premium brands, a category in which we are leaders in the segment. We also have a mandate to operate only first class locations, with consumer oriented store designs and enhanced product presentations," says Ronny Basher, Travel Retail General Manager at Regency, who is overseeing the operation.

"We intend to make Colon 2000 the largest travel retail facility in the Caribbean and a fun and entertaining shopping destination," he adds.

For more information about the duty free opportunities in Colon 2000, please contact ronny.basher@regencytrade.com.



Revenues fall at Tocumen

Total revenues at Tocumen International Airport in Panama fell by just over 5% to US\$110.8m for the first half of 2018. The \$6.4m shortfall compared to the same period last year was due to lower tourist numbers resulting from regional economic problems and the delayed opening of the new Duty Free Americas and Motta Internacional duty free stores, which at least one of the operators says was due to poor planning on the part of the airport.

Commercial revenues at Tocumen fell from US\$37 million in 2017 to US\$32.6m this year, said Temístocles Rosas,

Tocumen's vice president of administration and finance. "One of the reasons for the drop was that the new stores inaugurated by the operators who won the concession late last year did not open until the middle of the 2nd quarter," he added.

Net profits for the airport fell from US\$38.1m to US\$32.4m. This disappointing financial result is not expected to add further delays to the partial incorporation of the new 116,000sqm Terminal 2, which will finally open in 2019. Senior managers at Tocumen hope to bring 5 of the 20 new air bridges in the new passenger facility into use in

January of next year with the remaining units coming on stream throughout the first half of the year.

As of press time, just over 80% of the new terminal had been completed. When the terminal was tendered in 2012, the total construction cost was estimated at US\$679m – once the project is finally completed next year, the total project cost is expected to be around US\$900m.

The airport management company forecasts that 17 million passengers will use Tocumen in 2019.

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Monalisa brings a cultural paradise from Europe to Ciudad del Este with opening of Galeria de Arte

Paraguay's luxury retailer Monalisa is bringing the travel retail shopping experience to new levels of elegance and opulence at its flagship store in Ciudad del Este.

Monalisa has opened a breath-taking Galeria de Arte. The Art Gallery houses a rich collection of paintings, furniture, sculptures, rugs, utensils and other objects directly from Europe, in particular from Paris.

The project was devised by Monalisa founder and entrepreneur Faisal Hammoud,

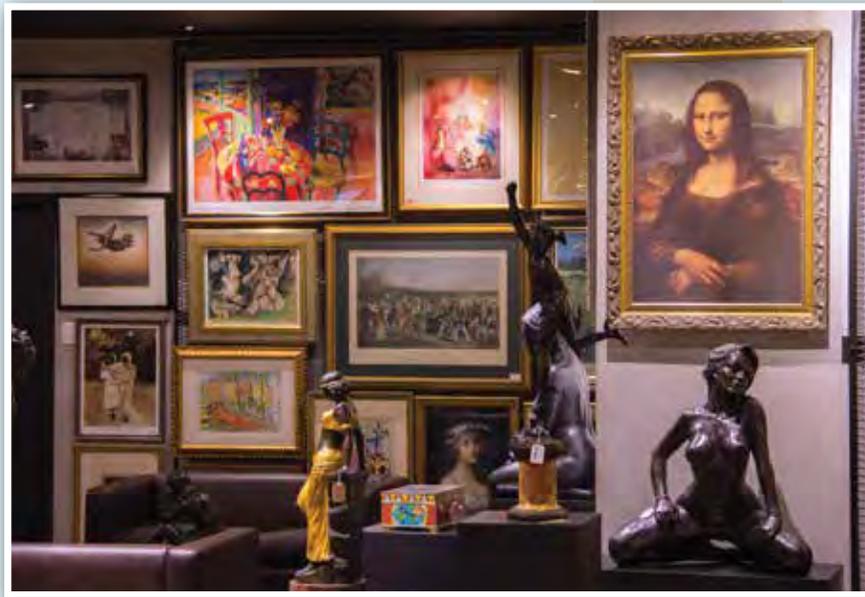
who created the space after thoroughly researching the market.

Hammoud says that he was inspired by the countless trips he has had the opportunity to make throughout his life. Through his travels, Hammoud has come to know dozens of different countries, customs and cultures, and felt the urge to share this experience with the people passing through his store.

"We are aiming to meet and delight our clientele with this newest attraction.

It will enchant our visitors and fill their eyes with good taste and variety," says Hammoud.

"The new Galeria de Arte is a privileged space that transport its visitors to a distant time in the past and presents us with beautiful objects ranging from sculptures, furniture and crockery to engravings, drawings, paintings and oil paintings that come directly from Paris," he comments.



Uncertain future for new Mexico City Airport

The future of the new international airport for Mexico City currently being built at the greenfield Texcoco site is still uncertain following the Presidential election victory for Andres Manuel Lopez Obrador in August. During the early part of his presidential campaign, Lopez Obrador advocated the cancellation of the US\$13 billion construction project suggesting that a cheaper alternative was available by adapting the Santa Lucia air force base to the north of the city, to work in conjunction with the current Benito Juarez Airport. Lopez Obrador alleged too much money was being spent on an unneeded luxury and hinted that some of the supply contracts were awarded in suspect circumstances during the building program at Texcoco.

Although his criticism was toned down during the latter part of the election campaign, his government team has now announced a referendum to let the people decide the future, even though Lopez Obrador does not take office until December 1. The cancellation of the Texcoco project would cost a minimum of US\$5 billion and incur possible legal problems for the new government.

Future transport minister Javier Jimenez Espriu said a national consultation would be held in the final week of October on two options: finishing the project now underway or adding two new runways to the military base at Santa Lucia and maintaining the current airport.

“The result will be binding, and on the basis of this, the definitive decision

will be made,” Jimenez said, although no details were given as to the nature of the consultation.

Several international aviation consultants including the Massachusetts Institute of Technology warn that the joint operation of the current Benito Juarez International Airport and a large Santa Lucia airbase is technically impossible as flight paths would conflict.

Lopez Obrador also said that if the people approve the completion of the new airfield, he will consider granting an operating concession to a private company to manage the airport to reduce maintenance and other operational costs to the Mexican taxpayer.

JG

New Paraguay government scraps plans for new Asuncion terminal

The newly elected Paraguayan government of President Mario Abdo has cancelled the planned tender to manage and privatize the operation of a new terminal at the country’s Silvio Pettirossi Airport in Asuncion.

The original tender process started in December 2015 with the participation of Sacyr-Agunsa, Vinci Airports and Cedecor but legal objections and problems with the bidding process led to delays in decision making and the planned public – private partnership seemed doomed. Subsequently, government auditors objected to naming Sacyr-Agunsa the winner of the tender claiming they did not notify the Paraguayan authorities of their failure to comply

with a similar contract in Spain. The new government that took office in mid-August has now cancelled this tender.

Now the new board of DINAC, the Paraguayan Civil Aviation Authority, announced that it will build a new \$40 million terminal, to be financed entirely by the civil aviation authority. Cosmetic renovations are underway at the current terminal to relieve congestion and DINAC says that it plans to publish details of the new construction project shortly. Building work is expected to take three years, to commence in the first half of 2019.

The airport was built in 1980 to handle a capacity up to 1 million passengers per year, but now often operates in excess of

this figure with overcrowding common in peak periods. Officially, 1.2 million passengers used the airport in 2017. Government sources told *TMI* that traffic for the first seven months of 2018 increased by 6.9%.

The change in the government plans would seem to be good news for the current duty free operators in Asuncion. *TMI* understands that Mannah Duty Free, Luryx Duty Free (Top Brands International) and Golden Duty Free have been working under temporary short-term contracts. The revised plans to build a non concessioned terminal could lead to longer term contracts allowing for proper planning and shop renovations.

JG

Update on delays at Santiago Airport construction

Nuevo Pudahuel, the airport management company operating Arturo Merino Benitez International Airport in Santiago de Chile confirms that 38% of the construction work on the new international terminal has now been completed. The terminal was initially scheduled for completion in 2020 but the concessionaire notified the Chilean government that delays may occur due to certification hold ups caused by the previous Chilean administration.

The new government, led by business-

friendly president Sebastian Piñera, took office in March this year.

Juan Andres Fontaine, the recently appointed Minister for Public Works, has stressed that his ministry and senior engineers will work hard to reduce bureaucratic delays to ensure that the airport is completed in agreement with the original plan.

The “C” and “E” wings of the new International Terminal are scheduled for completion within the next few months and Nicolas Claude, CEO of Nuevo Pudahuel,

told a press briefing that “C” wing will be in operation by mid-December and “E” wing by the end of March next year.

“With these two new wings in operation, we will add 22 new aircraft contact positions within a six-month period. In addition, the completion of these wings will allow us to push on with the completion of the main Terminal building and ‘D’ and ‘F’ wings as well as the new car parking facilities.” he added.

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Argentine startup carrier Flybondi and Chilean airline JetSmart are two of the low-cost brands looking to serve the Latin American market.

Low cost airlines boom in Latin America *by John Gallagher*

The development of low cost airlines in the Latin American aviation market has been a bit of a mixed bag. Brazilian airline Gol started operations in 2001 shortly after the expansion of the low cost model in North America and Europe in the late nineties. Many predicted a healthy future for low cost carriers in the continent. However, with the exceptions of Brazil and Mexico, growth has been non-existent. But in the past two years the market situation has started to change significantly as international investment funds and some carriers from USA and Europe look to invest in what many see as a huge market waiting to be developed.

Despite the troubled Brazilian economy, Gol remains a strong player and commands a 50% market share in domestic aviation. And although the boom bust economy has tested the company's shareholders, the airline has grown its international activities to include Argentina, Chile, Uruguay and Paraguay.

Services to the U.S. are scheduled to recommence late in 2018. Gol has been joined in the low-cost segment by AZUL, controlled by JetBlue founder David Neeleman, and they have been slowly building market share using less popular airports and lower density routes. Azul has gradually started to grow internationally and in the last two years has started flying to the U.S., Argentina and Uruguay as well as buying a majority shareholding in TAP, the Portuguese flag carrier. In addition, a code share with French low-cost carrier Aigle Azul brought AZUL its first service to France from Viracopos last month.

In recent years, Colombia and Peru have also seen growth in the low-cost segment. JetBlue and Spirit fly to both countries from the U.S; local brands Viva Air, Easy Fly and Wingo (owned by Copa) operate in Colombia; Peruvian, Sky, Viva Air and Jet Smart serve Peru. As Chilean airlines Sky and Jet Smart gear up operations in Peru, the industry could see strong double-digit growth in domestic and regional flights with only airport capacity dampening even higher growth.

Mexico is the country where the largest number of local low-cost carriers have set up operations to compete against the U.S. low cost airlines. Viva Aerobus, Volaris and Interjet have grown considerably over the last few years following the demise of Mexicana and compete aggressively with legacy flag carrier Aeromexico, especially in the domestic market. Interestingly, when restrictions on the U.S. - Mexico aviation market were removed in 2016, all three added services and routes and international expansion has been one of the growth drivers.

Chile, the most stable economy in the southern part of the continent, has been a late starter. But Sky Airlines rebranded as a low-cost carrier in 2017 and has grown quickly, adding international services to Lima, Montevideo and Buenos Aires. Startup airline JetSmart owned by U.S. investment fund Indigo Partners (the owner of U.S.-based Frontier and Mexican Volaris), commenced operations in the Chilean domestic market with three Airbus A320s in late 2017. JetSmart intends to

start international services in Q4 of 2018 when new aircraft arrive; and with the support of a 12% market share in Chile, international expansion will initially focus on Peru and Argentina.

Since the Macri government took office in Argentina two and a half years ago, the administration has been looking to increase the number of airlines and passengers flying in Argentina. The transport authorities touted the Revolution of the Skies and gradually more operators have started operations. Development has been slower than expected – however in recent months some airlines have expanded operations. With the very recent confirmation of the government's decision to abolish minimum pricing from mid-July, there is renewed optimism that more airline investment will happen in Q4 of this year and the first few months of 2019.

Startup carrier Flybondi has slowly built up a 5% market share in domestic flights and has established bases in Cordoba and in El Palomar, a former military base, that has now become the third Buenos Aires airport. By the end of the year, the company hopes to add another 5 planes to its current fleet of 5 aircraft and with 10 aircraft hopes to begin international operations. Santiago, Rio de Janeiro, Sao Paulo, Montevideo, Punta del Este and Asuncion would be likely destinations, with service from both El Palomar and Cordoba.

Norwegian Air Argentina should finally commence operations in the fourth quarter of the year. The company says that the delayed start was due to aircraft

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Martin Eurnekian, AA2000, (second from right) with Guillermo Dietrich, ARG Transport Minister (far left) at Palomar Airport New Terminal construction

earmarked for Argentina requisitioned by European subsidiaries to meet demand in the busy European summer market. Norwegian Air UK already operates a 4-times weekly service to Ezeiza from London Gatwick and this has been so successful that the company plans to increase frequency to seven per week before the end of the year. The Argentine subsidiary has presented a very ambitious domestic and international program with the staged incorporation of 60 B737 and B787 aircraft over the next five years.

A combination of a possible slowdown in the Argentina aviation market and the delicate financial health of the Norwegian parent company may further delay the commencement of operations and lead to fewer frequencies than originally planned. But Argentine CEO Ole Christian Melhus confirmed to *TMI* at the end of June that he expected operations to begin in October of this year and they have signed a deal to use Cordoba as a second base for domestic and international flights.

In August, the Brazilian government authorized Norwegian to operate services to and from the UK leading to speculation that Norwegian could set up a Brazilian subsidiary to operate domestic services. At present, Brazilian legislation does not

permit foreign shareholders to own the majority of Brazilian based airlines; if this were to change in the short or medium term, it is likely that Norwegian would seize the opportunity to begin its own operation.

At the end of June, Chilean startup JetSmart took a majority stake in fledgling Argentine carrier Alas del Sur, indicating a clear intention to start operating into and out of Argentina. Alas del Sur has no aircraft but has already been allocated routes by the Argentine government – this stake-holding will save them around 12 months of bureaucracy making an early 2019 startup in Argentina a real possibility. JetSmart backed by Indigo Partners will receive more aircraft this year and informed the Argentine government that it will operate international services from El Palomar as early as this November.

In an aggressive move the Macri government announced that minimum pricing for commercial aviation would be abolished from the beginning of August. Airlines in Argentina now have complete liberty in setting prices for internal flights and the results have been astounding. The web sites of Flybondi, Latam Airlines and Aerolineas Argentinas crashed several times in the first few days of the month as

ticket prices tumbled, and demand reached record levels. Norwegian and Jet Smart have also started online sales in recent weeks and both companies report results ahead of expectations

Although the economic situation is clearly not positive in Argentina and Brazil, most aviation analysts agree that low-cost carriers will continue to grow in the short and medium term in Latin America. The Argentine government has added El Palomar terminal to the AA2000 airport concession and the company is now developing the continent's first low cost terminal. The reality of new low-cost carriers will clearly ensure that the principal airports in Latin America have additional passengers. From the initial reactions in Argentina, legacy carriers will not sit back, and will revisit their business models.

But what will it mean for travel retail? No one is quite sure at the moment. Some of the low-cost passengers are frequent flyers looking for a good deal and others are long distance bus passengers trying out something new. What is clear is that this segment is here to stay and airport managers, duty free shop operators and food and beverage concessionaires will have to look at the best way of satisfying their needs.

Special Issue
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TRAVEL MARKETS INSIDER

Political pressures temper business prospects in the Americas

The roller coaster cycle of prospects for travel related businesses in the Americas is facing a bumpy ride, as political and economic tensions in the region's biggest economies are in turmoil.

Brazil's presidential election scheduled for Oct. 7 turned dire last month when far-right candidate Jair Bolsonaro was struck down by a near-fatal stabbing (the leading candidate, former president Lula de Silva, is in jail and banned from running). Voters are polarized between Bolsonaro and the leftist Sao Paulo Mayor Fernando Haddad, but as many as 20% of voters may refuse to cast ballots in protest, even though voting is mandatory in Brazil.

In Argentina, where the peso has lost more than half of its value against the dollar so far this year, intervention from the International Monetary Fund (IMF) has provided some temporary relief, as the government of Mauricio Macri struggles with austerity.

In the U.S., President Donald Trump is escalating the trade war with China, imposing 10% tariffs on some US\$200 billion worth of imports on top of tariffs imposed earlier on \$50 billion worth of Chinese products. The tariff is due to increase to 25% by year's end, and China vows retaliation and has already responded with an announcement of tariffs on \$60 billion worth of U.S. goods.

In a direct impact on travel, Mexico's new administration under Andres Manuel Lopez Obrador, set to take office in December, is threatening to stop construction of the \$13 billion new Mexico City Airport.

Business in Brazil is nearly at



This stunning shopping arcade onboard the Carnival Horizon is just one of the innovative travel retail venues created by Starboard Cruise Services and its partners to enhance the booming cruise shopping experience. In an exclusive interview Starboard CEO Beth Neumann tells why she expects her company to continue leading the way. Story begins on page 34.

a standstill until after the elections, and between Brazil's political unrest and Argentina's economic problems, the duty free business on the borders and in Paraguay are suffering, even as it appears Brazil will approve its own border shops early next year. In another silver lining, Argentina's currency crisis is attracting large numbers of tourists to its airport shops.

What else is ahead? In a first of its kind report for this region, the Duty Free World Council has released a detailed analysis of the duty free and travel retail industry throughout the Americas, several highlights of which are featured in this issue of *Travel Markets Insider*.

What impact will the escalating trade war between the U.S. and China have on travel retail? Through our continuing series of studies with CiR, the

research agency has examined several sides of the issue and prepared a striking report for *TMI* readers.

The cruise industry continues to offer tremendous potential for travel retail, and Beth Neumann, CEO of Starboard Cruise Services, tells why she expects her company to continue leading the way.

TMI also features a revealing interview with Furla Americas CEO Scott Link and a look at how jewelry and watch brands in travel retail are going after Millennial and Asia travelers with Luxe for Less.

All this and more, as the industry gathers in Cannes and next month in Toronto, Inside

Lois Pasternak, Editor/Publisher

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The most comprehensive coverage on the duty free and travel retail markets in the Americas for the last 20 years.

But you already know this because you are on pg 57



Coty dressed the front of the DFS duty free store at JFK T4 in Tiffany & Co. blue for three months earlier this year.

The “new Coty” rises 2 years after merger with P&G beauty

In the two years since Coty merged with the Procter & Gamble Company’s fine fragrance, color cosmetics and salon products businesses, the company has made huge strides in completing an incredibly ambitious and complex transformation which involved fundamental changes to and simplification of its business processes.*

According to the company’s latest financial results, important steps were made in Fiscal 2018, including a full organizational redesign, a comprehensive upgrade of information systems to allow Coty to run on a single platform, a full Supply Chain reorganization agenda, and multiple route-to-market conversions, among other major accomplishments.

The changes are clearly on view in Coty Inc.’s Miami headquarters for the company’s travel retail and export businesses for the Americas.

Although it stayed at its 777 Brickell Avenue address in the heart of Miami’s downtown business district, Coty moved into greatly expanded and redesigned space to accommodate the merged staff. The bright and inviting open design features

subtle Coty “codes” and color accents throughout and even sports a lounge and game room.

Miami is one of the first Coty offices worldwide to incorporate completely the new look and feel, says Romain Ritter, General Manager Travel Retail Americas at Coty Inc.

“This is our second year since the joining of the two portfolios, and it has been a strong year. We closed our fiscal year at the end of June with many successes that we can now fully rely on for continued growth. Mainly, and its true for us and the company as a whole, the successes of Gucci fragrances and Tiffany & Co. have allowed our luxury portfolio to thrive,” Ritter told *TMI*.

The travel retail division continues to benefit from a portfolio of extremely strong brands with global appeal. This confirmed Coty global leadership in Travel Retail, says the company.

“The depth of our portfolio is extremely important for our continued performance. We have brands that make us relevant in all of the markets in which we operate and we have the ability to adjust

our strategies dependent on the consumer profile, which is a massive strength in itself,” he adds.

Ritter says that his team is very excited about the opportunities that lay ahead:

“Under the new organization, we have staffed up and have more support in the field, newcomers in sales and marketing, and with the joining of the two companies we have a team that has fully embraced the new Coty culture, very entrepreneurial and agile.”

“We are also in the final stages of our new supply chain and logistics, and can now supply more than 90% of our portfolio out of the U.S. as of Sept. 1. This will change the lead times and our efficiencies to market significantly.

“Coty is a new company – both from a systems standpoint and from a cultural standpoint – with the aim to challenge the status quo and celebrate diversity,” he stresses.

Coty has also enjoyed a stellar year at the point of sale in travel retail, where it

**Coty Inc. earnings release, Aug. 21, 2018.*



staged one ground-breaking activation after another.

“As the leader in luxury fragrances, one of the integral parts of our strategy is to disrupt the market and especially at the point of sale. As you’ve seen over the last 12 months, we disrupted the market with

the successful pop-ups we staged for Gucci Bloom and with the store façade we did for Tiffany & Co. in JFK T4. We bring a lot of innovative elements to our executions.”

Among the key launches that have taken place within the last few months, Coty rolled out Chloé Nomade, with

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

animations that ran all around the region in North and South America in May, June and July. It also rolled out Burberry fragrances, which became part of the Coty portfolio in October 2017, including Mr. Burberry and the new Mr. Burberry Indigo.

Coty’s travel retail executions involve animating in store, doing large scale executions and media investments in unexpected places, such as it did this summer with Marc Jacobs Daisy Love.

The fourth edition in the family after Daisy, Daisy Eau So Fresh and Daisy Dream, Coty’s launch for Daisy Love disrupted Dallas Forth-Worth International Airport with DFASS, by placing a huge wooden structure dressed in the Daisy Love motifs near the front entrance.

“We have a long-term media investment in the Rotunda at JFK T1 with JCDecaux in front of the International Shoppes store which we used to display Daisy Love. We also did a ‘front of store

Coty, with industry-leading OPI in its portfolio, is also disrupting the nail segment in travel retail. The company is rolling out a striking new hi-tech interactive Floor Standing Unit that has been designed so it can be situated in high traffic areas in full self-service mode. Only 2 X 2, the compact, squared-shaped, rounded edges unit carries the entire OPI line and uses a Virtual Reality color selection tool in its center that engages the consumer and helps her choose shades of nail color that complement her skin.

“These units are disruptive, both visually and by technology,” says Ritter. The units are already in use in Europe.

“This is a huge step change from the current model. Especially since the OPI line up and assortment grew, we needed to design something that encompassed both the regular line and Infinite shine (OPI’s new 3 step long-lasting color in 30 shades) and encourages customer interaction. We also needed space for our TR exclusive sets, which drives a big piece of the business,” said Ritter.

Industry-leading OPI brings VR to TR nail channel



takeover' at the new DFASS central store in Dallas. This is the type of disruption we are talking about," says Ritter.

Coming up between now through December, Coty will be staging major launches for Hugo Boss The Scent Private Accord fragrances for men and women, with a new campaign featuring actor Jamie Dornan and model Birgit Kos. The Hugo Boss fragrances hold an especially high relevance in Latin American markets.

There are also two important launches for Calvin Klein. First is CK One Platinum, which follows on the success of CK One Gold, launched as a limited edition last year but is now part of the permanent collection.

And Calvin Klein Women, the first Calvin Klein fragrance fully developed under the vision of Chief Creative Officer Raf Simons, launches with a campaign celebrating women, by women. It is on counter in travel retail worldwide this month.

Gucci Bloom Nettare di Fiori, the third fragrance in the Gucci Bloom series, is rolling out with pop-up animations throughout travel retail. Embodying a more intense essence than the first two, the Nettare di Fiori pop-up is decorated in a new black shade of the Herbarium floral print, in line with the fashion house.

Also rounding out the year is the new



Coty's stunning pop-ups for Gucci Bloom have enhanced airports throughout the world.

Tiffany & Co. Intense, with its iconic blue packaging and diamond-shaped bottle. The Tiffany launch was one of Coty's biggest success stories last year, and there may be more surprises from the brand in the future.

"The strength of Coty is that ability through all of the brands of creating that link. Whether with the consistency with

the fashion house codes for Gucci Bloom, or with the modern look and DNA of the Hugo Boss fashion house for Boss The Scent, or Tiffany & Co.'s blue box, gifting element, and of course the iconic diamond-shaped inspired bottle – it's perfect," commented Ritter.

Calvin Klein Women champions female icons past and present

Calvin Klein Woman, the first Calvin Klein fragrance developed under the vision of Chief Creative Officer Raf Simons, launched with a campaign celebrating women, by women. It is on counter in travel retail worldwide now.

The concept draws inspiration from the multifaceted identity of femininity today and denotes not one, but many women, each with their own distinct voice.

Developed with an all-female cast, the Calvin Klein Women campaign champions iconic women of past generations and celebrates heroines of contemporary culture.

Created in partnership with Lloyd & Co. the flacon and packaging feature photographic artwork by artist Anne Collier. whose distinct photographic artwork fe The campaign stars Hollywood actresses Lupita Nyong'o and Saoirse Ronan and they in turn, have chosen icons



who have inspired them -- Eartha Kitt and Katharine Hepburn for Nyong'o and Sissy Spacek and Nina Simone for Ronan.

The juice is a woody floral with top notes of eucalyptus acorns, a heart of orange flower and dry down of alaskan cedarwood, created by perfumers Annick Menardo and Honorine Blanc.

The striking bottle and packaging express the creative identity of Raf Simons.

Created by Suzanne Dalton in collaboration with Anne

Collier, the flacon is an ergonomically rounded shape in weighted glass and silver collar and pump, with a graphic, oversized disc-shaped cap, featuring a photographic "female eye" print by Anne Collier.

The company describes the perfume bottle as blurring the boundaries between art and fashion.

Givenchy launches major global campaign for new L'Interdit fragrance, connecting beauty with its classic couture heritage

Givenchy began launching a “game-changing” fragrance worldwide on September 15, strengthening the connection between the brand’s couture heritage and its beauty business.

Givenchy’s famed classic perfume, L'Interdit, was originally created in 1957 exclusively for iconic American actress Audrey Hepburn, Hubert de Givenchy’s friend and long-time muse. According to legend, when de Givenchy asked if he could commercialize the fragrance, she initially replied “Je vous l’interdis! “ (“I forbid you!”).

Now, more than 60 years later, the house of Givenchy has created a new version of the classic perfume and is backing it with a major launch throughout the world. In an unhappy coincidence, Hubert de Givenchy died at the age of 91 this past March, and so the perfume is being considered a tribute to his memory.

The rounded bottle design of 2018 is a clear tribute to the original 1957 bottle, with the neck tied with a contrasting matte grosgrain bow and 4G logo. The outer carton in white with black lettering and accents is enhanced with the 4G logo embossed into the front, and opens to show a deep scarlet interior that carries the signature of Monsieur de Givenchy.

The juice is described as a contrast between a blend of a white flower and a dark accord. Created by master perfumers Dominique Ropion, Anne Flipo and Fanny



Rooney Mara



Bal, L'Interdit opens with a floral white bouquet of orange blossom, jasmine and tuberose, followed by earthy dark tones from vetiver and patchouli.

A global campaign is supporting the launch. It stars the very talented Rooney Mara, known for her transformative roles, says the company. Twice nominated for an Oscar, her stand-out film roles include *The Girl with the Dragon Tattoo* and *Carol*, for which she won Best Actress at the Cannes Film Festival. As important as her acting talent, Mara is also deeply committed to the protection of the environment and animal and human rights.

The theme of the new fragrance is the “thrill of the forbidden,” says the company. The film defining the campaign was shot by Todd Haynes, who directed Rooney Mara in the film *Carol*. It takes place at the ghost metro station of Porte des Lilas which is not open to the public. It opens with Mara, dressed in a Givenchy Haute Couture black lace dress, in a chic Parisian apartment. She leaves the apartment and enters the metro, eventually arriving at a closed door, and at dawn emerges serenely from this unknown venue. The advertising visual is by photographer David Sims and was also shot in the Paris metro.

The launch of L'Interdit is a key part of Givenchy Travel Retail Americas strategy to affirm a strong heritage with the couture, and take this strength into cosmetics in the Americas.

“We want to rebuild the strong link between the couture and the cosmetics. L'Interdit will help us converge the link between couture and our beauty brands,” says Edouard Mariotti, Regional Director, Travel Retail Americas at LVMH Fragrance Brands, where he oversees the Givenchy and Kenzo brands.

“Along with L'Interdit, Givenchy will also support our international fragrance pillars with the continuing success of *Live and Gentleman*,” he says.

In the next year, Givenchy will focus on the next generation of makeup doors, driven by Asian customers mainly in North America and also build the cosmetics in Latin America where it currently has 3-axis doors featuring makeup, skincare and fragrance, says Mariotti.

In makeup the growth will be driven by Givenchy’s strong authority in lips and the face segment, categories in which the brand is doing exceptionally well in Asia, he says.

In August, Givenchy held a pop-up at DFS in Los Angeles Tom Bradley International Terminal, where it showcased *Le Rouge Liquide*, its newest launch in lips. After running throughout the month of August in LAX, the pop-up moves next to DFS’s downtown Galleria in Hawaii, where it will run for two months beginning on Oct. 1. Whereas the LAX activation was 100% focused lips, the Hawaii installation will also feature the new L'Interdit fragrance, and an even stronger retail-tainment component in slightly larger space.

In luxury skincare, Givenchy’s strategy in travel retail is to maintain the current doors and to bring in Givenchy *Le Soir Noir*, its very premium haute couture skincare range, with dedicated and personalized service for top doors, says Mariotti.

“We will be aligning more with the classic DNA of the Givenchy brand, connecting beauty with couture,” he said.

New York beauty company TPR debuts high profile designer fragrances to Cannes

World renowned Elie Tahari and Badgley Mischka target international markets

New York-based beauty company TPR Holdings will be unveiling two important designer fragrances with global brand recognition in Cannes this year, one for Elie Tahari, the go-to designer for chic women's business clothing, and one for couture designers Badgley Mischka, renowned for their red carpet and ballroom gowns.

"This is our first real entre into the fragrance category. Fragrance is a very important tool internationally; not only will the fragrance category enhance our world foot print but it will allow us to grow globally," says TPR president Brian Robinson.

The beauty entrepreneur who developed international brands such as ZIRH Men's Skincare and John Varvatos Fragrance, believes that both of these fragrances stand an excellent chance of success.

"In the world of designer fragrances, and in the world of mega-launches, you rarely see two brands that are going to stand out as much as these do," says Robinson.

"This is Tahari's first fragrance ever. He is certainly a force in the fashion industry and we have no doubt he will be a force in fragrance. He has had an integral say in the development of the product and creation of the launch. Elie is very conscious about pleasing a wide range of people, as he does with everything, so having his first-hand opinions and input has been invaluable," he says



TPR President Brian Robinson

"Mark and James (Badgley and Mischka) have been very involved too with the Badgley Mischka fragrances. They will be making instore appearances, and we are hoping they will take their show on the road globally as we launch in key markets around the world. They are very active and want the fragrance to work."

Robinson says that having all of the designers so present in the fragrances makes them that much more relevant.

"These designers can go out and make an impact on the BAs, which will help even further."

Elie Tahari

The Elie Tahari name has global recognition. The designer is seen as a force reshaping fashion for working women. With his tailored designs that made women look chic and a little sexy while dressing

for business, he became the go to designer for working women.

"There is always something that makes his pieces stand out and always some element of surprise – a little piece of lace or a print detail inside a jacket. The Elie Tahari bottle itself is much like the clothes, tailored but with a luxurious surprise. He has wrapped the bottle in a beautiful gold lizard material that marks it as something special much like his clothing," says Robinson.

The fragrance opens with bergamot and violet, and the tea blossoms in the heart have global appeal, and are very indicative of the Middle East and Israel of Mr. Tahari's heritage. The drydown is woody with amber and a touch of musk.

Badgley Mischka

"Badgley Mischka is celebrating its 30th anniversary in September so we are launching this fragrance to commemorate that milestone. The fragrance will evoke all of the glamour and elegance and beauty and femininity that the fashion brand envelopes," says Robinson.

The designers are expanding from the couture ball gown category, getting into more casual, ready to wear clothing for work and sports wear. They also just launched a home collection and are doing well all over the world.

"Their fabrics and attention to detail are so interesting, and are in everything they do, from shoes to jewelry. Now they are taking that intricacy and creating a



BADGLEY MISCHKA



THE NEW
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fragrance that is very indicative of all those attributes used when speaking of Badgley Mischka,” says Robinson.

Created by Perfumer Richard Herpin, the fragrance is sparkly and feminine with notes of naroli, jasmin sambac and magnolia, “warmer notes that reflect the fabrics and jewels that line their runway fashions,” says Robinson. “The base has sandalwood for longevity, and amber and pink pepper corns that make it stand out.”

Further down the line, TPR is planning to launch a color collection for Badgley Mischka, beginning with a compact capsule collection and eventually developing into a full line, says Robinson.

Broad consumer appeal

Robinson believes that the two fragrances will appeal to a wide range of women and that the fashion brands themselves are paving the way to a younger consumer.

“We are following suit with each brand, especially with Badgley Mischka. They are branching out to become more of a lifestyle brand, with a less expensive line



of clothing and a mid-tier shoe collection – both of which should attract a younger customer and give her entry into the brand.

“Elie Tahari will be more aspirational. While this younger group purchases a lot of Tahari clothing we think they will want to be brand ambassadors for the designer. Wearing Tahari head to toe, the fragrance will be the finishing touch for their look for the day.”

Enticing the international customer

The company is looking to retain international distribution for both brands in Cannes.

For Elie Tahari specifically, TPR wants good distributors in the Middle East—Saudi Arabia, Israel, Kuwait, etc., where the brand is well recognized. They also see great potential in Russia, and with its citrusy background, appeal in the Far East.

For Badgley Mischka, Russia and India, as well as all the Anglo markets, are most important, says Robinson.

TPR also sees tremendous potential in Travel Retail.

“Travel Retail is on fire. We know TR likes established brands in local markets and we are looking to do a couple of things in tandem, because of the huge awareness reach of both brands, especially in the UK and Canada. We are hugely involved with both fashion houses, in terms of social media and digital marketing and have ad campaigns for both brands. Tahari will announce the campaign in the next month or so, perhaps in Cannes.”

Perfumes Y Diseño extends Philippe Starck collection with night and light fragrances

Spanish fragrance company Perfumes Y Diseño is introducing two new editions to the Philippe Starck fragrance collection that it first launched in 2016.

Peau de Lumière Magique for women and Peau de Nuit Infinie for men will join the Peau de Soie (feminine), Peau de Pierre (masculine) and Peau d’Ailleurs (unisex) perfumes that initiated the line two years ago.

One of the world’s pre-eminent designers, Philippe Starck was intimately involved with the creation of the entire collection, from the juices, to the bottle and packaging.

According to Perfumes Y Diseño, the concept behind the fragrances is very esoteric, with Starck attempting to capture the “space in between” in fragrance, as they tell a story “that transports us to another world.”

For the new Peau de Nuit Infinie, Starck invites you to take a “dreamlike journey into infinity...to an illusion and as sensual as a fantasy.”

Master perfumer Delphine Lebeau crafted this Fragrance of the Night using a mineral chord, freshened with bergamot and lemon, followed with notes of ambergris, fossilized wood and leather.

Peau de Lumière Magique was inspired by intense light, according to perfumer Daphne Bugey.

The fragrance is a sparkling floral and fresh chord, with citrus and peppery notes,

white flowers, Indian jasmine and ginger blossoms, and patchouli drying down to a woody radiance.

The bottles follow the same flowing amorphous form as the initial collection, with a frosted, clear and textured finish, adorned this time with a metallic touch of gold or silver: Peau de Nuit Infinie comes in the “blueviolet shade of the night sky,” Peau de Lumière Magique “as light as the rising sun.”



ELIE TAHARI

FRAGRANCE PREMIERE

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L'Oréal Paris turns fashion and beauty into an open runway for all at Paris Fashion Week

As official partner of Paris Fashion Week, L'Oréal Paris has invited the world to share a front row seat to view Le Défilé L'Oréal Paris, a first-of-its kind floating runway on the river Seine, at the heart of Paris on Sept. 30.

Le Défilé L'Oréal Paris makes a powerful statement of inclusivity with a runway show celebrating beauty, fashion and diversity that will be open to the wider public and broadcast live worldwide.

The Fashion Show will feature a line-up of L'Oréal Paris spokespeople and iconic fashion figures, and showcase emerging fashion talents and internationally renowned brands such as Elie Saab, Isabel Marant, Balmain and many more.

L'Oréal Paris experts Val Garland – Global Makeup Artist, and Stéphane Lancien – Global Hair Artist, will take the creative direction of Le Défilé to create a new beauty manifesto for hair and makeup.

L'Oréal Paris x Isabel Marant makeup will also unveil a collaboration highlighting the brand's straight-to-consumer beauty approach. The beauty brand also continues its backstage partnerships with 15 fashion houses.

The exclusive L'Oréal Paris x

Isabel Marant collaboration will launch internationally on September 27th during Paris Fashion Week. This limited makeup line brings the most influential French female designer's Paris girl-cool to accessible makeup.

This collection will be the makeup star of the Isabel Marant show, to create her SS19 beauty look backstage, and will be celebrated with L'Oréal Paris spokespeople, exclusive guests and the

designer herself at the launch party, co-hosted by L'Oréal Paris and Isabel Marant.

L'Oréal is expecting 200,000 people to view the event that day on the riverbanks, at an event that will be broadcast live in more than 30 countries. Lasting an estimated 30 minutes, the Défilé is taking place on a 60-meter runway custom-designed to float on water on which 70 beauty looks created by Val Garland and Stéphane Lancien will be paraded.



Shiseido revamps entire makeup range with new technology and texture focus

Shiseido Travel Retail unveiled its new makeup collection of 15 products in 125 shades during a launch event in Tokyo last month. Entering travel retail stores from mid-September, the collection has been classified into four textures – Powders, Dews, Gels and Inks, and consists of highlighters, lipsticks, eyeshadow palettes, blushes, eye-liners, and eyebrow pencils. Every individual product has been developed from Shiseido's state-of-the-art beauty technology and offers weightless and long-lasting effects.

The Shiseido Makeup collection launch coincided with the announcement of Shiseido's Global Ambassador, Russian skater and Olympic gold medalist at the Winter Olympics, Alina Iliazova Zagitova. The launch included a party at



TOLOT, Tokyo, where the entire art gallery was transformed into sensory rooms that reflected the products' four textures – Gels, Inks, Dews and Powders.

Travel Retail Exclusive: Travel Light As Air Palette

The new collection will include a travel retail exclusive travel-size compact, Light As Air Palette, which will be available from November 2018. The palette contains highly pigmented powders for eyes and face, and a smooth and creamy color for lips – with some exclusive shades for the lips and eyes.

The new Shiseido Makeup collection will be launched in travel retail locations in Europe, the Middle East and Africa (EMEA) from mid-September 2018, Asia Pacific from October 2018 and the Americas from November 2018.

The range will be featured in Cannes at the Shiseido Travel Retail stand (Riviera Village Stand RJ5).

Jo Malone London introduces The Traveling Townhouse

Jo Malone London is “moving” to Heathrow International Airport Terminal 2 for six months beginning in September, with an animation that recreates the brand’s iconic Traveling Townhouse.

Decorated with oversized Jo Malone London gift boxes piled high, the shrunk-to-size re-creation of the brand’s Georgian townhouse in London will be stationed in the departure lounge at Terminal 2 until February 2019.

The Traveling Townhouse is also home to an exciting digital game. Passengers traveling through the terminal can step inside one of the oversized gift boxes and interact with the screen to identify a set of matching windows. Upon identifying a matching set, they will receive a fragrant gift – redeemable with a qualifying purchase at the nearby Jo Malone London boutique in World Duty Free.

Throughout the six months, Jo Malone London will also feature the latest launches, starting with Blossom Girls – a trio of limited edition Colognes. This will

be followed by Honeysuckle & Davana, a new floral fragrance, and the brand’s Christmas campaign.

The installation is 6 meters tall in total, decorated with 158 hand-crafted Jo Malone London gift boxes and a 1.6 meter bow adorning the largest box.

The Traveling Townhouse is the largest Jo Malone London Travel Retail activation to date, and its Heathrow placement is just the start of its exciting global journey... Follow #TheTravellingTownhouse on Instagram to discover more.



Clé de Peau Beauté takes aim at global travel retail expansion

Shiseido Travel Retail is set to intensify the expansion of luxury skincare and makeup brand Clé de Peau Beauté in global travel retail, which is particularly relevant as Asian travelers play an ever greater role in the channel worldwide.

The brand has been enjoying an upward trajectory as one of the Group’s core brands in travel retail. Sales of Clé de Peau Beauté grew +95.3% year-on-year worldwide in 2017, and now ranks as the 18th largest perfume and cosmetics brand worldwide, up from rank 30th in 2016, according to Generation.

“We have the ambition for Clé de Peau Beauté to become one of the top 10 beauty brands in travel retail worldwide. To date, we have focused on building momentum in strategic locations across Asia Pacific Travel Retail. Going forward, we seek to sustain Asia Pacific as a powerful growth engine – especially through the Chinese traveling consumer – but also take steps

into Europe, the Middle East and Americas. Travel retail expansion is firmly part of the brand’s overall vision to become a truly global luxury brand by 2023,” says Brand Director (Skincare), Shiseido Travel Retail, Kristina Strunz.

Clé de Peau Beauté’s strategy in Asia is to use high-end experiences to engage and attract customers, with the aim of becoming the preferred luxury cosmetics brand among Chinese women. To further leverage on the brand’s Chinese popularity, Golden Globe and BAFTA nominated actress Zhang Ziyi was recently announced as Global Brand Ambassador. Zhang will represent La Crème, the iconic product that epitomises Clé de Peau Beauté’s dedication to excellence.

Shiseido Travel Retail will showcase Clé de Peau Beauté’s SS19 launches at the TFWA World Exhibition, Cannes in October at Riviera Village Stand RJ5.



Clé de Peau Beauté’s Enhancing Eye Contour Cream Supreme will launch in March 2019. Using a pioneering scientific approach, the product targets dullness and wrinkles to deliver re-energised and vibrant skin. With continued use, skin will appear plumped and more youthful. Pairing it with the new Clé de Peau Beauté Vitality-Enhancing Eye Mask Supreme helps address eye concerns for increased skin benefits. Other new products to be shown in Cannes include Essential Refining Essence, Radiant Cream to Powder Foundation, and a new Refined Lip Luminizer color collection.

AT THE POINT OF SALE **with** Essence Corp.

Travel Markets Insider shares more of the animations that adorned travel retail venues throughout the region over the past several months, with some key launches staged by beauty distributor Essence Corp.

Jimmy Choo Man Blue was launched in Barbados Airport with Caribbean ARI on Sept. 1.

This new scent in Jimmy Choo's masculine fragrance franchise is a play on contrasts with a woody aromatic leathery scent, says the company.



Described as Donatella Versace's "tribute to femininity" Versace pour femme Dylan Blue comes in an amphora-shaped bottle in intense blue like the Mediterranean Sea. With gold details and the iconic Medusa emblem, the fragrance is a bridge between past and present and an expression of innovative design. Essence Corp. staged a major HPP for Versace's Dylan Blue Femme with DFA in Miami International Airport in May, dressing store entrances in the distinctive visuals.

JIMMY CHOO MAN BLUE

THE NEW FRAGRANCE





Essence Corp. brought the cool vibe and fun and energetic Hollister Festival Vibes fragrances to Mexico, with animations at Liverpool Americas in Cancun (l) and Sears in Playa del Carman and Cancun (r).



Launches for Narciso Rodriguez' passionate fragrance Narciso Rouge took place with animations throughout the Caribbean, as illustrated by these in Penha Aruba and Le Rouge in Curaçao. This new addition to the brand's Narciso range introduces a seductive, sensual element in a deep crimson bottle, in a campaign fronted by Brazilian model Raquel Zimmerman.



This summer season, Essence Corp celebrated Dolce & Gabbana's exciting new launch Light Blue Italian Zest with animations throughout the Caribbean region. The fragrance is a fresh twist to its cult scents Light Blue and Light Blue pour Homme inspired by the Italian scorza di limone – lemon zest, and celebrate the joyfulness of a sunny summer day in Capri. Shown: Kirk Freeport, Grand Cayman (l) and John Bull, Nassau, Bahamas.

JIMMY CHOO FEVER

THE NEW FRAGRANCE



AT THE POINT OF SALE

ACTIUM **strives for differentiation and service**

Continuing our popular look at some of the exciting activations, promotions and merchandising taking place in travel retail venues throughout the Americas, we turn to Miami-based agency ACTIUM, looking

at some of the HPPs the company recently held for brands in its Lifestyle & Beauty division.

Division Director Hanan Fraysse comments:

“We continue to strive to be different in a highly competitive environment. Our goal is to maintain our differentiation and our level of service to our brands and here are some examples of our summer activities.”



Partnering with their star retailer Yellow House in their Fokkerweg location, ACTIUM made a statement with the Giorgio Armani Si Passione launch in Curacao with this bold visual, under the direction of Priscilla Rodrigues, Business Unit Manager at ACTIUM.



ACTIUM continues to expand and grow high-end beauty brand Sisley in the cruise world. The latest launch took place this year onboard Royal Caribbean's Symphony of the Seas.

ACTIUM, with the support of PUIG, created impact for the launch of CH 212 VIP Party Fever limited edition using a tailor-made stocker on board 23 ships in Europe and USA, says Francisca Rios, Brand Manager PUIG.

Tea Forte gains global listings and adds new innovations to its luxury tea portfolio

Global luxury tea brand Tea Forte reports a number of new listings in Travel Retail outlets around the world.

The brand launched with Shilla Duty Free in South Korea in July following a June debut in Frankfurt and Munich airports with the World of Delights FineFood store, reports Zach Boiko, of Miami-based ACTIUM. The agency, through its Lifestyle & Beauty Division, exclusively represents the brand in Travel Retail worldwide as well in Latin America and Caribbean domestic markets.

In the Americas, Tea Forte was listed with Canada Duty Free Group and expanded its presence with DFA in June with a new location in MIA. The brand is also scheduled to open with NewsLink in Tampa Executive Airport in October, following its long-time presence in NewsLink's The Shoppes at Ocean Drive in Miami International Airport.

In a critical move for the brand, Tea Forte is scheduled to open in 20+ doors throughout Europe in the fourth quarter of this year, and another 20+ doors in the Americas and Asia in 2019 with a major retailer, reports Boiko.

Helping to educate traveling consumers about the appeal of Tea Forte's giftable luxury teas, the company has staged some special events with key retailers. During DFS' month long 'From DFS with Love' food festival in Hawaii, Guam, and Saipan, Tea Forte held a High



Tea Forte's Travel Retail Exclusive Pyramid Grande

Tea event with tastings of its award-winning teas: Hanami, Orchid Vanilla, White Ginger Pear, enhanced with an exclusive Hawaii GWP.

Other location exclusive Tea Forte GWP events took place in New York, Boston, Miami and Hawaii throughout the first and second quarter of this year, says Boiko.

Tea Forte CEO Michael Gebrael and

VP of Retail David Ferreira are focused on building Tea Forte's presence in Travel Retail with ACTIUM's partnership. Gebrael and Ferreira both are attending the TFWA Cannes Exhibition along with ACTIUM's Brand Manager of Tea Forte Travel Retail, and invite delegates to stop by their booth in the Green Village K59 to check out the new innovations and enjoy one of Tea Forte's award-winning teas.

New product innovations & launches

Tea Forte's Travel Exclusive Pyramid Grande gift set launched last year quickly became a best seller in travel retail, reports Boiko. The Pyramid packaging stands out, and combined with the selection of award winning tea blends, including Lemon Sorbetti and English Breakfast, makes for a unique gift. Pyramid Grande is now listed with all major operators internationally.

New this year, Tea Forte launched Hanami, an organic tea blend that melds tart cherries with fragrant flowers and green tea. Named for the annual Japanese Cherry Blossom Festival, Hanami was awarded the 2018 Silver Medal in the Global Tea Championship for exceptional quality and taste.

For the Holidays, Tea Forte's Warming Joy seasonal collection celebrates with an assortment of festive blends like Ginger Snap and Rum Raisin Biscotti designed in giftable assortments and packaging perfect for the gift giving season.



Tea Forte, in partnership with DFS, launched a Hawaii Exclusive GWP along with in-store tastings and activations for DFS' July Food Festival campaign (left).

Tea Forte also unveiled a new customized wall display with International Shoppes at the newly renovated JFK Terminal 1 location (right).





New Furla store in Aventura Mall, Florida

This is Furla's year in retail, says Americas CEO Scott Link

Furla's U.S. business is growing really well, echoing the Italian handbag maker's strong global results and providing increased support for the brand's burgeoning travel retail presence in the region.

The 91-year-old privately-owned company known for Italian style and heritage is growing its distribution in the wholesale channel in the U.S., adding doors with Bloomingdales, and doubling its door count with Saks, where it had exited for several years after being with the top-tier department store exclusively.

The company is also seeing good growth in the wholesale channel in Central and South America, Scott Link, Furla's CEO of the Americas tells *TMI* during a one-on-one interview in Furla's New York headquarters late this summer.

"We are moving in the right direction. We are really excited because we are growing the wholesale channel and opening new customers throughout the Americas. And in retail – this is our year!" he says.

After a restructuring, Furla currently

has six full-price stores open in the U.S., including a one-year pop-up in the Forum Shops in Las Vegas. The most recent store is a nearly 1,200-square-foot location opened at Florida's upmarket Aventura Mall that bowed in July with a major launch. In late November, Furla will open store number seven in a long-awaited location at South Coast Plaza in Costa Mesa, California.

"Furla first launched in the U.S., like they did in a lot of places in the world, mostly through partner stores or franchises. It was a way to grow into a retail store concept very quickly using partners' capital. But a lot of these partners either did not have the financial backing or relationships to get what I call Triple A real estate," he explained.

Link --whose career spanned 13 years with Ralph Lauren among others --spent the first years of his tenure improving the infrastructure, reintroducing the brand to landlords who didn't know how Furla has evolved.

"They knew the brand, but from the

past. When I arrived Furla had purchased back the franchises or leases had expired, so all the retail in the U.S. was owned by Furla, which enabled us to reposition the brand."

Link says he spent a lot of time looking for the right real estate. The South Coast Mall in Costa Mesa, California was on the top of his wish list.

"Historically South Coast is one of the top performing malls in the U.S. And Furla does very well in the California market. So I knew that was where I wanted the brand to be.

"It became a major full on press tour to go out and meet with the key retailer landlords in the U.S. where we wanted to position the brand and let them know about 'the new Furla.'"

Two years after first meeting with South Coast, Furla got its location and is opening store number seven at the end of November.

"The South Mall owners were blown away with what they saw in our flagship store on Fifth Avenue and around the world," he said.

What makes South Coast so special is that they are very selective of who they put in the mall and how they merchandise ‘neighborhoods,’ says Link.

“They were ahead of the curve before retail malls took a downturn. South Coast from the very beginning of their history in the 50s thought about how the consumer wanted to shop and about providing the right brands. The reason it took two years to get in there once we sold them on the new Furla was finding space in the right ‘neighborhood’ in terms of like brands and like price points. It was about getting the right location and the right size, and now here we are.

“We are definitely going after quality, and with the opening of The Forum Shops (in February), Aventura (in July) and South Coast (in November) this has been our year,” says Link.

More Latin American presence

Furla is also in the process of opening some shop-in-shops with Falabella in Santiago, Chile. and operates a store in Panama at the luxurious Multiplaza Mall, where it has been for more than 13 years.

Outside of the U.S., Furla continues to operate with partners. It has two stores in Caracas, Venezuela, through a long-term relationship, which are obviously quiet at the moment; and opened with a partner in Quito, Ecuador in December 2017, plus another four shop-in-shops with Liverpool in Mexico last November. Furla also has distribution with partners in Peru and Uruguay.

“We have more interest from the local market in South America than we can physically handle,” says Link. “We have a partner in Asuncion, Paraguay that wants to open with us, but we are going very cautiously. Furla’s motto is that we are ‘cautiously optimistic.’ And being a privately-held company we have the ability to take our time and make sure that we have the right partner.”

“There are so many retail locations that we could open tomorrow, but we are going to choose really carefully to make sure that everything about where we open next is perfect. We insist on the right mall, the right neighbors, and the right size space to be able to tell our story the way we want the story told.”



Scott Link, Furla Americas CEO

Travel Retail expands in conjunction with Americas growth

Furla is growing its travel retail business in the region in conjunction with the local market/ Americas division, under the same precepts.

“In today’s world, any opportunity you have to give the consumer an update of your message at retail is critical, so whether it be in travel retail or in your own store or in a department store—it is a moment to make an impression. But you really need to make sure that it is the impression that you want them to walk away with,” says Link, explaining how he works closely with Travel Retail Director Gerry Munday to grow the business.

“We mutually approve all of the locations, and are closely aligned on both the travel retail and local markets because ultimately it is the same customer who is traveling, or going to malls or going to the top stores in the world,” he says.

“Travel retail follows on from what Scott is doing in the domestic markets in the Americas, especially because in the Americas you must have a major presence locally before launching in Duty Free,” adds Gerry Munday, Global Travel Retail Director for Furla.

“The Aventura store will help put us on the map in duty free. And it is opening more doors in Latin America for us,” she adds.

“A lot is happening for Furla at retail but we are being very selective. We are here for the long term and want to protect our brand. We are not desperate to open new doors if they are not right for us.

The Furla message

For me, the concept of Furla is inclusiveness in luxury. This has always been part of the guiding principles of Furla. On my first day with the company, Giovanna Furlanetto, daughter of the founders, told me that her parents always believed that every woman deserves a beautiful handbag, no matter what she could pay. I think that is still true even though we have evolved the brand and become much more design focused. We still are making sure that the principle is “everyone is invited in” and we have something for everyone, not just in the design but also from a price perspective.

I love brands with a history and a heritage, and I love brands that “surprise and delight.” In my discovery of the “new” Furla, there was a lot of surprise and delight. The store was a beautiful experience and when you looked at a price tag, it was “wow”—that is a lot of bag for that price.

This 91 year old Italian company has shifted its whole marketing campaign to today’s very digital world with contemporary, surprising formats and surprising characters, and really adapting to what the consumer is asking for.

And I think there is a lot more to come. The collection keeps evolving and adding new ideas, but there is still something very familiar to it. It maintains the Furla DNA as it keeps reinventing itself in a way that is really lovely.

Scott Link

We are looking for sustainability,” says Munday.

In addition to opening in Philadelphia and Pittsburgh airports, Furla will have new locations in the Americas with Heinemann, Duty Free Rouge in Grenada airport and Port Louis, and with Top Brands International in El Salvador.

“From 2010, when we started with 20 locations, to now when we have 300 doors, we have to be one of the fastest growing brands in duty free,” concludes Munday.

Travel Retail jewelry & watch makers aim to lure Millennials with “Luxe for Less” *By Lois Pasternak*

I had the opportunity to attend the massive JCK Jewelry show in Las Vegas earlier this year, where not surprisingly, even exhibitor’s in the luxury areas said they were focused on luring youthful buyers with affordably priced merchandise, much of it awash in color.

As reported in the *JCK Daily* on June 1, the emphasis this year was on fun over formality, and many exhibitors were promoting price point collections “replete with colored stones, streamlined designs and plenty of movement...intended to entice contemporary buyers.”

Post-show, JCK reported that new luxury looks this year include gold chains (ongoing and growing), big earrings, cuffs, vintage and vintage-inspired looks, and animal prints, which they said are still trending big for fall.

On the fashion front, JCK says that bold and chunky jewelry of all sorts will be big in the Fall/Winter 2018–19 fashion shows.

As for the Millennial market, or what JCK calls the “it crowd,” the organization reports on a study of shopping habits by *MVI Marketing on consumers aged 25–40. The study surveyed 1,001 female Millennials with an annual household income of \$75,000 or greater.

Among some key findings, 51% of respondents said they purchase jewelry for themselves and plan to buy new earrings or a necklace this year. Diamond jewelry was the most in-demand style, followed by colored stones, said the study. White gold was more popular than yellow gold, followed by silver and platinum.

Travel retail, naturally, reflects overall industry trends but what are some of the specific styles and materials we can expect to see in airports, cruise lines and other travel venues?

TMI spoke with three popular travel retail jewelry and watch brands to get their take on the coming market trends and how they are appealing to both Millennial and, perhaps even more promising, Asian travelers.

Speaking about trends in general, Buckley London’s Head of Sales &

• *JCK Insider*, Sept. 12, 2018



Infinity & Co. talks to traveling Millennials with its carded jewelry.



Marketing, Amy Donlon; Infinity & Co. Sales Director Neil Thompson, and Christian Hoffmann, Marketing Director of Capella Industries AB, maker of the popular Lambretta Watches, tell us what they see ahead for these accessories in travel retail.

Trending now

Buckley London’s Donlon sees a shift away from heavy stone set products to sculptural metal, which creates a new contemporary way to grab the customer’s interest, she says.

“Faceted stones have always been an effective way to catch the customers eye ... [but] Buckley London is very excited to be introducing our take on this new emerging trend in the future. Subtle sparkle has always been our core DNA, and we have thoroughly enjoyed taking on this new challenge for our customers!”

For Infinity & Co.’s Thompson, Rose Gold continues to be a very popular color, even though it is not a new trend, he notes.

“The traditional trends for silver tones in Northern Europe/Scandinavia and gold in the Middle East/Africa also remains consistent. Size of jewelry has some regional variations with statement jewelry being more popular in the Americas and finer more delicate designs more popular in Asia.”

Thompson also sees a move away from ‘accessory’ based jewelry normally designed to coordinate with fashion collections in stores, towards a more ‘real’ fine jewelry look that is manufactured to

emulate the quality of precious metals and natural stones.

Looking at watch trends, Hoffmann notes a move toward innovative materials, plus smaller and thinner watch cases, domed glass, creative dial designs, unique watchbands, smart quick-release pins for easy changing of the straps -- features that Cappella has implemented into its new Lambretta Watches and Tick & Ogle collections, he says.

More specifically, Capella features distressed vintage leather and suede straps, and even premium rubber straps made from recycled tires in the new Lambretta Marco 40 collection.

Pursuing the Millennial

All three companies are actively pursuing the younger, traveling consumer.

“We have taken the inflight opportunity to develop products which can also be seen as keepsakes for young travelers,” says Buckley’s Donlon. “We have received a great response from our ‘I Love You’ bracelet – so we developed this concept further in a ‘Wanderlust’ theme making it an ideal accessory for any younger customer who is traveling.”

Buckley has also made specific design changes to appeal more to this youth demographic, says Donlon.

“We have expanded our current main range with individual colorful, bright charms and multi charm bracelets/necklaces in destination themes from around the world. We’ve currently developed Eastern Wishes (Middle East),



Paradise (Around the World) and Fiesta (Mexico). We plan on developing many more fun-themed charms with travel inspiration after a great response to our current ones. We have thoroughly enjoyed designing and developing these products but are not forgetting about our key identity as a brand.”

Infinity & Co. has also received an excellent reception to its carded message collection ‘Love X Infinity’ which specifically targets the traveling consumer.

“Our research told us that many people, not just the younger generations, are trading in a lifestyle focused on material possessions for a lifestyle based on accumulating experiences. The age of social media and the increased access to travel has created a generation where travel and experience are more appealing than a routine 9-5 career.

“Our brand Love X Infinity (LXI) is a collection of over 200 jewelry designs each presented on a card with a humorous/sentimental message specifically designed as an accessible inexpensive gift for the traveler. For example, we have globe pendants with the message ‘Work, Save, Travel Repeat’ and a whole host of nautical and travel themed designs and messages. The very nature of travel retail dictates that the normal rules of seasonality and customer demographic is more fluid and therefore it is important to consider when designing jewelry collections that all customers are considered regardless of their age or nationality,” he says.

Infinity & Co. is not specifically designing items for a younger demographic

though, he says.

“We try very hard to create collections with universal appeal. Within both of our brands we feel we have designs and affordable price points that appeal to most consumers. Naturally some of the more humorous messages contained within our LXI collection are designed to appeal to a younger traveler. Having said that, with attitudes becoming younger and younger we’ve seen excellent sell through in retail locations that would typically appeal to a more mature consumer. We think it’s very difficult to design jewelry to appeal to a



Buckley London has had great success with its I Love You bracelet and destination charm bracelets.

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specific age group. Jewelry is, and should be, an emotional purchase, something that catches the eye and creates the perfect self-purchase or a gift for a loved one.”

Capella is reaching out to the younger consumer through marketing as well as through its products.

“Young TR consumers enjoy novelties and uniqueness, such as TR Exclusives. They are looking for products they can’t find in every store back home. And, of course, give priority to good value for money.

“Since this is a social media savvy audience, we are working with many influencers and bloggers that are promoting our brands all over the globe,” says Hoffmann.

Many of the company’s new watch designs are developed with the younger customers in mind, like the Lambretta Marco 40 and T&O Bloom 34 collections, but in addition, Capella will be launching two Lambretta Limited Edition collections, each of which was uniquely designed by a famous Swedish influencer. One, Foki 34, was released this summer, and one will be launched later this year.

“The main target group for our two new influencer’s Lambretta Limited Edition collections is young. Both the influencers’ followers are mostly youths and young adults, and these eye-catching designs match that perfectly.”

The influencers are using the watch collections to communicate messages of their own, he adds:

“Foki Soirak, born in Thailand, is

donating the full profit of her Foki 34 collection to charity; to build new schools and a brighter future for less fortunate children in Thailand. The other influencer (whose name cannot be revealed at this point) has a strong passion for feminism, which clearly is seen in her unique timepiece designs,” says Hoffmann.

Appealing to the Asian traveler

The Asian traveler—especially younger Asian travelers—are a key market for all travel retail products.

All three companies are taking steps to make their products as attractive to this growing market segment as they can.

“At Buckley London we accommodate for Asian travelers in many ways. Our adjustable bracelets with a slider toggle ensures one size bracelet will fit all Asian customers. We have received a great response from airlines with bracelets being our bestselling product inflight.

“We also supply a variety of products in different plating colors as we’ve recognized this to be a popular demand from Asian travelers. We also supply exclusive, personalized pieces like our ‘Palace’ charms,” says Donlon.

Infinity & Co. sees the Asian market representing a great opportunity for all brands, not just jewelry.

“It is clear that quality European and American brands are seen as premium and something that, in particular, the Chinese consumer aspires to. Within the jewelry category there are some very practical issues that require attention when

preparing collections, for example, size of bracelets and rings (much smaller in Asia), the fact that many Asian women do not have pierced ears, certain aversions (or attractions) to colors, numbers, animal charms etc.,” comments Thompson.

“Asia also has a very different promotional calendar than the typical European/American markets with Chinese New Year being a major selling opportunity. At Infinity we have worked very hard with local partners to market our brands and create collections that appeal to a broad cross section of Asian consumers, including Lotus Flower and Crab collections and bespoke point of sale equipment tailored specifically for an Asian consumer. The Asian market is a specific focus at Infinity & Co. and a region we will continue to support for the foreseeable future.”

Capella, too, is creating a portfolio that will appeal to the Asia traveler.

“We have a very wide range of products which allows us to afford product of different price points to different sectors, enabling us to cater specifically to the pricing demands of the various travel retail markets.

“With today’s passenger mix changing, especially in Asia, people are looking more for affordable luxury brands, and this is exactly what Lambretta Watches and Tick & Ogle can offer,” says Hoffmann.

All three companies will be showcasing their latest collections at TFWA in Cannes.



Capella's new Lambretta Marco 40 collection and Tick & Ogle Bloom 34 watch.



Costa Sunglasses creates high-performance sunglasses from recycled fishing nets; further expands in travel retail

Costa Sunglasses is further branching out in its efforts to help protect the waters of the world.

The leader in high-performance sunglasses that were initially created for water enthusiasts, Costa encourages people to help protect the Earth's natural resources in any way they can. The company has been a long-term partner to shark research organization OCEARCH, and through programs like its Kick Plastic campaign, the brand seeks to raise awareness about the growing plastic pollution problem threatening oceans worldwide.

Costa has now initiated its own positive solution to help clean up ocean plastic pollution. The brand is partnering with Bureo, the pioneer in recycled fishnet products, to turn discarded fishing nets into quality sunglass frames. Called the Untangled Collection—it is a collection of frames made entirely from recycled fishing nets.

The new collection will be available at retailers nationwide and online in late May.

Identified as the most harmful form of ocean plastic, discarded fishing nets and gear account for ten percent of ocean plastic pollution, which grows by an estimated 640,000 tons every year.

“Healthy oceans have always been a crucial part of our core mission at Costa,” said Holly Rush, CEO, Costa Sunglasses. “The Untangled Collection

is helping to raise awareness and provide a solution to keep discarded fishing nets from being lost in our oceans each year. Through this important program, we will also help Bureo scale and replicate its net collection program to a growing number of fishing communities.”

The collection will include four new frame styles made from 100 percent recycled fishing nets, each featuring mineral glass polarized lenses, recycled aluminum Costa logos, PLUSfoam recyclable temple and nose pads, and a unique tumbled finish.

The Untangled Collection includes two male/unisex styles, Pescador and Baffin; and two female styles, Victoria and Caldera. All styles feature Costa's patented 580 Lightwave Glass lenses, providing 100 percent UV protection and polarization. The Costa 580 colorenhancing lens technology selectively filters out harsh yellow light for superior contrast and definition and absorbs high-energy blue light to cut haze and enhance sharpness. Costa's lens technology also reduces glare and eye fatigue.

“Aligning with partners that really want to support us and expand our mission is how we've grown over the past five years,” said David Stover, CEO and co-founder of Bureo. “Working with Costa to develop the Untangled Collection is another step in the right direction—not only for us, but for

the replication of solutions to secure a healthy future for our ocean and its ecosystems.”

Bureo's Net+Positiva recycling program is working to prevent fishing net pollution by partnering directly with fishermen to collect back discarded nets at their end of life and providing funds to local communities for every pound of fishing net collected.

Costa's Untangled Collection supports Bureo's ongoing efforts where they have collected more than 220,000 pounds of discarded fishing nets to date.

Once collected, the discarded fishing nets are washed and prepared for a mechanical recycling process. Within this process, they are shredded and fed through a pelletizer where they are melted and cut into small recycled pellets. These pellets are then injected into steel molds to form products, which most recently includes Costa's Untangled Collection.

“Nets lost at sea are four times more harmful than all other forms of ocean plastic pollution combined,” added Rush. “This new collection is a positive step towards untangling our oceans and creating awareness for the dangers our oceans are facing.”

The Untangled Collection retails from \$199 to \$269. For more information on the new frames and Costa's full line of sunglasses, visit www.costadelmar.com/untangleouroceans.

Morgan & Oates brings summer vibes to Cannes

Travel retail scarf specialist Morgan & Oates is capitalizing on the success of its newly launched Beachwear range (Mediterranean Village, P19).

Launched earlier this year at the TFWA Asia Pacific Exhibition in Singapore, the Morgan & Oates 100% Silk Beach Tunic has proved so popular, the company has added a variety of new floral and tropical prints in vivid and bright summer colors. Made of entirely natural fibers, the tunic is one-size-fits-all and is presented in a handy zipper pouch with a

vibrant orange Morgan & Oates logo with Beachwear written underneath.

“The beachwear range has really taken off, and we can now reveal that it has been listed inflight with KLM and Asiana for this summer,” says Jeannie Archer, Morgan & Oates’ Sales Manager.

Morgan & Oates has now also added a cotton sarong to the Beachwear range, as well as new designs and colorways to Morgan & Oates’ ‘favorite’ wraps and scarves.



FRAAS – The Scarf Company focuses on cruise lines with personalization concept

FRAAS – The Scarf Company is returning to TFWA World Exhibition (Red Village, K29) and will be highlighting a



FRAAS Meccano

new personalization concept developed specifically for the growing cruise line business.

Cruise ships listing FRAAS scarves are being offered the opportunity to install a special embroidery machine to personalize FRAAS items bought by passengers.

“Gifting is a huge part of the FRAAS offer, so the addition of a free personalization service creates a further incentive to buy,” comments Andreas Schmidt, Owner and Managing Director, FRAAS. “The embroidery machine can be onboard for the full length of the trip, so passengers can even buy items for themselves and then wear during the cruise experience.”

Already listed successfully with

Tallink & Silja line, FRAAS is confident that the personalization offer will help it to build its cruise business moving forward. “We will have the machine on the stand in Cannes and will embroider a scarf for all visitors attending with pre-booked meetings,” continues Schmidt. “There’s no better way to show customers how a promotion like this works than by recreating it on the stand.”

In addition to this new concept, FRAAS will be showcasing its 2019 spring/summer collection, dedicated to color. Bold colors, pastel hues, large areas of color, patterns and motifs in watercolors, large prints and fine patterns are the main focus of the collection.

Cross enters the fast lane with new Scuderia Ferrari Collection of writing instruments

Writing instrument company Cross has announced a partnership with Scuderia Ferrari to create a collection of exclusive fine writing instruments and gift sets for Ferrari fans worldwide. The collection will



be available this Fall.

Designed to reflect the passion and talent that drives the Scuderia Ferrari racing team on the track, the Cross Collection for Scuderia Ferrari features aerodynamic silhouettes with finishes inspired by Scuderia Ferrari signature colors of Rosso Corsa Red, Modena Yellow, Polished Metal, and Glossy Black.

The custom-designed clip was inspired by the nose and cockpit of a Formula 1 racecar and bears an authentic Scuderia Ferrari emblem.

“Ferrari is a legend in the racing and automotive industry, while Cross’ writing instruments are globally recognized for

their elegant design and craftsmanship,” said Bob Baird, CEO of A.T. Cross. “Cross is proud to partner with Scuderia Ferrari to bring their unique DNA to life through the Cross Collection for Scuderia Ferrari.”

The officially licensed Scuderia Ferrari collection, with its authentic racing design details, will be found on Cross Townsend, Century II, and Classic Century models. They will feature hand-polished finishes that reflect the materials used in the vehicles.

The Cross Collection for Scuderia Ferrari will be available online on Cross.com, Store.Ferrari.com as well as Cross and Ferrari retail stores worldwide.

Grant's launches global brand refresh and upgrades Distillery Edition exclusively for GTR

Grant's Scotch whisky has announced a global brand refresh which includes renaming its signature blend to Triple Wood, refining its Cask Edition range and upgrading the packaging on its Global Travel Retail exclusive Distillery Edition.

The new campaign and packaging will be presented at TFWA World Exhibition (Golden Village Go2), along with the full range.

"Since blended Scotch whisky represents 58% of total GTR whisky value sales, Grant's has always been a crucial brand within the William Grant & Sons portfolio, selling well in Europe, the Middle East and India in particular," says WGS Managing Director Ed Cottrell.

"According to IWSR, in 2017 the GTR blended Scotch market grew by +2.3% in value, while the Grant's brand grew +5.8%, and we are expecting to further accelerate that growth this year and next."

Grant's Triple Wood liquid is rested in three types of cask – Virgin Oak which



provides spicy robustness, American Oak lending subtle vanilla smoothness and Refill Bourbon bringing brown sugar sweetness.

Grant's Distillery Edition, the company's Global Travel Retail exclusive blended Scotch whisky, has new packaging that has been upgraded with a more premium gift carton and mentions the GTR exclusive nature of this product.

Grant's Cask Editions are three blended Scotch whiskies finished in a carefully selected final cask for greater

depth of flavor. The Cask Editions consist of Grant's Ale Cask, Grant's Rum Cask Edition, and Grant's 8 Year Old Sherry Cask Finish.

Adds Ed Cottrell: "All of us in the William Grant & Sons GTR team are really excited about the new look Grant's family and, in particular, the upgraded Distillery Edition which looks fabulous. In GTR it's about more than the product, of course, and we've got a great visibility and tasting program in place to support the new look – 2019 is going to be a BIG year for Grant's."

Aberfeldy launches GTR exclusive Madeira Casks

Bacardi Global Travel Retail launched travel retail exclusive Aberfeldy Madeira Casks in global travel retail in September, initially with Heinemann in stores worldwide. Dedicated marketing campaigns ran at Amsterdam Schiphol in September and will run at Frankfurt Terminal 2 in December along with multiple gondola placements through Heinemann stores.

Commenting on the enormous potential for Aberfeldy, Mike Birch, managing director & vice president - Global Travel Retail and Commercial Development, Bacardi said: "Aberfeldy is a stunning single malt for the Global Travel Retail market, its credibility with shoppers reinforced by multiple awards for its sublime quality. It's the epitome of a perfect 'Discovery Malt,' with its Golden Dram and Pitilie Burn heritage and commitment to age statements, which add massive appeal to new whisky drinkers from emerging markets and millennials.

"Its growth trajectory is simply amazing. According to IWSR 2017, it is the fastest growing Single Malt in the

top 15 over the last 5 years and the ninth highest-selling single malt in Asia Pacific. Those are extraordinary credentials, especially considering it was first launched in Global Travel just four years ago. This new Madeira finish is an exciting addition to our Exceptional Cask Series and we are delighted to have it exclusively in Global Travel Retail, which adds further differentiation to the channel as a distinct whisky market."

Gebr. Heinemann Director Purchasing LTCF Rüdiger Stelkens adds: "Our whisky shoppers often seek out global travel exclusives and they are big fans of Aberfeldy. We know they will respond positively to accessing this special edition Aberfeldy Madeira Cask finish in our stores along with the rest of the Aberfeldy range."

Crafted by Aberfeldy's Malt Master Stephanie Macleod, the new expressions include 16-year-old and 21-year-old Aberfeldy, finished in Madeira casks. The single malts spend up to 12 months in the ex-wine casks before bottling, creating what the company calls "the perfect balance of flavor between Aberfeldy's

honeyed richness with the sweet notes of Madeira wine."

Two types of Madeira casks were sourced to finish both the 16 and 21-year-old expressions; ex-Malvasia Malmsey - the most famous and also the richest, sweetest style and ex-Bual - dark in color, with medium-rich texture.

The newly released Aberfeldy Madeira Casks, bottled at 40% ABV, launched in airports globally, priced at \$110 for the 16-year-old and \$195 for the 21-year-old.



Macallan launches series of limited editions to commemorate new distillery

To commemorate The Macallan's new £140 million distillery and visitor experience in Speyside, Scotland, the Edrington-owned brand has created a series of new limited-edition expressions that will hit travel retail shelves later this year.

The three commemorative bottlings are The Macallan Edition No. 4 distillery-exclusive pack with print (ABV 48.4%), The Macallan Genesis Limited Edition (ABV 45.5%), and The Macallan Masters of Photography: Magnum Edition (43.7% ABV).

Igor Boyadjian, Managing Director, Edrington Global Travel Retail said: "This year continues to be about celebrating the opening of our new distillery, a once in a lifetime event and a hugely important milestone for both The Macallan brand and the broader Scotch whisky industry. These special bottlings of The Macallan will play a crucially important role in bringing to life in travel retail the new distillery and the vision and flair which are at its heart."

Boyadjian continued: "We are excited to offer these special Macallan bottlings to some of our most valued global travel retail partners. These limited-edition expressions will offer The Macallan enthusiasts and whisky connoisseurs a unique glimpse into the distillery, while also underscoring our ongoing quest to perfect the brand's execution in travel retail."

The Macallan No. 4 is the fourth release in the Edition Series, and like the preceding releases continues to explore The Macallan's approach to whisky making. The liquid reveals the specific role of oak casks in the creation of The Macallan as Edition No. 4 is crafted from a combination of European and American oak casks.

The premium pack will feature a limited-edition signed print of the new Macallan distillery by Magnum photographer Paolo Pellegrin. The selected print is a landscape image of the new distillery, measuring 75mm x 300mm. The gift carton will be the same as the standard Edition No. 4 design but with additional text advising of the collectible print contained within.

The Edition No. 4 limited-edition pack will be available exclusively through The Macallan distillery and The Macallan airport boutiques from Q4 2018.

The Macallan Genesis Limited



Edition was created in partnership with internationally acclaimed architects Rogers Stirk Harbour + Partners. The special bottling tells the story of Senior Partner and Lead Architect Graham Stirk's vision for the aesthetic of the new distillery and reflects each step in The Macallan whisky making process.

The Macallan Genesis Limited Edition whisky is presented in a gift box featuring a signed lithographic print of the distillery by Graham Stirk. The print was created on one of only two remaining map printing presses in the UK.

Limited to 2,500 bottles, Genesis Limited Edition will be available exclusively through The Macallan distillery and The Macallan airport boutiques and has a recommended price point of US\$690.

The Macallan Masters of Photography: Magnum Edition marks the seventh limited-edition release in The Macallan Masters of Photography series. It is a collaboration between The Macallan and photographic cooperative Magnum Photos, the first time in the series that The Macallan has teamed up with multiple photographers. Together they captured the images that tell the story of the new Macallan distillery and the people behind it.

To create the single malt, The Macallan Whisky Maker Sarah Burgess selected a combination of eight casks all differing in character to reflect the

photography style of each of the Magnum photographers and to represent Magnum itself.

The single malt is housed in a bottle engraved with The Macallan and Magnum logos and the names of the six photographers involved in the project: Steve McCurry, Martin Parr, Paolo Pellegrin, Gueorgui Pinkhassov, Mark Power and Alec Soth. Magnum Edition is presented in a gift box together with six collectible prints taken and signed by the photographers, and a hardback picture book containing some of their images.

Just 2,000 units of Masters of Photography: Magnum Edition will be available globally, each priced at US\$3,500.

Edrington unveiled the new distillery, part of a £500 million investment in The Macallan, to key partners and media in May before it was opened to the public in June. The new distillery and visitor experience is located on the Easter Elchies estate, which has been home to the single malt since 1824. It is the first distillery on Speyside to be designed by an internationally acclaimed architect, Rogers Stirk Harbour + Partners, who were selected to lead the project after an international competition.

Edrington expects that visitor numbers will double in the first year and continue to rise thereafter.



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Tito's Handmade Vodka holds three month sampling campaign with Dufry in Brazil

Tito's Handmade Vodka held a three month sampling campaign with Dufry at two major international airports in Brazil to drive awareness for the fast-growing Texas-based vodka.

The initiative took place throughout September in Brazil's second largest airport, Rio de Janeiro Galeão International Airport (T2). This followed an initial phase of sampling during July and August at the second busiest airport in South America, Brazil's São Paulo Guarulhos International Airport in Departures T2 and T3.

In a series of in-store tastings, passengers have the chance to sample Tito's in a chilled neat serve.

The airport sampling was supported by a digital presence online as well as strong visibility in-store, with digital signage and inclusion in the Dufry spirits video shown in a number of different airport store locations.

Tito's Managing Director International, John McDonnell, says: "2018 marks a transformational year with Dufry, thanks to our new global agreement this summer. This campaign reflects our growing collaboration and is testament to the increasing appetite for Tito's and craft spirits in South America.

"Tito's is a quality, honest product sold at a fair price. It also has a great story

to tell and that is what matters to fans. The artisanal approach sparked a craft revolution and through initiatives like this we can share our story with consumers who value the time and skill invested in creating Tito's."

This sampling campaign follows Tito's launch with Dufry in Brazil in February

and the subsequent roll out into Argentina and Uruguay in the summer and anticipated launch in Chile and Peru later this year. From a domestic perspective, 2018 has also been an important year in Latin America for Tito's, since it established new distribution agreements in a number of key markets including Mexico, Chile and Peru.



Passengers traveling through Rio de Janeiro Galeão International Airport (T2) and São Paulo Guarulhos International Airport in Departures T2 and T3 (above) were able to sample Tito's in a chilled neat serve.

Bottega now number three sparkling wine in GTR



Bottega is now the number three sparkling wine brand in travel retail, and over the past twelve months saw its sales volume in duty free and travel retail increase +10% compared to the previous year, with a similar rate of growth expected for next year.

According to the IWSR's ranking of the top 20 Champagne and sparkling wine brands in travel retail, showing data for 2015

and 2016, Bottega prosecco ranks No. 3 in the global Travel Retail market, after Moët & Chandon and Veuve Clicquot. Taking Champagne out of ranking, Bottega Prosecco is the world's No. 1 sparkling wine in GTR.

In Cannes, Bottega will officially launch the latest novelties: "Il Vino dei Poeti" Prosecco Superiore DOCG Rive di Guia, Florenzia, Limoncino Bio and the 70cl size of successful Gin Bacûr.

"Il Vino dei Poeti" Prosecco Superiore DOCG Rive di Guia is a sparkling prosecco produced from Glera grapes harvested in Rive di Guia.

Florenzia is a ruby red wine produced in Tuscany, from Sangiovese, Cabernet

Sauvignon, Cabernet Franc and Merlot grapes.

Limoncino Bio is a sweet lemon liqueur produced using only selected and certified organic ingredients: lemons peels from Femminello Siracusano variety, harvested at the highest degree of ripeness; organic alcohol; organic sugar; and organic essential oil of lemons.

Following the success of Gin Bacûr, produced in Italy using botanicals like juniper berries, sage and lemon zest, and pure water coming from the Alps, Bottega is launching the 70cl size of the Italian gin. Gin Bacûr is now available in three sizes: 50cl, 70cl, 100cl.

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Woodford Reserve introduces \$1,500 Baccarat Edition, cognac-finished bourbon

Woodford Reserve has announced the launch of Woodford Reserve Baccarat Edition, a limited edition bourbon available for \$1,500 a bottle exclusively in duty free stores for one year starting May 2019.

The 90.4 proof bourbon, which is further aged in hand-selected XO cognac casks, is the first and only American whiskey to be bottled in Baccarat crystal.

“We are launching this luxury product in travel retail because sophisticated consumers are seeking premium brands -- and Woodford Reserve leads the ultra premium bourbon category globally,” said Marshall Farrer, senior vice president and managing director of Global Retail Travel for Brown-Forman.

The bottle design is meant to evoke the iconic Woodford Reserve bottle silhouette and is engraved with both Woodford Reserve’s and Baccarat’s logos. It is presented in a signature Baccarat red box with sleek multi-dimensional doors that rotate upon opening and includes a crystal stopper adorned with Woodford Reserve’s initials.

“We are extremely proud to announce the partnership between the world’s finest



bourbon and the world’s finest crystal because both represent craftsmanship at the highest level,” said Mark Bacon, global brand director for Woodford Reserve. “This partnership elevates the category of American Whiskey in the global market.”

“Baccarat is honored to be the partner of Woodford Reserve for this impor-

tant premiere in the world of American whiskey,” Baccarat Global CEO Daniela Riccardi said. “We are proud of the work done together and of a beautiful decanter that our artisans crafted inspired by the excellence and savoir faire that both our Maisons cherish.”

Brown-Forman launches TR Exclusive The GlenDronach Fogue Aged 10 YO

Brown-Forman has added The GlenDronach Fogue Aged 10 Years to its portfolio of travel retail exclusive single malts, the Fogue Valley distillery’s first ever expression exclusively for global travel retail.

Marshall Farrer, senior vice president and managing director of Brown-Forman global travel retail said The GlenDronach Single Malt will be a terrific addition to the portfolio.

“We view travel retail as the perfect channel to ensure we are reaching The GlenDronach connoisseurs around the globe with unique and world-class whiskeys. Offering the Fogue exclusively in travel retail underscores our commitment to providing our consumers and customers alike with spirits of the highest caliber and The GlenDronach Fogue Aged 10

Year-Old meets and, perhaps, exceeds that standard,” Farrer said.

The Brown-Forman travel retail exclusive single malts portfolio now consists of BenRiach Quarter Cask, BenRiach Quarter Cask Peated and BenRiach 10 Year-Old Triple Distilled, as well as the new GlenDronach.

Founded in 1826 by James Allardice in the Fogue Valley northwest of Aberdeen, it was given the name The GlenDronach meaning “Valley of the Brambles” in Scots Gaelic.

The GlenDronach Fogue Aged 10 Years has been aged in a combination of Oloroso and Pedro Ximenez sherry casks, bottled at 43 percent ABV and is non-chill filtered which allows it to absorb a natural color as it matures in Spanish oak casks.



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Halewood Wines & Spirits features new Whitley Neill flavored gins

Halewood Wines & Spirits is exhibiting its new Whitley Neill Aloe & Cucumber Gin and Whitley Neill Parma Violet Gin along with its line-up of award-winning artisanal spirits aboard Clara One in the Harbour Village at TFWA World Exhibition.

The unusual flavored full-strength gins will be launched in travel retail worldwide in travel-exclusive one liter bottles.

The Whitley Neill portfolio now comprises the original best-selling Whitley Neill Handcrafted Dry Gin, which is selling fast in travel retail in the UK and across Europe, and its full-strength flavored gin variants, including Rhubarb & Ginger, Blood Orange, Raspberry, Quince and Lemongrass & Ginger.

Halewood will also showcase Whitley Neill Rye Vodka, Blood Orange Vodka and



airlines and ferries in Europe, Asia and North America.

“We staged special promotions this summer at London City and London Luton with LSTR UK and we will be mounting

Rhubarb Vodka as well as a selection of the company’s other premium spirits, including Marylebone Gin, City of London Distillery Gins and - the company’s latest acquisition - Dead Man’s Fingers small batch spiced rum.

Simon Roffe, managing director Global Travel Retail, Halewood comments: “Our debut at TFWA World Exhibition last year lit the fuse under Whitley Neill gins and the brand has really taken off in travel retail. Already the number one premium gin in the UK off-trade, Whitley Neill original and its flavored variants have achieved major advances in travel retail this year, securing listings in airports,

a brand experience with Heinemann at Copenhagen airport. In Asia our agent MG Cellars and DFS will stage a Whitley Neill bar at Singapore Changi where we expect Lemongrass & Ginger to inspire shoppers. Among our recent airline listings are the Whitley Neill Original 5cl on Ryanair with Heinemann and Whitley Neill Blood Orange Gin on Thomas Cook UK and British Airways.

“The next challenge is to set up distribution globally with the major international retailers. We are very optimistic that the forthcoming show will prove, once again, a launchpad for our gins, vodkas, whiskey and rums in this channel.”

Disaronno wears Trussardi for the new 2018 Limited Edition

Ilva Saronno has revealed the latest in its line of annual Limited Edition designer bottles of Disaronno: Disaronno Wears Trussardi.

The #DisaronnoWearsTrussardi bottle, the sixth Limited Edition of the Disaronno Icon project, the brand’s annual collaboration with a leading name in Italian fashion, will be available for the new end of the year holiday season 2018.

“For years the Limited Edition has marked an annual highlight with reference to our brand’s visibility,” comments Ilva Saronno Holding CEO Augusto Reina. “Disaronno is appreciated across the globe as an emblem of the Italian style. And this year we are proud to make a particularly classy, elegant statement with a graphic design that reflects in full our perfectly modern essence.”

“The Trussardi story is very much about innovation, discovery, the concept of fusion. In addition to strengthening the bond between two companies that epitomize the Italian spirit worldwide,



designing the iconic Disaronno bottle underscores once again that Trussardi continues to be a 360° lifestyle brand,” says

Tomaso Trussardi, CEO of Trussardi.

Domenico Toni, Ilva Saronno’s Global Sales Director, says: “The Limited Edition bottles have been very well received in travel retail since we launched the concept six years ago. The new Disaronno Wears Trussardi bottle is an ideal holiday gift for fashion aficionados or great for self-purchase to share with friends, making it ideal for GTR. The bottle has masses of shelf appeal, while the miniature bottle sets are ideal for point-of-purchase/till point sales – a perfect opportunity for adding value to the basket.”

“As usual in Cannes we will be serving our signature cocktails at our stand, including the new Disaronno Sparkling, and look forward to catching up with existing customers as well as potential new partners, and having a fun and productive week.”

Along with the classic bottle, the Disaronno Wears Trussardi Limited Edition comes in two sets of mini bottles, in packages of three.

Ron Cihuatan, El Salvador's ambassador to the world

Ron Cihuatan, the first rum ever produced in El Salvador, is expanding its range of handcrafted rums as it grows its international business, including to travel retail.

Licorera Cihuatan Vice President Juan Alfredo Pacas tells *TMI* that Ron Cihuatan takes its responsibility as El Salvador's rum very seriously.

"Ron Cihuatan began as a dream to create an ambassador for El Salvador to the world, because not many people know about El Salvador. We wanted to create a brand which would travel the world," says Pacas.

"It has been quite an adventure because El Salvador had no real rum culture and is not a traditional rum-producing country. We are the first rum ever to be produced here and we really believe in our product."

Ron Cihuatan is truly a craft product; Pacas emphasizes that the company controls the entire process from the seed of the sugar cane all the way to the bottling of its product.

"The project started with a local sugar mill, one of six sugar mills in the country, which has almost 100 years of operation. We work hand in hand with independent sugar cane producers providing them with training, technology, and variety that will maximize the return they have for their investment. We process the sugar cane they produce in our mill to produce sugar and molasses. This is where the magic of the rum begins because we hand pick the best molasses to ferment and distill our rum.

"We take the fresh rums we produce and age them and then our master blender



blends them and crafts them into our final products. We are able to produce several kinds of fresh rum because we control our own distillery."

Ron Cihuatan began aging its rums in 2004, but did not sell a single product until 2015, says Pacas.

"We recognized that for our rum to be really outstanding and represent our country in a proud way required time. We had to be very patient to allow our rums to mature before we sold our first product. In 2015 we launched our 8 YO rum and in 2016 we launched our 12 YO rum. These are the rums that we have been focusing on in key countries in Europe and in our local market in El Salvador."

In Europe Ron Cihuatan is now available in about 10 countries, with a focus on France, Germany, Belgium, and Italy. In the U.S., the rum has been available in California and New York since 2017.

"We have been working hard to position our rum in the market. We have

only a limited amount of rum and can't be everywhere, which makes the rum very exclusive. Little by little we have been growing and become very successful in those markets."

The rums have been available in El Salvador International Airport since 2015, and the company is now ready to expand in the channel with the right strategic partner.

"We know that the travel retail channel is very specialized and requires a very specific approach. We are looking to find a strategic partner. We are currently in negotiations with a global partner who is focused on developing the travel retail channel and values a true craft premium product. I think too many brands are using the word craft very lightly and we want to be known as a brand that is truly craft. Our rum is a really hand-crafted product. We want a partner that can communicate this to the travel retail channel.

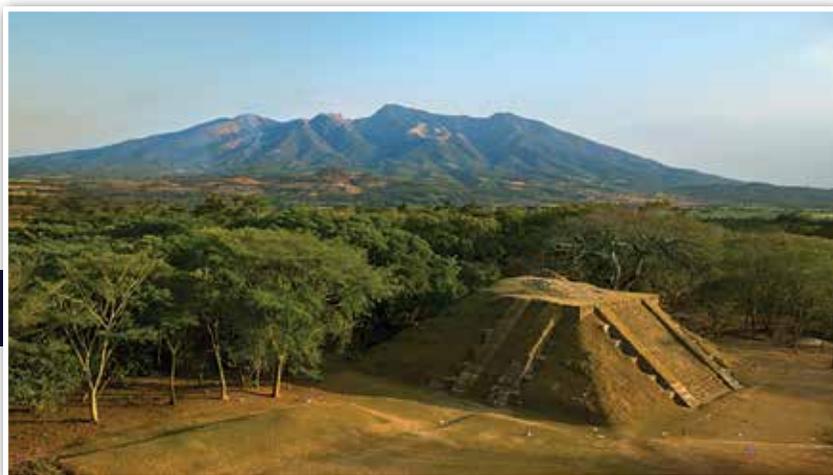
"By Cannes we hope to have signed with our strategic partner and plan to announce that we will be working hand in hand with them to develop a travel retail exclusive rum that communicates our premium craft positioning. Our strategy for this channel is to continue working the way we have in the local markets, creating brand value through communications, packaging, and our relationships with our partners."

The company released its first blended and limited edition rum in September, of which there will only be about 6,000 bottles available worldwide.

"I am really proud to launch our limited edition blend, which communicates some of our Mayan heritage, from the design of the bottle and packaging to the concept of the rum, all the way to how the rum tastes. As this was our first blend, we were inspired by the Nahuatl, which was a blend of sacred animals."

Pacas says the Mayan heritage of El Salvador has played an important role in the development of the entire brand.

"Our inspiration for our brand was a Mayan ancient city located about five minutes from our distillery. The city is only about 5% uncovered; 95% of the city is still below ground. Every day there is a new discovery there. When we began with our rum company Cihuatan and still to this day we feel that every day we are discovering new things."



Family Brands Alliance gains new listings, ready new partner announcement in Cannes



The Family Brands Alliance, now comprised of three family-owned companies, is already seeing concrete results of the unique partnership, with new listings from around the world.

Last year at the TFWA World Exhibition in Cannes, Behn DANZKA and Pallini Limoncello became the founding members of the alliance. Behn, which celebrated its 125th anniversary in 2017,

is the producer of DANZKA Vodka, and Pallini Limoncello is the producer of the N° 1 Limoncello brand in Duty Free & Travel Retail. Both are family-owned companies and they joined together as a way to strengthen their business in the changing travel retail world, and optimize logistics, marketing and service.

Earlier this year, Bache-Gabrielsen became the third brand to join the Family Brands Alliance. The family-owned and operated artisanal Cognac was established in 1905 by Thomas Bache-Gabrielsen and is led today by the company's president, Hervé Bache-Gabrielsen, the great-grand-son of Thomas.

The brand is recognized for its innovation within the cognac category, including

its unique eaux de vies as well as its sleek packaging.

Today all three family companies are experiencing the benefits of the synergies they create by working together and expect to expand the membership. The owners will be attending the TFWA exhibition on Monday to announce their 4th alliance partner which is joining on October 1, 2018.

Export Director, Philippe Biais says that the current partnership is very pleased with the progress and the development that the Alliance has made to date, and the concept is clearly demonstrating the benefits of pooling resources among medium-sized, family-owned companies which encompass similar values and heritage.

Stoli Group introduces Super-Premium Se Busca Mezcal in TR, adds new Stoli Cucumber

Stoli Group has entered one of the fastest growing super-premium spirits categories with the launch of super-premium Se Busca Mezcal.

Se Busca is made with 100% Agave Augustifolia Espadín using a traditional 200-year-old process in San Juan del Río, a small town in Oaxaca, Mexico. Balancing rich cooked agave, gunpowder and mesquite, maestros mezcaleros Rodolfo and Mary Lopez Sosa handcraft this mezcal through an artisanal production process used by their family for generations.

Se Busca means "wanted" and was created to embody the rebel spirit of the women of the Mexican Revolution, says the company. At launch, the line will be comprised of Joven, Reposado and Añejo expressions.

Se Busca Joven enters the market having received 93 points and a gold medal from Tastings.com International Review of Spirits.

Stoli Group Global President & CEO Hugues Pietrini said, "With the rise of high-end mixology, there is a real demand for high-quality mezcal. Se Busca is a sophisticated, handcrafted spirit with great potential. We have seen strong success early on with Cenote Tequila and our team

is primed to build on that with this agave spirit addition."

Global Duty Free/Travel Retail Director JP Aucher adds: "Global travelers continue to look for premium spirits and, with the growing trend for craft spirits, we see a very good opportunity for Se Busca Mezcal within the travel retail channel. It is a fast-growing niche and we will target both key airports and operators.

"Se Busca Mezcal sits perfectly alongside Cenote, our ultra-premium 100% Agave Azul Tequilana Weber Tequila which is performing very well in the U.S. domestic market since its launch in spring. Cruise Lines as well as North America and of course Mexico are our travel retail priorities."

Stoli Cucumber will be available to global travel retail customers as of January 2019, the latest in the company's range of flavored vodkas.

"Stoli Cucumber is a perfect addition to our travel retail offering, particularly given the ongoing interest in cocktails and mixability. We've developed a number of Signature drinks include a Stoli Cucumber Spritz, Cucumber Martini, Cucumber Mule, and a Cucumber Bloody Mary that will provide us with some superb tasting



opportunities that we're keen to discuss with our retail partners in Cannes," says Aucher.



THE DESIGN EXPERIENCE

Duty Free Global to launch 1 liter GTR exclusive Drumshanbo Gunpowder Irish Gin

Travel retail specialists Duty Free Global and The Shed Distillery of PJ Rigney have announced a strategic partnership to launch a duty free exclusive 1 liter version of Drumshanbo Gunpowder Irish Gin.

Drumshanbo Gunpowder Irish Gin is slow distilled by hand with oriental botanicals and Gunpowder Tea at The Shed Distillery of PJ Rigney in Drumshanbo, Ireland.

The new 1 liter bottle, the company's first ever travel retail exclusive, will be revealed at the TFWA World Exhibition in Cannes (Blue Village H17).

Since its launch just over 2 years ago, Drumshanbo Gunpowder Irish Gin has been listed in airports from Dublin to JFK to Bahrain, with the brand investing in high level displays and customer activations across duty free globally.

Barry Geogheghan, founder & director Duty Free Global said the consistently growing demand from duty free customers internationally for premium quality Gin, made the release of the new 1000ml bottle an inevitability:

"We at Duty Free Global are



extremely proud to be representing the top quality products from the Shed Distillery. We are very confident that the Drumshanbo Gunpowder Irish Gin in the new Duty Free format will be a huge success with our travel retail operator partners around the globe. Please come and visit us during TFWA in Cannes in Blue Village, booth H17 to taste Drumshanbo Gunpowder Irish Gin."

Drumshanbo Gunpowder Irish Gin is the first ever brand from The Shed

Distillery of PJ Rigney, with the portfolio now including the recently launched Sausage Tree Pure Irish Vodka, 'Premier Grand Cru' Irish whiskey and other The Shed Distillery brands.

PJ Rigney, who was executive director of Baileys in the 1990s, founded The Shed Distillery in December 2014 to create "remarkable, ambitious, international brands with a 'Curious Edge.'"

Patrick J Rigney, founder & managing director of The Shed Distillery of PJ Rigney:

"Our strategic partnership with Duty Free Global for the launch of the bespoke 1000ml Drumshanbo Gunpowder Irish Gin bottle is a pivotal development for our brand globally. DFG's intricate insight into the Travel Retail consumer has been fundamental to this timely introduction of the new 1000ml SKU at the prestigious TFWA 2018 in Cannes.

"Travel Retail has been & will continue to be instrumental in establishing the remarkable global presence of Drumshanbo Gunpowder Irish Gin, Sausage Tree Pure Irish Vodka & future releases from The Shed Distillery."

Freixenet launches new Pinot Noir Rosé Sparkling in GTR

Building on the successful launch last year of Freixenet Prosecco DOCG in GTR, Spanish wine company Freixenet is launching Freixenet Pinot Noir Rosé Sparkling in Cannes.

"Prosecco continues to be a key driver in the growth of the sparkling wine category and the introduction of our Freixenet Prosecco DOCG last year has proved exceptionally successful. The uptake in global travel retail has been encouraging, driven both by the reputation of the Freixenet name and the popularity of Prosecco generally and we've secured listings with key retailers in Europe, the Middle East and Asia," says Philippe Jamme, global travel retail sales manager. "The introduction of Freixenet Pinot Noir Rosé Sparkling provides a complete offer for our customers and target consumers; which is key for our continued growth this channel."

Both Sparkling Italian wines are presented in the same embossed bottle design, which has been created following extensive

consumer research.

"Freixenet Pinot Noir Rosé is the latest addition to our Premium Italian range, exclusively created for global travel retail," says Liza Madrigal, marketing director for GTR. "This is a high quality product range, created via extensive research into every aspect from the liquid itself to the packaging. We're confident that adding this new product to our family of sparkling wines will bring us closer to becoming the number one choice of sparkling wine for consumers."

The launch of Freixenet Pinot Rosé Sparkling follows the successful launch of Freixenet Prosecco DOC and Italian Rosé across key domestic markets which include the UK and Scandinavia.

Freixenet is relaunching its iconic black bottle with the introduction of Cordon Negro Gran Vintage, exclusively created for the GTR channel and available from this autumn to all regions.

"We recognize the important role that

cava continues to play in the sparkling wine category and are confident that the introduction of Cordon Negro Gran Vintage with its new design will help us to maintain our leading position in the GTR channel," continues Madrigal. "Whilst maintaining the elegance of the black frosted bottle, the new design adds new contemporary elements to improve its stand out on shelf."



Mazaya's long-term approach to building shisha in travel retail sees short-term success

Mazaya, the leading Jordanian shisha brand, has been intent on building shisha sales in global travel retail for the past several years, and even participated in the IAADFS/ASUTIL Duty Free Show of the Americas earlier this year in a spectacular outside meeting room.

TFWA World Exhibition is a key week in its ongoing strategy and this year again, the company is entertaining guests onboard its luxury Princess Iluka Yacht as well as at its exhibition stand (H53/yellow village).

"Building travel retail distribution for our shisha tobacco outside the Middle East is a long-term strategy but we are most definitely finding that retailers in Europe, Asia and the U.S. are becoming more and more interested and receptive to the concept," says Mazaya brand manager Rawan Elayyan.

"In Cannes we will introduce new customers to our best selling flavors such as two apples, lemon mint, blueberry, mint, gum mint, grape mint and watermelon mint. We usually recommend five of these to start with in a new listing, building as the brand becomes better known within the region."

Investment to bring Mazaya shisha to the attention of the global travel retail industry remains high and, once listed, the company sees support from promotions such as GWP's and price-off as critical to growth.

"This year we've run promotions for customers in Amman, Dubai, and Sharjah airports and have scored high growth rates in all as a result," says Elayyan. "We have a new listing with Abu Dhabi that's due to go in during August and will run a promotion in September."

Elayyan emphasises that Mazaya has potential for retailers across the globe.

"Of course the Middle East/Gulf remains our core and key sales region and we continue to build our distribution across airports here, but we know that the potential for shisha in other regions is massive, particularly where the local market demand continues to rise rapidly such as in the UK, Europe, the U.S., South America and parts of Europe," she says.

"Naturally, we are all aware of growing restrictions for all types of tobacco smoking but, nevertheless, according to a recent study by Wise Guy, the Hookah (Shisha) Tobacco Market is expected to see



Mazaya constructed an attractive and welcoming outdoor meeting room during the IAADFS/ASUTIL Duty Free Show in Orlando this year, and enjoyed a steady stream of visitors.

a CAGR of 17.99% from US\$734.06m in 2017 to US\$2,757.94m by 2025.

"Driving this growth is the increased theme based café culture and the fact that it comes in different flavors, which attracts younger adult consumers."

According to the report, Europe is expected to dominate growth within the global shisha tobacco market followed by North America, with Latin America demand also growing as the café culture grabs hold. Demand is expected to stay strong in the traditional markets such as the Middle East and parts of Asia Pacific.



"Based on these facts, it really makes sense for global travel retailers to get onboard the shisha market phenomena and dedicate some floor space to this growing trend," continues Elayyan. "It's an opportunity not just for airport shops but for border shops, cruise ships and ferries as well."

Mazaya will be present in Cannes with a growing team dedicated to the global travel retail market.

"We are increasing our business and, in line with that, have expanded our dedicated sales and marketing team and are now dealing directly with operators rather than through agents or consultants," she says. "We are very keen to meet new potential customers in Cannes and look forward to introducing the world of Mazaya shisha to a new audience as well as our valued existing customers."

The Mazaya brand was launched in 2010 by the fast-growing Jordanian tobacco company Alzawrae. Pioneers in the production and supply of high-end tobacco-molasses and innovators in hookah technology to international quality standards, Mazaya has expanded its presence from three markets to 30 markets in just five years and seeks to expand the base of its success globally.

To make an appointment please email rawan.elayyan@mazaya-trading.com

PVM brings “Must Haves” Chupa Chups and Mentos to Cannes

Perfetti Van Melle is continuing its strategy of ‘confecting a sweeter future’ for international travelers with a growth plan focused on expanding the sugar confectionery category within travel retail.

New products for 2019 focus on core brands Mentos and Chupa Chups, with a new flavor for travel retail exclusive Mentos Jumborolls, called Mentos Mix on the Beach; a Chupa Chups Cupcake, comprising a plastic baking cup holder with 24 cupcake lollipops, and Chupa Chups Hello Kitty Markers, a line extension to the Chupa Chups Smurf Markers, which will become available in 2019.

Also new, the 600g Mix of Mini’s Silo that includes Fruit-tella, Dummies, mini Chupa Chups and mini Mentos targets border stores thanks to its size and price-point.

PVM’s focus remains on its ‘Must Have’ assortment of sugar confectionery, a selection of bestselling Mentos and Chupa Chups products.

“We want to make sure that these products are available at all major airports to all international travelers,” says Femke van Veen, brand manager global travel retail. “Not only do we want to be present at airports, we also want to be seen by the shopper. Visibility is very important for confectionery products because 60% of purchasing decisions are made at the airport; shoppers are killing time and for confectionery this means that seeing is buying! Our unique and colorful displays



will be used to attract customers to the store and into the confectionery category.”

The Must Have assortment will be supported by PVM’s suitcase display especially designed for this range. The range is now also supported with a new promotional tool, an interactive multitouch screen with games developed specifically for the Mentos and Chupa Chups brands. The games require consumers to work together in order to win. The Multitouch screen will be available to try on the PVM stand with three unique games, before being sent to travel retail locations around the world.

Optimizing the cash-till assortment is another strategic pillar for Perfetti Van Melle this year.

“Seventy-five percent of cash-till purchase decisions are made in-store which makes the POS very impulse driven. The only planned cash-till purchases we have been able to identify are for refreshment products such as gum and

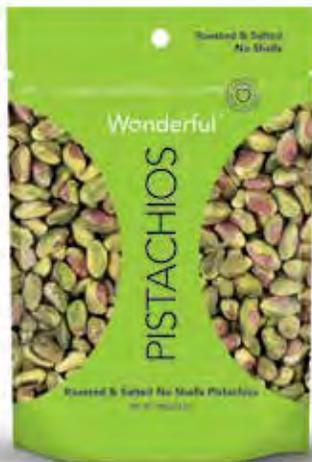
mints. Consumers expect to find these at the register, and plan to pick them up there. In addition to refreshment products we recommend that sweets and candies should also be available at the cash register (research shows that 48% of travelers would like to see them there). These products are very impulse driven and usually only require a small investment from the shopper which makes them the perfect fit. Seeing is Buying!” continues van Veen.

“With our Must Have and cash till assortment, along with eye-catching and colorful displays, we are able to reach a large number of shoppers with a compelling offer,” she emphasizes.

“However we also rely on sales staff to sell our products. Thirty-six percent of confectionery shoppers interact with sales staff and 60% of these shoppers are influenced by this interaction in their purchasing decisions. To ensure sales staff stay well informed on the Perfetti Van Melle offer, we have developed an eLearning system that covers our company, our brands, and our products via a short 20 minute interactive training session. This provides the knowledge needed to guide shoppers to the right product. This eLearning will be available to watch on our Multitouch Screen in Cannes and we see it as an essential tool for retailers moving forwards.”



Wonderful Pistachios launches No Shells in GTR



Wonderful Pistachios has launched a Roasted & Salted 6-ounce bag of its No Shells variety in travel retail around the globe.

The creation of the convenient No Shells variety, which features bright green packaging, was driven by the value of incremental sales in test markets as well as consumer trends and demand in the domestic and global markets for more convenient, yet healthy snacking.

“The introduction of our 6-ounce Wonderful Pistachios No Shells bag will cater to the on-the-go jetsetter,” explained James Kfoury, director of sales, global

travel retail. “It’s the perfect solution for those looking for something tasty and healthy between meals as they head off from one place in the world, to the next.”

Earlier this summer, Wonderful Pistachios launched its first multimillion-dollar integrated marketing campaign specifically for its Wonderful Pistachios No Shells brand. The campaign entitled, “Sometimes, Naked Is Better,” covers up famous nude figures in classic works of art with outrageous clothing. In the end of each scenario, the artwork and its subjects are displayed in their original, ideal form, driving home the point that naked is often better.

NEW ARRIVAL CRUNCHY ALMONDS



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FAMILY
TREATS

OFF TO
WORK



TIME
FOR
TINYS



WHO WILL YOU
SHARE WITH?



Mars ITR to reveal insights on WHY travelers shop in GTR

Mars International Travel will reveal new insights that focus on WHY travelers shop for confectionery at the TFWA World Exhibition in Cannes.

As part of its refreshed Category Vision, Mars ITR will explain how these reasons translate to global travel retail and how they will help address the category's key challenge of converting travelers into shoppers. MITR says it will demonstrate to its customers the importance of offering a complete product offer to travelers covering all purchasing reasons. That includes not only the traditional chocolate treats but also confections, gum and mints.

"When purchasing confectionery, consumers generally shop for one of four different reasons," says Raghav Rekhi, category director Mars ITR. "To Recharge, to Reward themselves, to Connect with others, or to Celebrate. In global travel retail, purchasing is primarily to Connect, with Celebrate coming a close second. However, our insights indicate there are opportunities in the Recharge and Reward space across all price points."

Mars will have a clear message for retailers in Cannes.

"Our portfolio – with global and regional brand leaders – is designed to address all consumer needs and reasons for purchase," continues Rekhi. "For

2019, Mars ITR will continue to do what we're best at – and that's offering travelers a portfolio of brands and products that addresses all consumer needs. Our step-change is a new additional focus on the opportunities to meet all the WHY drivers such as seasonal Celebration (Eid, Diwali, Chinese New Year, Christmas, Easter), Connect (through our already successful snacking and sharing packs) and Recharge/Reward, by driving checkout and point of purchase sales, where gum is a must."

Mars ITR will detail its updated strategy to drive conversion and deliver the potential of Confectionery in travel retail.

"In the disruptive environment we find ourselves in, our focus should be on meeting the travelers' needs," Rekhi concludes. "We're best positioned to deliver on those."

M&M's

Mars ITR is launching a number of new product innovations, led by M&M's, in Cannes.

"The broad age appeal is what makes M&M's a winning global brand," says Rekhi. "The brand offers product concepts that appeal to the widest of age groups, while a clever, amusing and in some cases slightly 'risque' global advertising campaign with specific adult appeal has

built a loyal following worldwide."

"This enables us to create experiences instore that genuinely appeal to a broad demographic and that's not always appreciated or understood. It also means that in terms of product offer M&M's can cater for all shopper needs – sharing, gifting (to all ages) and personal enjoyment. It really is a universal brand and perfect for the channel."

"Based on our most recent shopper insights that include exactly WHY travelers do or do not buy, we've created new product concepts for M&M's that will really appeal to all," continues Rekhi. "So watch this space and make sure to see us in Cannes this year!"



Hershey introduces collectable tins

The Hershey Company is introducing two new items in Cannes, Hershey's Kisses Chocolate Gifting Tin, and Reese's Peanut Butter Cups Miniature Gifting Tin.

The new innovations are designed to deliver category growth through continued expansion into the gifting occasion, the largest confectionery trip mission

accounting for approximately 46 percent of purchases at Travel Retail (CIR Study 2018).

"We are thrilled that these two new items have arrived. Winning in the channel with blockbuster confection gifting solutions that consumers can bring home from their travels to family, friends

and loved ones has long been a hallmark of Hershey in the global Travel Retail landscape," said Steve Bentz, director of world travel retail at The Hershey Company. "Creating more gifting solutions offers us the potential to overcome key purchase barriers. By leveraging the playful personalities of our iconic brands through the introduction of our characters, we are delivering exclusive gifting solutions that will delight global travelers and bring small moments of goodness to their unique traveling experiences."

Hershey's Kisses Chocolate Gifting Tin and Reese's Peanut Butter Cups Miniature Gifting Tin are travel exclusive collectable gift tins which contains 198 grams of Kisses milk chocolates and Reese's Peanut Butter Cup Miniatures respectively.





WiTR aims to put music in the hands of Haiti's children

This year, its first as a fully-fledged membership organization for women in the travel retail industry, Women in Travel Retail (WiTR) has chosen to support Hand in Hand for Haiti, the organization that created and funds the Lycée Jean- Baptiste Pointe du Sable in Haiti.

The goal this year is to raise €15,000 to buy musical instruments. This will enable the school to launch its first extracurricular instrumental music program, in partnership with Ecole de Musique Christian Nohel de Saint Marc.

Obtaining a formal music education is completely unattainable for most children in Haiti. Yet the benefits of music education are astounding. Studies have consistently revealed the tremendously positive effect that music education has on a child's academic performance, sense of community, self-expression and self-esteem.

Under this program, every child in the school will have the opportunity to discover music through these instruments. The children will be exposed to both

internationally recognized music and their own rich musical heritage. Playing an instrument gives a child self-confidence as a soloist, encourages teamwork as part of a band or orchestra and provides a wonderful opportunity to gain confidence through public performances – to other students and in their local community.

Following the devastating hurricane that hit Haiti in 2010, Hand in Hand for Haiti was the first charity to receive funds raised by Women in Travel Retail, enabling the new Lycée Jean- Baptiste Pointe du Sable to purchase equipment for the kindergarten. The school has also been the recipient of the funds raised every year from the North American membership of WiTR during the Orlando Duty Free shows.

Last year's horrific hurricanes in the Caribbean were a stark reminder that the students in this world-class school still need our support if they are to break out of the cycle of poverty that besets Haiti, where 80% of the population still live below the poverty line.

Following the terrible spate of hurricanes in the Caribbean last year, WiTR was determined to raise money to help children whose lives are time and time again blighted by natural disasters. Hand in Hand for Haiti, with its fantastic track record, was a unanimous choice by WiTR for support this year.

The fund-raising got off to a spectacular start during the TFWA Asia Pacific Conference and Exhibition when Travel Retail Business and guests at The TR Business' first consumer-led awards ceremony generously donated nearly €6000.

Women in Travel Retail will be inviting exhibitors and visitors at TFWA World Exhibition in Cannes to help them reach their target of €15,000 by entering the draw to win fabulous prizes. Entry into the raffle is via three business cards for €20. Additional commitments from industry colleagues of auction and raffle prizes for the grand draw would be appreciated. Please deliver donations/raffle prizes to the Furla stand (Bay Village Bay 2) by 3:00 pm on Tuesday October 2nd.

This year's meeting takes place on Tuesday October 2 from 5:30 pm-7:00 pm at the far end of the Palais des Festival Level 1 Business Centre.

President and Co-founder, Hand in Hand for Haiti, Olivier Bottrie says, "We are extremely grateful for the continued support of WiTR. Haiti is a country of artists and has a long tradition of musical excellence. We are certain that introducing our children to this art will not only contribute to this tradition but also give them a sense of joy and confidence."



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AN OUT OF THIS WORLD EXPERIENCE IN CANNES

Come visit our Mazaya stand - Yellow Village, H53 from October 1st to October 5th at the TFWA World Exhibition & Conference Palais des Festivals and chill on our Yacht Princess Iluka. We are waiting for you at the marina for an exceptional experience full of flavours!



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