

Special Issue
**LATIN
AMERICA**
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TRAVEL MARKETS **INSIDER**

Latin America recovery continues to stall but some signs of improvement ahead

Welcome to the second digital *Travel Markets Insider* magazine. In our first issue, published last summer, *TMI* focused primarily on news and developments taking place throughout Latin America. We have now expanded coverage to include the Caribbean, which is generally reporting strong tourism growth and exciting opportunities for travel retail operators.

The outlook for South America, unfortunately, is a stalling recovery although hints of improvement have been taking place over the last few weeks. A report issued by the International Monetary Fund in late July forecasts that economic activity in Latin America and the Caribbean remains sluggish, but it does see improvement for 2020. IMF's country by country assessment, along with industry commentary, begins on page 6.

On the positive side for travel retail, the first five border stores in Brazil have begun to open; air traffic in the region is strong (although duty free airport sales are not yet keeping pace), and new investments continue such as Argentina's ShopGallery opening the first Gap store in the country at Aeroparque this month, and fast-growing regional retailer Top Brands International buying out the former owners of Neutral. See full coverage inside.

The Caribbean, on the other hand, reports robust growth in the first half of 2019, spurred by a 24% increase from the U.S. market and record-breaking cruise passenger traffic. Grenada, "the Spice Islands," enjoyed double-digit growth and landmark visitation in

2018, and is strongly enhancing its reputation as the luxury destination in the Caribbean. *TMI's* special coverage includes an exclusive interview with Nicholas Steele, Grenada's Minister of Health, Social Security & International Business, who discusses the opportunities that exist for further development, including for travel retail. We also feature an interview with Little Switzerland, one of the most important luxury retailers in the Caribbean, which is expanding its footprint in the region with several new branded boutiques for Breitling and TAG Heuer, among others.

We are very proud to include the latest special report

prepared by NPD Travel Retail (formerly Counter Intelligence Retail) for *Travel Markets Insider*, which tracks behavioral purchase decisions among Argentinians, Brazilians, Mexicans and Americans, which are benchmarked against a global duty free average.

From the Supply Side, electronics and travel accessories continue to grow, as we learn from exclusive interviews with Go Travel's David Lomas and Les Hansen, and with LAS Worldwide's Juan Carlos Alexander.

And keeping travel retail shopping fresh and exciting, we feature some of the creative animations and retail-tainment

activations at the Point of Sale from top beauty brands.

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

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

Read all about it, *Inside Insider*.

Lois Pasternak,
Editor/Publisher



Bacardi Global Travel Retail created the largest brand activation for Patrón since the brand joined the Bacardi portfolio at Cancun International Airport. Full story on page 38.



Tocumen International Airport, Panama



JFK International Airport, USA



Miami International Airport, USA



Rio Branco, Uruguay



Punta Cana, Dominican Republic



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Latin America recovery continues to stall but some signs of improvement ahead

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IATA: global air connectivity more accessible and efficient

The latest performance figures released by the International Air Transport Association (IATA) on July 31 shows that 4.4 billion passengers flew in 2018, an increase of 6.9% over 2017. This represents an additional 284 million trips by air over 2017.

The IATA World Air Transport Statistics (2019 WATS) also found that efficiency reached record-breaking numbers, with 81.9% of available seats filled. Fuel efficiency also improved by more than 12% says IATA.

The growth of the low-cost carrier (LCC) segment continues to outpace that of network carriers. Measured in ASKs (available seat kilometers), LCC capacity grew by 13.4%, almost doubling the overall industry growth rate of 6.9%. LCCs accounted for 21% of global capacity in 2018, up from 11% in 2004. Some 52 of IATA's 290 current member airlines classify themselves as LCCs, and other new model airlines.

In addition, 22,000 city pairs are now connected by direct flights, up 1,300 over 2017 and double the 10,250 city pairs connected in 1998.

Other highlights of the report include:

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

1. Asia-Pacific 37.1% market share (1.6 billion passengers, an increase of 9.2% compared to the region's passengers in 2017)
2. Europe 26.2% market share (1.1 billion passengers, up 6.6% over 2017)
3. North America 22.6% market share (989.4 million passengers, up 4.8% over 2017)
4. Latin America 6.9% market share (302.2 million passengers, up 5.7% over 2017)
5. Middle East 5.1 % market share (224.2 million passengers, an increase of 4.0% over 2017)
6. Africa 2.1% market share (92 million passengers, up 5.5% over 2017).

The top five airlines ranked by total scheduled passenger kilometers flown, were:

1. American Airlines (330.6 billion)
2. Delta Air Lines (330 billion)
3. United Airlines (329.6 billion)
4. Emirates (302.3 billion)
5. Southwest Airlines (214.6 billion)

The top five international/regional passenger airport-pairs were all within the Asia-Pacific region again this year:

1. Hong Kong - Taipei Taoyuan (5.4 million, down 0.4% from 2017)
2. Bangkok Suvarnabhumi - Hong Kong (3.4 million, increased 8.8% from 2017)
3. Jakarta Soekarno-Hatta - Singapore Changi (3.2 million, decreased 3.3% from 2017)
4. Seoul-Incheon - Osaka-Kansai (2.9

million, an increase of 16.5% from 2017)

5. Kuala Lumpur–International – Singapore Changi (2.8 million, up 2.1% from 2017)

The top five nationalities traveling (international routes) are:

- United Kingdom (126.2 million, or 8.6% of all passengers)
- United States (111.5 million, or 7.6% of all passengers)
- People's Republic of China (97 million, or 6.6% of all passengers)
- Germany (94.3 million, or 6.4% of all passengers)
- France (59.8 million, or 4.1% of all passengers)

ACI: LATAM-Carib posts highest traffic growth in May

The Latin America-Caribbean region posted the highest year-over-year growth of all regions in May, up +6%, according to the latest report released by Airports Council International (ACI) World at the end of July. The region's passenger market, along with Africa's, has mostly been resisting the slowdown observed in the four other regions since the start of the year. Its year-to-date results stood at +5.6%.

Overall, the global passenger market gained +3.1% in May, up from +2.9% in April, with a year-to-date growth figure of +3.6%.

After a slower month in April (+0.6%), the domestic passenger market gained +2.7% in May on a year-over-year basis. Year-to-date growth rose to +2.9% for the segment. The international market grew +3.6% during the month, reaching +4.6% on a year-to-date basis.

North America's passenger market grew +4.3% during the month, reaching +4.1% on a year-to-date basis. Both passenger segments in the region have been relatively robust, with international

passenger traffic growing by +5.2% and domestic traffic gaining +3.9% for the first five months of the year.

Europe grew +3.1% in May, down from +4.8% in April. International passenger traffic grew at +5.2% versus +1.3% for the domestic segment on a year-to-date basis.

Asia-Pacific's passenger market recovered in May, posting +1.8% after declining by -1% in April. The region's year-to-date growth rate stood at +2.3%, the lowest of the three major regional markets.

The Middle East declined by -0.1% on a year-over-year basis in May, down more than three percentage points from April's +3.3%. Its year-to-date stood at +1.6%, the lowest of all regions.

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International Monetary Fund: Outlook for Latin America and the Caribbean sees a stalling recovery

A report issued by the International Monetary Fund in late July forecasts that economic activity in Latin America and the Caribbean remains sluggish. The IMF outlook says that real GDP is expected to grow by 0.6 percent in 2019—the slowest rate since 2016—before rising to 2.3 percent in 2020.

The weak momentum reflects negative surprises in the first half of 2019, elevated domestic policy uncertainty in some large economies, heightened US-China trade tensions, and somewhat lower global growth.

Slower growth

Sluggish activity in the first half of this year largely reflects temporary factors, including adverse weather conditions that reduced mining output in Chile and agricultural output in Paraguay. Mining activity in Brazil moderated following the Brumadinho Dam disaster, while growth in Mexico weakened due to an under execution of the budget, labor strikes, and fuel shortages.

Uncertainty in some large economies of the region has also contributed to the weak growth

momentum. In Brazil, concerns about the timing and scope of much-needed pension reforms—with a draft bill currently being discussed by Congress—has kept policy uncertainty above historical averages, says the IMF.

Similarly, in Mexico, uncertainty remains high due to certain policy reversals, notably pertaining to energy and education reforms. There are also continuing concerns about the financial health and prospects of Pemex (Petróleos Mexicanos, the state-owned petroleum company). In Argentina, uncertainty has moderated, and more recently inflation has started to decline while economic activity rebounds.

Weaker global growth and lingering US-China trade tensions have also hurt the Latin America region through their impact on commodity prices and exports, says the report.

The IMF warns that risks to the outlook remain tilted to the downside, including from a further escalation of US-China trade tensions, a slowdown in major economies, and tighter global financial conditions.

The IMF outlook for South America

In Argentina, the economy is gradually recovering from last year's recession. GDP growth is projected to increase to -1.3% in 2019 and 1.1% in

Latest projections for Latin America and the Caribbean

(real GDP growth; percent)

	2017	Est. 2018	Projections		Difference from April 2019 WEO Projections	
			2019	2020	2019	2020
Latin America and the Caribbean	1.2	1.0	0.6	2.3	-0.8	-0.1
Excluding Venezuela	1.9	1.6	1.3	2.5	-0.7	-0.1
South America	0.6	0.4	0.1	2.2	-1.0	-0.2
Excluding Venezuela	1.6	1.3	1.2	2.6	-0.8	-0.2
CAPDR	4.0	3.9	3.7	3.9	-0.1	0.0
Caribbean						
Tourism dependent	0.9	1.6	1.9	1.9	-0.1	0.0
Commodity exporters	-1.0	1.0	0.8	6.5	0.0	0.9
Latin America						
Argentina	2.7	-2.5	-1.3	1.1	-0.1	-1.1
Brazil	1.1	1.1	0.8	2.4	-1.3	-0.1
Chile	1.3	4.0	3.2	3.4	-0.2	0.2
Colombia	1.4	2.6	3.4	3.7	-0.1	0.1
Mexico	2.1	2.0	0.9	1.9	-0.7	0.0
Peru	2.5	4.0	3.7	4.1	-0.2	0.1
Venezuela	-15.7	-18.0	-35.0	-10.0	-10.0	0.0

Sources: IMF, World Economic Outlook database; and IMF staff calculations.

Notes: Regional aggregates are purchasing-power-parity GDP-weighted averages. CAPDR = Central America, Panama, and the Dominican Republic. Difference based on rounded figures for both the current and April 2019 *World Economic Outlook* forecasts. South America excludes Guyana and Suriname. Tourism dependent includes Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, Dominica, Grenada, Jamaica, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines. Commodity exporters includes Guyana, Suriname, and Trinidad and Tobago.

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2020 due to a recovery in agricultural production and a gradual rebuilding of consumer purchasing power, following the sharp compression of real wages last year. Inflation is expected to continue to fall. However, with inflation proving to be more persistent, real interest rates will need to remain higher for longer, resulting in a downward revision to GDP growth in 2020.

In Brazil, growth is expected to stay subdued at 0.8% in 2019 and to accelerate to 2.4% in 2020, assuming a robust pension reform is approved, confidence returns, investment recovers, and monetary policy remains accommodative. In addition to the successful approval of pension reform, a continued reduction in the budget deficit over the coming years remains crucial to ensure public debt sustainability. To boost potential growth, Brazil needs decisive structural reforms, including tax reform, privatization, trade liberalization, and

measures to enhance the efficiency of financial intermediation.

In Chile, growth is projected to remain robust at 3.2% in 2019 and 3.4% in 2020, helped by an expansionary monetary policy stance and the announced acceleration of investment projects. However, the balance of risks remains tilted to the downside, especially in light of the recent weak data on economic activity and export performance.

In Colombia, the recovery is projected to continue in 2019 despite external headwinds. Accommodative monetary policy, election-year spending by subnational governments, migration from Venezuela, continued implementation of 4G infrastructure projects and a positive impact of recent tax reforms on investment will support domestic demand and lift growth to around 3.5% in 2019-20. Headline inflation should remain near target despite temporary supply shocks. But, lower corporate taxes from 2020

onwards, while boosting investment and growth may result in lower revenues.

In Peru, growth was revised down, albeit modestly, to 3.7% in 2019 due to a weak outturn in the first quarter. Downside risks include lower commodity prices, continued trade tensions, and low implementation of public investment. Growth is projected to stabilize at around 4.0% in the medium term, with robust private domestic demand offsetting a gradual fiscal consolidation. Headline inflation is expected to remain within the central bank's target range of 1-3%.

In Venezuela, the economic and humanitarian crisis continues to worsen. Real GDP is projected to fall by 35% in 2019, bringing the estimated cumulative decline since 2013 to over 60%. Hyperinflation is also projected to continue, and outward migration to intensify, with the total number of migrants from Venezuela expected to surpass 5 million by end-2019.

The view from the ground: What is really happening in Argentina and Brazil?

by John Gallagher

Most observers expected that following Bolsonaro's victory in last year's Presidential Elections Brazil would return to moderate but steady economic growth. But economic activity has been challenged again this year and the promised recovery is still a long way off.

As the global economy continues to struggle and Argentina, one of its key trading partners, is limping along there is no clear growth outlook for Brazil. Investment is weak and consumer confidence is moderate at best – but GDP growth is still expected to reach 1.1% and as the much-vaunted pension reform is now a possibility, some analysts expect a stronger second half to 2019. The Brazilian Real has been relatively stable in the last few weeks floating between 3.8 and 3.9 to the US Dollar but travelers are still reluctant to make as many trips as in

previous years.

It remains to be seen whether the new Brazilian border stores will be a fillip to the travel retail business, which has not enjoyed the best of years. More travelers reaching land border areas would have a positive outlook in border stores in Argentina, Paraguay and Uruguay but it's still a little early to make accurate predictions.

Meanwhile in Argentina, some reports indicate that the economy is coming out of recession. Pessimists would say that it can't get any worse and the economy has stopped falling because it can't fall any more. What is the true story? Inflation remains stubbornly above 50% - the Peso seems to have stabilized at around 44/45 pesos to the US Dollar (although critics argue the government is intervening in the market to assure this stability) but most observers are

still predicting a negative GDP movement of just over 1%. Agriculture and mining sectors have been performing strongly but manufacturing continues to be weak and retail sales have been very poor since the start of the year – business and consumer confidence remains fragile and is likely to remain so until the end of the year.

The August Primary elections and the October presidential elections will be crucial to decide the short-term future. If President Macri is returned to power, most analysts predict stability and a return to GDP growth in 2020. If the left-wing opposition wins, no one is too sure what will happen. The travel retail market has been weak for most of the year – people are taking trips but budgets are tight and spending in duty free stores has been hit.

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TRAVELLERS EXCLUSIVE



Design by Jacob Jensen

First Brazilian border stores open on a limited basis

An update and commentary by John Gallagher

Five years after the original legislation was passed by the Brazilian Parliament, the first five Brazilian border stores were authorized during June and July. The Receita Federal, the Brazilian Customs Authority, has followed a strict process to ensure that all operators meet their fiscal obligations, lodge the corresponding bond and install the software to control purchases made by Brazilian residents. Store operators have also been required to file audited financial accounts and *TMI* understands that Customs controls will be ongoing to ensure that all merchandise that is sold on the border is fully accounted for.

As we go to press, the following stores have been given the green light by the Receita Federal to open to the public:

- * Free Shop Caraballat Ltda., Jaguarão
- * Duty Free Shop TM Import & Export Ltda., Uruguiana
- * JR Correa & Cia. Ltda., Barra do Quaraí
- * New York Trade Import & Export Ltda, Uruguiana
- * Dufry Shops Francas Ltda., Uruguiana

These operators, some new and some old, now have to face the logistical problem of getting merchandise to the stores. Some will transport goods by road from the Brazilian port of Santos, others will bring merchandise from Free Zones in Montevideo and other areas of Uruguay.

Correa's Emporio Duty Free Store has already opened to the public but it is only selling Brazilian merchandise at the moment. The Caraballat Duty Free Store has had a full trial opening to test the operating systems and is ready to operate as soon as further stocks of imported merchandise arrives from suppliers and distributors.

More stores will be authorized over the coming weeks. Duty Free Americas is seeking to add to its Brazilian footprint and stores in Foz de Iguazu and Uruguiana should open at the end of Q4 of this year or the beginning of 2020. Dufry will also make a major play in the border business adding to its 850sqm store in Uruguiana with stores in Foz de

Iguazu and Santana do Livramento.

What will happen In Uruguay?

The Uruguayan border stores at first sight are the ones that may suffer from new stores opening on the Brazilian side of the land border.

Will the duty free cake be divided between all the operators, old and new, or will the cake become bigger as more shoppers come to the border? It's still too early to say and most market observers suggest that they will need at least a few months to analyze sales and trends.

Clearly the Brazilian legislation at first sight is more benign than the Uruguayan equivalent with the advantage being that Brazilian shoppers can purchase at the stores located in Brazilian territory. Now we will have to see if the Uruguayan government make changes and allow Uruguayan residents to shop in Uruguayan stores.

Supplier raises logistics questions as Brazil's border stores prepare to open

Duty free supplier Pramsa, the 20-year-old Montevideo-based distributor to border and airport stores in the Mercosur countries, is awaiting the imminent opening of the first Brazilian border stores with caution.

With the first five stores receiving authorization to open as we go to press, Pramsa president Eduardo Raffo worries about logistics and how Brazilian customs officials will be handling the increased volume of merchandise entering the country for sale in these shops.

"For me, the big question is how customs is going to treat our shipments. As customs officials are faced with more work, at the same salaries they were receiving prior to the opening of the border stores, we are not sure how they will respond. And this might get more

serious as the volume rises when more stores are approved," he noted.

Raffo is also concerned whether regulations will be implemented consistently from state to state.

"Because the Brazilian border is so large, authorities in one state may decide to implement regulations differently than authorities in another state. The law will be the same, but the application of the law may differ. So we are trying to anticipate how implementation might differ and prepare for different scenarios," he tells *TMI*. "We will monitor the situation carefully."

"For the time being, we are in contact with our retailers who have our price lists and we are able to supply them from here in Montevideo," he says. Raffo sees Pramsa's location in Montevideo as a strategic advantage over distributors

shipping from Miami and Panama, since Pramsa transports its goods via truck about 400 miles.

"We do not have to depend on ship or air transport, which is much more costly," he says.

From a product perspective, Raffo reports that the stringent regulations limiting the advertising and display of tobacco products is impacting sales volume. Chocolate, on the other hand, is a good seller. Pramsa's main confectionery brands are Nestle and Ferrero.

Raffo is also upbeat about the Italian gourmet products, spices and kitchen tools from Montosco that Pramsa carries, along with Belvedere liquors, beers, Twinings tea, Juan Valdez coffee, Pringles and several snacks which have been selling as well, he says.

PERRY ELLIS
PURE BLUE





The first Gap store in Argentina celebrated its grand opening at Buenos Aires Aeroparque Airport in August, and offers a full range of clothing for the whole family. The airport is also enhancing passenger experiences with live music and special cocktails created by leading Buenos Aires barman Fede Cuco (lower right).

Gap arrives in Argentina with store at Aeroparque Airport

Argentine duty paid travel retail operator ShopGallery has introduced the first Gap store into Argentina. The company opened a 70sqm store-within-store at Buenos Aires Aeroparque, the country's leading domestic airport at the beginning of August.

A spokesman for ShopGallery told *TMI*, "We are really happy to bring Gap to Argentina for the first time. Travelers departing from Aeroparque will be able to find a great range of Gap products for all the family, everyone from newborn kids to adults. We are really proud to bring one of the biggest fashion brands in

the world to Buenos Aires."

The launch of the Gap brand followed on ShopGallery's successful introduction of Banana Republic in 2017.

"This continues our close collaboration with Gap Inc of the USA and Montevideo-based Neutral Duty Free," said the company.

The Gap store launch coincided with a series of activities held this month to heighten the overall customer shopping experience at Aeroparque.

"As of this month, we will have live music in the departures store with a series of local bands every Thursday and

we will have special cocktails on Fridays created by Fede Cuco, one of the leading Buenos Aires cocktail barmen. These new ideas will increase dwell time in the store and generate unique experiences for the travelers," said the ShopGallery spokesperson.

Last year 11.02m domestic passengers used Aeroparque, an increase of 4% on 2017. For the first seven months of 2019, 6.73m passengers used the capital's domestic airport, up 10% on the same period in 2018.

JG

Top Brands International buys Neutral Duty Free

Panamanian company Top Brands International in July acquired Neutral Duty Free, the largest duty free chain in Uruguay, employing more than 500 staff across its nine locations. No financial details were released.

With this acquisition, Top Brands surges to become one of the largest duty free operators in the region, with 80 stores throughout Latin America and the Caribbean, Danny Yohoros, President of Top Brands International, tells *TMI*.

Neutral, which celebrated its 30th anniversary in 2017, had been acquired by San Francisco-based private equity house JH Partners in 2011. Respected industry executive Enrique Urioste, who has been CEO since the acquisition by the fund, will

remain as CEO with the company under the new ownership. The chain of stores has been rumored to be for sale for quite some time, particularly in light of the challenging economic situation affecting the border business in South America.

“This is a very strategic move for us. We see tremendous potential ahead for the Neutral stores on the border,” says Yohoros. “The economy in Brazil is getting better and with the synergies that will accrue with our existing companies, we will bring greater strength and value to the business.”

Yohoros points out that Top Brands had already been operating duty free shops on the border between Uruguay and Brazil in Rivera and Rio Blanco, and has the

experience needed to make the business go forward.

The Neutral border stores are located across the main land access routes into Uruguay, in the cities of Artigas, Rivera, Bella Unión, Río Branco, Aceguá and Chuy. The largest Neutral duty free store is the new 4,000 sqm super store in Melancia Mall in Rivera.

Neutral Duty Free Shop is also the exclusive franchisee of Gap Inc. for Uruguay and Paraguay. The company operates standalone duty-paid stores in the Uruguayan local market as well as branded store-in-stores at different Neutral duty free locations on the border between Uruguay and Brazil.

Regency Group to open new Colon 2000 cruise port stores by October

Regency Group is on track to open 4,500 square meters of premium travel retail space within the Colon 2000 cruise terminal beginning as early as this October.

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

“We are the exclusive duty free operators in both terminals 1 and 2, and will also be the anchor retailer in the new shopping mall galleria being built behind

the cruise terminals, which is tax-free. In the first phase we are refurbishing the entire hall and expanding the existing cruise port store of 50sqm to 1,000 sqm,” says Ronny Basher, Travel Retail General Manager at Regency, who is overseeing the operation. “We are going to take our time and do this right, and be ready to open by the beginning of high season in October.”

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

Regency's tax free store, which will be in the main concourse of the Colon

2000 shopping gallery behind the duty free terminals, will open by early 2020, says Basher.

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 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.

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

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



Argentina's economy lifting out of recession: activity rises in May for the first time in a year

Argentina's economic activity rose for the first time in over a year in May, reported Mercopress. The 2.6% rise versus the same month a year ago topped even the most optimistic estimates from analysts, and broke a run of 12 consecutive months of falling economic activity, said the media site in late July.

The monthly growth will come as welcome news for President Mauricio Macri, who is looking to dig the country out of a crippling recession ahead of presidential elections later this year.

Argentina's Treasury said the rise was due to strong growth from the farming

sector, which it said was up nearly 50% versus a year ago, as well as improvements in sectors including transport, industry, commerce and construction.

"Looking forward, it is expected the agricultural campaign, which unlike 2018 enjoyed good weather conditions, will continue to contribute to growth," the ministry said, adding better salaries and lower inflation should also help. "All this allows us to imagine growth continuing in the months ahead."

The Ministry also reports a more stable peso and lower inflation. Argentina's economic activity fell 1.3% in April

after a 6.9% drop in March, and had been contracting for over a year amid an economic crisis that has hit the peso currency and driven up inflation.

In another positive development, Argentina delivered a higher than expected trade surplus of US\$1.06 billion in June, the government statistics agency INDEC said, compared with a deficit of US\$322 million in the same month a year ago.

Bolstered by a weak local peso currency, Argentina also posted a trade surplus of US\$ 1.373 billion in May.

Domestic aviation boom in Argentina but International figures continue to disappoint

In spite of the troubled economic scenario in Argentina, commercial aviation has provided solid passenger growth for the first half of 2019. Domestic air traffic passenger numbers climbed to 7.6m in the first six months of the year, an increase of 18% on 2018. International results are disappointing, however, with traffic falling 5% to 7.45m in the first half compared to the same period the previous year.

The growth in the domestic market

has been fueled by the advent of low-cost airlines with Flybondi, Norwegian Air Argentina and JetSmart all growing strongly throughout the period. Traditional domestic carriers Aerolineas Argentinas and LATAM Argentina also reported growth of 6% and 9% respectively for the half.

All leading airports reported strong double-digit growth for domestic flights with Buenos Aires Aeroparque reaching 5.63m passengers, an increase of 17%

compared to 2018. The second biggest domestic airport Cordoba grew by 23% to 1.37m passengers.

As expected, the leading international airport was Buenos Aires Ezeiza with 5.77m passengers up 13% on the previous year. However, this figure is skewed by the transfer of regional flights from Buenos Aires Aeroparque where traffic was down by 60% to 592k (Aeroparque is now only operating flights to the Uruguayan airports of Montevideo and Punta del Este.). JG

ASUR airport passenger traffic up through first half of 2019

International airport group ASUR (Grupo Aeroportuario del Sureste, S.A.B. de C.V.), which has operations in Mexico, the U.S. and Colombia, announced that total passenger traffic for June 2019 increased 6.4% when compared to June 2018. Through the first six months of the year passenger traffic was up 7.4% versus the January-June period in 2018.

Passenger traffic in June rose 3.4% in Mexico and was up 3.5% for the first half of the year. ASUR operates nine airports in southeast Mexico. Traffic at Cancun, the busiest ASUR Mexican airport, increased 1.2% in June and 2.1% for the year, to 13.2 million passengers.

In Colombia, where ASUR operates six airports in northern Colombia, including Medellin International airport (Rio Negro), the second busiest in Colombia, passenger traffic was up 20.7%

in June and 15% for the year.

Passenger traffic in Puerto Rico was up 1.9% in June and 14.1% through the first six months of the year to 4.7 million

passengers. ASUR is a 60% JV partner in Aerostar Airport Holdings, LLC, operator of the Luis Muñoz Marín International Airport serving San Juan.

Passenger Traffic Summary

	June			Year to date		
	2018	2019	% Chg	2018	2019	% Chg
Mexico	2,792,880	2,887,405	3.4	16,854,859	17,450,634	3.5
Domestic Traffic	1,321,639	1,419,994	7.4	7,382,487	7,897,876	7.0
International Traffic	1,471,241	1,467,411	(0.3)	9,472,372	9,552,758	0.8
San Juan, Puerto Rico	871,121	888,007	1.9	4,135,978	4,717,808	14.1
Domestic Traffic	763,681	779,040	2.0	3,714,790	4,216,167	13.5
International Traffic	107,440	108,967	1.4	421,188	501,641	19.1
Colombia	858,823	1,036,748	20.7	4,880,688	5,614,966	15.0
Domestic Traffic	721,255	859,643	19.2	4,123,159	4,757,830	15.4
International Traffic	137,568	177,105	28.7	757,529	857,136	13.1
Total Traffic	4,522,824	4,812,160	6.4	25,871,525	27,783,408	7.4
Domestic Traffic	2,806,575	3,058,677	9.0	15,220,436	16,871,873	10.9
International Traffic	1,716,249	1,753,483	2.2	10,651,089	10,911,535	2.4



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Caribbean reports robust growth 1Q 2019

Highlights include 24% increase from U.S. market and record-breaking cruise passenger traffic

The Caribbean recorded a healthy 12% increase in tourist arrivals during the first quarter of 2019, according to statistics compiled by the Caribbean Tourism Organization (CTO). The strong growth was spurred in large part by a 24% rise in arrivals from the United States, says the CTO.

During the annual Caribbean Week New York gathering in June, CTO chairman Dominic Fedee reported that 9.1 million international tourist trips took place to the region between January and March this year, up by 970,000 over the same period last year.

The arrivals boom extended to the cruise sector as well, with a single quarter record 10.7 million cruise passengers visits, up 9.9%, representing 900,000 more arrivals over 1Q 2018.

Due to its bullish economy, high consumer confidence and the strength of the U.S. dollar against global currencies, the United States was the strongest performing market during the first quarter, with 4.5 million tourist visits; Canada delivered 1.5 million visits to the Caribbean, up by 4%.

The performance of the European market was less encouraging, with arrivals

up marginally by 0.6%. Of the 1.6 million tourist arrivals from Europe during the first quarter, 300,000 came from the United Kingdom (up 0.1%), while arrivals from Germany fell by 8.1% to 200,000 tourist visits. The Caribbean (up 1.8%) and Latin American (up 1.6%) markets also recorded growth, although at a much slower pace than the major markets.

The overall healthy growth in both stayover and cruise visits, coupled with a 1.4% rise in available airline seats during first quarter of 2019 - bringing to 12.4 million the number of international seats attracted to the region during the period - the CTO is bullish in its forecast for the year, predicting an eight percent to nine percent increase in tourist arrivals, along with 5.5% to 6.5% growth in cruise arrivals.

Traffic increases 3.5% at Tocumen in H1, T2 is officially opened

Passenger traffic at Panama's Tocumen International Airport increased by 3.5% to 8.2m passengers in the first half of 2019. Of the total, 5.8m travelers were in transit, an increase of 0.85% on the previous year whereas 2.4m stayed for more than one night in Panama. Of the passengers who stayed over, 1.22m were arrivals, up 11.4% on the previous year and departing travelers accounted for 1.14m, an increase of 9.6% on the first six months of 2018.

Miami, Bogota, Havana and Cancun were the four most important airport partners for Tocumen. The airport also reported that 46% of passengers have South America as a starting or finishing point for their journey to Panama, with North American airports accounting for 34% of the total.

The airport's new Terminal 2 was formally opened at the end of April, adding 20 boarding gates as well as 8 remote aircraft positions, increasing total airport capacity to over 25m passengers per year. The airport authority expects that the \$800m investment will bring new routes and new airlines from inside and outside the Americas over the next few years.

JG

6.2% growth at Lima as Fraport ups its investment in airport concessionaire

Passenger throughput at Lima's Jorge Chavez International Airport grew by 6.2% to 11.3m travelers, as Fraport AG increased its stake in the property.

Fraport AG, the owners of Frankfurt International Airport, purchased an additional 10% stake in Lima Airport Partners (LAP), the concession holder at Jorge Chavez, from AC Capitales Infrastructure Fund, at the end of May.

Fraport now controls 80.01% of the LAP share capital and will now have a greater influence in Lima's expansion program that includes a second runway, and a new passenger terminal along with related facilities and infrastructure.

JG

Chilean air traffic rises by 12.2%

Air traffic in the Chilean airport network rose a healthy 12.1% during the first six months of 2019, reaching 13.3m travelers, reports the Chilean Junta de Aeronautica Civil (Civil Aviation Board).

Domestic passengers accounted for 7.6m of the total, up 18.8% on 2018. Legacy carrier Latam and low-cost airlines Sky and JetSmart all saw solid growth during the period.

Growth in international routes was a little slower with traffic increasing by 4.4% to 5.7m during the first half of the year.

Latam, Sky and JetSmart all enjoyed double digit growth and Level, the low-cost subsidiary of Spanish airline Iberia, started flying from Santiago to Barcelona with solid results.

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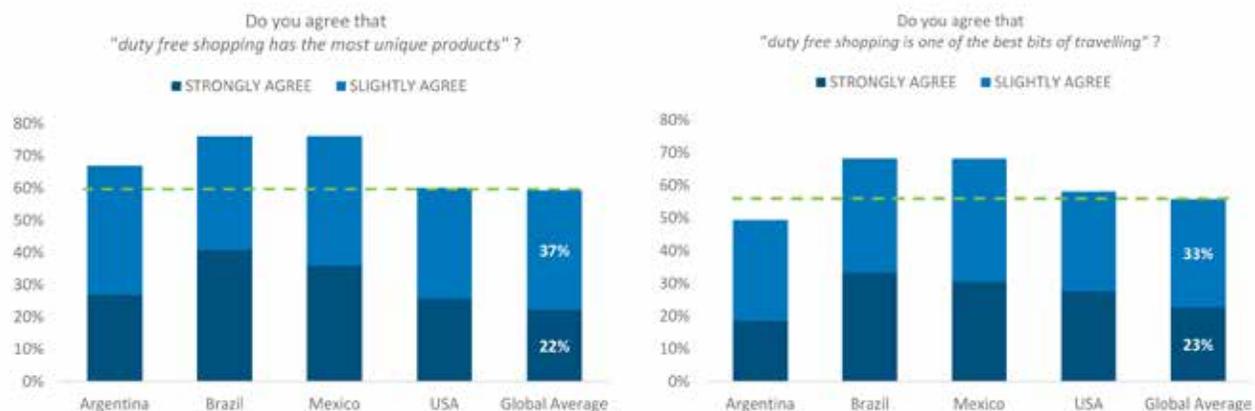
NPD Special Report: How do key Americas nationalities shop in the airport?

In the latest special report prepared by NPD Travel Retail (formerly Counter Intelligence Retail) for *Travel Markets Insider*, the global research firm used its proprietary NPD Travel Retail Nationality Tracker module to determine behavioral purchase decisions by certain key nationalities in the Americas. In this report, we are tracking nuances of Argentinians, Brazilians, Mexicans and Americans, which are benchmarked against a global duty free average.

The NPD Travel Retail Nationality Tracker is an industry first in the fact that it tracks evolutions of nationalities' behavioral purchase decisions, explains Lawrence Scott, Industry Advisor – Travel Retail and Duty Free. Gathering data entails sending a total of 22,500 questionnaires across a spread of 25 key nationalities per quarter. Three waves have been completed to date so far this year, with a fourth currently being loaded into the system, to be completed later in August. The total base size is 67,500.

Attitudes to travel

Duty free is most distinctive to Brazilian and Mexican travellers



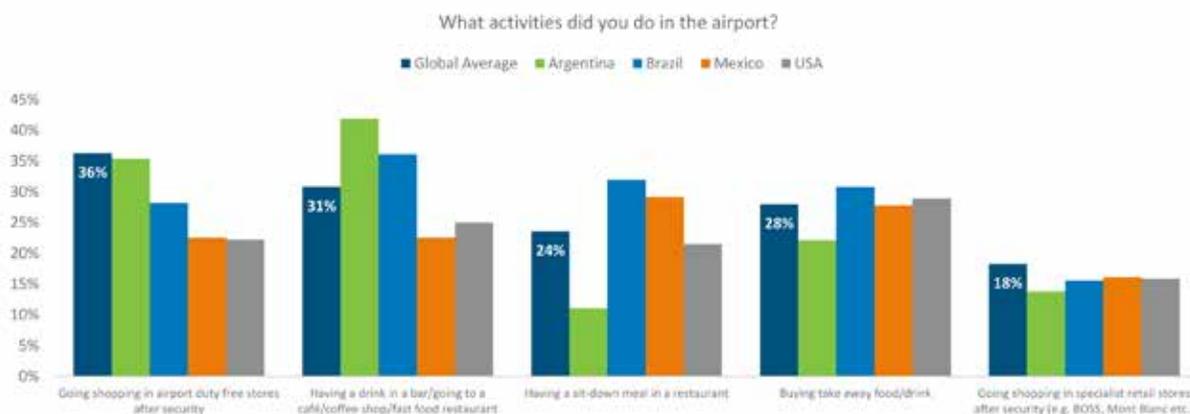
Source: NPD Travel Retail Nationality Tracker
– aggregated across 3 waves (W1 Oct '18 to W3 Apr '19)

In slide 1 above, NPD Travel Retail has looked at how distinctive, unique and engaging the duty free retail proposition is to this cluster of traveling nationalities.

“As you can see from the left-hand-chart, Brazilians and Mexicans are the most enthusiastic about duty free offering unique products. This is supported by their similar response to whether they look forward to duty free when booking their travel. Americans are the most atypical of the global average, whilst Argentinians see the uniqueness of duty free but maybe aren't as enthusiastic about shopping as other nationalities,” explains Scott.

Activities undertaken in the airport

Latam + USA all under-index in duty free shopping penetration, but over-index in F&B destination



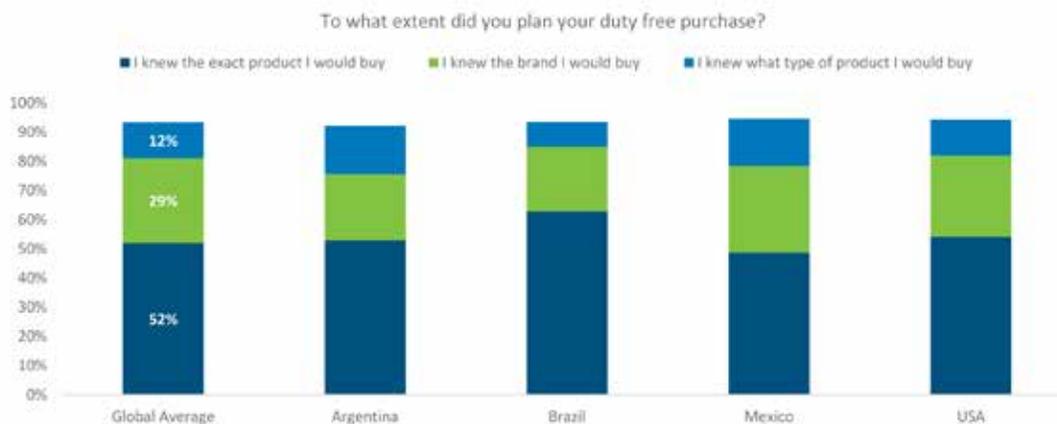
Source: NPD Travel Retail Nationality Tracker – Wave 3, Apr '19 only

In graph 2, NPD Travel Retail looks at the activities undertaken in the airport (after security checks etc.).

“You can easily see that most of our sample nationalities are less engaged with actually shopping the duty free stores than they are from sitting down and eating, or at least engaging with Food & Beverage in some capacity,” says Scott.

Extent of planned purchase

Brazilians over-index in their level of pre-planning



Source: NPD Travel Retail Nationality Tracker – aggregated across 3 waves (W1 Oct '18 to W3 Apr '19)

The final visual examines the extent to which each nationality is planning their duty free purchase.

“Brazilians – who are most engaged with duty free as a proposition – are the highest planners and they know – to minute granularity - the actual SKU that they’ll buy. The Mexican’s are the least likely to know the exact SKU, but all nationalities are ‘much-of-a-muchness’ when it comes to planning either their SKU, Brand or Product Type,” notes Scott.



Global recognition: Grenada's Grand Anse Beach was rated the Best Beach in the World by the internationally recognized Condé Nast Traveller UK magazine in July.

Grenada boosts its image as the Caribbean's luxury destination with careful tourism development

Mega yachts in secluded ports, 5 Diamond properties, world class boutique hotels, award winning beaches, private islands, waterfalls, rain forests filled with exotic spice trees, thriving agriculture, and unspoilt dive sites— Grenada fully delivers on its reputation as the luxury destination in the Caribbean.

Home to some of the top-rated and most luxurious hotels in the world, the island received an added boost just this July when Grenada's Grand Anse Beach was rated the best beach in the world by



Nicholas Steele, Grenada's Minister of International Business, in front of his newly opened 61 West restaurant on Grand Anse Beach.

the internationally recognized *Condé Nast Traveller UK* magazine.

Grenada's tourism development is being fostered by a plan of careful expansion on the part of a government that recognizes the value of growing while protecting its natural environment. In an exclusive interview with *TMI*, Nicholas Steele, Grenada's Minister of Health, Social Security & International Business, discusses the opportunities that exist for further development, including for travel retail.

Located in the eastern Caribbean just south of Barbados, Grenada is best known as the "Spice Island of the Caribbean" for its cinnamon and nutmeg production, but the lush destination also offers 40 white sand beaches, 15 waterfalls, 4 chocolate factories, 3 rum distilleries and more than 30 dive sites, including the largest shipwreck in the Caribbean 'Bianca C' and the world's first underwater Sculpture Park.

The country enjoyed double-digit growth and a landmark total visitor arrival of 528,077 in 2018, a trend that inched up a further +1% in the first six months of this year, reports the Grenada

Tourism Authority (GTA). The destination welcomed a total of 318,559 visitors January to June 2019 compared to 314,916 for the same period in 2018.

The lucrative stayover market grew by 3.81% to 82,399 visitors staying in hotels, guesthouses and villas. The average length of stay of these visitors from the main source markets is 8.5 days. The US accounts for 45% of the market share, followed by the UK with 17%.

Several important new properties came online this year or are under development, and with additional airlift scheduled, will stimulate arrivals further by year's end.

Grenada's upscale hotel portfolio includes the \$125 million Silver Sands that opened last December, where villas can go for as much as \$20,000 a night; the all-inclusive Spice Island Beach Resort, the only independently and family-owned 5 diamond rating property (3 years in a row), a rating that has only been given to six other resorts in the Caribbean and 121 hotels worldwide in 2019; the Kimpton Kawana Bay Grenada Resort – only the second Kimpton in the Caribbean-

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scheduled to open in 2020; Calivigny Island, a luxury private island and one of the most expensive resorts in the world, which is owned by French billionaire Georges Cohen; along with such top resorts as Levera Beach Resort, located on Grenada's relatively undeveloped northeast coast, Calabash, Laluna, Mount Cinnamon and Sandals flagship luxe all inclusive.

"This journey started with us identifying our tourism products by looking at our existing hotels and looking at our under-utilized properties and trying to match them," said Minister Steele.

"We were lucky to an extent – but deliberate on the other hand -- in looking

for a certain type of investor. Egyptian billionaire Naguib Sawiris built the \$125 million Silversands -- the first guest checked in last December 1 -- and he has just acquired Mount Cinnamon. These two properties will anchor Grand Anse Beach, which the world has now recognized as one of the best beaches in the world. Grenada is a global treasure and we have to recognize how best to utilize this treasure.

"Our goal is to bring in other investors who see the beauty of the beaches, the beauty of the island, the potential of the island and buy into our 'Pure Grenada' ideal.

"We recognize that we have to

develop further in order to progress but we have to be sure that the development does not spoil the natural beauty."

Steele points out a number of other high end developments are now underway, all of which meet these criteria.

"On Grand Anse Beach we have Kawana Bay, which is a Kimpton Hotel; the Silversands investor will also be building another hotel on Grand Anse beach -- all within keeping with the beauty of this beach. We have also since attracted Range Development, who will be starting construction in the La Sagesse area in St David's on a master planned development."

Steele says that in the last two years



Clockwise from upper left: St. George's shot from historic Fort Frederick; Annandales Falls, one of 15 waterfall sites in Grenada; the view from the Calabash Luxury Boutique Hotel, a 5-star Relais & Chateaux property; the 100-meter infinity pool at the \$125 million Silversands is the longest in the Caribbean.

Grenada has increased the hotel inventory by about 20%, starting from a base of only 1,500 rooms.

“The increase began with the opening of the luxury Sandals LaSource Grenada in 2017, which added 200 rooms. We also have the Rex Grenadian which is closed now for refurbishment and will be reopened as all-inclusive Royalton Resort in December and add another 60 rooms for a total of 300. The investor in this project is Stephen Hunter, CEO of Sunwing Travel Group. Royalton Resorts is operated by Sunwing affiliate Blue Diamond Resorts.

“So our room stock is increasing significantly but it is high-quality and translates into a higher spend per visitor,” says Steele. He notes that while the foot print per visitor is generally the same between high-end and medium-level hotel properties, the spend depends on the type of institutions.

While nearly all of the new development in Grenada is focused on high-level niche properties, Steele sees the trend overall benefitting mid-level properties as well.

“Our focus is always on how our

tourism development can benefit our population,” he says. To that end, the government would like to see a greater focus on getting more of Grenada’s agricultural products to provide for these hotels.

“It is that trickle-down effect we are looking for. So it is not just those directly employed by the industry that benefit, we want our farmers and our tour operators to benefit more. We need to get a little more critical mass to reach this stage --both from the number of rooms and the number of farmers who supply the hotels – and supply not just 1-2 products but a larger variety of food products. We believe based on the topography of Grenada that we can supply a considerably larger variety than we do currently,” he said.

Steele believes that the new hotel development will also bolster the island’s communication efforts. “The types of investors we now have are the ones who spend considerably on marketing, and this becomes destination marketing for all of Grenada. We work hand in hand with them on these efforts and we have been lucky in this area since these investors have far-

reaching tentacles into the leisure market. We have been able to piggy back on this and they also recognize the benefit.”

Beyond hotel development, Grenada is also examining plans to develop the island into a Free Zone and redevelop its downtown. In 2016 the government granted Urbaniza, a Miami-Brazil group of real estate companies, the right to develop a privately owned and operated duty free zone that could include a duty free port. Urbaniza is also involved with a redevelopment of the Carenage, the picturesque horseshoe shaped harbor in Grenada’s St. George’s Bay. The Carenage Revitalization/Development will be a multi-functional project to include condo apartments, a boutique hotel, commercial use, retail and restaurants.

In addition to the natural beauty and business opportunities offered by Grenada, the country offers a very interesting investment incentive with its Citizenship by Investment program, where individuals and families receive a dual citizenship passport after investing certain amounts of money in select projects. Furthermore, the Grenada CBI is the only Caribbean CBI program that offers economic citizens the opportunity to participate in the US E 2 Program, which allows investors to live and work in the U.S., as well and includes visa-free travel to China.

The message that Steele is stressing is that ‘Grenada is open for business.’

“If you are a conscientious green investor and recognize the potential of Grenada, we are nation building and offer you a chance to be part of this transformational opportunity,” he concludes.



Grenada’s luxury yachting and hotel clientele call for luxury travel retail. Rouge Duty Free recently opened full Chanel and Creed installations at its Port Louis location. Bottom: Rouge’s 3,000 sq. foot duty free store on the second level of Maurice Bishop International Airport features such highlights as a vast array of fragrances, local spirits from Grenada and a full Rituals counter.



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The new Breitling Boutique opened by Little Switzerland in Philipsburg, St. Maarten is the first of the new concept stores for the brand in the Caribbean.

Little Switzerland expands with new Breitling, TAG Heuer and Patek Philippe openings as islands recover from hurricanes

Little Switzerland, one of the most important luxury retailers in the Caribbean, is expanding its footprint in the region with several new branded boutiques for Breitling and TAG Heuer, as well as a Patek Philippe Showroom in St. Thomas.

As the largest authorized retailer of luxury timepieces in the Caribbean, the company recently opened a new TAG Heuer Boutique at the upscale Renaissance Mall in Oranjestad, Aruba. The free-standing shop offers a bold, contemporary design, and holds more than 200 watches – the largest collection of TAG Heuer timepieces in Aruba. The watches include an extensive range of their most popular models such as Carrera, Formula 1, Aquaracer, Monaco and Autavia, along with a selection of special editions available only in the TAG Heuer Boutique.

“TAG Heuer’s decision to partner with Little Switzerland and open their new Aruba Boutique is evidence of both companies’ commitment not only to their mutually successful relationship but also to the success of the Aruba market,” says Hal Tayler, CEO of Little Switzerland.

In addition to the new boutique in Aruba, Little Switzerland also operates

a second TAG Heuer Boutique on St. Thomas in the US Virgin Islands.

LS opens first new concept Breitling boutique

Little Switzerland also completely renovated its Breitling Boutique in St. Maarten, moving it into a larger space on Front Street in Philipsburg. The Boutique is the first of the new look shops that reflects the vision of Breitling’s global CEO, Georges Kern. Featuring a more contemporary, industrial design, the Breitling Boutique is the first of the new concept stores in the Caribbean.

For more than a year, Breitling has been introducing its urban loft boutique concept and the reception has been enthusiastic, reports the company. Each boutique offers its customers a casual but stylish modern retro ambience that allows visitors to explore the brand’s watches in a relaxed, unhurried atmosphere. In this newly designed “loft” atmosphere, the Breitling yellow will still be prominent alongside dark brown and beige wood floors and finishings, and there will be props and features that highlight the various themes of air, land and sea.

“Breitling’s decision to partner with Little Switzerland and open their first new concept Boutique in the Caribbean is further evidence of ... the recovery and success of the St. Maarten market following Hurricane Irma,” commented Tayler.

Little Switzerland is the largest authorized retailer of Breitling timepieces in the Caribbean and North America.

Patek Philippe

Little Switzerland is also celebrating the one year anniversary of the opening of the Patek Philippe Showroom on Main Street in downtown St. Thomas, which offers a wide and varied selection of Patek Philippe timepieces.

Coming up, the company will undertake other renovations and installations in a number of their stores later in the fall.

“We are continuously rolling out upgrades in order to keep every store looking as good as it can look. We do this to ensure that visiting Little Switzerland is the most enjoyable experience for our customers, not only from the appearance perspective but also from the people



Little Switzerland is celebrating the one year anniversary of the opening of the Patek Philippe showroom on Main Street in downtown St. Thomas.

perspective—we invest heavily in both staff training and service delivery,” Adam Leavitt, Little Switzerland Vice President of Marketing, tells *TMI*.

Recovery underway from hurricanes

In general, business in St. Thomas is picking up following the devastation of two back-to-back hurricanes in 2017.

“While the summer season is generally slower, the island is coming back. It’s not quite two years since the hurricanes, and the cruise ships are all here and the hotels are starting to come back online,” notes Leavitt.

The company suffered more physical damage in the St. Maarten store than in St. Thomas, and several of the stores located

in hotels – like Frenchman’s Reef and the Ritz Carlton which have yet to reopen – are obviously still closed. But overall, most impact was limited to water damage, along with cosmetic damage to the store located on the pier in Tortola.

“Look at St. Thomas, particularly downtown. These buildings have been here since the 1500s with five-foot thick stone walls. Physically they withstood the brunt of the storms, although we did have flooding,” he said.

In St. Maarten, Leavitt confirms that the main terminal of the damaged airport is still under reconstruction, but that the airport in St. Thomas is pretty much back to normal. “The restaurant in the departures lounge has re-opened, flights are packed

and while the two major hotels are still not open, business at the guest houses and airbnb is through the roof.”

The cruise lines did a particularly good job in helping the islands to come back, he said, and in St. Thomas and St. Maarten, cruise ship passengers account for a huge part of the business.

“St. Thomas also has a new governor, Albert Bryan, and the new head of tourism, Joe Boschulte, is the former head of West Indian Company Limited (WICO) and he understands the symbiotic relationship between travel, tourism and retail so we have faith that he will address things that need to be addressed. There’s still a lot to be done, however the feeling is generally pretty positive all around,” he concludes.



Little Switzerland’s new free-standing TAG Heuer Boutique in the upscale Renaissance Mall in Oranjestad, Aruba.

Go Travel celebrates “exponential” growth in the Americas as it sets up first U.S.-based production

Travel accessories company Go Travel posted impressive double-digit increases in the Americas this past year. The UK-based company, which is celebrating its 40th anniversary in 2019, has made incredible progress in the Americas market, where it has only been present for the past eight years. In a major step, the company has now set up U.S. production of its star Memory Foam pillow products.

“During this short time we have grown exponentially, applied significant resources and are delighted with our achievements. Although, it’s still early days for the brand in Latin America and the proportion of sales versus our more mature markets is still relatively small, we see great potential for the future and anticipate opening many new doors in the year ahead,” says David Lomas, managing director of parent company Design Go.

The growth hasn’t come without challenges, says Lomas, but despite economic uncertainty and political instability, Go Travel has firmly established itself as the reliable, “go-to guys” with products preferred for their quality, performance and accessible price in the Americas region, he tells *TMI*.

“This is because we are more than just a collection of accessories. Go Travel offers retailers a concept combining industry-leading product innovation and excellent service provision to maximize sales and revenue. Next to our competitors,



we present a vibrant, diverse and extensive collection of products suitable for all types of traveler and activity. There are over 350 products in the range, so we can easily offer a targeted collection aimed at a traveler at the specific point in their journey. Landside we focus on luggage products and security and in Duty Free, the focus is more on comfort, tech and products that improve the journey,” he says.

Latin America opportunities

In Latin America, Go Travel sees great opportunity to drive the business forward in the next five years and feels that its flexible, agile and supportive structure is particularly suited to the region, according to Lesbia (Les) Hansen, Go Travel Vice President of Latin American sales.

“Go Travel’s approach to business is incredibly measured and considered, taking

time to review a market and potential partnerships before engaging,” explains Hansen. “However, once we enter a region, our experience combined with the strength in our logistics allow us to fully support and guide our retail partners, helping them to fully maximize their accessories business.”

Hansen points out that this approach is particularly useful given the region’s sensitivity to external factors such as political instability, currency fluctuations and the ongoing impact of unforeseen natural events. “It’s why we’ve become the ‘go-to-guys.’ In Latin America, as with our other global markets, Go Travel’s focus rests firmly on developing long-term relationships that are based on understanding and co-operation rather than conditional and contractual,” she says.

Travel retail remains a priority, and is at the heart of the Go Travel brand, but Hansen notes that there will always be ranging limitations due to space restrictions. As a result, in Latin America Go Travel also focuses intensively on the local markets, where there’s greater scope to distribute a wider selection of SKU’s.

“Our depth of range and agility allows us to effortlessly tailor product portfolios to suit individual country or channel requirements, creating OEM or region-specific products where viable too,” she says.



Best performing markets & star performers

In Latin America during 2018, big markets such as Panama and Ecuador, which handle U.S. Dollars, have played a major role in Go Travel's overall performance in the region, reports Hansen. "These markets provided stability and produced some of the company's largest customers in both travel retail and downtown. The Dominican Republic and Caribbean, meanwhile, have seen growth in hotels and tourist stores. Chile too has offered a number of triumphs, while our self-standing Go Travel kiosk at Lima Airport has been a stand-out success and reports constant increases year-on-year," she says.

Go Travel pillows continue to be the star performers in the region, alongside adaptors, scales and locks.

The most "hotly anticipated" new product for this year in the Americas is Go Travel's innovative new memory pillow designs, one of which will be produced in the United States for the first time, says Hansen.

The Go Travel Hybrid pillow offers a deep, plush memory foam top with an inflatable base that provides personalized comfort for the user and can pack-down to so that it packs down to palm-size-- ideal for a duty free and travel retail customer.

"The new American Dreamer, which is launching to celebrate Go Travel's new U.S. production facilities and will be the first pillow off the line, is 100% memory foam with an elasticated front closure for a truly individual fit," says Hansen. The supremely comfortable design American Dreamer is gradually tapered at the rear, allowing the head to slope gently backwards and provides an ideal resting position for upright sleeping and uses elasticated straps to secure the position and minimize head movement.

In addition to pillows, the 2019 range also includes organizational products such as packers and dry bags, and an adaptor range that continues to evolve to meet the changing needs of tech advancements.

"Due to the impulse purchase nature of our products, consumers may typically visit the stand because of an eye-catching pillow but more often than not, they'll pick up 2 or 3 useful accessories for the trip. It's why Go Travel's range is so extensive and constantly evolving. Our in-house design team is always looking for ways to meet our diverse target audiences' ever-expanding travel

requirements," comments Hansen.

Go Travel is firmly focused on design and innovation, with products that are simple, practical and good, many of which have multiple uses.

"Go Travel is characterized by its impulse-purchase nature. The design team continuously revitalize the existing range, adapting designs based on consumer insight, trends or changes in legislation. They are equally dedicated to delivering a wealth of new designs and travel innovations each year to keep passengers engaged. Products are launched at TFWA World Exhibition in Cannes, Summit of the Americas in Orlando and the International Travel Goods Show in Las Vegas, the key shows for our Latin American customers. The frequency of new designs gives consumers a recurring reason to visit the stands," notes Hansen.

U.S. production bolsters competitiveness

Hansen stresses that the company is always looking at ways to enhance service delivery.

Fulfilling the American Dream Travel accessory expert Go Travel commences U.S. production of its pillow lines

Following an unprecedented rise in travel pillow sales, accessories expert Go Travel has undertaken pillow manufacture in the USA. The move, which saw first production roll off the lines in Spring 2019, is primarily aimed at maintaining the accessory leader's high production standards while helping to satiate rapidly-increasing demand. Initially, U.S. production will focus on Go Travel memory foam products, manufacturing a number of its designs at the new facilities. In addition, to celebrate this new venture, Go Travel will also introduce a U.S.-specific memory pillow, the American Dreamer.

Since Go Travel entered the U.S. market 10 years ago, it has enjoyed year-on-year double-digit growth with pillows forming a large proportion of sales. Keen to support American manufacture and develop jobs for U.S. citizens, the brand has been exploring options for U.S. production over the last couple of years to meet the dramatic upturn in sales. The shift in manufacture has also been

"Most significant for the Latin American market in 2019 will be the move to U.S. production of our Memory Foam pillow products.

"With production commencing in Spring 2019, we are immensely proud of this move, which will not only help to maintain high production standards and satiate ever-increasing demand but will also allow us to keep our pricing stable and competitive in The Americas. The move will also improve our carbon footprint as we no longer need to ship from China, while at the same time, supporting U.S. manufacturing and creating jobs for U.S. citizens.

"Although people typically associate us with planes, trains and automobiles, Go Travel products crossover into everyday life. Travel pillows are equally good for watching movies at home, convalescing in hospital or increasing comfort at a hotel. It's why our target audience is so broad – we literally have something for everyone," she concludes.

undertaken in an effort to keep pricing stable and competitive across the Americas, overcoming issues linked to political uncertainty and economic instability. Another benefit of the new U.S. facilities is improving the brand's carbon footprint, as it no longer needs to ship space-hungry pillows from China.

Furthermore, with U.S. manufacturing the company can assure reliability of supply in the region: "Go Travel works incredibly hard to ensure that they always have stock available," Go Travel C.E.O., David Lomas tells *TMI*.

"Typically, Go Travel will not enter a region until it has all the logistics in place to fully support expansion. Once we are on the ground, we are always looking at ways to enhance service delivery and moves such as the shift to U.S. production are part-in-parcel of guaranteeing the seamless service which our suppliers have come to expect. It's why we are already known as the 'go-2-guys,' a supplier that is always there to offer support, even in difficult times."

Chopard embarks on a journey to sustainable luxury perfumery

Chopard's Haute Parfumerie Collection first unveiled in Cannes in 2017 is now rolling out in select travel retail markets in the Americas. The celebrated Swiss jewelry brand established its own fragrance house after more than two decades of partnership with Coty, guided by the philosophy that places ethics and sustainability at the heart of its aesthetics.

TMI met with Patrizio Stella, CEO of Chopard Parfums, in the offices of Essence Corp., the brand's Americas TR representative this summer, to learn about the brand's belief that true luxury must be sustainable.

"We are positioning Chopard Parfums at the forefront of luxury natural perfumery, to create thoughtful, creative and inspiring luxury. By taking full control of our perfumery activities, Chopard ensures its rigorous standards of excellence, creativity and quality can be maintained in this category, and that they are completely in line with the company's strong ethical values," explained Patrizio Stella.

Chopard's signature fragrances in the Haute Parfumerie Collection are all built on precious natural ingredients gathered from sustainable sources from around the world, said Stella.

Chopard Parfums debuted with The Gardens of The Tropics—four haute



Patrizio Stella,
CEO of Chopard Parfums

creations for men and women—at the Cannes Film Festival 2017, created in collaboration with master perfumers Alberto Morillas and Nathalie Lorson, working through Firmenich's Naturals Together program for responsible natural ingredient sourcing.

The four fragrances in the Gardens of the Tropics Collection include Magnolia au Vetiver d'Haiti, Vanille de Madagascar, Neroli à la Cardamome du Guatemala, and Vetiver d'Haiti au Thé Vert. As the names imply, the main ingredients were sustainably sourced vetiver from Haiti, vanilla from Madagascar and cardamom

from Guatemala.

Chopard's next step in its journey to sustainable luxury perfumery was inspired by the Arabian Gardens of Paradise, with four high-end fragrances created by perfumer Alberto Morillas, using natural ingredients in a tribute to the gardens of the Orient. Rolled out to select markets worldwide in April 2018, the Gardens of Paradise Collection includes Orange Mairesque, Jasmin Moghol, Rose Seljoke and Miel d'Arabie.

For 2019, Chopard has added the Gardens of the Kings, a collection of four masculine luxury fragrances showcasing one main ingredient -- Oud Assafi.

Stella explains that Oud Assafi, a fragrant resin produced by a very rare species of Asian tropical tree, is more precious than gold, and produced in very small quantities each year.

The four fragrances, Agar Royal – Aigle Impérial – Nuit des Rois – Or de Calambac, have been created by Alberto Morillas, and take Oud Assafi on an olfactive journey across India, China, the Middle-East and South America, blending it with natural ingredients responsibly sourced from five different continents, said Stella.

Continuing its streak of "luxury naturals perfumery," the company most recently launched the Happy Chopard range. Inspired by the creative vision of Caroline Scheufele, Co-President and Artistic Director of Chopard, and her "do good, feel good" philosophy and glamorous "happy-chic" lifestyle, it is launching with three Happy Chopard Eaux de Parfum.

Whimsical, light-hearted and adventurous, the collection is comprised of Lemon Dulci – with an uplifting shot of good-mood citrus fruits; Felicia Roses with rose, red and purple berries, pink grapefruit and spices; and Bigaradia with orange blossom absolute, neroli bigarade petals, petit grain and Provence natural honey.

Essence Corp. will be launching the Gardens of Paradise, Gardens of Tropics, Gardens of Kings and Happy Chopard Collection sometime in November in the Americas travel retail channel.

"We will launch the Chopard Collections in select flagship travel retail locations throughout the region, and it will roll out in the U.S.," confirmed Stella.





Rolex Boutique
 Tudor Watches
 Luryx Duty-Free*
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 Chanel Boutique
 Lladro Boutique
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AH Riise Mall is located in Downtown Charlotte Amalie
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Travel Retailers connect with shoppers by engaging the passenger At the Point of Sale

Suppliers and operators throughout travel retail are continuing to successfully engage with shoppers through re-tailment-led activations. These fun and creative animations – many of which take place within a distinctive brand environment -- capture the attention of passengers, driving them into a store and increasing shop penetration. At the same time, these Point of Sale activations often tell a story and create a connection between the passenger and the brand.

Travel Markets Insider here presents some of the exciting Point of Sale animations that are taking place in travel retail in Latin America and the Caribbean at this time.

Givenchy goes to Bogota

KOL Master Class in Bogota, Colombia for Volume Disturbia, Le Rouge Lipstick

One of the most exciting and successful events staged by Givenchy Travel Retail Americas so far this year was a combined Makeup Master Class held in Bogota, Colombia in July for key influencers that then crossed over into an airport activation the following day at Motta Internacional's Attenza Duty Free store.

Givenchy makeup artist for TR Americas Katherine Antequera conducted the Master Class for five of the region's top beauty influencers on July 16 at the Hilton Corferias in Bogota. The event focused on Givenchy's new Volume Disturbia mascara and Le Rouge Lipstick. Of course, the KOLs streamed the entire event on Instagram. This was the first time Givenchy had held such an influencer event in Travel Retail in the Americas.



The next day at the Attenza Duty Free store in Bogota's El Dorado International Airport, Givenchy Travel Retail Makeup Artist Katherine Antequera held an in-store makeup event (#MADETODISTURB) where she treated passengers to flash makeup makeovers to promote Volume Disturbia Mascara and Disturbia liner, as images from the KOL class were streamed into the store. The makeovers were then followed by a staff training.



Live Irresistible Rosy Crush & Givenchy Gentleman Cologne: Double Exposure in Peru

Givenchy held a double animation for its two newest women's and men's fragrances throughout the month of April with Dufry Peru.

Givenchy took over one of the main launch podiums in the airport with a mega event that featured its new Live Irresistible Rosy Crush on one side of the podium and Givenchy Gentleman Cologne on the other side, and more than doubled the impact at the POS.



Crush Live Irresistible Rosy at London Supply

Givenchy also took over London Supply's flagship store in Puerto Iguazu, Argentina with an HPP animation for Crush Live Irresistible Rosy throughout the month of June.



Versace Eros Flame - a journey of love and desire

Versace makes a statement with the launch of its new fragrance Versace Eros Flame in Latin America and the Caribbean.

With its fiery red and metallic gold images taking over the points of sale, the visual features a modern interpretation of Canova's iconic "Amore and Psyche" sculpture, where a man embraces a woman played by Gigi Hadid. As always, the iconic symbol of Versace, the Medusa, is engraved in the heart of the bottle.

The fragrance is said to "take us through a passionate journey of love and desire," characterized by its notes of lemon, tangerine, orange, black pepper, wild rosemary and pepperwood.



Left: London Supply, Iguazu
Right: Penha Aruba

Montblanc Explorer: the adventure continues

Following its “Legend” and “Emblem” fragrances, Montblanc has scored another hit with one of the most successful of this year’s new fragrance launches in the Americas, Montblanc Explorer for men. This time around the luxury brand invites “adventurous globetrotters” on a fantastic journey, to experience the four corners of the Earth with its rare aromas. It is described as a woody-aromatic-leather fragrance.

Essence Corp., which represents the Montblanc fragrances in the Americas for Interparfums, made sure that Explorer received the HPP treatment throughout the Americas travel retail channel.



UltraFemme, Cancun

Ultrafemme

A large-scale animation for the launch of Montblanc Explorer took place across all Ultrafemme stores during the months of May and June. Even buses wrapped in Montblanc Explorer were driven all around the hotel area of Cancun, Mexico.

Dufry Argentina

Customers at Buenos Aires Ezeiza International Airport were invited to discover the Montblanc Explorer universe through an immersive 360 virtual reality experience in July. The experience included a virtual drive through a dry South African road, an encounter with lions and passing through the summits.

DFA Miami

DFA also featured the Montblanc Explorer launch at Miami International Airport.



Dufry Argentina, Ezeiza International Airport



Duty Free Americas, Miami

Shiseido's new makeup line launches with Dufry Brazil

Shiseido reimagines makeup by launching a new makeup range that classifies each product into four texture categories – Gels, Inks, Powders, and Dewes. These formulations take inspiration from the brand's expertise in cutting-edge skincare by creating makeup that's visible but feels invisible.

This innovative approach was celebrated in a beautiful animation in São Paulo's Guarulhos International Airport last April to coincide with the launch in Brazil's domestic market. The modern, minimalist, and creative design of the space mirrors the look and feel of the makeup line.

This animation encouraged customers to experience the sensorial textures through playful makeup bars and one-on-one consultations with Shiseido makeup artists. Loyal and new customers alike were able to get a glimpse of the brand's rich heritage, attesting that Japanese beauty is Shiseido beauty.



The universe of Dolce&Gabbana Light Blue

In January and May 2019, Dolce&Gabbana led dynamic airport takeovers through exclusive OOH presence in Ezeiza Airport in Buenos Aires, Argentina (bottom left) and Carrasco International Airport in Montevideo, Uruguay (bottom right). Travelers discovered the Dolce&Gabbana Light Blue universe through impactful visuals and campaign videos that played throughout the main traffic areas of the airport.

The brand also held a podium animation with BCs that welcomed travelers as they entered the immigration area by sampling both Light Blue EDT and Light Blue Eau Intense fragrances. Passengers were invited to discover the nautical design that brought to life the brand's inspiration of the Mediterranean Sea and the Island of Capri in Italy.

The use of nautical ropes, white wood, and a Dolce&Gabbana miniature boat created an ideal staging for an on-the-go photo booth that allowed the brand to further engage consumers through the memorable retail entertainment activity. In addition to the OOH airport animations, the brand also had visibility within the different airports' POS promoting Light Blue and captivating consumers in all corners of the stores.



Gucci Guilty launches a revolution

This year Gucci Guilty had a major revolution. Not only did the company introduce the new spirit of Gucci Guilty Pour Femme, it also revolutionized the bottle to match the iconic male flacon.

The campaign features a short film with a liberated, free-spirited couple, Lana del Rey and Jared Leto, journeying through Los Angeles. Earlier this year, Tairo International partnered with several retailers around the Caribbean “Guccifying” their stores with the eccentric and vibrant Gucci Guilty Revolution campaign.

Some key animations took place at Yellow House in Curacao, John Bull Nassau, Gibbons in Bermuda, Penha in Aruba, Kirk Freeport in Grand Cayman, and Perfume World in St. Thomas.



John Bull Mall, Nassau, The Bahamas



Yellow House, Curacao



Perfume World, St. Thomas



Kirk Freeport, Grand Cayman, The Bahamas

Kendall Jenner debuts beauty tools in travel retail – IBBI agents for Americas TR

California-based Formawell Beauty is bringing the star power of mega super-model Kendall Jenner to travel retail with the launch of a line of professional grade haircare tools created in collaboration with the renowned beauty.

The line is represented throughout all of the Americas travel retail market by IBBI - International Brand Builders Inc.

The brand is launching globally in Cannes and IBBI is the official partner for the Americas’ Travel Retail channel. The company is developing travel retail exclusive packaging and promotions that it will showcase in Cannes, which will be on display at its booth in yellow village and also onboard a yacht (details coming).

Formawell, a division of the JH Group, was founded by beauty industry expert Dr. Emil Hakim, who has 25 years experience working with top professional beauty brands.

With Kendall fronting the X Kendall Jenner brand, Formawell says that it is

bringing Fashion to Beauty and offering it at affordable and accessible pricing.

All of the products in the X Kendall Jenner line are infused with Ionic Gold Fusion mineral technology. This proprietary technology promotes two key benefits: ultra-shiny conditioned hair due to high levels of negative ions and infrared energy from 24K gold minerals and effortless easy long-lasting styles.

The products in the line include: Formawell Beauty Dryer, Formawell Beauty Curling Iron, Formawell Beauty Straightener, and Formawell Beauty Pro Hair Brushes – including rounds and paddles.

“I work all over the world at fashion shoots and on runway shows, so I need to know that my hair looks its best and stays in great condition,” said Kendall Jenner in a statement. “I trust the Formawell Beauty tools because they give me confidence every time I step out on to the runway or when I am having a night out with friends.”

Retailing in the U.S. at suggested



prices ranging from \$14.99 to \$59.99, the line offers great value, says IBBI founder Katherine Sleipnes.

“In my 25 years of being in the professional hair care industry and making tools for many hair care companies in the professional hair care market, I have never seen the level of quality and presentation in any tool line at such affordable prices,” states COO Razeggi.

For more information, contact Katherine Sleipnes at katherine@internationalbrandbuilders.com.

**MONT
BLANC**



EXPLORER

THE NEW FRAGRANCE FOR MEN





Bacardi creates Hacienda Patrón with signature Tasting Bar at Cancun airport

“Largest brand activation undertaken since Patrón Tequila joined the Bacardi portfolio in 2018”

Bacardi Global Travel Retail has launched a Patrón Tequila tasting bar at Cancun International Airport designed to create a “home away from home” experience reminiscent of Hacienda Patrón in Jalisco, Mexico.

The signature bar is the center-piece of a 5-year collaboration between Bacardi Global Travel Retail, ASUR Cancun Airport Authority and Dufry.

In May 2019, its first full month of operation, the Patrón Tequila bar showed strong growth across several key Patrón Tequila lines, reports the company.

The activation is strategically located on the main concourse of Terminal 3 immediately outside the Dufry store and guests are welcomed to the bar by a professional Patrón Tequila mixologist and a team of retail ambassadors. The tasting experience is centered around crafting the

perfect cocktail.

The bar is wholly focused on sampling and encouraging sales in the adjacent Dufry store.

The airport bar is designed to provide guests with an insight to Hacienda Patrón, located in the Highlands (Los Altos) of Jalisco.

It is a blend of classic and modern; the clean white-walled, arched structure of the bar topped with ironworks echoes the 18th-century Spanish Colonial style of the brand’s home.

Digital screens show imagery of the traditional, handcrafted Patrón Tequila production process while the wooden flooring and the carved bar, with a hand-hewn copper top, celebrate the interior style of Patrón Hacienda.

Geoff Biggs, Regional Director Americas, Bacardi Global Travel Retail,

outlines the strategy behind the new bar:

“The Patrón Tequila Bar at Cancun International Airport is the largest brand activation undertaken since Patrón Tequila joined the Bacardi portfolio in 2018.

“This five-year contract is a powerful demonstration of our long-term strategic commitment to highlight and accelerate the global iconic status of Patrón Tequila and to drive growth for the brand, the category and our partners.”

“Bacardi is wholly committed to the delivery of experiences that engage, excite and convince the shopper,” he continues.

“A key element of the bar at Cancun is to increase consumer understanding of the unique quality and craftsmanship behind the Patrón Tequila portfolio and showcase the versatility of the brand, inspiring consumers with new ways to enjoy craft cocktails. We also support that



strategy through our ongoing commitment to creating travel retail exclusives, such as Patrón Añejo Lot 221, launched in October 2018.”

“The depth of partnership between Bacardi, Dufry and ASUR and the length of our mutual commitment is a powerful statement of confidence in Patrón Tequila as the category leader and in our shared ability to drive unique experiences for the shopper that deliver category growth.”

Among the new featured products in-store at Dufry in Cancun is the new limited-edition Silver Patrón gift tin, featuring a vibrant design that celebrates the Mexican heritage and home of Patrón, RRSP US\$ 50 (1 liter).

Family Brands Alliance launches DANZKA The Spirit and G’Vine at Iguazu with London Supply



DANZKA The Spirit and G’Vine Floraison Gin on shelf at London Supply, Iguazu.

Waldemar Behn and the Family Alliance Brands recently launched DANZKA The Spirit and G’Vine Floraison Gin at Iguazu Duty Free Shop with London Supply.

Tito Gonzalez, Behn regional director Americas, says this is the first time G’Vine is available in the region.

“The launch brings two super premium brands to a growing segment of high end consumers visiting this border store. Iguazu Duty Free is a major operator in what is called the three frontiers in Foz do Iguazu or Iguazu Falls, located where Brazil, Argentina and Paraguay’s borders meet. Thousands of tourists visit the falls each year, and take advantage of the duty free offers found at the different shops in the area,” says Gonzalez.

Jägermeister goes Ice Cold in São Paulo and Rio de Janeiro

Mast-Jägermeister SE is rolling out its Ice Cold airport activation to multiple locations in Europe and the Americas and introducing a new 350ml pack design.

Live in July in Barcelona, São Paulo and Rio de Janeiro airports, the activation welcomed passengers into an ice cold themed environment which brings to life the Jägermeister perfect serve, a shot served straight from the freezer at -18°C. Travelers have the opportunity to engage and learn about Jägermeister, sample an ice cold shot and take part in a game.

Before the end of the year the month-long retail installation will be activated at Frankfurt, Vienna, London Heathrow T2, T3, T5, Manchester, Hamburg, Madrid, Buenos Aires and Cancun airports. Since its launch at Amsterdam Schiphol in February, the Ice Cold initiative has already featured in five other major European airports, including Copenhagen, Bucharest, Munich, London Gatwick and Düsseldorf.

The 350 ml Jägermeister COOLPACK combines the design of the Jägermeister bottle with the traditional freezer pack, highlighting the ice cold serve. It is flat and comes in the signature green livery in a lightweight PET material which the company says makes it ideal for outdoor activities where glass bottles are banned.

“Travel Retail has proved to be the



Jägermeister's Ice Cold GTR airport activation went live in July in Barcelona (shown above), São Paulo and Rio de Janeiro airports.

ideal environment to run the Ice Cold activation which has been extremely effective in terms of educating consumers on the perfect serve,” explains Mast-Jägermeister SE Director of GTR, Dietmar Franke. “We are also delighted with the consumer reaction to Jägermeister COOLPACK. Travelers are always on

the lookout for something new in store and this light pack, a permanent addition to our range, allows consumers to take Jägermeister with them wherever they go. It is already very popular and consumers intuitively understand how best to enjoy it – straight from the freezer.”

IWSR: Gin and Japanese whisky post double digit percent growth in Global Travel Retail

Overall spirits volume and value in global travel retail increased in 2018, strengthened by gains in several categories, reports IWSR. In total, spirits volume grew 2.5% in the channel last year, to reach 24.5m nine-liter cases, with a value of US\$9.2bn.

The spirits categories which posted the largest volume increases in duty free were Japanese whisky (up almost 20% vs. 2017), gin (15%), Scotch (4.9%), and U.S. whiskey (4.3%).

Over the next five years, IWSR forecasts that global travel retail volume will grow by 2%, led by cane spirits

(6.7%), Japanese whisky (6.4%), and gin (6.2%). By region, spirits volume is expected to grow 3.6% in Africa and the Middle East, 2.4% in Asia Pacific, 2.3% in the Americas, and 1.2% in Europe (all figures compound annual growth rate 2018-2023). The retail value of spirits in duty free is estimated to reach almost US\$10.4bn by 2023.

“Spirits growth in travel retail softened slightly in 2018, compared with the year before, but the positive news here for duty free operators and spirits suppliers is that the channel continues to perform well,” says Sandra Newman, Travel Retail

Research Director at IWSR Drinks Market Analysis.

Johnnie Walker, which for more than 30 years has been the top-selling brand in global travel retail, grew by almost 8% last year. Rounding out the rest of the top-5, in terms of 2018 volume, were Jack Daniel's, Chivas, Absolut, and Hennessy. Aperol and Jägermeister also had continued success in the bitters/aperitifs category with these brands posting the second- and third-highest increases in the channel (behind Johnnie Walker) in terms of absolute volume growth last year.

Special Issue
**LATIN
AMERICA**
August
2019

TRAVEL MARKETS **INSIDER**

Latin America recovery continues to stall but some signs of improvement ahead

Welcome to the second digital *Travel Markets Insider* magazine. In our first issue, published last summer, *TMI* focused primarily on news and developments taking place throughout Latin America. We have now expanded coverage to include the Caribbean, which is generally reporting strong tourism growth and exciting opportunities for travel retail operators.

The outlook for South America, unfortunately, is a stalling recovery although hints of improvement have been taking place over the last few weeks. A report issued by the International Monetary Fund in late July forecasts that economic activity in Latin America and the Caribbean remains sluggish, but it does see improvement for 2020. IMF's country by country assessment, along with industry commentary, begins on page 6.

On the positive side for travel retail, the first five border stores in Brazil have begun to open; air traffic in the region is strong (although duty free airport sales are not yet keeping pace), and new investments continue such as Argentina's ShopGallery opening the first Gap store in the country at Aeroparque this month, and fast-growing regional retailer Top Brands International buying out the former owners of Neutral. See full coverage inside.

The Caribbean, on the other hand, reports robust growth in the first half of 2019, spurred by a 24% increase from the U.S. market and record-breaking cruise passenger traffic. Grenada, "the Spice Islands," enjoyed double-digit growth and landmark visitation in

2018, and is strongly enhancing its reputation as the luxury destination in the Caribbean. *TMI's* special coverage includes an exclusive interview with Nicholas Steele, Grenada's Minister of Health, Social Security & International Business, who discusses the opportunities that exist for further development, including for travel retail. We also feature an interview with Little Switzerland, one of the most important luxury retailers in the Caribbean, which is expanding its footprint in the region with several new branded boutiques for Breitling and TAG Heuer, among others.

We are very proud to include the latest special report

prepared by NPD Travel Retail (formerly Counter Intelligence Retail) for *Travel Markets Insider*, which tracks behavioral purchase decisions among Argentinians, Brazilians, Mexicans and Americans, which are benchmarked against a global duty free average.

From the Supply Side, electronics and travel accessories continue to grow, as we learn from exclusive interviews with Go Travel's David Lomas and Les Hansen, and with LAS Worldwide's Juan Carlos Alexander.

And keeping travel retail shopping fresh and exciting, we feature some of the creative animations and retail-tainment

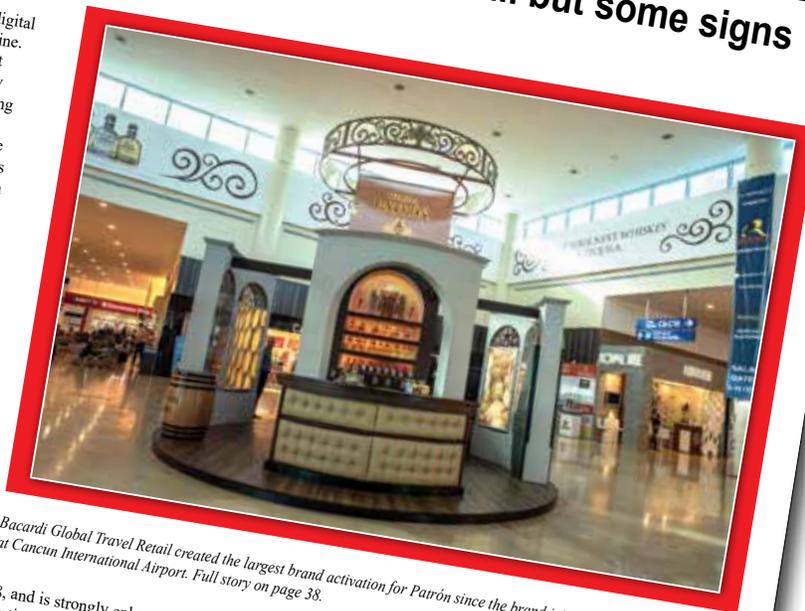
activations at the Point of Sale from top beauty brands.

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

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

Read all about it, *Inside Insider*.

Lois Pasternak,
Editor/Publisher



Bacardi Global Travel Retail created the largest brand activation for Patrón since the brand joined the Bacardi portfolio at Cancun International Airport. Full story on page 38.

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

Mars ITR focuses on Fun in expanded presence at POS in Punta Cana

Mars Wrigley Confectionery International Travel Retail (Mars ITR), which reports a big improvement at the POS in its American duty free business since expanding its partnership with Otis McAllister last year to include all its US business except for Dufry, has also been making a big splash in the Caribbean and in South America, which it supplies directly.

Among the star projects for this year in Latin America, Mars was able to significantly renovate its space with Duty Free Americas at Terminal B in Punta Cana International Airport, which opened earlier this year.

“We have taken over the entrance of the store. It looks amazing, and is very inviting. Our presence is built around a big column with an LED screen presenting full animation with our characters,” says Jose Paez, MITR Regional Business Development Manager Americas.

“We are adding a lot of videos and digital to our POS, with animations of

our characters explaining how to use the products. Fun products are the DNA of our brand and I think we do a better job than anyone else in bringing better moments to people. With products like our new ‘Funnel’ and ‘Flip,’ which are exclusive to travel retail, we continue to expand on our Celebrate gifting range with true fun products.

“Creating better moments for people with animations and products like these

are what really drives us as a company,” he says.

Mars ITR also has a refreshed new image in the new terminal at Panama’s Tocumen International Airport and is celebrating its first year in the New Generation Dufry store in Ezeiza International Airport in Buenos Aires (below).



Lindt & Sprüngli Travel Retail brings its Lindt World Traveller Collection to Brazilian airports

Lindt & Sprüngli Travel Retail launched its eye-catching Travel the World campaign in June at Zurich Airport, the home of Lindt, followed by activations in São Paulo and Rio de Janeiro in July, to be followed by London Heathrow, Madrid, Barcelona and Dubai.

The activity targets millennial shoppers with unique gifts and eye-catching activations to take advantage of growing passenger interest for tailored and souvenir products, reports Lindt.

The Travel the World campaign features the new Lindt Napolitains World Traveller Collection 360g range. The suitcase-style tin comes in five designs representing holiday destinations, featuring UK, US, Brazilian, Swiss and Spanish icons. The Napolitains come in six flavors: Swiss Milk, Hazelnut, Dark, Lindor Milk, Cresta Milk-Crisp and Cresta White-Crisp.

The first stage of the Travel the World campaign that launched in June at Zurich Airport included an installation with



giant ZRH letters to represent the airport, providing photo and sharing opportunities, a Lindt Chocolate Boutique offering free samples and exclusive Switzerland luggage tags. An interactive Magical Selfie Mirror was another fun feature.

The campaign is supported with an influencer and Instagram initiative with the hashtag#LINDTWORLDTRAVELLERCOLLECTION.

With research from Lindt & Sprüngli

Travel Retail and NPD showing that gifting remains a primary purchase driver in the confectionery category, with travelers frequently buying exclusive and destination-themed confectionery products, Lindt has positioned itself as the gifting specialist in travel retail confectionery.

Peter Zehnder, Head of the Lindt & Sprüngli global duty free division, said: “The summer holiday period traditionally leads to an uptick in confectionery sales, with more people traveling for leisure and looking for unique gifts and souvenirs to take home. Our research shows that all-important millennial travelers are increasingly seeking highly personalized gifts that evoke a genuine sense of place. Our latest Travel the World campaign, featuring our ever-popular Lindt Napolitains World Traveller Collection, will enable travel retailers to maximize sales from this trend and drive further growth in the confectionery category.”

Electronics duty free specialist LAS Worldwide diversifies portfolio with unique high-end specialty spirits

LAS Worldwide, LLC, the two-year-old full service duty free and travel retail distribution company formed by Juan Carlos Alexander, Esq., his brother Andrew Alexander and Victor Garcia in 2017, has now expanded from its initial core electronics products to add liquor to its portfolio.

Juan Carlos Alexander says that LAS has added several tequila brands from Casa Maestri into its product distribution, which it will represent in Duty Free/Travel Retail throughout the Western Hemisphere and Dufry Worldwide.

The family-owned Jalisco, Mexico-based Casa Maestri produces nearly 20 brands in total, and claims that it is the most awarded tequila distillery in Mexico.

“Casa Maestri is one of the best tequila producers in Mexico. LAS Worldwide will be focusing on about 5-6 of the highly awarded top-end tequilas that have the most cache and giftability,” Alexander tells *TMI*.

LAS will initially be distributing four



key brands of Casa Maestri. One highlight is the Chaquira-Reserva De El Jaguar, presented in a bottle that is hand beaded. Another, Caballa Azul, comes in a beautiful deep blue horse shaped clay decanter complete with a miniature saddle and

stirrups crafted from real leather. A version of the Caballo Azul bottle is also sold hand beaded. The Casa Maestri Reserva de MFM Tequila is a limited edition tequila bottled in a blue ceramic decanter with sandblasted logo. The Don Celia Tequila range is presented in bottles that represent the famous Mexican Catrina, a key figure in Mexican folklore that is usually seen during the Dia de los Muertos festivals (left).

Alexander says that the Casa Maestri tequilas are already present in airport stores in Mexico and a few stores in the Caribbean, and that he believes they will have a unique opportunity onboard cruise ships. The company is working with bonded warehouses in Miami, and will handle logistics and ship product from Miami.

“The Casa Maestri tequilas are selling very well wherever they have been listed and we expect sales to grow significantly, especially in the Mexican airport market. These items are very unique, high-end, and the tequila is very good quality. This brand creates an overall experience from taste to bottle, and afterward it is a precious keepsake.”

Core electronics brands

The main focus of the company when it started up in 2017 was electronic brands in travel retail.

LAS represents four main brands, each of which holds a unique niche in the marketplace. They do not compete against one another.

“Our core brands act almost as a support system for each other: SKross specializes in adaptors, chargers and power banks; Sennheiser is headphones; and in South America, Brazil, Argentina and Uruguay we have dgi, the #1 producer of camera drones. LAS also distributes Garmin watches in Brazil, primarily to Dufry. Covering a retail price range from \$299 to \$1,800, these Garmin watches include GPS sport watches, smart-watches, and fitness trackers,” he says.

LAS specializes in the airport, border store and cruise sector and sees a unique opportunity with the cruise channel for increasing sales of these electronics.

“We have had a very good success, especially with Carnival Cruise Lines.



When we started LAS we launched a full store concept on 12 Carnival ships. We were able to use all our past experience with the airport stores and bring it to Carnival. We created a 'Best Buy' type shop where you could try on head phones and other products. This was something Carnival had not had in the past. We launched the concept two years ago with Carnival and we are now in discussions with other cruise lines for a similar program."

One key to the success of the program is that it uses space that may not have been productive before and LAS not only provides the products but helps its clients with the development of floor plans that best fit their needs.

"Every ship has a different layout and shipboard space is very limited – especially on existing ships not undergoing renovations. So we create a unique layout using the ship floorplan, and identify areas that are currently not being used that we can convert into selling space for our electronics," says Alexander.

For more information, please contact Juan Carlos Alexander at jcalexander@lasworld.com.

Duty Free Dynamics and TEVA sign distribution agreement

Panama-based Duty Free Dynamics announces a new partnership with sport sandal brand Teva.

Under the agreement, Duty Free Dynamics will distribute Teva in the Travel Retail channels of Central America and the Caribbean, following DFD's strategy to offer a portfolio combining a unique selection of leading brands. The partnership with Teva strengthens DFD's offer in the footwear category.

Teva sandals are trendy and practical. Considered the original sport sandal, Teva was first created in Grand Canyon in 1984 by a resourceful river guide who was attempting to prevent sandals from floating downstream. He strapped two Velcro watchbands to a pair of old flip-flips, and just like that, Teva was born. In the years following, the Teva brand invented a unique weaving process to create complex patterned webbings providing consumers unique footwear crafted to express personal



Gregory Secret, Duty Free Dynamics Business Developer/Brand Manager for Footwear and Apparel Cluster joins Brady Liljemark, Teva Director, Distributor Sales America in Panama City during the Teva training session.

style.

Like several of DFD's other brand partners, Teva also engages in strong corporate responsibility, sustainable development goals and giving back programs.



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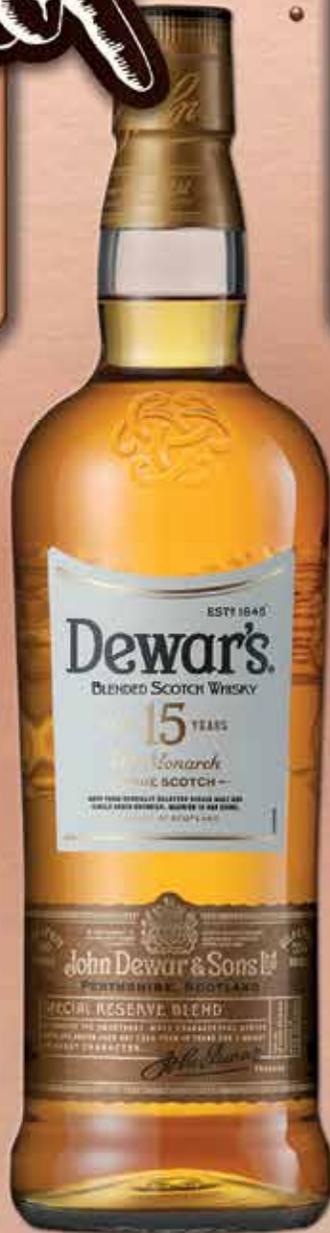


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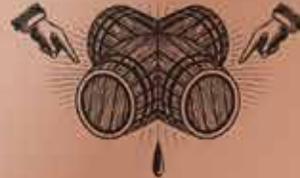
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