Special Issue
IAADFS
Summit of the
Americas
April 2023

TRAVEL MARKETS
INSIDER

Robust air traffic recovery in the Americas delivers positive momentum for travel retail

Airport Council International (ACI) World's accounting of the busiest airports worldwide (released on April 5) underscored the strong recovery in the Americas—especially among airports in the United States.

U.S. airports – Atlanta, Dallas-Ft. Worth, Denver and Chicago O'Hare --took the top four spots (with Los Angeles at #6) in passenger counts. Even more impressive, U.S. airports took nine of the top 10 spots in aircraft movements –with Istanbul squeaking in at last place.

The top 10 airports for total passenger traffic accounted for 10% of global traffic, and have reached more than 86% of the pre-pandemic level. People are traveling, marking an important milestone in air travel's full recovery from the impact of the pandemic, says ACI.

Not so positively, nearly all of the gains in the Americas are due to domestic traffic. There is not one airport from the Americas in the ranking of Top 10 Airports for International Passengers. Nevertheless, international travel has been steadily improving throughout the Americas.

Domestic air travel in Latin America is also strong, and in some cases almost at pre-pandemic levels (see more details on page 46).

Brands and operators have been quick to respond to the resilience of travel, staging some innovative, stunning activations, pop-ups, and pop-ins at airports across the region, as will be seen throughout this issue of *Travel Markets Insider.*

Campari Group opened a permanent Appleton Estate Jamaican rum boutique at Sangster International Airport in Montego Bay, Jamaica. The boutique, prominently located near the entrance of the Dufry walk-in store, is Campari's largest ever investment in global travel retail. See story beginning on p. 68.

The cruise sector—which arguably suffered the worst through the protracted shutdown over the past two years – has come roaring back. Nearly 10,000 cruise people attended the Seatrade Global event in Florida at the end of March, which boasted more than 500 exhibitors, a new F&B@Sea component, and a special session on cruise retail. *TMI* has extensive coverage of the channel beginning on page 28.

This issue also takes a deep look at the challenges still facing much of the industry from logistics and supply-chain issues, in an excellent study put together by industry expert Joe Bates, which begins on page 60.

We must make special mention of Miami-based beauty distribution company Essence Corp., which is celebrating its 35th anniversary this year. The family-owned company not only survived the COVID disruptions, it managed to grow its portfolio and market share during the crisis. Their story begins on page 50.

We look forward to seeing many of our readers at the IAADFS Summit of the Americas, another welcome step in the industry's post-pandemic recovery.

Lois Pasternak,
Editor/Publisher

INSIDE INSIDER

ESSENCE CORP
35 YEARS OF EXCELLENCE

Essence Corp. reveals new logo as it celebrates 35 years of excellence

Inaugural F&B@Sea event at Seatrade delivers good effort to connect industry with vendors

Andy Consuegra, WEBB Banks CEO Southern Glazer's Wine & Spirits announces acquisition of WEBB Banks

STARBOARD

Starboard unveils a bold new refresh as it amplifies mission to "curate a vibrant world"

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TRAVEL RETAIL EXCLUSIVE

TRAVEL MARKETS INSIDER

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IATA: 2022 ends on a strong note for the global air passenger industry

Over the course of 2022, global air passenger traffic gained momentum and recovered substantially as travel restrictions were taken down and passengers expressed a very strong willingness to travel, reports the International Air Transport Association (IATA).

Passenger traffic recovered from 41.7% of 2019 volumes in 2021 to 68.5% in 2022.

Total traffic in 2022 (measured in revenue passenger kilometers or RPKs) rose 64.4% compared to 2021. Globally, full year 2022 traffic was at 68.5% of pre-pandemic (2019) levels.

At the industry level, passenger demand was met by offered seat capacity in 2022, as available seat-kilometers (ASKs) recovered to 71.9% of 2019 levels, while maintaining industry-wide passenger load factors of 78.7%, says IATA.

Passenger load factors for 2022 were only 3.9 percentage points below the load factors achieved before the pandemic in 2019. Similar observations can also be made at the regional level.

International traffic

International passenger traffic recovered substantially in 2022.

In 2022, international passenger traffic more than doubled with 152.7% YoY growth. All regions experienced strong growth propelled by pent-up demand for air travel and easing restrictions globally.

Asia-Pacific airlines posted a 363.3% rise in full year international 2022 traffic compared to 2021, maintaining the strongest year-over-year rate among the regions. Capacity rose 129.9% and the load factor climbed 37.3 percentage points to 74.0%.

European carriers' full year traffic climbed 132.2% versus 2021. Capacity increased 84.0%, and load factor rose 16.7 percentage points to 80.6%.

Middle Eastern airlines saw a 157.4% traffic rise in 2022 compared to 2021. Capacity increased 73.8% and load factor climbed 24.6 percentage points to 75.8%.

North American carriers reported a 130.2% annual traffic rise in 2022 compared to 2021. Capacity increased 71.3%, and load factor climbed 20.7 percentage points to 80.8%.

Latin American airlines posted a 119.2% traffic rise in 2022 over full year 2021. Annual capacity climbed 93.3% and load factor increased 9.7 percentage points to 82.2%, the highest among the regions.

African airlines' annual traffic rose 89.2% in 2022 versus the prior year. Full year 2022 capacity was up 51.0% and load factor climbed 14.5 percentage points to 71.7%, the lowest among regions.

Domestic traffic

Domestic traffic for 2022 rose 10.9% compared to the prior year. 2022 domestic traffic was at 79.6% of the full year 2019 level.

The U.S. domestic market demand remained strong throughout the year. RPKs reached 94.1% of 2019 traffic in 2022.

In Brazil, domestic traffic was close to pre-pandemic levels in 2022 with RPKs totaling 94.6% of 2019 levels.

India's domestic RPKs increased substantially in 2022 with concerns of new COVID-19 outbreaks fading away. Domestic RPKs for 2022 accounted for 85.7% of 2019 levels.

In Japan, domestic traffic quickly rebounded in 2022 and achieved 74.1% of the recovery to 2019 levels.

Australia experienced a similar rebound, with RPKs recovering to 81.2% of 2019 levels, a substantial 42.8 ppts increase from 2021.

Insufficient data prevented IATA from reporting on developments in Russia's domestic market.

Air Travel continues to soar in February 2023

Air travel demand continues to be strong, based on February 2023 traffic results released by the latest IATA numbers

Total traffic in February 2023 (measured in revenue passenger kilometers or RPKs) rose 55.5% compared to February 2022. Globally, traffic is now at 84.9% of February 2019 levels.

Domestic traffic for February rose 25.2% compared to the year-ago period. Total February 2023 domestic traffic was at 97.2% of the February 2019 level.

International traffic climbed 89.7% versus February 2022 with all markets recording strong growth, led once again by carriers in the Asia-Pacific region. International RPKs reached 77.5% of February 2019 levels.

International Passenger Markets

Asia-Pacific airlines had a 378.7% increase in February 2023 traffic compared to February 2022, maintaining the very positive momentum of the past few months since the lifting of travel restrictions in the region. The load factor increased 34.9 percentage points to 82.5%, the second highest among the regions.

European carriers posted a 47.9% traffic rise versus February 2022.

Middle Eastern airlines saw a 75.0% traffic increase compared to February a year ago.

North American carriers' traffic climbed 67.4% in February 2023 versus the 2022 period.

Latin American airlines had a 44.1% traffic increase compared to the same month in 2022. February capacity climbed 34.0% and load factor rose to 82.7%, the highest among the regions.

African airlines' traffic rose 90.7% in February 2023 versus a year ago. February capacity was up 61.7% and load factor climbed 11.4 percentage points to 75.0%.

TRAVEL MARKETS INSIDER

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Total 2022 international arrivals to the U.S. still trail 2019 volume

Total international visitor arrivals to the United States in calendar year 2022 totaled 50,869,685, an increase of 128.3% from 2021, reported the National Travel and Tourism Office (NTTO) of the U.S. Department of Commerce. Despite the healthy gains, the volume is still only 64% of the total international visitor arrivals in 2019.

Overseas visitor arrivals reached 23,952,957, an increase of 161.1% from 2021.

All world regions reported an increase in visitor volume to the United States from 2021. The largest source region was Western Europe with 10,341,306 visitors (+509.2% YOY). Oceania, with 798,444 visitors, had the largest percentage increase of 1084.7% YOY.

Central America reported the smallest percentage increase in 2022 with 1,191,561 arrivals representing an increase of just +0.9% YOY.

New York reported the largest volume of visitor arrivals as a port of entry for 2022 (4,450,767). Miami was second (3,815,420), followed by Los Angeles (2,071,421).

For the month of December, international arrivals to the U.S. were up +46% over December 2021, representing nearly 73% of the pre-COVID visitor volume.

The largest number of international visitor arrivals in December was from Canada (1,370,912), Mexico (1,162,746), the United Kingdom (315,610), Brazil (150,616) and France (121,284). Combined, these top five source markets accounted for 62.2% of total international arrivals.

Of the top 20 tourist generating countries to the U.S., Colombia (with 99,472 visitors), and Costa Rica (with 34,559) were the only countries that reported a decrease in visitor volume in December 2022 compared to December 2021, with a -23.3%, and a -11.8%

NRF: U.S. 2023 retail sales to grow between 4% and 6%

In another indication that the economic recovery is moving forward, U.S. retail sales are projected to grow between 4% and 6% in 2023, according to the National Retail Federation's annual forecast, released at the end of March.

In total, NRF projects that retail sales in the U.S. will reach between $5.13 trillion and $5.23 trillion this year.

"In just the last three years, the retail industry has experienced growth that would normally take almost a decade by pre-pandemic standards," NRF President and CEO Matthew Shay said. "While we expect growth to moderate in the year ahead, it will remain positive as retail sales stabilize to more historical levels. Retailers are prepared to serve consumers in the current economic environment by offering a range of products at affordable prices with great shopping experiences."

NRF's annual sales forecast was announced during the third annual State of Retail & the Consumer virtual conversation, where retail executives from major brands, prominent economists and consumer experts discussed the health of American consumers and the retail industry.

The 2023 figure compares with 7% annual growth to $4.9 trillion in 2022. The 2023 forecast is above the pre-pandemic, average annual retail sales growth rate of 3.6%.

Non-store and online sales, which are included in the total figure, are expected to grow between 10% and 12% year over year to a range of $1.41 trillion to $1.43 trillion. While many consumers continue to utilize the conveniences offered by online shopping, much of that growth is driven by multichannel sales, where the physical store still plays an important component in the fulfillment process. As the role of brick-and-mortar stores has evolved in recent years, they remain the primary point of purchase for consumers, accounting for approximately 70% of total retail sales.

NRF projects full-year GDP growth of around 1%, reflecting a slower economic pace and half of the 2.1% increase from 2022. Inflation is on the way down but will remain between 3% and 3.5% for all goods and services for the year.

Although the labor market has remained resilient, the trade organization anticipates job growth to decelerate in the coming months in lockstep with slower economic activity and the prospect of restrictive credit conditions. The unemployment rate is likely to exceed 4% before next year.

NRF Chief Economist Jack Kleinhenz noted that aggregate economic activity has held up well, despite restrictive monetary policy that is working purposefully to curb inflation. He also acknowledged that recent developments in the financial markets and banking sector as well as some unresolved public policy issues complicate the outlook.

"While it is still too early to know the full effects of the banking industry turmoil, consumer spending is looking quite good for the first quarter of 2023," Kleinhenz said. "While we expect consumers to maintain spending, a softer and likely uneven pace is projected for the balance of the year."

As the leading authority and voice for the retail industry in the U.S., NRF provides data on retail sales each month and also forecasts annual retail sales and spending for key periods such as the holiday season each year.

NRF's calculation of retail sales excludes automobile dealers, gasoline stations and restaurants to focus on core retail.

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Only two airports in the Americas rank in Skytrax's top 20 Best Airports list for 2023

Only two North American airports scored in the top 20 listing of Skytrax' best airports for 2023, and they both came in at or near the bottom of the list. Seattle-Tacoma International Airport, #18, (SEA) is the best airport in North America for the second year running. Vancouver International Airport (YVR) followed SEA in the listings, coming in at #20. Until 2022, YVR had been rated North America's best airport for 12 consecutive years.

To no one's surprise, Singapore Changi Airport tops the list for the 12th time.

In a great shout out to New York, however, LaGuardia International Airport's recently updated Terminal B is the best new terminal in the world, according to Skytrax.

In South America, Bogota's El Dorado International Airport (#37) won the Best Airport in South America award.

Quito International Airport (#40) received the awards as the Best Regional Airport in South America and the Best Airport Staff in South America.

San José's Juan Santamaría International Airport took top honors by winning the awards as the Best Regional Airport in Central America & Caribbean and the Best Airport Staff in Central America & Caribbean.

The best airports were largely concentrated in Asia, Europe and the Middle East.

According to Skytrax, these are the 20 best airports this year:

1. Singapore Changi Airport
2. Hamad International Airport
3. Tokyo International Airport (Haneda)
4. Incheon International Airport
5. Paris Charles de Gaulle Airport
6. Istanbul Airport
7. Munich Airport
8. Zurich Airport
9. Narita International Airport
10. Madrid-Barajas Airport
11. Vienna International Airport
12. Helsinki-Vantaa Airport
13. Rome Fiumicino Airport
14. Copenhagen Airport
15. Kansai International Airport
16. Chubu Centrair International Airport
17. Dubai International Airport
18. Seattle-Tacoma International Airport
19. Melbourne Airport
20. Vancouver International Airport

Seattle-Tacoma International Airport

MIA reports record passenger traffic in 2022

Miami International Airport (MIA) served more than 50.6 million passengers in 2022, shattering its record of 45.9 million set in 2019 by nearly 10% and surpassing Orlando International Airport's (MCO) 2022 total of 50.1 million travelers last year by half a million.

MIA welcomed a record 29.3 million domestic travelers in 2022 compared to 23.5 million in 2019. It also served 21.3 million international passengers, which was one million less than in 2019 but 8.3 million more than in 2021.

MIA is now the top U.S. airport for international passengers and international freight.

Compared to 2021, when the aviation industry was still recovering from the pandemic, MIA served 13.3 million more passengers in 2022 than in 2021 (37.3 million), up 35% year over year.

Hub carrier American Airlines and its subsidiary Envoy served 31.5 million passengers at MIA in 2022, representing 63% of the airport's total. This was an increase of nearly one million passengers over 2019.

Since 2019, MIA has also added low-cost carriers Spirit Airlines, Southwest Airlines, and JetBlue Airways, which now rank as the airport's second, fourth, and eighth-busiest passenger airlines in seat capacity, respectively.

MIA also welcomed 15 new international routes in 2022: six in the Caribbean (Camaguey, Holguin, Santa Clara, Santiago de Cuba, and Varadero, Cuba; and San Salvador, Bahamas); five in South America (Brasilia, Fortaleza and Manaus, Brazil; and Bucaramanga and Santa Marta, Colombia); three in Europe (Dublin, Ireland; Paris, France; and Rome, Italy); and Vancouver, Canada.

MIA reports that its record-breaking year follows its highest rankings ever among airports in the U.S. and worldwide in 2022, according to Airports Council International's annual report:

#1 U.S. airport for international passengers and international freight
#4 U.S. airport for total freight
#10 U.S. airport for total passengers
#9 global airport for international freight and total flight operations
#10 global airport for total freight
#11 global airport for international passengers
#12 global airport for total passengers

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IAADFS confirms conference sessions for 2023 Summit

The International Association of Airport and Duty Free Stores has confirmed the conference sessions planned for the 2023 Summit of the Americas at the Palm Beach County Convention Center in West Palm Beach, Florida.

This year the Association is presenting a more streamlined education program with a morning and afternoon session each day on Monday and Tuesday.

The morning sessions will be from 8:00 – 9:00 am, with the exhibit hall and private rooms opening at 9:00 am. The afternoon sessions will be from 1:00 – 2:00 pm. This schedule reduces the amount of time that attendees must select between attending sessions vs. attending meetings.

While a few aspects of the program are still being finalized, confirmed sessions and speakers include:

Keynote Address – 8:00-9:00 am Monday, April 17, 2023
IAADFS Welcoming Comments – Rene Riedi, IAADFS Chair
Scott Miller, Senior Advisor on Thought Leadership, Franklin Covey

Renowned speaker and best-selling author Scott Miller has led C-Suite conversations with some of the world's leading executives and has one of the largest and fastest-growing leadership podcasts. His practical and engaging session promises to stimulate and inspire attendees to think and act differently, which is critical in today's rapidly evolving business world.

IAADFS offers special thanks to Stellar Partners and CEO Padraig Drennan for sponsoring the keynote address.

Airports – Critical Partners for the Duty Free and Travel Retail Business 1:00 pm – 2:00 p.m.,

Kevin Burke, Airports Council International – North America

Rafael Echevarne, Airports Council International – Latin America and the Caribbean

Hear from two of the region's most influential leaders sharing insights on the dynamics and ever-changing developments facing airports across North America, Mexico, Central and South America, and the Caribbean, including how infrastructure demands, labor challenges, security requirements, ensuring adequate dwell time for shoppers, and regulatory hurdles are being addressed to help advance our business. Moderator: Rene Riedi, IAADFS

Regional Recovery, Global Context 8:00-9:00 am, Tuesday, April 18, 2023

Tania Lee, Blue Water Bridge Duty Free and Frontier Duty Free Association; Cyril Letocart, Lagardere Travel Retail Peru; John Hume, Penta Group; John Rimmer, Tax Free World Association

This session will focus on the regional challenges and opportunities facing the Americas duty free and travel retail industry and global issues that impact the region, including important advocacy issues. A panel of industry colleagues with expertise in these important issues will share their perspectives.

John Rimmer, Managing Director, TFWA will moderate the session.

Building a Resilient, Sustainable Future

Matthew Greenbaum, International Shoppes; Enrique Urioste, Dufry; Andrew Weddig, Airport Restaurant & Retail Association. Moderator: Dermot Davitt, *The Moodie Davitt Report*

The international aviation ecosystem has recovered rapidly over the past year, but in some key respects business is not back to normal. The pandemic and its consequences have forced many short- and long-term changes; how we manage these carefully and collaboratively will determine the shape of our sector's future.

In this session, co-organized by the Airport Restaurant & Retail Association and *The Moodie Davitt Report*, the speakers explore ways to evolve the airport concessionaire business framework to support a sustainable, resilient and equitable future for our industry.

Participation in the conference sessions is open to all registered attendees.

A highlight of the 2022 Summit of the Americas was a keynote panel discussion on concessions, featuring ARRA Executive Director Andrew Weddig; Dallas Fort Worth International Airport Executive Vice President of Customer Experience & Revenue Management Ken Buchanan; The Moodie Davitt Report President & Editorial Director Dermot Davitt (moderator), Hudson CEO Jordi Martin-Consuegra; and Lagardère Travel Retail COO Americas Jean-Baptiste Morin, discussing the new normal for airport concessions.

2023 IAADFS SUMMIT OF THE AMERICAS

Join us in West Palm Beach, Florida, for the 2023 Summit of the Americas, the most important event for the duty free and travel retail industry in the Americas and Caribbean! Take advantage of the opportunity to meet industry colleagues for networking, learning, and business-to-business meetings during this three-day show.

Visit www.2023summitoftheamericas.org to learn more about registration, room reservations, and ways to increase brand exposure through exhibit space and sponsorship.

April 16 – 19 I Palm Beach County Convention Center I West Palm Beach, Florida

The British are Coming…to Core Plus Duty Free at Melbourne Orlando's new expanded air terminal

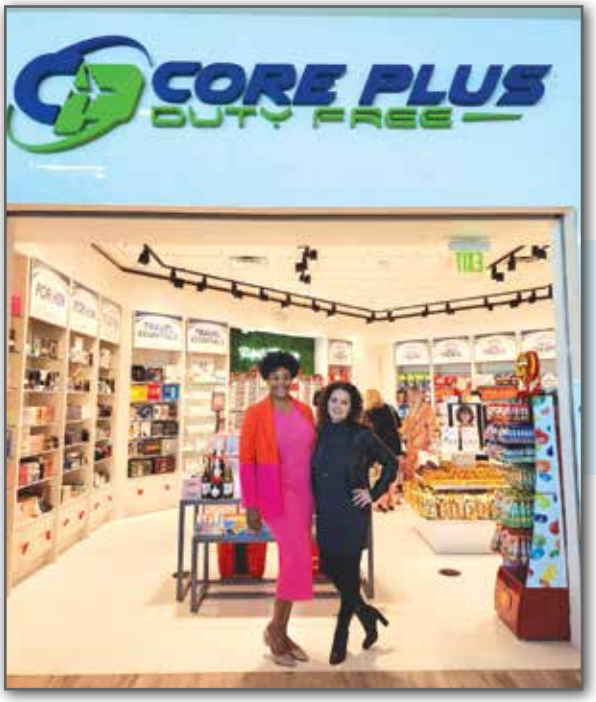
Melbourne Orlando Airport held a Ribbon Cutting ceremony to celebrate the completion of its new Terminal Renovation and Expansion Project and duty free store opening on January 25.

The project encompasses $72 million worth of upgrades including the addition of 86,000 square-feet of new facilities. The airport expansion was made for British holiday company TUI, which will use the airport as a gateway for TUI's UK customers traveling to Central Florida (ie. home of Disney World in Orlando).

The first flights from seven UK airports began arriving on April 3.

Among the highlights of the January celebrations was the opening of a new Core Plus Duty Free store, operated by Legacy Consulting Group, an ACDBE and HUB certified small business founded by Brittany Williams Leverett (President and C.E.O). The Food & Beverage concessions are operated by The Metz Culinary Management Group.

TMI spoke with Williams Leverett about how she came to open the duty free store.



Brittany Williams Leverett (left) with Anthe Angelides, founder of Oneiro, at the official opening of the Core Plus Duty Free store at Melbourne Orlando Airport.

With over 12 years of project management, people management and consulting experience, Brittany Williams Leverett founded Legacy Consulting Group LLC in 2020 as a continuation of the legacy her late Aunt Claudia started for her in Melbourne, FL.

"I started looking at RFPs and discussed opening our own airport concessions with my aunt, Claudia Williams-Hope, owner of C W Hope Consultant Management Corporation, back in 2017. In April 2018, I met Rick Sell, a vice president at Metz Culinary Management Group, [Ed. Note: Metz is a food management company that operates in business, healthcare, educational, or airport settings, creating on-site management at each location.] That July, Metz contacted CWH about a duty free opportunity at Melbourne Orlando Airport, and we secured the rights to open a kiosk at MLB in February 2019 under the name Core Plus Duty Free."

Williams Leverett said that she and her aunt had a successful 2019 season, but then the pandemic caused the airport retail business to shut down, and they temporarily closed their doors in March 2020.

"We knew that TUI was planning a terminal expansion, and were planning to operate a store in the expanded terminal, but then my aunt suddenly became ill and passed away," she tells *TMI.*

On the company website, Williams Leverett writes that she knew that her aunt wanted her to continue her legacy by pushing forward with the Melbourne contract and opening the store that the two of them dreamed about when they started working together in 2017.

So in December 2020, she founded Legacy Consulting Group in honor of her aunt, and continued working with the Metz Group for the new store opening. In January 2022, she teamed up with Wise Precision Consulting to prepare for the store's opening and get new vendors and by March of that year had opened a new kiosk.

By November of 2022, the 500+ square foot store was complete and ready for a soft opening, with the official grand opening taking place in January when the new terminal was inaugurated. April 3 saw the first UK flights from TUI for the 2023 season, which will run through November.

"Ultimately I formed LCG and Core Plus to disrupt the travel retail sector one brand at a time," Williams Leverett said.

As part of this effort, Core Plus has launched a selection of unusual international and local products essential for travelers, some of which are exclusive to MLB.

Among these are Oneiro, a woman-owned luxury personal care brand with products like Sunchasers, a travel kit inspired by the Mediterranean; nail tips, lashes and liners from Tip Beauty; Spa Tonic, a supplement described as an optimal nutrient-dense spa upgrade, which promotes deep relaxation without drowsiness. Core Plus also features Blue Light glasses from Barner eyewear; and BugCo, anti-insect products for the whole family. Core Plus also carries travel retail's award-winning Cabeau travel accessories, along with more traditional confectionery, perfumes, wines and accessories like sunglasses.

In another exciting move, the company recently went live with its e-commerce pre-order option.

Williams Leverett says that Legacy Consulting Group not only is looking to grow its Core Plus Duty Free business, but expand to other airports and eventually take on more clients to help coach and consult them in their business and life ventures.

"We want to help empower brands," she stresses.

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NEWMARK

Nadine Heubel
Senior Managing Director North America & Global Wholesale
nadine.heubel@nmrk.com

"New" HKG Duty Free, under Ross Khaledi, looks to further expansion

It is now more than a year since Ross Khaledi, founder and CEO of U.S. border duty free retailer HKG Duty Free, bought back 100% control of the company from the group established by his family in Laredo, Texas in 1977.

"With this 'new' company we will grow and diversify further," Ross Khaledi recently told *TMI*, as he discussed the company's history and what he sees ahead.

Founded in 1977, the parent HK Group began as an electronic sales operation based in Laredo, Texas. Today, H.K. Global Trading, Ltd is a successful limited partnership run by Ross Khaledi, with business ventures along the U.S./ Mexican border that include electronics distribution; duty free stores and supplies; freight forwarding, in bond, transportation, general construction and real estate development.

"You know HK Global Trading as a Duty Free retailer on the southern border, but we are a much more diverse company. We have construction and home development and design businesses in Texas and Florida. We have a finance company, real estate companies, warehousing facilities, and commercial shopping centers. We are also an Electronic authorized retailer for Samsung, TCL, and Hisense among others," said Khaledi.

In 1998, HKG Duty Free was formed to service U.S. Southern Border customers crossing daily into Mexico. The first store opened in Laredo, one of the largest land border crossings in the U.S., processing over 15 million people each year.

The company is headquartered in Miami, where it relocated to a 60,000 sq ft. warehouse and offices in Medley late last year.

"The new warehouse offers us better distribution opportunities," explains Khaledi. HKG also has a Laredo, TX Distribution Center with a 100,000 sq ft warehouse, an In-bond team, and logistics operations.

Ross Khaledi, HKG Duty Free founder and CEO

"As HK Global Trading grew, we understood that we may someday need to separate our interests. That day came over a year ago, when the partners looked at each business entity and decided where our interests lie," Ross Khaledi tells *TMI.*

"As business partners, we divided the companies according to our interests. In addition to other divisions, I chose to move forward with, and expand, the duty free retail division…which I plan to grow and diversify further," he continued.

HKG Duty Free currently operates seven U.S. border stores in San Ysidro and Otay, CA, and El Paso, Laredo, (2), and Hidalgo, TX, Calexico, CA opening in April and two airport stores in Mexico.

"We are researching other crossings in TX and AZ, an additional store in the San Diego area, and locations on the border in Mexico. Currently in Mexico, we operate duty free stores in Queretaro and Puebla International Airports and are negotiating for duty free and duty-paid spaces in other Mexican international airports."

Khaledi says that one of the company's goals is to expand into the U.S. airport market with duty free and duty paid stores. "We have an experienced team dedicated to researching these possibilities," he says.

In fact, Khaledi confirms that they are in conversation with a smaller U.S. airport that is looking for an operator that is not considered one of the major players.

"They prefer dealing with someone on a more personal level; a company that can offer their passengers a customized assortment, which we can do," he adds. "We were offered a space, but the location and size did not meet our needs. We maintain interest and are waiting to see another more suitable space."

Catering to a well-known clientele

Further down the line, Khaledi plans to re-brand the stores, but for now, he will keep the established name. "We first want to refresh the spaces and strengthen the current business with increased assortments and new brands before we take that step to rebrand," he says.

Currently, 95% of the HKG Duty Free business comes from Mexico, which has allowed the company to fine-tune its assortments and marketing to best appeal to this known customer.

"The person who crosses daily for work and knows our stores is our key customer. We have a very high level of repeat customers and have built a data base due to their loyalty. Our marketing team is always experimenting with new ways to attract customers. Promotional flyers do not work anymore, so we are transitioning to more digital formats," says Khaledi.

"We are trying to focus on what a customer purchased in the past, reaching out to them in a personal, strategic manner. We lead with the product of their interest, and then expose them to our other promotions."

HKG Duty Free also uses its digital platforms including QVC and HSN, to cater to its electronics and small appliances customers in the U.S. market.

Differentiating the product assortment

The top-selling categories in the HKG Duty Free stores are liquor and tobacco,

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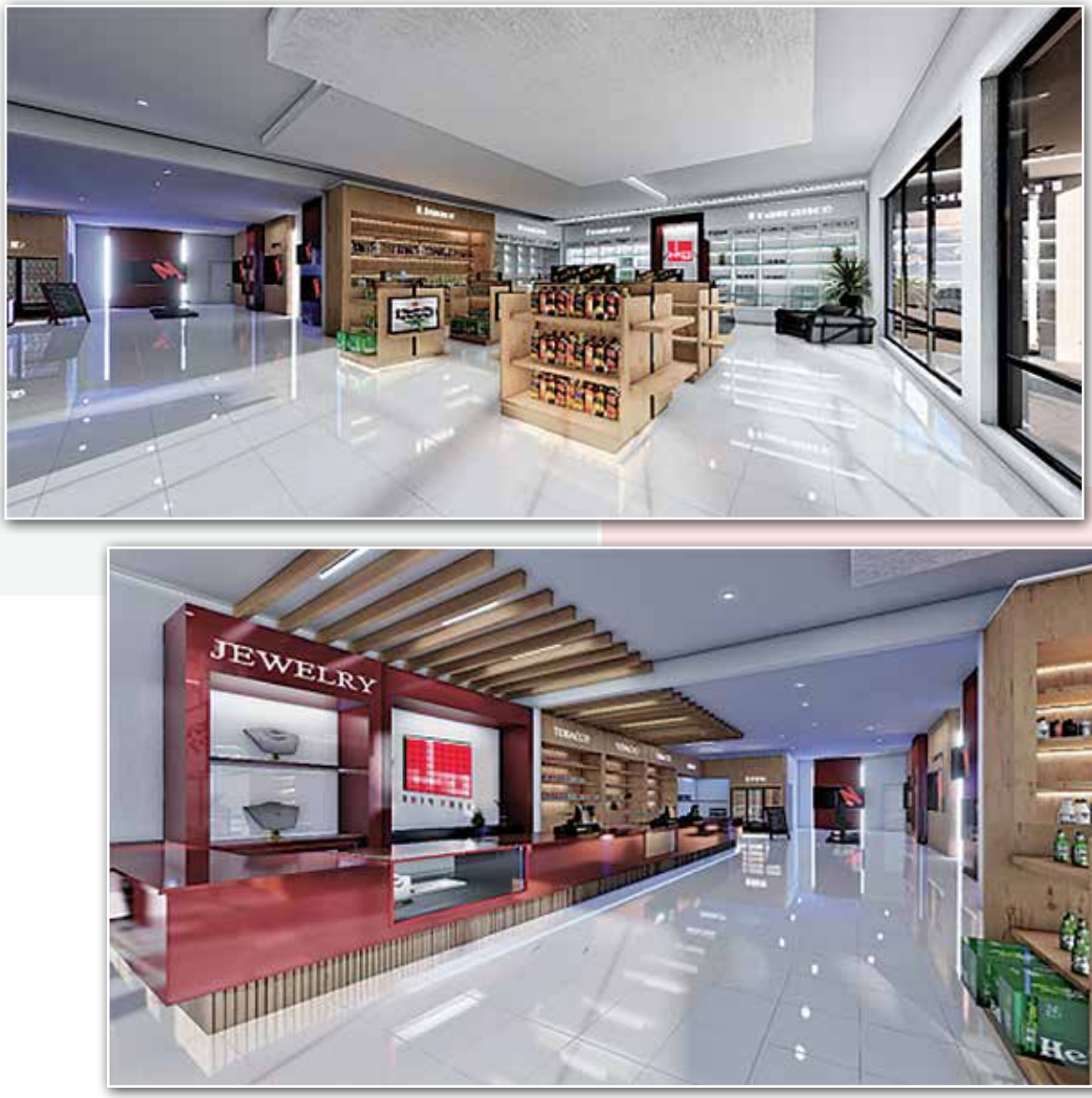

Architect's drawings of the Calexico store and the new look for HKG stores.

with fragrances a close third. As a point of difference, HKG manufactures a few tobacco brands, and retails them at very competitive prices.

"Our Tobacco brands, Montana, and Pitbull, are high quality and made in the U.S.A. Those are our top sellers in that category," notes Khaledi.

The company's emphasis on electronics is another differentiation from other southern border stores.

"Televisions are the best-selling item within the electronics category, but we want to grow the entire department," he says.

In addition to licensed distribution of Samsung, LG and Hisense through such channels as Amazon, Walmart, NewEgg and Vanns, HKG distributes electronics in the Caribbean and Latin America and is the authorized agent for Rent to Own.

"We find that there is a need to expand this category in our retail market. Since we have the resources, we can offer competitive prices. This will distinguish us from the competition," argues Khaledi.

The Future Vision

Looking ahead, Khaledi recaps his vision as rebranding the stores and diversifying the assortments to meet the consumer's needs. He has been expanding his management team with such experienced travel retail specialists as Leo Dotolo to head up sales and development and Ricardo Arbelaez, Vice President of Retail Operations, joining long-time employees like Amanda Nunez, the beauty category manager. Additionally, Khaledi's children are stepping into roles within the company bringing fresh ideas in marketing, finance, and operations.

"This is the future of our company," he says.

"We want to increase our presence on both sides of the southern border, expand to the northern border, and acquire retail space in U.S. airports," says Khaledi.

"We are also looking into new private label opportunities and new brand distribution. I brought in Leo Dotolo, who is experienced in all aspects of duty free retail to oversee these projects. I have a strong and devoted team that is working hard to help HKG reach new heights. I am anxious to see what we can accomplish," he concludes.

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Kenneth Bryan, Center, Chair of the CTO Council of Ministers and Commissioners of Tourism and Minister of Tourism and Transport, Cayman Islands; and Neil Walters, Secretary General (Acting), CTO presented the Caribbean Tourism Performance and Outlook for 2023 in Barbados on March 7; Bevan Springer, at left, president of Marketplace Excellence Corp., moderated the session, which was also livestreamed internationally.

CTO releases promising Caribbean Tourism Performance and Outlook for 2023

Caribbean tourism in 2022 demonstrated strong recovery reported the Caribbean Tourism Organization at its annual Tourism and Outlook presentation on March 7. Importantly, the Barbados-based organization sees a favorable outlook ahead for Caribbean travel and tourism.

Delivering the region's 2022 "Tourism Performance and Outlook Report" in Bridgetown, Neil Walters, Acting Secretary General of the CTO, confirmed that the Caribbean had one of the quickest recovery rates globally in 2022, with 28.3 million registered tourist visits in 2022. This represents 88.6% of the visitors who arrived in 2019, which served as the baseline year for typical tourism activity before the pandemic.

Walters also reported that international travel is expected to contribute to the region's substantial gains already registered thanks to the robust United States market, which continues to drive the region's recovery.

Destinations

Except for Haiti (-20.3%), which was negatively impacted by the well-documented crisis, and the U.S. Virgin Islands (-3.2%), where arrival levels are normalizing, all 27 destinations showed an increase in stayover visitors compared to 2021 of between 8.3% and 16-fold. In addition, 14 destinations saw an increase in arrivals in one or more months in 2022 when compared to the same time in 2019.

"Nearly 90% of the region's travel demand for 2019 has already been recovered," reported Walters, with destinations such as Curaçao, the Dominican Republic, Puerto Rico, St. Maarten, Turks and Caicos, and the U.S. Virgin Islands already surpassing their pre-pandemic levels.

A third of the remaining destinations have recovered at least 80.0% of their pre-pandemic arrivals, he said.

Source Markets

The United States spurred the Caribbean recovery, with an estimated 28.1% increase in visitors coming from the U.S. market in 2022 compared to 2021. At the end of the year, 14.6 million American tourists visited the region, 3.2 million more than the 11.4 million in 2021. This market accounted for 51.5% of all arrivals to the region in 2022, and reflects 93.3% of 2019 visitation -- the highest level of recovery of all of the main markets for the Caribbean.

The Canadian market, which had been under stringent travel restrictions that were not lifted until October 2022, has shown the lowest level of recovery. When the restrictions were raised, Canadian travel rebounded rapidly, and arrivals increased significantly after two consecutive years in decline. Tourist visits in 2022 were 2.1 million but this only accounted for 60.0% of the pre-pandemic amount.

European travel delivered robust resurgence thanks to reduced and shorter travel restrictions, pent-up demand, and surplus savings accrued during the pandemic, said the CTO.

The 5.2 million tourist arrivals from the European market increased by 81.0% in 2022 compared to 2021, and were almost double the 2.8 million that came in 2021. This represented 18.3% of all arrivals in 2022, a gain of almost 3.0 percentage points. The arrivals in 2022 were 87.7% of this market's total in 2019.

Intra-regional Caribbean travel for leisure and business increased when compared to 2021 but lagged 2019 figures. Connectivity between countries was hampered by insufficient airlift and the annual arrivals only recovered between 30.0% and 50.0% of the 2019 levels. Total arrivals in the reporting countries were 0.9 million, up from the 0.4 million in 2021 but down from 1.1 million of 2019.

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Cruise

With the lifting of travel restrictions, the total number of cruise visitors in the region reached 19.2 million in 2022 - five times more than those in 2021. However, this only represents 63.3% of the record number of cruise visits (30.4 million) set in 2019.

The Northern Caribbean emerged as the most visited region in 2022, with an estimated 6.5 million cruise visits (six times more than in 2021) and 91.9% of the pre-pandemic arrivals. These destinations benefited from their proximity to the main homeports for the cruise lines. Cruise visits to other regions were either four or five times more than in 2021. However, while the Eastern and Western Caribbean recovered 55.0% of their 2019 figures, the Southern Caribbean recovered to 51.3%.

2023 Outlook

The outlook for travel to the Caribbean is promising despite global pressures.

Caribbean destinations can expect this recovery to continue into 2023, albeit at a slower rate, Walters explained, predicting that growth will be uneven among the destinations, with additional countries and territories exceeding their 2019 levels.

The CTO expects overall arrivals to the region will increase by between 10.0% and 15.0% compared to 2022, representing between 31.2 and 32.6 million tourists, which would surpass pre-pandemic arrivals.

The cruise industry also anticipates more recovery and expansion, with between 32.0 million and 33.0 million cruise visits, a 5.0% to 10.0% increase over the pre-covid baseline figure.

*The CTO report the countries and destinations in the conventional geographical region as well as Belize, Guyana, Suriname and the Mexican Caribbean (Cancun and Cozumel).

Cayman Islands tourism exceeds target for 2022

The Cayman Islands welcomed 1,027,668 visitors in 2022, divided between 743,394 cruise passengers and 284,274 stay-over visitors. Both cruise and stay-over visitation exceeded goals set by the Cayman Islands Government.

Air Arrivals

For 2022, the Department of Tourism set a goal of 200,000 stay-over visitors, with the aim to reach 40% of 2019 tourism tax revenue.

After a slow start in January, visitation increased rapidly month-on-month over the first half of the year, as the Cayman Islands Government phased-in its easing of travel restrictions.

At the end of August, when all travel restrictions were lifted, air arrivals soared. Visitation during the last quarter of 2023 averaged 89% of 2019's numbers and for the full year, January through December, the Cayman Islands recorded 57% of 2019's visitation numbers. At the end of year, stay-over visitation significantly exceeded the Department's goals.

Though the United States accounted for 80.8% of all stay-over visitors, UK and Ireland was the fastest recovering market in 2022, reaching 77% of 2019's visitation level.

This was followed by Canada at 66% of 2019's level with Canada recording growth over 2019's numbers in July, October and December 2022.

Latin America was the third fastest recovering market reaching 60% of 2019's visitation.

Cruise ships returned to the Cayman Islands in March 2022, and by December 2022, the destination had welcomed 743,394 cruise passengers on 261 ships.

The Caymans have set an overall 2023 goal of 70% of 2019 numbers.

Puerto Rico reports record tourism results

Puerto Rico's tourism industry closed the year with new records in visitation, visitor spending and jobs – signaling one of the best years in its history and solidifying the Territory's recovery from the difficulties of the COVID-19 pandemic.

Discover Puerto Rico took a very pro-active role to reach these milestones, including investing $50 million in American Rescue Plan Act (ARPA) funds that have been integrated into efforts to promote Puerto Rico as a tourism destination.

Discover Puerto Rico expects 2022 will end up with a 7% increase in overall visitation compared to 2019, when the cruise industry attracted one of every three visitors to Puerto Rico. Compared with 2021, the increase is 10%.

Between January - October of 2022, travelers contributed $1.345 billion to the island's lodging sector, an increase of about 30%.

Employment rose to 91,200 jobs in the leisure and hospitality sectors, the highest number in Puerto Rico's history. Wages also rose, say the tourism officials.

Discover Puerto Rico said that it had participated in more than 75 trade shows, road shows, and promotional activations, in the last three months of 2022, and had been able to double its budget by investing one-time federal funds in tourism promotion.

New CTO Chairman Kenneth Bryan reveals strategic plans

Chairman of the Caribbean Tourism Organization's Council of Ministers and Commissioners of Tourism, Kenneth Bryan, who also serves as the Cayman Islands' Minister of Tourism and Transport, summarized that great strides have been made in Caribbean tourism, a clear indication that the sector is bouncing back, and hopes are high that the robust pace of recovery will continue into 2023 and beyond.

"So although we have not yet surpassed 2019's numbers across the board in every jurisdiction, the needle is certainly moving in the right direction," he commented.

The chairman envisioned 2023 as a period of growth and development for the CTO, which is laser-focused on growing the membership, including countries, territories as well as allied partners.

"It is also my intention to strengthen the relationships with other organizations, such as the United Nations World Travel Organization, the World Travel and Tourism Council, and even the Central American Tourism Promotion Agency (CATA), to foster greater collaboration," said Minister Bryan.

He says that the CTO is considering restructuring the organization and reforming its strategic vision and direction for the next five years, which includes the appointment of a new Secretary-General, he confirmed.

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Rouge Duty Free continues its retail march across the Caribbean

From the elegant façade of its flagship Maison in a refurbished historic landmark in St. Croix, to a luxurious, modern retail interpretation of the famed architectural elements on Mexico's Riviera, to the island chic décor of its Creed Boutique in St. Bart, Rouge Duty Free is continuing its retail march across the Caribbean, and now has 16 stores open on five islands and a Mexican resort, with several more locations under negotiation.

The elegant new Rouge Duty Free flagship in Tulum, Mexico incorporates textures and materials of the historical ruins in the Architectural district, synchronized with a modern touch and feel.

St. Croix

The Rouge Maison in the heart of Christiansted's downtown Historic District is now fully open – with a galleria carrying a full array of fragrances, skincare, fashion, sunglasses, luggage and liquor.

"Sales are way above expectations," confirmed Raymond Kattoura, whose company Duty Free & Travel Retail Group Inc. helps manage the business for family-owned Rouge Duty Free. "The liquor business has been particularly successful and a small luxury boutique hotel on the second story is also doing very well."

A café in the back of the Maison property is opening on Easter weekend. This is one of two Rouge Duty Free properties on St. Croix.

Tulum, Mexico

Rouge's two perfumeries in the popular resort of Tulum, Mexico have also been open since the beginning of the year – a flagship located in the Architectural district in Aldea Zuma and a second shop in the Hunab Lifestyle Center shopping area.

In addition to an extensive selection of fragrances and beauty lines, the flagship store features a Beauty Spa Cabin and carries a full line of sunglasses and accessories, which Kattoura reports are selling very well.

Grenada

Rouge Duty Free has been expanding and upgrading in Grenada as well, where it is the leading luxury retailer on the island. The operator has completely remodeled its perfume store in Spiceland Mall, converting the old-fashioned counters to self-service within a bright and modern white marble interior.

"We expect to double our business at the Mall, which is already our best location on the island," commented Kattoura.

Rouge Duty Free completely updated and renovated its perfume shop in Grenada's Spiceland Mall, replacing counters with a self-serve concept and a white marble venue.

Rouge has just closed its flagship boutique in Port Louis, the famed mega-yacht marina, as the area is under construction by 5-star resort operator Silversands, which is opening a club and marina there. Rouge will be opening a temporary location in Port Louis before the end of the month, says Kattoura, and will have new space in Port Louis Silversands, when the construction is completed.

"Our new store at Port Louis will be 50% larger than the original store and anchor the shopping area," said Kattoura.

Rouge Duty Free is also the leading duty free operator at the Maurice Bishop International Airport, which has been enjoying excellent recovery. Grenada was cited as one of the top three performers in terms of percentage growth of arrivals over 2019 figures from the USA by the Caribbean Hotel and Tourism Association (CHTA).

St. Thomas & St. Maarten and more

Rouge Duty Free's store on the waterfront in Charlotte Amalie, St. Thomas also continues to be a top performer for the company, as are the three stores Rouge Duty Free is operating in St. Maarten, which have now been open a little more than a year. The stores—located in downtown Front Street, at Bobby's Marina and at Captain's Hodge Pier, cater to stay-over tourists, cruise visitors and the local market.

The first Creed Boutique in the Caribbean, which is operated by Rouge on the exclusive island of St. Bart, is officially scheduled to open this month.

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Contact: kattoura@dfrg.us

Cardow family creates premium rum to add to growing retail and wholesale wine and spirits operations

A year after announcing to the industry the expansion of its business into liquor through retail and wholesale operations in St. Thomas, long-time jewelry specialist the Cardow family is now producing its own premium rum: Extra Virgin by Cardow.

Extra Virgin by Cardow

Cardow is offering two different rums in its Extra Virgin by Cardow line, which have quickly become bestsellers, says Hubert Surville, the well-known wine and spirits expert who is consulting on the business.

"Extra Virgin by Cardow is a rum that is made from the first pressing of the sugar cane, not the molasses, and comes in a very nice decanter. We add a special technique for the aging which brings out a very delicate flavor," says Surville.

Cardow is currently producing two types of rum: Old Rum, a classic aged rum in cognac and bourbon barrels, and Navy Rum, which is heavier, and goes very well with mixing with ginger beer, says Surville.

"These two rums are the best sellers in our stores, which is quite amazing. The Navy Rum outsells Pure White. And these are premium rums: the Old Rum is $50 and The Navy Rum is $30. The reactions of the consumers have been incredible."

Retail operations flourish

From specialists in the crafting of fine jewelry, parent company Cardow Inc. is now also the exclusive operator of two liquor stores in St. Thomas' Cyril E. King Airport. Under the name Cardow Wine & Spirits, the company operates an 859-square foot Departures Store, which includes a premium bar, and a 445-square foot Arrivals store. The St. Thomas airport handled one million passengers a year in 2019, and the island has been one of the fastest recovering destinations in the Caribbean.

"The Departures Store is a classic travel retail location. At the Arrivals Store we cater to wealthy Americans, because 90-95% visitors at the airport in the USVI come from the U.S. These people find value and buy products for consumption during their stay," says Surville.

"We do the same revenue from the Arrivals store as from the Departures outlet, even though the Arrivals store is significantly smaller. But it is a different type of purchase."

The Cardow Wine & Spirits Departures Store at St. Thomas' Cyril E. King Airport in the USVI features a premium bar.

The Premium bar in the Departures Store has been a particular success for Cardow, says Surville.

"We have a premium bar inside our Departures Store which is an opportunity to present a new item or interesting new concept to any traveler. People can sit at the bar and be exposed in a way that they wouldn't be able to be anywhere else. At the bar we have more than 20 seats and have hired super-professional bartenders. We present the product to the consumer and the traveler in the best possible manner. When a consumer tastes the product at the bar and likes it all he has to do is turn around and buy it in the store."

The company also operates an exclusive Wine & Spirits store at the Crown Bay Cruise Port, which serves Royal Caribbean, Celebrity Cruise Lines and Holland American Cruise Line. Crown Bay also acts as a port of call to the Sea Dream Yacht Club, which caters to private vessels.

"The business at Crown Bay has doubled over last year. The volume of passengers is going back to a better level, but people are also interested in finding good values and products that they can either take back home or consume onboard," says Surville.

In addition, the company has two beachfront resorts on the island, both of which feature a restaurant and bar.

Further supporting the new businesses, Cardow Wine & Spirits launched a wholesale and distribution division in September 2021 which is already serving more than 100 on-premise accounts throughout St. Thomas, St. John and St. Croix.

"The wholesale operation sells to almost only restaurants, which makes us in the words of some of our suppliers 'the perfect market test for mainland U.S.,' because 95% of our visitors are coming from the U.S. and we offer on-premise distribution and our retail operations, which gives us a combination of all the local consumption, travel retail, souvenir, and exotic consumption. We are getting the attention of more and more suppliers."

For more information, contact Paul de Lyrot, COO, at Paul@Cardow.com or Hubert Surville, at Hubert@Cardow.com .

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Sexy and Sustainable: The cruise industry looks ahead with optimism and responsibility

Seatrade Cruise Global, the major cruise tradeshow in the world, wrapped up its March 2023 edition on a decidedly up note. Bringing together more than 9,500 cruise industry attendees, eighty cruise lines, 1,800+ cruise line representatives, five hundred exhibitors, and representatives from over 121 countries/ destinations, the show was a success on every level and reflects the booming recovery underway in the cruise sector.

This year's event, which moved from Miami to the Greater Fort-Lauderdale Broward Convention Center due to a scheduling conflict with Miami's Formula One Grand Prix race, also debuted a new event that has interesting potential for some travel retail beverage brands, called F&B@Sea. The initial effort has been so well received that the show organizers have announced that it will hold an expanded food & beverage showcase next year. (see related story)

Cruise tourism surging

Speaking before a full house on Tuesday morning at the industry keynote, Cruise Lines International Association Global Chairman Pierfrancesco Vago and President/CEO Kelly Craighead presented a very optimistic forecast for the future of cruising.

Here are some of the key takeaways from the opening session.

Cruise tourism is rebounding faster than international tourism, with the global passenger count forecast to reach 106% of 2019 levels in 2023, or 31.5 million, according to Cruise Lines International Association. CLIA estimates that cruise volumes could reach as high as 33 million passengers this year and an "incredible" 39 million by 2026, said Vago.

In another positive development, there is more interest in cruising now than there was before the pandemic, he said, with as many as 85% of those who have cruised saying they plan to cruise again. This is up significantly from 80% in 2019.

ARC = a bright future

In her opening remarks, Kelly Craighead noted that the cruise industry has a great story to tell.

"We offer 'A accessibility - catering to a range of prices and age groups. We offer 'R' responsible, managed tourism, taking care of the land, the sea and the water. And 'E', cruising is experiential. More than 60% of cruisers return to a destination for a longer visit," she confirmed.

The cruise industry will see 14 new ships this year with 62 new ships by 2028, and even as the intention to cruise is growing, Craighead warned that the industry is facing some real environmental and regulatory challenges.

In an effort to demonstrate how beneficial cruising is to local tourism, CLIA has prepared an interactive tool kit now available in Europe, which shows the importance of cruising to local economies, and the industry's respect for the environment.

"Cruise lines are proactively working with their partners to provide solutions," she noted.

"Cruising is sexy and sustainable, and offers something for everyone," she concluded.

Sustainability and the search for net-zero

Faced with growing environmental and climate issues, the cruise industry has set a goal of reaching net zero by 2050. To do so will require "3 Ps" said Vago, "Passion, Purpose and Perseverance."

"These are the 3Ps that will give the cruise industry the opportunity to position ourselves as a leader in meeting the climate challenge, and achieving net zero," he noted.

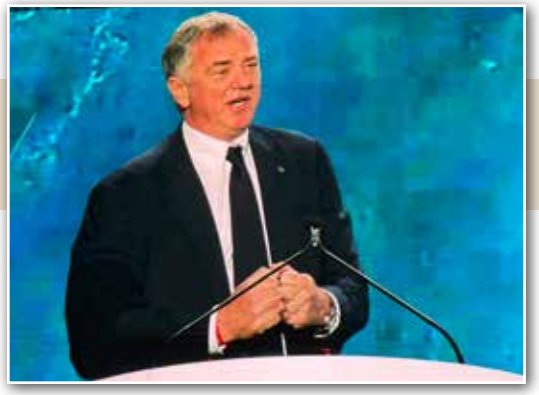
Vago spoke about shore side power –"ports are behind where they need to be" with only 2% currently offering the plug-in option – and that all new builds will use cleaner LNG fuel. But even as 60% of the cruise ships set to debut between 2023 and 2028 will use LNG as their primary fuel, this is not enough to achieve net zero, he warns. Industry innovations will be able to account for as much as 70% in reduced emissions, but that final 30% will come down to developing new cleaner fuels.

According to CLIA, 75% of its member lines' ships are being designed to adapt to using sustainable fuel when it's available.

"Cruising is leading every industry in responsible travel but we need to communicate this better," he warns.

"And we must correct community misconceptions and correct old, outdated data. We must make governments understand the cruise industry."

"We are emerging stronger that we were before the pandemic, but we must emerge united and face the future as a real industry."



CLIA Global Chairman Pierfrancesco Vago

CLIA President/CEO Kelly Craighead

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Analyzing the State of the Cruise Industry at the 2023 Seatrade Cruise Global keynote conference was BBC World News Presenter & Anchor, Lucy Hockings; Carnival Corp. CEO Josh Weinstein; Pierfrancesco Vago, Executive Chairman, Cruise Division, MSC Group; Royal Caribbean Group President and CEO Jason Liberty, Norwegian Cruise Line Holdings President and CEO Frank Del Rio (in his last appearance on this panel), and Kelly Craighead, President & CEO, Cruise Lines International Association.

Moving Forward: keynote State of the Industry dominated by the new guard

With the announcement on March 20 that Norwegian Cruise Line Holdings Ltd. President and Chief Executive Officer Frank Del Rio would be retiring effective June 30, three of the four major cruise companies traditionally participating in the Seatrade State of the Industry keynote are now headed by a "new guard."

Richard Fain retired as Royal Caribbean Group CEO in January 2022 after 33 years at the helm; and was succeeded by former CFO Jason Liberty, 46. Arnold Donald retired as president and CEO of Carnival Corp., a position he held since 2013, and was replaced by COO Josh Weinstein, 48.

Del Rio, who is also stepping back from NCL's Board of Directors, will serve as a consultant, staying on as a senior advisor to the Board through 2025. The company named Harry J. Sommer, 55, who has been chief executive of Norwegian Cruise Line since 2020, as its new CEO effective July 1. Del Rio spent three decades in the cruise business and has led the company since 2015.

Only Pierfrancesco Vago, Executive Chairman, Cruise Division, of privately-owned MSC Group (in addition to his position as Global Chair of Cruise Lines International Association) will remain of the "old guard."

In addition to Del Rio and Vago, the 2023 Seatrade State of the Industry panel included keynote panel moderator and BBC World News Presenter & Anchor, Lucy Hockings, RCL's Jason Liberty, Carnival Corp.'s Josh Weinstein and Kelly Craighead, President & CEO, Cruise Lines International Association.

"This was the perfect time to step down," said Del Rio in response to the question of why now? "The industry is ready and the future is bright. With the company solidly positioned for 2023 and beyond, I am confident that now is the right time to pass the baton to Harry."

"We have just completed the world's largest start-up in history," said Carnival's Weinstein, referring to the restart after the unprecedented lock-down of the cruise industry in response to the COVID-19 pandemic. "Now we have to get back to profitability and focus on the guest experience, which is something that we do really well," he added.

"It's so great to be making money again," quipped Liberty, whose Royal Caribbean and Celebrity brands are delivering a record year.

Although much of the morning's discussion centered on the quest for net-zero emissions and cleaner sustainable fuels, Del Rio argued that the industry was in danger of losing sight of the customer.

"We will all do whatever the science allows us to do," he said. "But the purpose of the cruise industry is to provide great holidays for the customer."

MSC's Vago, who stressed that his company takes a long-term vision, says that cruising is just a tiny sliver of the maritime industry, but it is leading the way in decarbonization efforts.

"We lead the industry in innovation and we are creating the demand for sustainability," he argued. But cruising will not reach its net-zero goals until biofuels are available, he said.

"Available, affordable and scalable," added Liberty. "And we need to have our ships prepared to take on the alternative energy as it becomes available."

Do cruisers care?

Moderator Lucy Hockings of BBC World News queried the panel on whether these sustainability efforts might attract millennials and younger generations.

"Everybody cares about sustainability to some degree but are they willing to pay for it?" said Del Rio, who thinks that the cruise industry is not charging enough for what it delivers.

Pricing and value

Weinstein pointed out that cruises are 25% to 50% cheaper than a land-based vacation, but agreed that the industry is not explaining this value strongly enough. "We need to do a better job talking about the value that we offer."

Vago added that much of the public sometimes doesn't know what the cruise industry is doing about sustainability and responsible tourism. The "big ship" in the harbor is an easy target for many things that go wrong.

"We need to do a better job when telling our story," he stressed.

CLIA's Craighead ended the discussion on a positive note: "Cruising is sexy and sustainable and offers something for everyone," she said.

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Looking at the future of cruise retail through the eyes of the "Trinity," The Moodie Davitt Report's Dermot Davitt, moderated a panel made up of Carnival Cruise Line VP of Onboard Revenue Luis Terife, Starboard Cruise Services President & CEO Lisa Bauer, and What Comes Around Goes Around CEO Seth Weisser (representing the very hot product category of vintage fashion).

Reimagining Cruise Retail for a new Travel Era

One of the highlights of this year's Seatrade Cruise Global event was a Cruise Retail Session organized by Nadine Heubel, Seatrade's Retail Ambassador (whose day job is heading up the travel retail advisory practice for North America at Newmark.)

Heubel introduced the panel by thanking Seatrade for acknowledging the importance of the retail sector within the cruise industry, and designating the session as the "official start of putting retail on the map in a more meaningful way."

Excellently moderated by *The Moodie Davitt Report*'s Dermot Davitt, the panel represented the industry "Trinity" from the lens of the cruise line, the retailer and a brand: Carnival Cruise Line VP of Onboard Revenue Luis Terife, Starboard Cruise Services President & CEO Lisa Bauer, and What Comes Around Goes Around CEO Seth Weisser (representing the very hot product category of vintage fashion).

The overall theme was how to ensure the industry has a strong, sustainable, robust cruise retail sector in the years ahead. Specific topics touched on shared insights on key consumer drivers such as sustainability and digitalization, who the new cruise consumer is and what motivates them to shop onboard, the growing importance of experiential retail and how the assortment and retail experiences should be adapted to guests' evolving needs.

Nadine Heubel, Seatrade's Retail Ambassador, set the stage for the Cruise Retail session, in her opening remarks.

Setting the stage, Heubel reported that cruise retail revenue was estimated to be approximately US$2 billion in 2019, and with more than 100 new ships currently under construction, this number is forecast to increase significantly over the coming years.

As passenger numbers increase, so too has the space dedicated to retail – but so have guest expectations towards the retail offer, she said.

"While maybe 10 years ago guests could be satisfied and revenue maximized with great promotional deals only, in today's world this is far from enough," cautioned Heubel.

Ships continue to create amazing entertainment options – and onboard retail must be part of this evolution if it is to remain relevant for the cruise guest.

The more space dedicated to retail on a cruise ship, the higher revenue generated. Equally important, the more guests are satisfied with the retail offer, the higher their overall net promoter score will be – a critically important KPI for the cruise industry.

"No party of the value chain can achieve this alone," said Heubel. "If we want the guest to win, we all have to win – cruise lines, retailers and vendors."

The retail session at the 2023 Seatrade Cruise Global was seen as a way to kick-start the cruise trinity discussions, with more to come.

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Inaugural F&B@Sea event at Seatrade delivers good effort to connect industry with vendors

The organizers of the Seatrade Cruse Global event deserve a round of applause for taking a gamble on a new event within the industry's largest cruise gathering with the advent of the world's first dedicated cruise F&B experience.

Launched for two-days in the middle of the 2023 Seatrade Cruise Global event, F&B@Sea was billed as an immersive, epicurean journey of the senses designed exclusively for cruise food, beverage, guest experience and hotel operations professionals.

Through a series of panel discussions and presentations, the two-day curated program also conferred on practical solutions to questions on cruise F&B sustainability, supply chain, labor shortages and more. It also held very entertaining and informative mixology demonstrations and immersive demonstrations, etc.

Luis Ortega, Director of Beverage Development & Operations at Norwegian Cruise Line Holdings discusses the latest beverage trends with Ken Taylor, Sr. Vice President of MarkeTeam, and Zachary Sulkes, Director of Beverage Operations at Carnival Cruise Lines.

Quite a few familiar travel retail faces—especially among the beverage brands – were on hand as exhibitors, sponsors or attendees. Among these were Campari—with a compelling Aperol photo op display and sponsorship of the centrally located bar; Sazerac, Bacardi and Patron, Heineken, Moet Hennessy, Remy Martin, Tea Forte and Monarq, among others. WEBB Banks also held tastings for some of its major brands. There were also quite a few smaller beverage brands and food companies.

Most importantly, all of the exhibitors were enthusiastically positive about the number of cruise beverage buyers that they were able to meet. Nearly every cruise brand reportedly sent representatives. All the brands were quick to point out that the buyers were there for scouting brands for ship pourings, and retail was not involved.

Among the F&B@Sea sessions, senior executives in charge of the Food & Beverage operations at Carnival Cruise Lines, Celebrity Cruises, Norwegian, and MSC discussed such topics as labor, regulations and changes in the supply chain and sustainable sourcing in a panel moderated by Deputy Editor of *Food & Wine*, Melanie Hansche.

Discussing Taste Beverage Trends, Luis Ortega, Director, Beverage Development & Operations at Norwegian Cruise Line Holdings and Zachary Sulkes, Sr. Director, Beverage Operations at Carnival Cruise Lines, delved into some of the innovative beverage and cocktail trends taking off in the coming years.

Each company takes a completely different approach to pre-selling onboard beverge packages, for example. Ortega reports that as many as 85% of the Norwegian passengers purchase pre-cruise beverage packages; whereas the percentage of beverage packages sold was only in the low teens at Carnival, reports Sulkes.

The two looked at the economics of preparing a quality cocktail (it takes much more time than pouring a beer) and talked about how to keep the beverage offer fresh and innovative. Norwegian's award-winning programs include partnering with iconic winemakers and celebrity chefs, or creating a restaurant that only sells natural wines. At Carnival, Sulkes reports a growing trend for low-alcohol or no-alcohol beverages, as well as craft beers—a specialty of Carnival's onboard brewing capacity and its Alchemy Bars.

Seatrade has announced that this initial F&B@Sea was so successful that it will be expanded next year when the main event returns to Miami on April 8-11, 2024.

Seatrade Cruise Global cruise trade show and conference will return to Miami Beach April 8-11, 2024

Seatrade will return to Miami as part of its long-term commitment to the City of Miami Beach and is indicative of the event's dedication to the entire cruise community.

"Seatrade Cruise Global started in Miami 36 years ago and it has been held there annually for almost all of that time, apart from during Miami Beach Convention Centre renovations and in 2023 when our show dates overlapped with the Formula 1 Grand Prix," says Andrew Williams, Executive Vice President of Informa Markets, the owner of Seatrade. "We thank Broward County / Fort Lauderdale for hosting us in those years and look forward to being back in Miami and at the Miami Beach Convention Center again in 2024."

The return to Miami Beach comes after the Miami Beach Convention Center invested $640 million to reimagine and renovate the 1.4 million-square-foot convention center, which features 500,000-square-foot exhibition hall, five ballrooms, an 800-spot convenient roof deck parking and 10 acres of greenspace.

Seatrade Cruise releases first Cruise Food & Beverage Trends report

Research carried out by Seatrade Cruise in 2022, indicated that the global food and beverage market is expected to be worth $8.9 trillion by 2026, with six leading cruise lines accounting for over $2 billion in food and beverage annually.

These findings headline the first Cruise Food and Beverage Trends E-Report published by Seatrade Cruise, in advance of the inaugural edition of F&B@Sea which took place on March 28-29, 2023 during the 2023 Seatrade Cruise Global event.

The research data, which was collected by surveying F&B suppliers and cruise professionals responsible for food, beverage & hotel ops, reveals challenges impacting the sector as well as several key trends influencing shipboard drinking and dining.

Some of the top challenges to be solved for the multibillion-dollar cruise food and beverage industry, as denoted by survey participants, include inflation/price increases (78%), supply chain disruption (76%), as well as longer lead times for restocking/order fulfillment (44%).

Cruise vessel supply chains within the food and beverage segment are growing increasingly complex, as several in-demand products prove difficult to procure and meet passenger expectations. Namely, seafood and eco-friendly packaging were identified as products in highest demand and lowest availability.

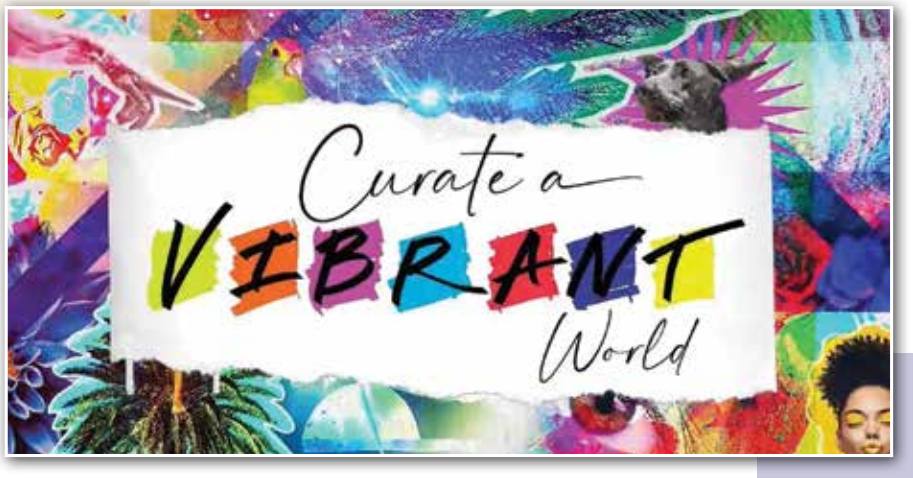
In addition to the demand for sustainable dining options, other highlights of the report include a section on Drinks, discussing the trend for Low to no alcohol beverages, Craft-spirit fusions, and Health supplement drinks; and Tech, with such topics as Ordering/menu apps, AI for predictive ordering and waste management, and contactless ordering capabilities.

The complete Cruise F&B Trends E-Report is available online at https://event.seatradecruiseevents.com/FB_Cruise_TrendsReport.

The first F&B@Sea attracted major suppliers from the food and beverages industries.

Starboard unveils a bold new refresh as it amplifies mission to "curate a vibrant world"

Starboard Cruise Services has unveiled a company-wide transformative brand amplification. With a new visual identity and redesigned logo emphasizing its globally recognized name, Starboard, the change amplifies Starboard's values and purpose to – Curate a Vibrant World – while providing an elevated perspective on the company's well-known best-in-class vacation retail.



Transitioning to an even brighter future

Starboard has continually introduced new strategies to increase growth and re-enforce its strong company culture.

The company says that it had gone through an internal realignment that introduced dedicated account teams to optimize Starboard's goal of delivering distinct cruise line account strategies and services, such as curated products, experiences and marketing tactics that reflect each line's unique brand and guest profile.

Launching the Luxury Division further diversified Starboard's services and partner portfolio by offering highly curated collections differentiated for luxury cruise lines.

Rooted in heritage while evolving

The new North Star brand amplification honors Starboard's LVMH heritage of "unparalleled" luxury offerings and celebrates its rich history as the first travel duty free retailer in the U.S. While ever evolving, the retailer embodies the same principles and values it was founded upon by A.E. Merhige in 1958, maintaining a level of curiosity, wanderlust and passion.

"We are doing business differently by sparking wanderlust and curating memorable products and experiences that celebrate moments that matter in life," stated Lisa Bauer, President and CEO of Starboard. "Our amplified branding certainly reflects how our purpose to curate a vibrant world radiates through every touch point and every stakeholder, from our cruise partners, brand partners, employees to of course our guests onboard."

Starboard's North Star

The brand amplification centers on Starboard's redesigned visual identity, exemplified by the new logo and introduction of the Starburst icon. The new look and feel are reflected across all touchpoints, including the website and social channels.

Logo | Starboard set out to design an emblem as iconic and distinguished as its immersive and personalized onboard shopping experiences. The new logo illustrates the essence of the company's name as well as the "starburst," a new icon that echoes the essence of Starboard's North Star framework as it radiates vibrant rays of light, color and energy – beckoning different interpretations.

Whether one sees bows of ships coming together in curved lines and dots, or a human figure in the center with outstretched arms, it calls to the idea how unity emerges through coming together to fulfill a purpose, says the company.

STARBOARD™

Website | The redesigned website captures Starboard's bold thinking and modern approach while maintaining the brand's essence. It also highlights the wide range of high-quality services offered across the Luxury Division and sister company, Onboard Media.

- Starboard curates vacation retail experiences
- The Luxury Division serves existing and new ultra-premium cruise lines
- Onboard Media produces innovative multimedia solutions for the greater travel industry

Starboard says that it is devoted to constantly pushing the boundaries of curating vacation retail experiences at sea and that the amplified visual identity reflects the company's vision to reimagine the future of onboard shopping.

With a renewed sense of clarity and focus, Starboard says that it is poised for success in the years ahead and well-positioned to expand its signature vacation retail offerings.

For more information, visit the company's website at: https://www.starboardcruise.com/

One on One with Lisa Bauer, Starboard Cruise Services President and CEO

Keeping cruise retail vibrant, fun and relevant

Travel Markets Insider's Lois Pasternak had an opportunity to sit down with Lisa Bauer, Starboard Cruise Services President and CEO, during the recent Seatrade Cruise Global, just days after the cruise retailer announced the news of its extensive "refresh." From its new guiding North Star emblem to its vibrant color palette, every element is geared to keeping the industry leader going forward.

TMI: How did you come to decide to refresh and what are the various components?

The idea started when we created our new North Star so that our employees, cruise lines and vendors really understood what Starboard stands for.

And that is where we landed on "Curate a Vibrant World." This really revolved around the idea of "curate," meaning hand-selected and being very thoughtful around everything that we were doing and not having it be any more about the category, whether it be leather handbags, or alcohol, or apparel. But rather "how do you curate by cruise line, by itinerary something that would really resonate with the guests."

If you look at the color palette as part of the rebranding, you see the vibrancy of "curate a vibrant world" – it screams Caribbean, it screams Mediterranean, it screams Palm trees and fun. It illustrates this idea that I am on vacation, I am on holiday, I want to be relaxed, I want to have a great time. We were playful with it, honestly.

And then we really had fun with some of our core values around things like curiosity, transparency, grit, and we created stickers for all of our employees to put on their luggage and their laptops. It is creating a great way of engaging with our employees and it's fun!

Introducing our new Star icon has been quite a lot of fun too. What do you see when you look at the star? A star? The bows of ships? A figure with its arms outstretched? We are all excited about it. We like that different people see it differently. It stands for diversity. Diversity of thought, for example.

Lisa Bauer, President and CEO of Starboard

It goes back to the idea of wanderlust, and the fact that the guests are looking for experiences and traveling the world and fulfilling their bucket list.

TMI: So why now?

This was just a natural evolution. During COVID was when we created the North Star and as we started coming back to the office and started revamping, it was a natural time to relaunch the color palettes, and all the playful things we have done to bring the branding and North Star to life. We are all post-COVID. What better time to refresh? Let's look out of the windshield and not the rear mirror. That is the direction we want to go – forward. And we think the timing could not have been more perfect.

TMI: What has been the response from the cruise partners?

Our cruise partners are more about how we are curating and less about how we are presenting our branding—because we are not a (consumer facing) brand. But they are really relying on us for how we deliver on our concept, how we curate, how we show up more playful, how we bring that vibrancy—that's what the cruise lines are looking for from us.

TMI: How are your brands responding?

The brands are very excited. Some of the things that we are doing – like pop-ups and the pop-ins – and the beautiful new products we are launching, this is resonating.

TMI: How are you using this vibrant new image?

It is everywhere. It is in the new signage in our offices, in our email signature, it is in all of our collateral – we are using the new North Star starburst with our employees, with our shore-side people. And we gave out stickers to all the crew to use. Look at this one: "I'm an Alchemist." Alchemy is all about change and transformation, and this is the transformation of the brand. And we have a whole new website.

I think our people did an incredible job. It's bold. It's vibrant. It's fun.

TMI: Does Starboard have any new cruise partners coming into the portfolio?

We have Virgin Voyages, as already announced, and on the luxury side we have three new partners: Ponant, Scenic, and Emerald. We expect another announcement soon, as well.

MSC Group's Explora Journeys introduces a unique onboard retail experience with luxury reimagined

Explora Journeys, the luxury lifestyle brand of the MSC Group, has unveiled the distinctive retail experience featured on its first ship, *EXPLORA I*, called The Journey.

EXPLORA I, the first of up to six vessels scheduled to join the fleet of Explora Journeys, will be officially named on July 8, 2023 in Civitavecchia near Rome, Italy before heading to Southampton, UK to depart for her maiden journey on July 17, 2023.

Inspired by the 'Ocean State of Mind' and influenced by the destinations the ship will visit, The Journey redefines the shopping experience at sea, reports the company. More than just a place to browse and buy, it is described as "a journey of discovery, consciousness and craftsmanship with provenance."

These qualities are reflected in a collection of more than 30 artisanal brands, all of which share a commitment to caring for the planet and its people. Every item selected for The Journey is said to be a celebration of creativity, passion and the power of discovery, each with "its own magical story to tell."

The offering will include items exclusively designed for Explora Journeys and only available onboard *EXPLORA I*.

The Journey notes that it is the first retail offer at sea that actively looks for partners with relevant official documentation, such as B Corp Certification or The Butterfly Mark, thereby guaranteeing a sustainable approach to their production practices.

Explora Journeys says that it is committed to partnering with brands that mirror its commitment to sustainable practices and environmental consciousness.

Adrian Pittaway, Head of Retail at Explora Journeys, comments: "The design of our retail spaces befits the beauty of the items they will offer. Carefully designed for a calm and relaxing shopping experience, the spotlight always shines on the chosen brands, products, their provenances and stories. The knowledgeable service of our Explora Journeys hosts will be complemented by founders and designers who will accompany our guests on their journey to the Ocean State of Mind."

"With nearly all our 30+ ateliers, unique in the ocean, we will truly bring different and truly sensory, inventive and hyper-physical experiences each day of their journey for our guests focused first and foremost around passionate story-telling," Pittaway tells *TMI.*

"A warm, welcoming open plan environment with plenty of natural light and interchangeable concepts, we will continue to evolve ourselves with each of our different itineraries. It really is luxury, recrafted."

Explora Journeys focuses on small, niche, luxury brands that prioritize sustainability. These include a carefully selected collection of sensorial fragrances and skincare, beautifully designed ready-to-wear and accessories, homeware and gifts, and fine food and drink.

At the heart of the production process of each of the brands are natural materials many of which are recycled and regenerative. Design and craftmanship are infused with passion, creativity, local influences and inspirational stories of the artisans and artists who have created these one-of-a-kind products.

Welcome to The Journey
Sensorial Fragrances & Skincare

The Journey currently features ten regionally inspired niche fragrances and natural skincare brands from all over the world. These include Fueguia 1833, a luxury brand from Patagonia in Uruguay; Floraïku, inspired by Asian culture and named after a Japanese haiku; Luce di Sorrento, dermocosmetics conceived in Sorrento, Italy; Geneva-based Dr. Levy, dermatologist created skincare using stem cell and epigenetic biotechnologies; and Soley Organics, founded in 2007 by Icelandic actress Sóley Elíasdóttir, who uses hand-picked wild Icelandic herbs from certified organic lands in the products.

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Plus niche French brands Memo Paris; music-inspired Room 1015; Le Jardin Retrouvé; PH Fragrances, one of the first sustainable luxury niche brands; and Une Nuit Nomade.

Ready-to-wear

The Journey's curated collection of knitwear, resortwear, activewear and loungewear for men and women combines luxury, sustainability and integrity, says Explora, featuring such brands as Kampos, made in Italy from recycled plastic bottles, abandoned fishing nets and other organic materials; 'Friulane'shoes from Allagiulia; innovative Italian technical and lifestyle outerwear brand North Sails; Save The Duck, the first B Corp Certified luxury outerwear Italian brand, which produces outerwear made without the use of animal products; Swiss luxury underwear brand, Zimmerli; and Waimari, women's clothes sustainably handmade in Colombia, with each item handcrafted by a group of female artisans, many of whom are the main source of income for their families.

Timeless Accessories + more

The Journey also offers scarves, bags, eyewear, small leather goods and lifestyle accessories from Swiss brand Pink Maharani whose artisanal products are handmade by more than 150 artisans in India, Peru, Bhutan, Nepal and Cambodia; Aaks – luxury handbags made in Ghana; Fold exceptional leather bags; hats from Borsalino; luxury eyewear brands, Moscot and L.G.R; and global cult brand Maui Jim, whose sunglasses have earned the Skin Cancer Foundation Seal of Recommendation for their highly effective UV filter.

The ship's retail offer also includes an exceptional collection of Homeware and Gifts, as well as Fine Food & Drinks in conjunction with Explora's Expert Culinary team, selected to showcase small producers, unforgettable flavors and unique stories.

"We are truly excited to reveal four years of hard work from our retail team at Explora Journeys, to evoke an exciting new dawn in cruise retail to bring our guests an Ocean State of Mind," concludes Pittaway.

Explora Journeys unveils destinations for U.S. and Canada, East Coast

MSC Cruises announced a whole range of East Coast U.S. and Canada destination experiences for its new luxury ship, Explora Journeys, during Seatrade Cruise Global.

The luxury lifestyle travel brand will offer a wide range of curated pursuits and experiences as part of its debut Inaugural Journeys Collection for North America. These will showcase an eclectic mix of urban experiences in cities including New York, Boston, Halifax or Quebec City and the discovery of local customs and history, as well as the opportunity to experience snow-covered peaks, dramatic coasts, evergreen forests and preserved landscapes in Canada and the East Coast of the United States, including New England.

EXPLORA I's North American journeys will take place from September to November 2023

MSC says that the Explora experiences are tailored to small, intimate groups, from two to 25 guests; always with an emphasis on exclusive, off-the-beaten-path encounters and to allow guests to fully immerse themselves in each destination, without leaving their footprint on the places they explore.

In addition to New York City and Boston, the U.S. destinations include Portland, Maine and Port Canaveral, Florida.

The Canadian destinations include Baie Comeau on the St. Lawrence River, Charlottetown (Prince Edward Island), Gaspé, Havre-Saint-Pierre, La Baie (Saguenay), Quebec and Halifax.

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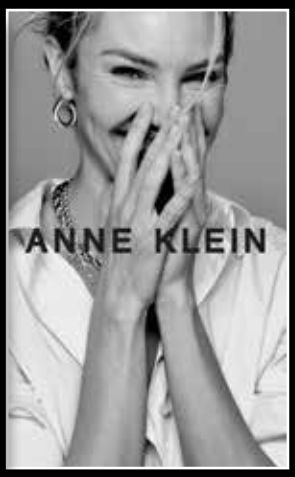

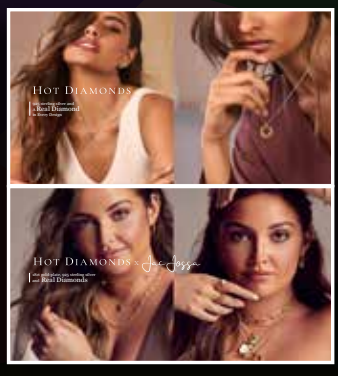

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How the growing appeal of circular fashion is driving Pre-Owned Luxury in travel retail

Whether you call it second-hand, vintage or "pre-loved," the market for pre-owned goods is burgeoning, especially when it comes to coveted luxury brands. And the travel retail industry is taking notice.

"Travel Retail must get into luxury resale… it will be missing a major category if they don't consider this," encourages Laura Swan, Co-President and Chief Revenue Officer of the company LXR, which has launched pre-owned luxury in the channel.

Untapped potential

"The resale economy continues to outpace traditional retail (or first-hand retail), growing about 27% year over year," says Swan. "It offers a desirable new revenue stream in a growing market category."

Swan quotes market analytics, which predict that the total resale market is going to be north of $50 Billion in the next three years.

"In 2021, resale saw 58% growth, the highest in five years," she explains, followed by a 28% increase in 2022. Luxury resale has increased its penetration of the total resale market and is outpacing the primary luxury market, growing at 65%, according to the Bain-Altagama 2022 Luxury Goods Worldwide Market Study.

LXR operates in the Resale Luxury Market, with a focus on preowned luxury leather goods and accessories. Active in this segment since 2010, Swan says, "We believe we are well-positioned to continue to provide consumers of all ages, environmentally-responsible authenticated branded luxury products through our extensive omni-channels."

"Entering the pre-owned market is no longer an option; the growth of luxury resale cannot be ignored," she emphasizes.

As one of the conference speakers at the 2022 Summit of the Americas, Swan introduced the concept of second-hand luxury resale, which was then very new in the market.

"LXR pioneered the first pre-owned luxury boutique with Aer Rianta in the Loop Duty Free store at Canada's Montréal-Trudeau International Airport in September 2021. It was the first luxury vintage concept to launch in an airport in North America. This business continues to be very strong and we are looking forward to future opportunities together," she said.

Focusing on the top 20 luxury brands including Louis Vuitton, Gucci, Chanel and Hermes, LXR offers a highly curated assortment of handbags and other complementary accessories. Swan says that the pre-loved pricing model offers up to 70% below MSRP, depending on condition and brand demand.

"Louis Vuitton, Chanel and Gucci are the most popular brands (in travel retail) and we also see high demand for Fendi and Dior," says Swan.

Demand is strong

"Our business has been amazing. In addition to expanding our presence in the airports, we have launched several cruise ships with great results, she added.

In December, Harding+ introduced a range of pre-loved handbags, accessories and jewelry onboard the new P&O Cruises *Arvia* within a dedicated accessories store.

Harding+ recently announced that it would be expanding the pre-loved luxury range to the Carnival Cruise Line and Princess Cruise ships it handles, launching onboard a further 10 ships in 2023.

Starboard Cruise Services has also embraced the concept, and features a vintage luxury collection in its Sense of Self shops onboard the Celebrity Edge class ships.

The range of pre-loved luxury onboard *P&O Arvia* features almost 40 different styles from Gucci, Louis Vuitton, Chanel and Hermès, with pre-loved prices ranging from £250-£6,000, which is 30% and 70% less than the original as new price, reports Harding+.

Selections from the Harding+ pre-loved shop aboard P&O Arvia.

LXR pioneered the first pre-owned luxury boutique in the Loop Duty Free store at Canada's Montréal-Trudeau International Airport in September 2021. "It was the first luxury vintage concept to launch in an airport in North America," says Laura Swan, Co-President and Chief Revenue Officer of LXR.

Sustainable fashion and the circular economy

With these prices, pre-owned is obviously still luxury, but in a more sustainable form.

"I am not sure everyone really understands luxury resale yet," says Swan. "Our mission at LXR is to expand the circular economy. We want to put these iconic beautiful hand-bags into the hands of a new owner. We want to continue that sustainable fashion."

LXR says that its value proposition encompasses "Scaleable Sustainability."

"LXR owns our products – as opposed to selling on consignment – which gives us strong creative direction and control over merchandising strategy and the authenticity of our inventory. We have a steady source of high quality luxury handbags and accessories primarily from Japan, Europe and North America and this gives us the ability to scale in depth within brands and SKUS.

"We have a team of buyers located in Tokyo, and a team of buyers in North America with deep product knowledge capable of fully authenticating styles from the top 20 luxury brands. We buy each piece, which is why we can scale with multiple cruise ships and why we can replenish them when they come into port. If the bags are selling you want to keep the shelves supplied."

Swan explains that there is a growing acceptance for "luxury second-hand", with shoppers actively searching these brands.

"There is so much demand for these pieces that we have partners who send us lists of brands and styles that they want. There is a customer who embraces luxury and re-sale and has adopted the idea of circular fashion."

"Consumers see the inherent value of each piece, where you are getting something very special at below the original cost, and helping promote circular fashion and sustainability."

Pre-owned is also a gateway for luxury buyers, she says.

"We are seeing a generational shift among our shoppers. Younger buyers appreciate luxury brands, but are also attracted to the sustainability aspect, as well as the affordability. We are also seeing buyers who are collectors. Both categories of buyer are key drivers for the growth of the concept," says Swan.

Authenticity assured

To allay any worries that the luxury goods on offer might be counterfeit, LXR offers a 100% customer indemnification and authenticity guarantee on every sale.

"We receive supplier certification followed by full internal authentication, and implement a rigorous process within our Tokyo and Montreal facilities to assure that anything we sell is real, including a multi-step authentication inspection by a team of highly skilled buyers," says Swan.

LXR is also intensely customer-focused with NPS scores in the mid 70's, and product return rates below 10%, she adds.

Enhancing retailer's sustainability position

Introducing pre-owned luxury can benefit a retailer beyond the sales aspect, says Swan.

"By launching a resale luxury shop you immediately enhance the shop's position on sustainability. Even if you do not have space for a full shop, a few shelves will suffice in the beginning," she says.

LRX can deliver turn-key results and execute a launch in less than 30 days. For a typical cruise ship, or airport shop, LXR would provide not only the product, but also supply branded marketing assets, as well as staff training and merchandising.

"There has not been one new partner that we worked with where we didn't increase the order after launch.

"We see so much opportunity within travel retail, where luxury resale is still virtually untapped, and we know we are the strategic partner to deliver the best results."

The *TMI* LATAM economic report: A tale of two countries

John Gallagher reports from Buenos Aires

The economic situation in Latin America cannot be described as buoyant.

As most countries in the region stumble out of the pandemic and try to revive their economies, South America's two major countries are looking to the future with very different perspectives.

Currency union?

In a surprise move in late January, Brazilian President Luiz Inacio 'Lula' da Silva and Argentine President Alberto Fernandez announced they would start preparations for a common currency, possibly leading to a full currency union.

While a union with a joint central bank that creates a currency to rival the Dollar and the Euro sounds like a great idea, in reality, the two countries are experiencing hugely dissimilar inflation rates and widely different economic objectives. This makes the idea bizarre, to say the least.

Perhaps it was a ploy to ensure better press coverage of Lula's visit to Argentina, but both countries have a long way to go to ensure economic stability and growth for their citizens before introducing such a drastic economic change.

Lula's election victory last year was expected to stimulate the Brazilian economy. However, uncertainties about the new government's short term fiscal policies led financial markets to react negatively during the first few days in January, when Lula and his economic team took power.

The basics of the economy appear sound. The exchange rate at 5.15/5.20 BRL to the USD has stabilized, inflation at 5.6% is also stable and after a tough first quarter, GDP is expected to grow for the rest of 2023 by just over 1%. But business and consumer sentiment remain pessimistic.

Should Lula be able to reverse the early stagnating trend of Q1, economic growth will become stronger in the second half the year and into 2024.

A stable first half should allow Lula to cut interest rates in the second half of the year. But his strategies may be affected by the banking crisis in the U.S., Switzerland, and other parts of the world.

The uncertain economic outlook has curtailed many Brazilian travel plans. International air traffic is still way below pre-pandemic levels due to fewer international frequencies and high ticket costs. Domestic travel has recovered well with domestic airlines reporting strong figures in the fourth quarter of 2022 and the first few months of 2023. Local reports also indicate more regional travel to Argentina, Uruguay, Chile and Paraguay, which is good news for airport and border duty free shops in the area.

Triple digit inflation in Argentina

It's hard to put a positive slant on the Argentine economy - in early March the official annual inflation rate was at 102.5%. This figure indicates poor economic management by the government and an inability to put a clear anti-inflation policy into action. Critics say that price controls on basic consumer products will never help if the government keeps printing money to pay for public employees' wages and ever-increasing subsidies and grants to disadvantaged social groups.

GDP growth slowed in Q4 of 2022 and the consensus forecast for this year is between 0.5% and 1%. There is a possibility that the government may increase government spending prior to the October presidential elections. Whether this would improve GDP growth or introduce new economic challenges, remains to be seen.

Exchange rate woes

The official exchange rate is now at 210 Pesos per Dollar but the grey market rate is now at 390 and commentators say this rate is undervalued by between 25-30%.

The shortage of foreign currency is a major problem for importers of luxury goods and the manufacturing industry, and the government now insists that importers pay overseas suppliers not earlier than 180 days after shipment. Supplies of expensive whiskies and high-end fragrance brands in the domestic market are beginning to dry up as importers struggle to secure import licences. Duty free shops may now be the only retail stores where these products can be purchased – but shop operators will also be experiencing problems getting sufficient foreign exchange to pay all suppliers.

The normally strong agriculture business is also suffering. An extended drought this year means lower yields and it is unclear how much foreign currency Argentina will earn from the severely depleted soy and grain harvest.

The uncertain economic outlook and the difficulty in obtaining foreign currency has affected the travel plans of many Argentine travelers. Many vacationed at home or at hotels and apartments on the Argentine Atlantic coast, Bariloche and Mendoza – which along with Tierra del Fuego enjoyed a very strong summer season.

Travel to Europe and the USA was down on pre-pandemic figures due to the reasons indicated above but also due to lower flight frequencies and higher airfares, a problem prevalent throughout the region. This benefited regional travel, however, and the Uruguayan and Brazilian beach resorts posted strong bookings.

Uruguayan port authorities tell *TMI* that the passenger traffic on ferries using Montevideo and Colonia ports were almost in line with 2020 figures, which were the last full months prior to the pandemic travel restrictions. International air travel grew in the second half of the year but is still only around 70% of pre-pandemic levels.

It appears that the uncertainty in Latin America will remain for most of this year. International travel figures will continue to improve slowly but we may not see pre-pandemic passenger numbers until the second half of 2024.

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South American air traffic recovering, but still lags 2019 levels

The effects of the COVID-19 pandemic are still being felt in the Latin American aviation industry; passenger numbers in many countries are still down on 2019, the last full year prior to the spread of the pandemic.

In South America, only Colombia can talk of a recovery with international frequencies in Brazil, Argentina, Peru and Chile still far below pre-pandemic levels. Further north, however, Mexico, the Dominican Republic and Puerto Rico have all benefited from high tourist numbers from continental USA and Canada, with Cancun, Punta Cana and San Juan all enjoying very strong passenger numbers.

South America's biggest country, Brazil, has suffered more than most from fewer international flights. Domestic traffic grew strongly in the second half of 2022 but international flights are still well below pre-pandemic numbers.

The country's biggest airport, Sao Paulo Guarulhos, reached 34.48 million passengers in 2022, up from 24.17 million passengers the previous year, but still far below the 43.00 million passengers seen in 2019. International passengers recovered to 10.83 million, up from 3.71 million in 2021 but again some way from the 14.76 million passengers that filed through the airport in 2019.

Rio de Janeiro's Galeão airport, Brazil's second most important international gateway, also suffered. 2022 ended with 5.90 million passengers, of which 2.45 million were international, significantly improved from 3.93 million and 583,000 respectively, registered in 2021. However, compared to 2019, total traffic is still down by more than half (13.51 million in 2019) and international traffic is slightly less than half versus 4.32 million.

Both airports reported strong figures for the first two months of this year and most observers expect the recovery to continue. However, in March the Brazilian government announced the reinstatement of compulsory travel visas for U.S. citizens and U.S. airlines may now reduce expansion plans in the short term.

The recovery in international passengers in Argentina was worthy of note. The two Buenos Aires airports reached 7.38 million passengers in 2022 up from 1.93 million in the previous year. This figure is still down on the 12.28 million international passengers recorded in 2019. Domestic passenger movements were more interesting, reaching 27.18 million throughout the country, more than double from 12.29 million the previous year. Optimistic observers forecast that the 2019 figure of 32.07 million could be reached this year.

The Chilean airport network is also showing recovery. International passengers reached 7.01 million passengers, an increase of 235% on 2021, but still down 36.9% on 2019. Domestic passengers totalled 13.34 million passengers, up 46.3% on the previous year but still down 11.0% on 2019.

At Lima Airport, the international gateway to Peru, traffic soared by 72.1% to just over 18.6 million passengers in 2022 (2019 comparison: 21.2%). Airport operator Lima Airport Partners has reported strong figures for January and February and is predicting a return to pre pandemic figures this year.

Bogota's Eldorado Airport delivered the strongest performance in the continent, in relation to pre-pandemic passenger numbers. Total traffic reached 18.22 million passengers (5.84 million international) up from 11.45 million the previous year (2.75 million international). Total traffic was slightly ahead of the total for 2019. Bogota reached 17.53 million with the 5.84 million international passengers figure just below the 2019 figure of 5.91 million. *JG*

Lima Airport inaugurates Second Runway

Lima's Jorge Chávez International Airport (LIM) officially opened a new runway and air traffic control tower on April 3. The departure of the first commercial flight marked the milestone event. Fraport's Peruvian Group airport is the country's first aviation gateway to have two runways.

Fraport CEO Stefan Schulte said: "We've once again proven that we can deliver complex infrastructure projects on a narrow time frame. One thing is clear for us: even during these challenging times, we remain committed to our investment in Peru."

The new runway and tower will be commissioned in phases and are to be fully operational by the time the new passenger terminal is completed in 2025.

Fraport's subsidiary Lima Airport Partners (LAP) has operated the airport in Peru's capital city since 2001. LIM served about 18.6 million passengers in 2022. After Frankfurt and Antalya, Lima is the third-busiest airport in the Fraport Group by aircraft movements.

Brazil to require tourist visas for Americans & Canadians

The Brazilian Government has announced that it will resume the requirement of visitor visas for citizens of Australia, Canada, Japan and the United States, effective Oct. 1, 2023.

All four countries still require visas for Brazil nationals.

The move reverses a 2019 decision by then-president Jair Bolsonaro to suspend entry requirements for the four countries, which had been adopted to encourage tourism.

As of Oct. 1, 2023, the Brazilian Government will adopt the electronic visa modality, which was in force before the unilateral exemption, said the official announcement.

Citizens of Mexico, the UK and the European Union do not need tourist visas.

Uruguay reports record-breaking cruise season

Uruguay reports that a record-breaking number of 204 cruises arrived in Montevideo and Punta del Este between November 2022 and April 2023.

"This figure constitutes the highest number of cruises arrived in Uruguay in the last 8 years, and accounts for the top-class services the country offers to shipping companies around the world," said Uruguay Tourism Vice-Minister, Remo Monzeglio.

In addition to increasing the number of cruises arriving next season, and to encourage more companies to visit Uruguay, the Minister says the aim of the delegation at this year's event is to offer a new cruise destination, Colonia del Sacramento, with its historic quarter declared World Heritage by UNESCO in 1995.

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Ezeiza set to open state-of-the-art new departures terminal

A new 50,000-square-meter passenger terminal will be inaugurated at Ezeiza International Airport in Buenos Aires in mid-April. Argentina's president Alberto Fernández will cut the tape of the new departures terminal, which will accommodate all airlines using Buenos Aires' biggest international gateway.

The new departures terminal will become operational immediately with Aerolineas Argentinas operating the first flights. Other airlines will do so on a gradual basis during the next few weeks.

The airport has invested US$230 million in the new terminal, which will effectively replace Terminal A and Terminal C. Construction started on the new terminal in 2019 but was delayed due to an industrial accident and subsequently the COVID-19 pandemic.

The terminal will be one of the most modern in Latin America with five check-in islands and 150 check-in counters. There are also 72 self-check-in spaces and 24 baggage drop off areas available for passengers using online check-in. After check-in, passengers will be controlled by the latest generation security equipment using biometric facial identification.

Checked bags and hand luggage will also be scanned with technologically advanced tomographs, ensuring the highest levels of security

Airport manager Aeropuertos Argentina 2000 (AA2000) is now planning to use Terminal A as a domestic terminal and Terminal C will be demolished to make way for the new Arrivals Terminal, the final stage of Ezeiza's modernization program.

Dufry, anchor duty free operator at Ezeiza, will open a new departures store, located immediately after immigration and security control in the new terminal. As the new store opens, the company's iconic Flagship Store 22 will close temporarily for a major facelift to take account of the new airside traffic flows in the renovated airport.

JG

2023 ASUTIL Conference returns to Buenos Aires in partnership with TFWA

Registration is now open for the 2023 ASUTIL Conference that will take place June 7-8, at the Hilton Hotel in Puerto Madero, Buenos Aires, Argentina.

The event is being managed by TFWA.

The 2023 ASUTIL Conference will begin on Wednesday, June 7 with three conference sessions between 09:00 and 12:30. A lunch and networking session will follow from 12:30 to 19:00. The first day will close with a cocktail night at the Hilton sponsored by Colonia Express.

Day 2. Thursday, June 8, will start with a networking session in the morning, followed by lunch and in the afternoon a range of expert speakers will give their insights in four conference sessions between 14:30 and 18:30. The conference will close with a Gala Dinner and party sponsored by Interbaires.

On Friday, June 9, attendees will be able to take part in a full day of social activities and excursions sponsored by Colonia Express.

"I am thrilled that ASUTIL is bringing our industry together in South America once again, for what promises to be some great and worthwhile days in Buenos Aires. The event will provide an opportunity for all attendees to gain an understanding of the current forces within the market in the region and how they will shape our industry's future. Alongside the compelling conference content, buyers and brands will have ample networking time together, as always at ASUTIL events. The ASUTIL Board and I are very excited that the Conference is back and we look forward very much to seeing our friends and colleagues reunited in Buenos Aires," says Gustavo Fagundes, ASUTIL President & CEO Dufry Brazil.

"The ASUTIL Conference is returning to South America and at TFWA we are proud to be lending our support and to be a part of the growth of the industry in this vibrant region. Many people always looked forward to this event and I am delighted it is restored to the industry calendar, and in one of the great cities of the world. We look forward to welcoming ASUTIL and TFWA members and their business partners to Buenos Aires," says Erik Juul-Mortensen, TFWA President.

Speakers announced

The ASUTIL Conference is presenting a strong line-up of industry leaders speaking on the dynamics shaping the Latin American duty free and travel retail industry today.

Speakers will include: ASUTIL President and CEO of Dufry Brazil Gustavo Fagundes; CEO of Dufry Group Xavier Rossinyol; Corporacion America CEO Martin Eurnekian; CEO of m1nd-set, Peter Mohn; regional economist Carlos Melconian; Director of Sales at Meta PanLatam, Daniella Valeriano; Executive Director and CEO of Alta, José Ricardo Botelho; CCO of Guarulhos Airport, Gustavo Figueiredo; General Manager TRA at Pernod Ricard, Gregory Ford; President & CEO LATAM at DUFRY, Enrique Urioste; Director of Global Sales WTR at Mondelēz International, Carlos Granados Moyano.

More details will be announced soon.

TRAVEL MARKETS INSIDER

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Essence Corp.'s full leadership team. From left: Liliana Fuentes, Executive Director- Victoria's Secret & Bath and Body Works; VP-Sales Guillaume Bona; Gabi Medeiros Humbles, Executive Director- Marketing; VP-Sales Antoine Bona; VP-Administration & Finance, Laetitia Bona Piedra, Vice President Patricia Bona, President Jean Jacques Bona.

Essence Corp.: How to survive – and prosper – over 35 years in business

Miami-based beauty distribution company Essence Corp. has made a lasting and indelible impression on its home town and the travel retail industry throughout the Americas over the past 35 years. From its business success to its charitable and community involvement, the family-owned company demonstrates that it is possible to be successful and a good citizen at the same time.

TMI had the opportunity to meet with the extended Essence Corp. management team to discuss how the company views its many decades in business, why they have been successful and how they view the future.

Despite the challenges from the pandemic over the past few years, the company managed not only to hold on to most of its business, but to grow its brands and market share. It recognized new opportunities and strengthened its operations – all while retaining as much of its staff as possible.

Since 2002, Essence Corp.'s third generation – VP-Sales Antoine Bona, VP-Administration & Finance Laetitia Bona Piedra and VP-Sales Guillaume Bona, along with Gabi Medeiros Humbles, Executive Director of Marketing, joined the company and have recently stepped into senior management positons. They have added depth to the managerial team which is still led by President Jean Jacques and Vice President Patricia Bona, as well as bringing in new talents and experiences.

A look back

Essence Corp.'s roots actually go back nearly 70 years. Guillo & Bona, a sales agency exporting luxury brands to the Caribbean and Central America, was founded in Paris in January, 1954 by Jean Jacques' father Jacques Bona, and his partner Maurice Guillo.

The second generation, Jean-Jacques and Philippe Bona, joined the Parisian company in 1974, decided to only focus on perfumes and cosmetics and expanded its representation to South America. Eight years later, in 1982, Jean-Jacques and his wife, Patricia, opened a G&B branch in Panama, and expanded its activities to the U.S. and Canada duty free markets.

In 1988, Jean-Jacques and Patricia moved to Miami and founded today's Essence Corp. The new company focused on distribution activity.

The company itself has been evolving from its original distribution base.

Jean-Jacques Bona notes: "In 2004, we established a sister company in Miami in partnership with Jean Francois Blanc to handle our own logistics, which was called B&L Corp. (Beauty & Logistics.) This company is still operating today."

As its business continued to strengthen in Latin America, the Essence Corp. owners also founded Panabel S.A. in 2016, in partnership with Matthieu Castillon, to handle local market distribution in Colombia, Panama and Costa Rica. And just this year, they established a new subsidiary, Essence International, to handle the growing business on the Uruguayan borders.

Essence Corp.'s beautiful launch for Givenchy L'Interdit, at the John Bull flagship store in Nassau, The Bahamas. September 2022.

Future opportunities: New South American operation

The new venture is a full subsidiary, located in Montevideo, to better handle the Uruguayan border. It is overseen by Essence Corp. under the direction of a commercial director, Ignacio Carvallido, who is well-known and respected in the industry from his years as head of supply chain for Dufry and IOSC.

Antoine Bona, Vice President of Sales for Latin America, explains the reasoning behind the new expansion: "In Uruguay, the free shops opened 35 years ago. They were originally supplied by the Uruguayan domestic market, because when the shops opened, they searched for the closest supply. Over the years multinational companies such as DFA and Top International and local chains like Sineriz and The Place made big investments in the territory. Essence Corp. and other companies based in Miami began selling to the Uruguayan Free Shops as it fell under their Travel Retail expertise.

"There are approximately 40 additional points of sale (outside of DFA and Neutral) along the Uruguayan border that carry perfume and cosmetics, which could be supplied by us," Antoine Bona continues.

"Puig and Shiseido Group recently granted us the distribution for the Uruguayan Free Shops which is when we opened a new company in order to hire people locally, to manage the point of sales, and to carry inventory in-bond in Montevideo."

Brazil: new market opens

While the border shops in Uruguay have been operating for the past 35 years, duty free border shops in Brazil began operating only in late 2019.

Despite its proximity to the Brazilian market, Essence Corp.'s new Uruguayan company does not supply the duty free stores on the Brazil side of the border. They are supplied though Essence's Miami organization through the Miami warehouse and managed by a commercial team in Brazil.

"We also have different distribution agreements for the Brazilian Border stores. We distribute Euroitalia, Interparfums, PUIG, Dolce & Gabbana, Shiseido, Hermes, Victoria's Secret, Bath & Body Works, Rituals, and L'Occitane. We

Essence Corp. brands Jimmy Choo I Want Choo Forever and Paco Rabanne Fame dominated the windows at Brazilian border store Caturra Duty Free, in Pôrto Xavier, in January.

From left. Essence Corp. also launched Paco Rabanne Fame with Brazilian border store Cellshop in January. Versace Dylan Turquoise launched with Dufry Mexico City, Terminal 1, last October.

consolidate shipments in Miami and ship directly to Brazil. We have been doing that since 2020," says Antoine Bona.

"The first [Brazilian] border stores opened in June 2019 followed by Central Free Shop in September and then New York Free Shop in November. Our first sales were in the beginning of 2020, right before COVID."

In a very positive development, Essence Corp. was able to keep selling to the Brazilian border stores throughout the pandemic. [Ed. Note: The Brazilian border stores are able to sell to Brazilians, so the border closures did not affect them as much as the lockdowns did in other countries.]

"The Brazilian stores never closed. In fact, many new stores opened on the Brazil border during 2020 and 2021," recalls Antoine Bona.

"This was a very unique opportunity. It is very rare that a new market opens up like this; one that meets our expertise and is within our distribution agreements. It was a great opportunity for us and not only did we supply the brands that we supply for the whole travel retail, we generally were able to sign expanded agreements with some brands that we distributed only in the Caribbean. So we added new distribution areas for Puig, Shiseido, Hermès, and Dolce & Gabbana."

A beautiful, newly renovated Clarins counter was installed in Kirk Freeport, Cayman Islands this past January.

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London Supply's flagship Duty Free Shop in Puerto Iguazú, located in Argentina on the border with Brazil, hosted the launch of the upscale Parfums de Marly, in March.

Recovery underway

Essence Corp. is seeing some nice recovery in the Americas now and is optimistic that this recovery will continue.

"Perfume has just exploded. In the U.S., sales are up 20%. They are way ahead of 2019," noted Jean Jacques Bona.

"Figures we saw last November from Latin America were already trending 2019, so there was already recovery happening in 2022 and expectations are much better this year," commented Antoine Bona.

Essence Corp's Jean-Jacques Bona addresses the team as the company kicks off its 35th year in business.

"People can travel, and Latin America is recovering faster than most other markets. Another plus, Miami was the busiest international airport in the U.S. last year," he said.

Furthermore, the lack of Asian passengers did not significantly impact Essence Corp.'s business, which is primarily fragrance brands in North America and South America, as opposed to skincare brands.

"The airports that generate the most business for Essence Corp. are Miami, Orlando, Dallas, Houston, JFK, Atlanta, and Toronto – and even there we sell more to passengers from the Americas than we do to the Asian passengers," confirmed Antoine Bona.

Huge market share in the Caribbean

Essence Corp. has a major market presence throughout the Caribbean.

"We have close to 50% market share in the Caribbean, between 45-50%. We work with all the independent perfumeries and with retailers that have stores across multiple islands," says Guillaume Bona, Vice President of Sales for the Caribbean.

"The Caribbean market has recovered very well. Tourism in 2022 was close to 90% of what it was in 2019. And 2023 will be +10 or more. Tourism is back. That is good for us. It is good for the retailers. And the cruises are booming—and they bring more people. And we distribute to the cruises, so we are happy," he added.

Guillaume Bona sees the cruise sector as an excellent opportunity for Caribbean growth because cruise ships brought some 30 million tourists to the islands pre-pandemic.

"Remember, one booking brings a passenger to several island ports, giving them several chances to buy," he stressed. In fact, Guillaume Bona cited figures showing that current perfume sales onboard the cruise ships in the Caribbean are above 2019 levels.

He also points out that sales in the Caribbean are not restricted only to tourists.

"The share of the sales between the tourist and local customer is more or less 50-50, depending on the brand and the retailer, especially in islands like St. Croix," he noted.

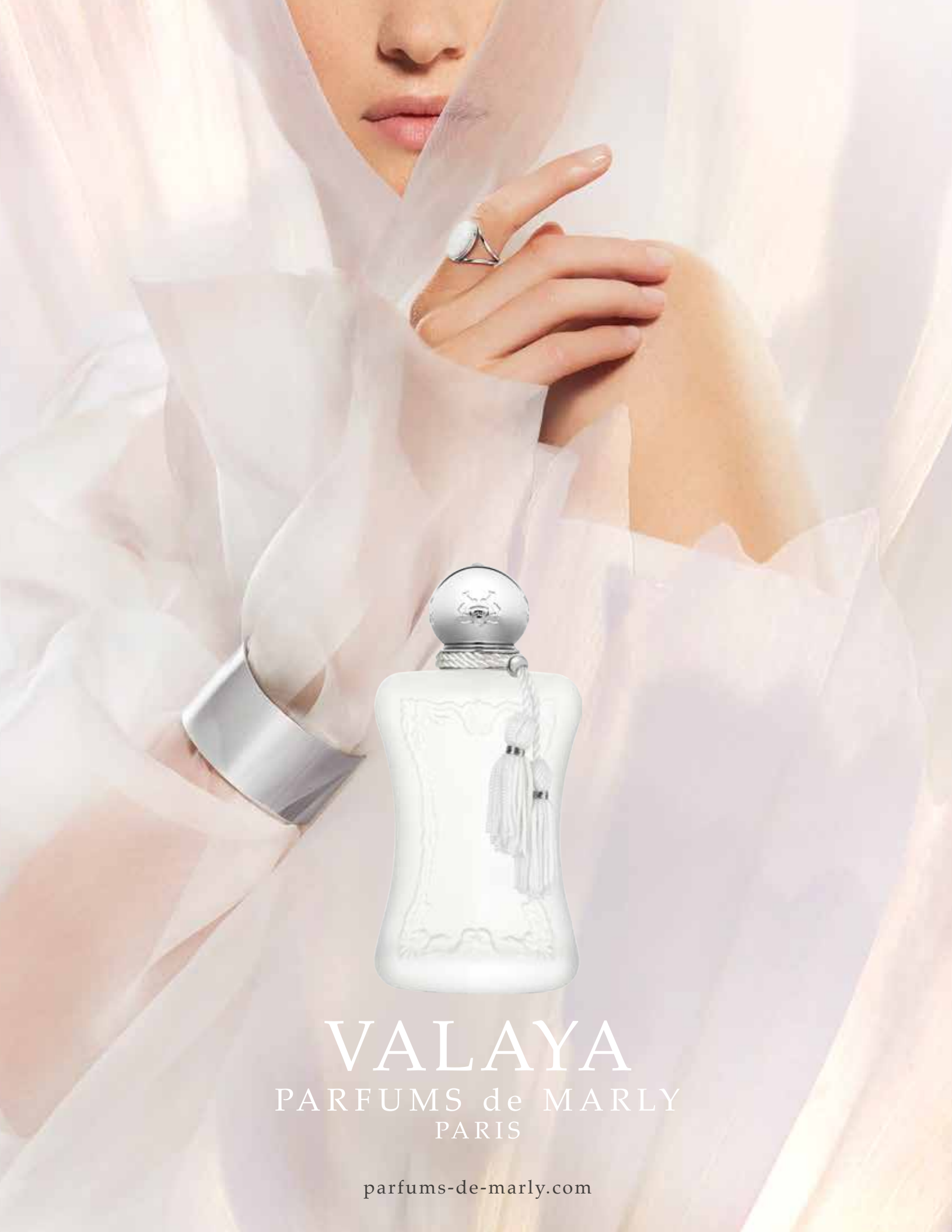
With reports showing full hotels and strong forward bookings, the company expects this market to remain strong.

Surviving the pandemic

The Essence Corp. team instituted quite a number of new practices and updated systems to better manage the business during the pandemic.

"We've had some very good best practices put into place. I think that our inventory management is way better than it has ever been because we analyze on a daily basis and categorize each sku, we don't allow ourselves to accumulate bad inventory," commented Antoine Bona.

Speaking from a marketing viewpoint, Gabi Medeiros Humbles added: "We naturally had to transition our communication into Teams and Zoom meetings, which helped everyone work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Essence Corp. held a week of trainings at the end of March for Beauty Advisors on the Uruguayan border to explain the company's new business model distribution, covering more than 200 attendees from the towns of Rivera, Rio Branco and Chui. Shown here is the group from Rivera.

very efficiently during the pandemic. Luckily, we went back to in-person office meetings, but we've learned how to remain well communicated and productive in many new ways."

Zoom and Team meetings are still in place because Essence Corp. is currently operating under a hybrid system of flex work.

"We give our staff the leeway to work from home and come into office once, twice, three times a week, depending on the division," noted Antoine Bona.

Jean Jacques Bona explains that the company was able to find a balance between being flexible but still being able to give support to the market and meet its goals.

"Many groups became paralyzed during the pandemic, and stopped investing. We continued to support the market and ended up gaining market share," said Jean Jacques Bona.

"This was not the first crisis we were facing. Remember the year with five hurricanes in the Caribbean? And the difference between Essence and the competition, I would say, is that we don't cut expenses. We were the first one coming back to St. Marten and St. Thomas. The hotels weren't even open yet. We stayed with our retailers. We came back right after COVID, as soon as we could."

Antoine Bona adds: "Also, we had much less turnover in our company, so when we resumed we had staff in place, and did not have to rebuild our buyer relationships. And because we had been communicating virtually with our customers, we continued building our long-term relationships with our retailers and the buyers, more than other companies who may have just hired new people. And now we are back in person. It is hard to break that connection."

Essence Corp. also expanded its markets, even venturing outside of the Americas.

Essence Corp. began working with Victoria's Secret and Bath & Body Works for the Caribbean and Travel Retail Americas in 2014; and then in 2021, BBW appointed the company as its worldwide Travel Retail distributor.

Closer to home, Essence Corp. expanded to the Brazilian borders and now in Uruguay, it is able to expand its distribution outside of the major multinationals.

"We also got some new brands," said Jean Jacques Bona. "We have introduced the lovely high-end Parfums de Marly in the Americas (as of 2021). The brand was #3 in Haute Parfumerie fragrances in the U.S. wherever it was available in 2022."

"In addition, our current groups have added brands as well," said Antoine Bona. "Euroitalia purchased Atkinsons 1799 and they got the license agreement for Michael Kors, and Brunello Cucinelli coming soon. And Interparfums added Ferragamo, DKNY, Moncler, Kate Spade and they just signed Lacoste, which will begin in 2024.

"We are seeing a shift among our retailers for fragrances, and niche with higher-end prices are in demand," he noted.

Essence Corp. held a special promotional event for L'Occitane en Provence with Penha Curaçao earlier this year.

Anticipating and meeting needs

"In order to succeed, I think the key is anticipating the supplier's needs. Obviously, delivering exceptional customer service and the relationship with the customer is key but the brands expect us to provide service just like they would expect from one of their subsidiaries, in terms of reporting, staffing, investing in software, and partnerships," noted Antoine Bona.

"To this end, we added a digital manager last year," said Medeiros. "Marie Claire Lochet was here for 16 years and we promoted her to digital manager because we needed her to manage all the digital material that is out there – everyone wants digital now, and all the stores, even when they were closed, were still doing social media. Everything became digital. By having someone from within she understands the company, the bands and the corporate.

"Part of her role is to track the digital as well. We have a platform that can follow and track digital. So basically she is teaching everyone hashtags and how to post. Often she has to tell them, sorry that hashtag doesn't go with that brand. It can be complicated," she said.

"This also helps us sort our KPIs. We can track all our brands, in a certain territory, in a certain period of time –be it one month, two months, three months, be it Mother's Day. etc.," added Antoine Bona.

The Essence Corp. family spirit

"The key factor in our future is the team," interjected Patricia Bona.

"The one constant over all these years is that Essence Corp. is a family company. This is our third generation and in five years, we could even have one of the grandkids sitting here. We also have another nephew in the business, in Panama, Diego Bolla, Director of Operations of the Panabel companies."

The Essence Corp. team at the week-long internal meeting held at Jungle Island, in Miami.

"We are very proud that we kept most of our people during the pandemic. And then when the business came back we added people. The staff currently numbers 80 people," noted Jean Jacques Bona.

This connectedness extends to the company's partnerships as well. In an almost unheard of relationship, Essence Corp. has been working with some of its main companies for decades. Its partnership with Interparfums began in 1993, and has gone from strength to strength over the past 30 years. In 2003, Essence was appointed by the Clarins Group to manage its Sales and Marketing regional office, and today remains the Caribbean distributor for the group. It has been working with EuroItalia for the past 16 years.

"What has stayed the same is our family spirit," stresses Jean Jacques Bona. "Of course things are more difficult, because now we number 80, so we will have to be more structured and more efficient, using the most modern systems to give us information to manage the business.

"But we need to combine the corporate way of doing business, with our own family spirit. That is the challenge."

In closing, Jean Jacques issued his own challenge to the "new" generation: "In the past five years we have doubled the business. I challenge them to double it again in the next five years," he quipped.

Essence Corp. reveals new logo as it celebrates 35 years of excellence

Essence Corp., Master Distributor of fine Fragrances and cosmetics for the Duty Free & Travel Retail Markets of the Americas, is celebrating its 35th anniversary in 2023, and revealed a new corporate logo during the company's weeklong, 2023 Internal Meeting, which was held at Jungle Island, in Miami in January.

The new look of the logo is inspired by the ocean and the sky, key elements in the Travel Retail Industry.

Designed by Xposure Advertising, a full-service Graphic Design and Branding studio, the new logo incorporates a sophisticated color palette: Dark Blue to evoke commitment, honesty & responsibility, Burgundy to symbolize energy, individuality and assurance, and Blue Grey for insight and stability.

Essence Corp. a family company founded in Miami in 1988, says that they are *Passionate* about their brands, *Proud* to server their clients and *Driven* by excellence.

The We An Idea core team of 12 operates out of key offices in Miami and Medellin.

We An Idea: Booming creative design agency rebrands, expands markets and extends into domestic channels

Well-known travel retail creative architectural and industrial design firm We An Idea has been on a whirlwind of development over the past year, expanding from its original platform in Miami and extending its services to high profile projects in related domestic markets.

TMI had an opportunity to speak with We An Idea founders Juan Trelles and Ernesto Cajias, whose agency has been behind some of the most iconic airport retail and cruise displays in the Americas since they started the company in 2016.

The company has produced projects in more than 40 cities and ships throughout the Americas, ranging from the Chanel shop-in-shop at LAX Airport with DFS, to Marshall Retail Group's Beauty Hub for L'Oréal Group at New York LaGuardia Airport, to Hennessy's stunning shop in shop project at the newly open Dufry store at Montego Bay Airport, to mention just a few.

Its impressive client list includes cosmetics brands from Chanel, Dior, Parfums De Marly, Bulgari and Carolina Herrera to Paco Rabanne and Diptyque, and spirits brands The Macallan, Hennessy, Glenmorangie, Chivas and Absolut, along with a growing number of new brands, says Trelles.

Operating from key offices in Miami and Medellin, Colombia, with a core team of 12 between the two locations, and production facilities in multiple countries, We An Idea provides a range of services that also include brand & corporate identity, custom manufacturing and project management beyond their architecture and industrial design solutions.

Chivas and Royal Salute at Dufry Sao Paulo Airport 9K Store

New look, new offices

Sporting new branding and an updated, sleek new corporate identity, the company recently opened a new Miami headquarters in downtown Doral, which they designed and built themselves. The partners have also opened a permanent office space in Medellin, as they focus on strengthening the business in both regions.

Underlining the potential that WAI

sees from Latin America, Trelles will be relocating his family to his home town of Medellin to enable him to have greater direct control over their manufacturing partners and provide full support to the local team. Cajias will remain in Miami to oversee the North American operations.

Calling themselves "a Company for the Americas," WAI takes a regional approach for its operations in North America and LATAM. Using a team of in-house designers and project managers, We An Idea manages the production through its partnership with manufacturing shops, alongside logistics and install networks, handling the projects from beginning to end.

The company currently works from three production facilities in Miami covering some 40,000 square feet for permanent projects, and there are additional production facilities for brand Activations, Animations and POP displays. In Latin America, WAI works with huge manufacturers in Mexico City, Mexico, and Sao Paulo, Brazil, in addition to nearly 220,000 square feet of production facilities in Medellin, Colombia. To handle its growing portfolio of clients and brands, it has also added production in Argentina and is looking to add more shops in Miami and Colombia, say the partners. This will also enable them to grow the teams in both regions.

Activations driving new business

While 95% of We An Idea's business has traditionally been creating permanent travel retail installations – covering everything from space planning to custom manufacturing to project management—brand activations and animations are becoming increasingly important to the product mix and driving deeper market penetration.

"Animations and activations now account for 30-35% of our business and this could grow, as we are creating projects for both the travel retail and domestic market channels in liquor, cosmetics and fashion," notes Cajias.

This new business includes serving local U.S. perfumeries and department stores such as Saks 5th Avenue, Neiman Marcus and Nordstrom for luxury niche perfumes. WAI began rolling out animations for French luxury brand Parfums de Marly in U.S. Department stores last Thanksgiving, expanding with another push for Valentine's Day (*Ed note: Parfums de Marly is represented by Essence Corp. in the Caribbean and Americas travel retail channel.*)

Bulgari at Palacio de Hierro Polanco Mexico City

WAI also handled an important rollout for niche Initio Parfums Privés into the U.S. domestic market.

"It's been an exciting journey since starting in travel retail," says Trelles.

We An Idea is also expanding its product design consulting activities, helping brands create retail furniture as part of the overall design concept. Case in point are the display units WAI helped design and manufacture for Mijenta tequila. From the first small order for the launch in 2021, WAI added several hundred new units over last two years and is presently working on more.

"Our objective was to create furniture that translated the brand message," says Cajias. "It is very fulfilling to be part of the development this way."

High profile travel retail projects

We An Idea also worked on several major new travel retail ventures in the region.

In Jamaica, the designers worked on a shop-in-shop for Hennessey cognac in the newly opened Sangster International Airport in Montego Bay, in association with Dufry. This is the brand's first travel retail store in the Americas, which Cajias describes as a "top-line project for the region."

WAI also participated in creating the new shop-in-shop boutique for Chanel in Los Angeles Airport's Tom Bradley International Terminal with DFS Group. The company had previously been involved with Chanel's duty-paid boutique opened at Toronto Pearson International Airport in 2019.

"The Chanel shop-in-shop at TBIT is a retail space with great exposure in North America," says Trelles.

We An Idea has also been involved with producing and installing the new branded corners for Carolina Herrera, Paco Rabanne and Diptyque at the new DFA Store in Panama Airport Terminal 2.

Family company, family values

Even as WAI experiences strong and continued growth, the principals point out that it is a family-owned and family-operated company, deeply committed to its staff and clients.

"We are very proud to say that we never let any of our people go during the COVID crisis. We found ways to keep all of our staff employed. We are also very aware of how important it is to keep a good life-work balance and make sure that is a priority," concludes Trelles.

WAI is set to continue the path of growth and wide coverage in the Americas region and looks forward to the opportunities ahead.

Photo by David Gilbert

How duty free retailers are tackling the supply-chain crisis

Keeping shelves restocked with wines and spirits has been a constant challenge for operators in the Americas. Joe Bates reports on a complex, post-COVID-19 issue.

It is the post-pandemic business headache that won't go away. The global supply-chain crisis has affected almost every industry, the duty free liquor business included. A complex network of interconnected factors is to blame–an unexpectedly strong surge in consumer demand after COVID-19, a shortage of shipping containers, port congestion, labor shortages, extreme weather events, raw material shortages and the war in Ukraine have all played their damaging part.

Ontario border duty free operators turned to local crafts spirits to fill the gap left by supply chain issues as seen in this display at Ambassador Duty Free.

The just-in-time business models favored by modern retailers, which in normal times avoid stockpiling products to keep costs low and boost profitability, have buckled under the strain. Since international travel rebounded after COVID, duty free retailers in the Americas have suffered repeated out-of-stocks, rising prices, longer delivery wait times and an intensified level of uncertainty.

"Globally, we suffered from a crisis at the supply chain and procurement level," admits Cyril Letocart, CEO Lagardère Travel Retail Peru, which started a 13-year duty free concession at Lima airport in January last year. "On the spirits and wine side, the impact was huge due to a lack of raw materials such as glass and carton boxes. To compensate potential loss due to a lack of products, we had to adapt quickly and this has been very tough as we were still in a start-up phase."

Canadian border operators highlight local craft products

Long-suffering Canadian border store retailers have also run into supply-chain issues now that they are open for business after most Canadian border COVID-19 entry restrictions were lifted in October last year. "As business ramped up in 2022, we found new issues to deal with– primarily, the supply chain was disrupted to such a degree that many products were not available or short-shipped," recalls Steve Richardson, general manager of Ontario-based Niagara Duty Free. "As the year went on, it became clear this problem was going to take longer to correct itself than anticipated. Some categories suffered immensely such as fragrance, cosmetics and liquor.

"We have very little opportunity to influence fragrance and cosmetic sales by bringing in local brands which are not recognized by the international traveler," he adds. "However, in our liquor department, we have had great success in supplementing the brands we offer. The consumer is more open to entertaining offerings from the smaller distilleries and the Niagara Region has seen many new local distillers come online over the last few years."

Fellow Ontario border operator Ambassador Duty Free Store liquor & tobacco category manager Mike Maskery reports supply-chain issues have eased in the first quarter of 2023 but there are still problems with both domestic and imported lines. "There are lots of products

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on allocation," he admits. "The Ontario duty free market is such a small market compared to the rest of the world."

Like Niagara Duty Free, Ambassador Duty Free Store has stepped up its focus on local craft distilleries, negotiating excellent pricing with a dozen Ontario companies such as Vodkow cream liqueur, Jaan Canadian whisky and Ginslinger craft gin. "We put a special gondola in the store for these, along with putting the products in their regular sections around the store," Maskery reports.

International Shoppes rethinks purchasing strategy

In the U.S., Scott Halpern, president of International Shoppes, which operates duty free and speciality stores at major U.S. airports such as New York JFK, Boston Logan and George Bush Intercontinental, admits the company has had supply issues with "all vendors across the board" in terms of supply. Retail prices have risen but the increases have come from the suppliers rather than International Shoppes, he reveals.

Halpern says the crisis has made the retailer rethink its purchasing strategy to ensure it was offering the most complete assortment for its customers as possible. "If one brand was out, we quickly overcompensated on another to keep a healthy balance in our stores," he explains. "I think we learned a lot throughout the last three years about being a nimble company and adapting to change. We are well situated to tackle any future issues should they come our industry's way."

Lagardère Travel Retail Peru also had to be proactive to avoid shortages, the liquor category accounting for a substantial 20% of total sales at Lima airport. "Since the opening of our duty free shops in Peru, our first priority has been to stabilize the supply chain and find the best freight forwarders and shipping company to support our growth," Letocart maintains. "The idea was to be as flexible and agile as possible to optimize costs. In addition, we have been training our teams to do the maximum to anticipate orders, improve forecasts and make sure that the service level agreement with our suppliers was respected.

"In terms of relationships with suppliers, we are constantly in communication with them to look for solutions to increase service rate but also to reduce lead time," he adds. "We had to review our order planning to find the perfect fit between order frequency and logistics costs. Now that we have some historical sales data, our key objective for 2023 will be to deploy our automatized forecasting tool."

Distributors and suppliers share their experiences

Drinks suppliers and distributors also acknowledge the scale of the problems they have been facing since travel retail restarted. "Because of supply chain issues, we've had to plan much further in advance, and increase our inventory in our warehouses in Miami and overseas," says John McDonnell, managing director, international, at Tito's Handmade Vodka.

Lagardere's duty free store in Lima, Peru

"Booking space on trucks and ships has been a challenge for every supplier. One of our largest supply-chain challenges has been our non-refillable bottle."

Mauricio De Tuya, cluster director America for Spanish wine and spirits supplier Zamora Group, the producer of Licor 43, says 2022 was a "nightmare" for the company's supply-chain team. "They faced challenges at every turn; severe COGS [costs of goods sold] increases were their day-to-day battles. We intend to simplify the business by reducing the list of SKU's available. At the end of the day, the consumer will suffer a narrower range of products…although it may be a good time to simplify the business too."

Despite the price increases De Tuya insists Zamora managed to maintain a high level of customer service during 2022. "We did not encounter any large delays or problems along the way. Our supply chain did an extraordinary job back then. 2023 is quite blurry so far. Of course, we have high expectations in regard to our supply and we believe things should improve and facilitate our standards. We did increase our lead times a little, but at the same time we pushed the long-term demand planning with our partners."

Similarly, Americas-focused drinks distributor Monarq Group, whose broad portfolio of wines and spirits includes Champagne Bollinger, Cono Sur, Quintessential Brands, Gruppo Montenegro and Heineken, has also faced challenges despite enjoying booming sales last year. Managing director Robert de Monchy acknowledges ongoing supply shortages on some super- and ultra-premium lines, noting, for instance, that Bollinger Champagne has been on strict allocation for several years.

"Forecasting has become a key element of our business," he explains. "The lead times are generally considerably longer than before and we have moved to larger inventories, maintaining a buffer to overcome any hurdles or delays with upcoming orders. This also means that free cash is more important than ever before. The financially stronger companies are in better shape to deal with these situations and will come out even stronger.

"We are currently introducing a number of wonderful new brands such as Uncle Nearest Premium America Whiskey, Drumshanbo Gunpowder Gin, Condesa Gin, Heavensake Sake and the world's rarest Japanese single malt whisky,

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Shirakawa 1958," he adds. "We are also making a strong push with Gosling's Ginger Beer and Asahi Super Dry onboard the cruise ships."

Finally, Brown-Forman VP managing director David Rodiek stresses the proactive steps the company has taken to tackle some of the key issues. These measures include collaborating with customers prioritizing the available inventory to strategic locations; exploring alternative bottle sizes when standard 1-litre sizes were not available; moving products to bonded warehouses closer to customers and restructuring orders to isolate constrained lines, so that available products could be shipped faster.

"Overall, we had to be agile and creative in proposing mitigation plans to support our customers," says Rodiek. "Today, Brown-Forman's supply situation has improved significantly, especially as of late 2022."

Carnival Sunshine

How Carnival Cruise Line coped with the crisis

COVID-19 devastated the cruise industry but guest numbers have rebounded quickly since it was brought to a screeching halt in March 2020, reaching over 50% of pre-pandemic levels to total 13.9 million passengers in 2021 and forecast to grow by 12% over pre-COVID 2019 next year, according to leading global cruise industry trade group Cruise Lines International Association (CLIA).

Cruise ship logistics supply chains have always been uniquely complex and highly specialized. Cruise ships are effectively floating resorts which need to be resupplied during short port stops– suppliers and service providers have to align with these short turnaround times. According to Zachary Sulkes, senior director of beverage operations at Carnival Cruise Lines, the sudden restart of the cruise sector caught many drinks companies by surprise. Many suppliers were struggling to meet booming lockdown domestic markets and found it hard to switch to restocking the travel sector.

"Domestic markets were booming," he recalls. "Bacardi had its best year ever right in the middle of the pandemic because the U.S. domestic market was doing so well. So, not a lot of people had safety stock for duty free… At the beginning, there was a lot of out-of-stocks, a lot of needing to switch bottle sizes. Typically, in duty free we use the liter size for the beverage pouring business, but we had to switch to 750ml or even 700ml, basically, whatever we could find in the world. It really was quite chaotic."

There was also shipping challenges, Sulkes remembers. "If I needed some wines from Europe for my program because they had all gone bad because they'd just sat there in port storage during the pandemic and got warm. Say, I needed ten pallets of Italian wine; those pallets would normally take one to two months to ship. Now, they were taking anywhere from four to six. The ships started off without a lot of the products they were supposed to have."

Sulkes says beer and spirits companies were quick to ramp up supplies, fearful that if Carnival had had to switch to another suppliers to fill a hole in its drinks program, it might not switch back. "If all of sudden I am going to switch my white rum from Bacardi to Flor de Caña, I am probably never going to go back. Once I find a partner that's working for me, I am not going to switch back. Suppliers understood that, especially on the beer and spirits side, more so than wine where shipping delays were taking ages."

The supply problems have eased but trying to avoid any future issues is challenging, according to Sulkes, as cruise ships typically only have space to stock two weeks' worth of product for the bars and onboard shops. "We can't really change what we do. As the product gets used, we order more.

"The one thing I have done from a pouring perspective is told the ships to carry more stock of the fast-moving items," he adds. "So, raise the level of whatever are our top five fastest moving items. Make sure you have extra inventory of those. I'm okay if that means I have less of the slow-moving lines because of space concerns because we can't ever run out of the fast-moving ones because they are the cash cows, the ones that make us the most money."

Scotch whisky and transatlantic freight problems

Much of the focus on supply shortages facing duty free retailers in the Americas has focused on the high costs, delays and disruptions affecting sea freight crossing the Atlantic from Europe. Barbara Scott, operations director of Edinburgh-based Scotch whisky bottler and distribution specialist Youngs Spirits, is an expert in the Scotch whisky industry supply chain and well placed to comment on the current challenges facing cross-Atlantic trade which she notes are now slowly easing.

"As congestion across U.S. ports has continued to fall so to have transatlantic sea freight rates – some 7-8% in the last month and over 10% for the same period in 2022 but prices are still significantly higher than 2019 (as much as 200%)," she explains. "There is an expectation that rates will continue to drop but this is not a given. Concerns still remain in terms of congestion in southeast U.S. ports and Houston while uncertainty remains due to unresolved labor disputes between operators and port workers unions on the West coast. We have seen a shift in preference to ship to East coast and it will be interesting to see how long this will continue through 2023."

Scott notes that the travel retail industry's reliance on exclusives has left it particularly vulnerable to supply shortages. "Whisky distillers often market travel retail exclusives, which when travel was restricted, saw a marked decrease in production and sourcing of materials

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for these products resulting in a longer recovery period to supply. Opportunities now exist in this area as travel has opened up and gaps have appeared from the larger whisky distillers (though business travel is unlikely to return to pre-pandemic levels due to rise of online collaboration software).

"It will be interesting to understand the extent to which these gaps will remain in 2023 as demand and supply normalizes or whether the re-distributed allocated older aged single malts will continue to be exported to markets such as the Far East where they can command higher prices," she adds.

Motta Internacional's Attenza Duty Free's liquor supply has been improving, says Motta buyer Carlos Calvo.

A brightening outlook for 2023

Despite the ongoing supply challenges the duty free liquor business in the Americas is facing, it's important to stress both suppliers and retailers report strong growth for last year and are upbeat about business prospects for 2023. "Our liquor business is performing very well overall as airport traffic improves by the day," says Carlos Calvo, liquor buyer at Panama-based travel retailer Motta Internacional, whose Attenza Duty Free store chain extends to over 40 locations at airports and border stores in Panama, Ecuador, Nicaragua, El Salvador and Colombia.

"Supply has been improving, so we are expecting a good 2023," Calvo adds. "Scotch whisky has been driving the category, and tequila sales have been increasing exponentially."

Calvo's comments are typical of a business moving in the right direction despite ongoing supply chain problems– indeed the IWSR Drinks Market Analysis has revealed that duty free spirits sales by value in the Americas already reached pre-pandemic levels in 2022 and are on course to match pre-COVID volumes by 2024.

Logistics provider WTDC reflects on supply-chain issues

Family-owned company WTDC has been in the logistics business for 46 years. The Miami-based business became PortMiami's first operating Foreign Trade Zone (FTZ) in 2012. Since 2006, the company has been heavily involved in the bonded warehousing and transportation of drinks to duty free retailers in the Americas.

During the pandemic, WTDC president & CEO Sean P. Gazitúa says ocean freight prices peaked at almost 10 times their normal pre-pandemic levels. Pre-COVID, to ship a product from China to Miami might have cost around $2,000; now that price was $20,000.

"It was insane," says Gazitúa. "Not only did the prices go up, the availability of bookings was also an issue too. If I did get the approved rate from my customer, then I would contact the steamship line and I would say, 'Get me two containers' and I found out that they aren't going to be available for two months. I needed a next-week sailing."

Gazitúa says freight prices have now dropped and supply-chain bottlenecks are easing. However, he says inflation has caused some of his customers to be cautious and to try to reduce costs wherever possible.

Sean Gazitua, WTDC president & CEO

WTDC is moving with the times. The logistics business is becoming more dependent on digital technology, according to Gazitúa. "In the beginning, it was just an RF scanner, moving a pallet with a pallet ID from one location to another. Now with technology, we are trying to do electronic data interface when our customers' systems and our systems communicate. Our customer service team is not focused on data entry all-day long. We provide a boutique, specialized service."

Sustainability is also becoming a much more important aspect of WTDC's operations. The company now prepares reports on carbon dioxide emissions for customers, detailing steps the company is taking to lower its carbon footprint such as using electric forklifts, installing new LED lights, new efficient air conditioners that use less electricity and installing a white roof to reflect the sun's rays.

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Designed to evoke Appleton Estate's story and craft, the Sangster Boutique echoes the rich history, passion for natural ingredients, local provenance, and skill of Master Blender Joy Spence, with deep copper accents that reflect Appleton's use of traditional copper pot stills.

Campari opens world's first Appleton Estate boutique in Montego Bay, Jamaica as a stunning multi-sensorial experience

Campari Group has opened a permanent Appleton Estate Jamaican rum boutique at Sangster International Airport in Montego Bay, Jamaica. The boutique, prominently located near the entrance of the Dufry walk-in store, is Campari's largest ever investment in global travel retail, and blends physical and digital elements to create an omni-channel experience.

A sensorial journey

Travel Markets Insider, along with other select media, was on-hand for the opening of the boutique, which is located some 50 miles from the Appleton Estate distillery, where Appleton Estate rum has been crafted since 1749.

The Appleton Estate boutique is the largest and most digitally advanced activation in the brand's history, engaging shoppers via a self-guided, immersive journey, blending physical, multisensorial and digital designed to engage shoppers and create a memorable brand experience.

Navigation through the space is via a series of interactive touchpoints that express the legend, craft and personality of the island's iconic rum.

The central focus of the experience – both physically and digitally - is the Appleton Estate Insignia, formed of five national symbols of Jamaica all integral to the Appleton Estate brand identity: Blue Mahoe, the national tree of Jamaica; the Jamaica Flag; Doctor Birds, Jamaican hummingbirds, the country's national bird; Buds of the Ackee fruit; and the Lignum Vitae tree.

Brought to life as a 3D modernist copper sculpture in the center of the space, Campari says the insignia is a beacon for consumers, intriguing them to discover more about the brand's origin and terroir. Its copper tones are echoed in the principal framework architecture of the store, reflecting Appleton Estate's use of traditional copper pot stills.

The insignia is also the starting point for the interactive experience. With a simple tap of the screen from their mobile device, the shopper can scan the front label of any bottle in-store to discover dynamic content about an age statement and the craft behind it. Individual characteristics and taste profiles of each of the aged rums in the Appleton Estate portfolio and their journey from cane to cup is also enhanced by narrative from the Appleton Estate Master Blender, Joy Spence.

Campari - Dufry - Appleton

Marco Cavagnera, Managing Director of Global Strategic Travel Retail at Campari Group, said, "We are thrilled to open the Appleton Estate experience at Montego Bay Airport, just 50 miles from where our incredible rums are lovingly crafted. It's a perfect premium location to engage shoppers by showcasing every facet of Appleton Estate; its rich history, passion for natural ingredients, local provenance, the skill of our Master Blender Joy Spence and the versatility of the award-winning portfolio created under her guidance,

Appleton Estate Master Blender Dr. Joy Spence (with scissors) inaugurates the first Appleton Estates Boutique at Sangster Airport in Montego Bay, Jamaica. Joining her from left to right are: Campari Group Brand Premiumization Managing Director Jean-Jacques Dubau; MBJ Airports Ltd CEO Shane Munroe; Jamaica Tourism Enhancement Fund Chair Godfrey Dyer; Jamaica Tourist Board Director Odette Dyer; Opposition Spokesperson on Tourism Janice Allen; Montego Bay Deputy Mayor Richard Vernon; Dufry President & CEO Latam & Caribbean Enrique Urioste and Campari Group Managing Director, Global Strategic Travel Retail Marco Cavagnera.

The Appleton Estate Insignia, formed of five national symbols of Jamaica, is a centerpiece of the Appleton boutique.

ensuring there is an Appleton Estate rum for any elevated occasion, from premium cocktail-making to sipping rums.

"Our goal is to prioritize the consumer experience of Appleton Estate, inviting travelers to discover this beautiful rum's story and craft in an evocative way. This omni-channel approach blends the right balance of technology and face-to-face interaction, creating a highly connected experience enabling us to track engagement and improve our understanding and relationship with our consumers."

Enrique Urioste, the newly named President & CEO LATAM & Caribbean at Dufry, said in his remarks: "We together with the airport authorities recognized the potential of this airport, and the need to have a store like this. And a store like this in Jamaica would not exist without Appleton Estate.

"We are convinced that this is the beginning of a very long and successful journey, not only in this airport, but in many other locations, with Campari."

A series of unique experiences

In store the shopper's journey incorporates a series of interactive and multisensorial chapters in the brand experience:

A film runs on a huge wall-sized digital screen, sharing the sights and sounds of each stage in the crafting of Appleton Estate, synchronized with patterns of

Shoppers can scan the label of any bottle in-store to discover dynamic content about an age statement and the craft behind it.

shifting lighting that fill the large circular ceiling with spatial surround-sound, designed to create deeper integration of the digital and physical experience.

At the bar, dedicated brand ambassadors are on hand for cocktail demos and guided tastings of the permanent portfolio available in-store: Appleton Estate Signature, Appleton Estate 8 Year Old Reserve, Appleton Estate 12 Year Old Rare Casks, Appleton Estate 15 Year Old Black River Casks, Appleton Estate 21 Year Old Nassau Valley Casks.

The latest Appleton Estate release, Ruby Anniversary Edition, is a key feature of the space with a dedicated allocation of this limited time edition available at the Sangster boutique. Appleton Estate Ruby Anniversary edition comprises a blend of five rare rums, each aged for a minimum of 35 years.

Inspired by their tasting experience, shoppers can use their personalized digital Insignia guide on their mobile device to discover key serves and classic cocktails to make at home. The shopper can then sign-up for the Appleton Estate e-mail newsletter.

The guided taste experience encourages shoppers to discover two levels of free personalization service on the Appleton Estate 15 Year Old and 21 Year Old. The Brand Ambassadors help shoppers create a personalized message via the digital platform, accessed via a QR-enabled neck hanger on the purchased bottle. The gift recipients are able to discover more about their gift and encouraged to share on their social media.

Premiumizing Campari and Appleton Estate

The Appleton Estate Boutique at Sangster International Airport is just one way the Campari Group is premiumizing its portfolio of spirits brands, and engaging the consumer on multiple fronts.

"We are here to celebrate our biggest investment ever in the channel, an investment in an Appleton Estate boutique, which signals from our side a strong belief in the travel retail category and that the rum category has the potential to premiumize and play a key role in GTR," says Cavagnera. "Appleton Estate can play a key role in the premiumization strategy. It has all the credentials. It is a historic brand."

Master Blender Joy Spence says she has been waiting for the day when Appleton had its own boutique in Jamaica.

"In my travels I would stop at all the rum boutique stores and I would say to myself 'when will this ever happen with Appleton one day?' And here it is."

Cavagnera says the boutique delivers a key sense of place and authenticity.

"The boutique is a way to convey to travelers and consumers not just a unique experience, but a very authentic experience. Our real ability is to deliver experiences to all of our consumers in an omni-channel way in all of the geographies that we operate in. This is a way to connect with consumers across channels."

Campari Group Brand Premiumization Managing Director Jean-Jacques Dubau says the Appleton Estate boutique is a prime example of how Campari Group can present its brands in memorable ways.

"Global Travel Retail is very important and is the place where we can showcase our products in a very special way," says Dubau. "Today is the start of a very special year. Last year travel retail, due to the rebound in traveling, grew very strongly, contributing to the growth of Campari.

"2023 is the year when we should be getting back to levels of 2019. Today is an important milestone."

Campari Group's revenue was $2.9 billion for FY2022, up 16% year-on-year. Its Global Travel Retail division revenue soared almost 81%, led by strong performances from Aperol, Campari, The Glen Grant and Grand Marnier.

From Shopper to Traveler

Cavagnera says it is an essential part of Campari Group's global travel retail strategy to interact with travelers on multiple steps along their journey.

"The strategy to move from 'shopper to traveler' is the underlying force behind the omni-channel opportunity that we want to have. The 'shopper' has been a strategy focused on the on-premise retail of the airports. While the 'traveler' is someone to engage with in different touchpoints across the travel journey from the moment he books the flight, to when he starts traveling, he gets to the airport, and then to the on-premise of the airport where with our portfolio we can play a unique role in the growth of the spirits category."

"My role is to create this engagement across channels for the Group working in collaboration with all teams in the

markets," says Cavagnera.

"Travel retail -- being the most sophisticated retail environment in the world -- can do it at the very highest scale."

Brand refresh 2020

As part of the premiumization of the brand, Appleton Estate relaunched in April 2020 with a reimagined bottle and label as well as the release of the new Appleton Estate 8-Year-Old Reserve. Just like in the Appleton Estate boutique in Montego Bay, the centerpiece of the new label is the Appleton Estate Jamaica Insignia. The refreshed label also features Master Blender Joy Spence's signature, which the company says is the definitive badge of quality, credibility and authenticity.

"When we took over the brand we had a very iconic bottle. It was a bold move to touch the bottle, but we realized that although it was iconic it needed to be refreshed. It has been very well received and gives a much more premium image to the traveler. We have improved the shelf presence of the bottle," says Dubau.

The brand refresh follows the 2018 $7.2 million renovation of the Appleton Estate visitor center, which was renamed the Joy Spence Appleton Estate Rum Experience.

Strategic Acquisitions

Campari Group also made a few important acquisitions in 2022, which Dubau says is part of Campari Group's premiumization strategy.

Appleton Estate refreshed its bottle and labels in 2020 to premiumize the brand.

"Last year we made some very strategic acquisitions, the most important being Wilderness Trail Distillery, the bourbon that we acquired in the U.S. It is not so well-known outside the U.S., but is a very important acquisition for us, because it comes with a lot of knowledge of the bourbon category. It will be an important brand for our premiumization of our bourbon portfolio."

Campari Group also purchased French bittersweet aperitif Picon last year, as well as a minority stake in Howler Head Kentucky Straight Bourbon Whiskey with Natural Banana Flavor.

"The Picon acquisition accomplished two objectives. It reinforces our presence in France, as it is a brand that has a strong presence in France and Belgium. It is also a strategic acquisition because it comes in a drink that is Picon and bitter, which fits in our strategy in the aperitif segment."

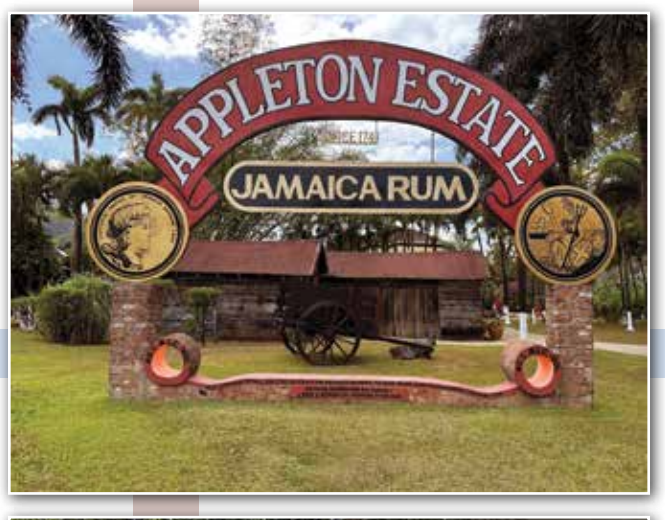
Howler Head launched nationally in the U.S. in 2021, and in its first full year of operations, sold over 50,000 9L cases primary to the U.S. and Canada markets only.

Montego Bay, Jamaica's Sangster International Airport (SIA), operated by MBJ Airports Limited (MBJ) officially opened its newly Expanded Departures Area in December 2022.

The redevelopment of the 4,000m2 departures area included the 1,300 m2 walkthrough Duty Free store operated by Dufry at the entrance to the departures retail area.

This strategic design created a functional and effective layout of the entire retail program and provides clear sightlines and footfall to the broader retail offering.

Planning for the Departures Expansion commenced in 2017. This included hiring consultants, Pragma to provide expertise in Airport Space & Category Mix Planning and The Design Solution (TDS) to provide support the airport's commercial planning strategy and design services for the airport retail. Both Pragma and TDS were instrumental in the redevelopment of the retail program.



J. Wray & Nephew Limited paid tribute to the enslaved people who worked on the Appleton Estate Plantation during slavery with a monument that was unveiled at the Joy Spence Appleton Estate Rum Experience in March.

The monument, titled "Lest we Forget", was designed and built by Jamaican artist Trishaunna Henry and shows the relationship between sugar cane and the sociocultural and economic development of Jamaica. The names of slaves who worked on the plantation during the ownership of the then slave-owning Dickinson family have been incorporated in the monument.

"Appleton Estate has been around for a long time. We are the oldest distillery in continuous operation in Jamaica," says Joy Spence, Appleton Estate Master Blender.

The Estate's founder, Francis Dickinson, arrived in Jamaica in 1670, naming the Appleton Estate after his hometown in the UK. The first legally recognized rum on the Estate dates back to 1749.

Joy Spence has a history with Appleton Rum going back more than 40 years. In 1981, she became Chief Chemist for J. Wray & Nephew Ltd., the maker of Appleton Rum. Spence worked under Master Blender Owen Tulloch until she was named Master Blender in 1997, the first female master blender in the spirits industry.

Today the vistor center is named after her: the Joy Spence Appleton Estate Rum Experience.

The Joy Spence Appleton Estate Rum Experience can accomodate more than 100,000 visitors per year and features a welcome center, theater, interactive field stations, four tasting rooms, a restaurant and lounge, and retail store.

Spence says Appleton Estate is in the ideal location to grow the sugarcane which becomes Appleton Estate Jamaican Rum.

"We have these amazing limestone hills surrounding this lush green valley. Every day around 2:30 we have showers of rain. Everything is green, lush, and perfect for growing the sugarcane. We are one of the few rum producers who can take the process from the cane to the cup. We own our own sugar cane fields. We own our distillery and bottling facilities. We control the entire process from the start."

Copper Pot Stills at Appleton Estate. Each Appleton Estate expression is a combination of several types of both pot and column still rum of varying ages.

The sugar cane is turned into molassses, which is used to make Appleton Estate Jamaican rums.

Appleton Estate rums are aged using tropical aging, which is the process by which a rum that is aged for one year under tropical conditions in Jamaica would have the same characteristics as a spirit aged for approximately three years in a cooler climate.

"We have some very key factors. All of our rums are tropical aged. This means that our rums age three times as fast. Once we have a number on our package, this means it is the minimum age of the rum in the bottle. We have no additives in our Appleton Estate rums. So our rums are pure. So if you want to be pure, drink Appleton Estate."

The Joy Spence Appleton Estate Rum Experience

Latin Gin takes its love story to duty free

After launching in Miami last year, premium Latin Gin is exhibiting at the Summit of the Americas with global travel retail its next target.

Available in Latin Spice, Latin Lover, Latin Secco and Latin Beach expressions, Latin Gin was inspired by elements of the Latin lifestyle, says co-founder Ivania Sher.

"I'm a Latina who loves to travel and go to different countries and learn the cultures around the world. I wanted to create a gin that would represent the Latin culture," says Sher.

"We wanted to create an authentic gin so we used only Latin botanicals and designed the bottle with Latins in mind."

Sher grew up in El Salvador amongst a family of international diplomats and witnessed how her parents entertained guests from around the world with beautiful, inventive cocktails. Those moments inspired her to create a premium gin from a female and worldly perspective.

"I wanted a modern, easy to drink gin, that is smoother to the palate," she says. "Latin Gin is something fun and sexy. And the bottle looks so beautiful. It is completely different than your traditional London Dry gins."

Co-founder John Kuelbs says after launching in south Florida, the gateway to the Americas, he believes Latin Gin will do well in duty free, even with non-Latins.

"We launched in Miami, a natural place to launch Latin Gin. To our surprise, we are seeing that we are getting reorders online from the Midwest. It is people wanting to experience Latin culture rather than just Latins wanting to buy something Latin," says Kuelbs.

"Latin culture is trending right now all over the world. Music, the performing arts, the culture of celebration. We have actually captured a culture with Latin Gin, and we think this will help us attract millennials and Gen Zs."

Latin Gin represents a new category of gin, says Sher.

"When you are walking in the airport you are sometimes looking for something. Latin Gin is a breakaway from the old school gin. It is something different and innovative. Duty free stores are a place of discovery, a place where people are looking for something new and unique. Latin Gin appeals to the traveler's desires of culture, adventure, and unique expressions."

Four Latin Gin expressions

Each of its four expressions conveys a love story, taking consumers on a journey of passion, romance, tradition and joy, says Sher.

Latin Spice Premium Gin is sophisticated and seductive, says Sher. It is well-balanced, with warm Calabrian chili pepper notes that linger on the palate. It is inspired by the passion and the spark of a newly formed romance.

Latin Lover Premium Gin is infused with strawberries and roses. It is inspired by a blossoming love. This spirit is designed with fruit-forward cocktails in mind.

Latin Secco Premium Gin is a fresh interpretation of the spirit's classic tones. Infused with authentic Italian juniper and blended with the water of Mont Blanc, it is inspired by the tradition of Latin culture. The profile is balanced and smooth, allowing for a variety of options for blending in cocktails.

Latin Gin co-founder Ivania Sher created Latin Gin to represent Latin culture.

Latin Beach Premium Gin reveals a touch of citrus with each sip. The flavor profile includes passion fruit, coconut, papaya, and mango.

Kuelbs says the two best sellers so far are Latin Lover and Latin Beach, but each of the four gins offers something different.

"Latin Lover and Latin Beach are not your traditional gins. They really appeal to the gin drinker and to the non-gin drinker, because we dialed back the juniper so much, it is smoother. For Lover we took the ABV down to 37.5 because we are seeing that women and the younger drinkers want quality over quantity. They are going to drink less cocktails but are going to drink better ones," he says.

"Whether it is Latin Europe, Latin America, or Central America, every Latin country except for Paraguay and Bolivia has an ocean beach. And for hundreds of years that is where they go to celebrate. It really resonates."

"Latin Beach expresses the joy, the happiness, the fun. It is a kiss of citrus in your mouth," says Sher. "We target every palette with our gins."

"I have had Latin people come up to me and say this is a brand that represents me. That is what I wanted to do. Mission accomplished."

Distilled in the foothills of the Italian Alps, Latin Gin is currently available in Florida, Texas, California, Spain, the UK, as well as online.

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Bottega admitted to the Comitato Leonardo, group that expresses Italian excellence

Bottega, a winery and distillery in Bibano di Godega (TV), has been admitted as a full member of the Comitato Leonardo, together with selected companies that express Italian excellence in various sectors, including Brunello Cucinelli, Bulgari, Ducati, Enel, EssilorLuxottica, Ferrero, Armani, Illycaffè, Intesa SanPaolo, Kartell, Prada and Unicredit.

The Comitato Leonardo was set up in 1993 on the joint initiative of Confindustria, ICE and a group of entrepreneurs and men of culture, including Gianni Agnelli and Sergio Pininfarina, with the aim of promoting and affirming 'Italian Quality' around the world.

It is a non-profit organisation that promotes the Italian economy, culture, science, technology and high-quality Italian products as a whole, with the aim of working towards greater awareness abroad of the Italian economy, culture, technology and science, in order to increase the country's prestige; to promote the Italian presence abroad through high quality products; to work in favor of the diffusion of Made in Italy; to favor, through the adhesion of Italians of international renown, the realization of initiatives for the diffusion in the world of the quality and technology of Made in Italy; to propose and activate all those initiatives capable of ensuring the achievement of its objectives.

Strong brands propel MONARQ Group to expansion and record business

MONARQ Group continues to go from strength to strength, growing its business in the Americas, and expanding its team to meet this rising demand.

"2022 was our best year ever and 2023 started equally strong. Our organic growth has been strong throughout all categories, channels and markets," MONARQ Group founder Robert de Monchy tells *TMI.*

"We have been growing double digits since the inception of MONARQ in 2006 and have become the leading independent player in the region."

MONARQ has expanded its team in multiple departments to help cover all of the markets in the region where MONARQ operates.

"In the last few years, we have invested in our CRM and order-processing systems, while at the same time we expanded our Customer Service team as well as supportive roles such as Compliance. We have also expanded both our Regional and Marketing Team, which also includes a digital marketer and a trade marketer," says de Monchy.

"Our commercial team, based out of the Miami office as well as in St Maarten, Mexico and Chile, covers all domestic markets and duty free channels throughout Latin America, the Caribbean as well as USA Duty Free."

MONARQ will also be moving its Miami office to a much larger space in Coconut Grove in the next few months.

"It's quite an amazing spot which we are currently renovating," de Monchy.

De Monchy says its recent growth has been led by the success of the United States duty free and the return of cruises to destinations throughout the region.

"Over the past years there have been many bright spots as our business got stronger throughout all markets and channels in the region from Bermuda in the north to Argentina and Chile in the south. If you ask me to pick one particular highlight, I would say the USA DF channel including cruise ships. This channel has almost fully recovered, and MONARQ is seeing very strong growth here."

MONARQ is targeting these cruise ships with its Uncle Nearest whiskeys, which the company brought into its spirits portfolio last year

"We are excited to be launching Uncle Nearest on all Royal Caribbean Cruise ships, in all their bars and restaurants, starting April 2023. Starboard has also listed the full range of Uncle Nearest for all their locations onboard Carnival Cruise Line as well as Royal Caribbean Cruise ships. This just goes to show that the brand is showing real momentum across all channels," says de Monchy.

MONARQ featured two bottles of Shirakawa 1958 Japanese Whiskey with an MSRP of US$30,000 per bottle at the DFS Masters of Wine & Spirits event in Macau.

"We welcomed Uncle Nearest Premium Whiskey to our portfolio, which honors the world's first-known Afro American master distiller, Nearest Green. The brand has been the most awarded American Whiskey or Bourbon for the last four years."

MONARQ has also added to its portfolio in a number of strategic categories, says de Monchy.

"We have looked at the Sake category for many years but were not happy with the brands that came along, until about a year ago. We now represent SOTO Sake as well as Heavensake and are pleased with the performance of these two amazing brands, which both fit right in our portfolio, being premium and innovative.

"During the last year, we also expanded our gin portfolio towards 'World Gins' and recently added three exciting new gin brands: Drumshanbo Gunpowder Irish Gin, Saigon Baigur from Vietnam and Condesa Gin from Mexico City. Last but certainly not least, we started working with Bollinger Champagne, a brand that needs no further introduction."

De Monchy says the iconic Barbancourt Rhum from Haiti recently underwent a packaging upgrade.

"The brand is performing very well, both in the domestic markets of the Caribbean and Latin America as well as USA Duty Free. The brand is listed at DFA stores and on Carnival Cruise Line's latest and largest ship, *Celebration*."

DFS Masters of Wine & Spirits

MONARQ is excited to feature some highly rare bottles of Japanese whiskey at DFS' wine and spirits event, says de Monchy.

"We are participating in the super exclusive DFS Masters of Wine & Spirits event in Macau, where as part of the Gala dinner there they will be the opportunity to purchase two bottles of the ultra-rare bottles of Shirakawa 1958 Japanese Whisky. The Shirakawa distillery operated for nearly six and half decades before being demolished in 2003. Some barrels of the Shirakawa, distilled in 1958 were preserved after being aged for many years in barrels, these were first transferred to clay pots and later to stainless steel tanks. The team at Tomatin Distillery, whose parent company Takara Shuzo Co. discovered this lost liquid, is now releasing a very limited number of bottles of The Shirakawa 1958, with an MSRP of US$30,000 per bottle."

MONARQ
drinks distribution & marketing group

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Tito's rides opening of Caribbean to market dominance

Tito's Handmade Vodka celebrated its 25th anniversary in style in 2022 with the opening of the Caribbean a welcome sign for the top-selling vodka in the United States.

"Last year we crushed it as Americans started to travel throughout the region again," John McDonnell, Tito's Managing Director, International, tells *TMI.*

"In 2021 Americans could pretty much only travel to Puerto Rico. So Puerto Rico had a great year in 2021. Last year it was all the other Caribbean islands and it was full on with the cruise ships. So Americans went everywhere because it all opened back up."

McDonnell says the brand is growing in the Caribbean and Central America as the locals are now drinking the Texas-made vodka.

"The Dominican Republic is growing nicely, as is Costa Rica and Jamaica. The Bahamas is exploding. The locals are drinking Tito's now in Jamaica and the Bahamas. In Puerto Rico, in the vodka category, Tito's has a 34.5% market share."

This year Tito's is targeting new markets in Latin America, as well as Europe and Africa.

"We want to open up Argentina this year. We are also looking to change distributors in some Latin American markets."

Last month Tito's announced new distributors in Germany, Greece, and Hungary.

"As the brand becomes more developed in Europe and Asia some of the larger distributors are starting to pay attention. One, two, five, eight years ago they wouldn't even talk to us," he says.

"We are also trying to expand our presence in the domestic markets in Africa. We are looking to open up Nigeria, Angola, Ghana."

Martha Stewart partnered with Tito's on a Dry January campaign that was well-received around the world.

McDonnell says the special 25th anniversary commemorative bottle in 2022 was a big hit with consumers.

The newly designed commemorative bottle featured the brand's signature copper cap, along with a new spin on the iconic label, which features a special 25th anniversary emblem. On the back of the bottle, consumers could find a short paragraph detailing the brand's story.

This year the bottle returned to its classic form, but will have a new label later this year.

"The 25th anniversary label was very well received. It was the first special label for Tito's. However, we are upgrading the Tito's label this May. We will be showing the new label at the Summit of the Americas."

Tito's will be exhibiting at the Summit of the Americas and will feature a full bar set up at the show with a Happy Hour each day.

Dry January with Martha Stewart

In January, Martha Stewart partnered with Tito's Handmade Vodka on a new campaign focused on how to put the vodka to good use during Dry January. To complement the monthlong campaign, Tito's released a DIY January Kit that includes a line of bottle toppers that turn Tito's bottles into household products.

The clever marketing campaign was received well, and follows last year's Tito's in a Can. The limited-edition, 16-ounce, double-steelwalled, insulated, refillable can came filled with nothing. The can was $20, but all proceeds went to one of Tito's partner nonprofits.

"I think the Martha Stewart Dry January video went over extremely well. And it wasn't just U.S.-focused, it went globally. The marketing team did a great job," says McDonnell. "We have more surprises this year that we can't talk about yet."

Pernod Ricard buys Skrewball Whiskey

Pernod Ricard USA announced the signing of an agreement for the acquisition of a majority stake in Skrewball, the world's first super-premium peanut butter flavored American whiskey.

Founded in 2018, by Steven and Brittany Yeng, Skrewball was the first peanut butter flavored whiskey and passed half-a-million nine-liter cases sold in 2022.

The purchase follows the successful launch of Jameson Orange into the flavored whiskey category last year.

Flavored whiskeys is one of the fastest growing spirits categories in the U.S., representing a quarter of the overall whiskey sales in the world-leading market.

"Skrewball has proven its uniqueness and success with a large audience, so we are delighted to have this brand as part of our portfolio," says Ann Mukherjee, Chairman and CEO of Pernod Ricard North America. "With a product that brings an iconic American flavor to the spirits world, Steven and Brittany have found a true point of difference in the category. We are looking forward to unlocking the magic of this brand and a successful journey ahead."

Jägermeister has record-breaking year in GTR

Mast-Jägermeister SE significantly increased its sales in fiscal year 2022 despite challenging political and economic conditions and achieved its best results ever in global travel retail. The family-owned company has ambitious plans to grow the brand further in 2023.

The company enjoyed double-digit growth in 2022 vs the pre-Corona virus year, 2019. GTR has become the business' seventh largest market and according to IWSR, Jägermeister is now the eighth largest premium spirits brand line in the entire channel.

"We have enjoyed tremendous international success as we've continued to ramp up activities and bring new concepts to life in recent months," says Jägermeister Vice-President Global Travel Retail, Tobias Witte. "pre-COVID we broadened our international distribution and subsequently were able to expand partnerships and increase our footprint with new customers. At the same time, we expanded our

portfolio with Jägermeister Manifest and Jägermeister Cold Brew Coffee. Travel retail is currently the largest and second largest market respectively for these products. What's exciting is that we still see great potential here, especially as travel in and out of Asia picks up again."

In 2023 Jägermeister will continue to invest in raising the visibility of Jägermeister and roll out further its GTR campaign, The Secret is You. The company is planning over 60 promotions worldwide, supported by 17 brand ambassadors in the territories and continues to expand its presence on board ferries and cruise ships.

Tobias Witte says: "Our task is to create surprising, high-quality activations geared to Jägermeister consumers, with exclusive products such as our limited-edition gift bottles and shot glasses. We continue to drive forward premiumization and coordinate campaigns with domestic markets which are driving overall brand awareness. The best airports are now evolving into international shopping malls and, with over a billion passengers from around the world traveling through them, Jägermeister is the ideal brand to appeal to a global audience - consumers understand Jägermeister's mission to provide the Best Nights of your life - today and tomorrow."

Champagne Lanson strengthens its GTR team

Champagne Lanson has announced some changes to its Global Travel Retail team.

Lanson's former Head of Travel Retail, Edouard de Boissieu, has been appointed as Export Manager Europe (domestic markets) for the Maison.

François Van Aal, President of Champagne Lanson, commented: "I would like to take this opportunity to thank Edouard for his great input and sales performance during his time as Head of Travel Retail."

Stepping into Edouard's role as Key Account Manager GTR is Albane Lussat, who was previously Lanson's Trade Marketing Manager for Domestic and Global Travel Retail. Her previous position is being filled by Loraine Wojcik, who has been Lanson's Export Assistant for the last 5 years.

Edouard, Albane and Loraine will be reporting to Emmanuel Gantet as Europe & Overseas Export Director and GTR Director.

"2022 was a very strong year for the Champagne industry and a historical record high 6 billion euros of turnover," continues Van Aal. "I am convinced that the best is yet to come for Champagne Lanson despite the uncertainty of the geo-political and economic environments."

New packaging for Le Green Bio-Organic

Maison Lanson has unveiled new packaging for Le Green Bio-Organic, which the Champagne House added to its permanent range in 2018. The new packaging is part of the transparency approach initiated for several years with more informative labels and back labels specifying the blend, the dosage, the harvest, the reserve wines, the disgorgement date and the traceability of the bottles.

Lanson pushes ever further the cursor for Le Green Label Bio-Organic by highlighting the specific terroir from which this confidential cuvée comes: The Malmaison Estate, 16-hectare pilot vineyard of the House. Located in the heart of the Vallée de la Marne, The Malmaison Estate is one of the largest biodynamically-farmed estates in Champagne.

Hervé Dantan, the House Winemaker, created Le Green Bio-Organic to be consistent with Lanson style while reflecting the particular characteristics of its terroir, Le Green Bio-Organic is

Albane Lussat, Key Account Manager GTR

certified AB and Demeter. This cuvée is the result of a meticulous work respectful of fauna, flora, soil and people. Le Green Bio-Organic is made of a blend composed mainly of Pinot Noir (46%) which created a champagne with a strong identity and vitality, says the company.

Le Green Bio-Organic is naturally free of secondary packaging and produced in a more lightweight bottle in order to minimise its carbon impact. Maison Lanson also favors local and responsible sourcing for all its packaging. This sourcing is a way for Lanson to support the local economy while limiting its carbon footprint.

Bacardi focuses on Patrón and premiumization as it returns to IAADFS

Bacardi is celebrating its return to exhibiting at the Summit of the Americas in Palm Beach, with several new omnichannel initiatives and brand innovations across its portfolio.

As a demonstration of Bacardi's ambition for Patrón Tequila, Experiencia Patron has recently opened at Cancun Airport, prominently located outside the main Dufry store (until December 2024). Patrón Tequila is the world's number one super-premium tequila and the Tequila leader in travel retail (figures reported by IWSR 2021).

Designed to engage American consumers this multi-layered omnichannel experience includes pre-travel messaging with Expedia including Cancun travel guides, OOH advertising throughout the traveler journey from arrival at Cancun airport thru to in-store digital with Dufry.

The Experiencia Patrón bar is an elevated homage to the craft of Patrón Tequila and the handcrafted passion and dedication that goes into its portfolio of super-premium and ultra-premium Tequilas, says the company.

The pop-up features contemporary structure of pale latticework, inspired by the shape and texture of the piña of the agave plant, curving around the brand displays, with a golden PatrónTequila bee logo hovering over them, to the rear.

The company says the piña pattern is significant as it reflects how Patrón Tequila cuts close to the heart of the agave plant to ensure only the sweetest part of the agave is used in the making of Patrón Tequila.

Stone textures create a front 'driveway' for the entrance, while agave and hedge planters placed around the front of the pop-up encourage travelers to enter the pop-up.

The bar offers travelers the chance to sample Patrón cocktails, including the Patrón Paloma, Patrón Margarita and the Patrón Old Fashioned.

Travelers can then go into the Dufry store to buy from the range, including Patrón en Lalique: Serie 3, the latest prestige innovation launch. Patrón en Lalique: Serie 3 is a blend of rare extra añejo tequilas encased in a crystal decanter created by Marc Larminaux, Lalique's Artistic and Creative Director, and is an artistic interpretation of the agave plant.

For this release, Patrón Master Distiller David Rodriguez and his team curated a blend of extra añejo tequilas that is so rare, it can never be replicated. 14 different tequilas each aged for up to 8 years in French and American oak casks were hand selected and combined to create

Patrón en Lalique: Serie 3. The liquid is marked by its crystalline color and sweet and smooth taste featuring hints of spices, dried fruits, sherry wine and intense wood.

Commenting on the industry recovery post-pandemic, Geoff Biggs, Regional Director GTR Americas, Bacardi said, "Across the region there is growth. In Mexico it is driven by the ease of access for U.S. travelers and we expect business to return to 2019 levels this year. In Argentina, Brazil, Chile and Colombia, flights are packed, consumers are excited to be traveling again and we are growing market share across our portfolio, especially driven by the relevance of our brands in the passion for home mixology and from on-premise trends in domestic markets.

"For many of these markets, although inflation continues to be an issue, volatility in exchange rates is nothing new and consumer confidence, especially amongst high net worth individuals, remains high as there is clear pent-up demand for premium spirits.

"Finally, in Cruise, with several new ship launches in 2023, there is increasing opportunity for us to run our popular onboard engagement programmes.

"We have a strong pipeline of innovation coming to market in 2023/24, across the portfolio including more prestige releases from Patrón Tequila. We are also adding to the extensive Bacardí rum portfolio with an increased focus on premium and sipping aged rums to offer as an alternative to other categories, notably for consumers who are choosing to drink less but drink better."

Patrón en Lalique: Serie 3 is also available in the Americas GTR market at International Shoppes stores at JFK T8, T5 and T1.

Amázzoni converted a Colonial building on a 17th Century coffee farm into the first gin distillery in Brazil and since then the brand has gone on to win global awards and to become the most widely sold craft gin in Brazil.

Amázzoni Gin: capturing the essence of Brazil in a bottle

Amázzoni, the award-winning premium gin being introduced to travel retail at the Summit of the Americas through Duty Free Global this year, is a 100% Brazilian product from its ingredients to its manufacturing.

"Amázzoni, which today is the most widely sold craft gin in Brazil, was the first Brazilian gin," explains its creator, Arturo Isola. "It is produced in a distillery located on an 18th century coffee farm located in the Paraíba Valley, Rio de Janeiro State. We converted it especially for gin production, making it the first exclusive gin distillery in Brazil and the largest craft gin distillery in Latin America."

Amázzoni Rio Negro was awarded a Double Gold Medal at the San Francisco World Spirits Competition in 2019, and was named the Best World Craft Producer of the Year at the World Gin Awards in London in 2018 -- the only Latin American distillery to ever win this accolade, reports Isola.

"We are artisanal, local and independent," he proudly tells *TMI.*

Amázzoni also brings together five Brazilian ingredients never explored before as botanical principles in a gin. In addition to the more traditional elements of Juniper berries, laurel, lemon, coriander, tangerine and pink pepper, Amázzoni features first-time ingredients from the heart of the Amazon rainforest: cocoa, Brazil nut, maxixe, victoria regia, and cipò cravo, says Isola, making it distinctly different and distinctly Brazilian.

Ironically, Amázzoni was originally created in a 5-liter glass still in Isola's kitchen in Rio de Janeiro. An architect by training, Isola was living and working in Brazil for six years when – missing the Negroni he enjoyed in Italy – he tried to make his own gin.

"So one year and a half, every weekend, I became 'the little Italian alchemist,' distilling one batch after another. My friends all offered to be official tasters.

"But gin is all about botanicals and so my family and I started journeying through Brazil, hunting new ingredients, especially in the Amazon forest. It was there I had the call to do something actively to help preserve the Amazon forest."

Since then Isola says he has been doing his part to support an indigenous tribe with whom he developed a relationship. In addition, to make his recipe really unique, and to understand Brazil through its eco-system, he started testing botanicals sourced straight from the rain forest, to see how they reacted with the alcohol.

"This became an amazing experience. It took many tries, many changes in direction, but when the recipe was finally ready, it was perfect for me, because it represented Brazil so well: diversity, liberality, informality, joy -- a continent. I felt that I had successfully introduced all these characteristics into the liquid. So finally –a Brazilian gin!"

At that time, there were no gins in Brazil, he said. "Brazil was not part of the global crusade for gin consumption."

"But creating this new gin moved me, although it was still a hobby. But we were only making it in a 5-liter glass still. Would it work when made in a professional still?"

Isola started looking around Rio at the

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A taste of Forest

Amázzoni GIN

Represented in Duty Free by DUTY FREE GLOBAL

Amázzoni supports the NGO Vem do Xingu, actively engaged in the preservation of the Amazon Rainforest

cachaça distilleries for a place to test his recipe.

With a goal to make just one batch as a test, he came across an old property that dated to 1717 -- "it was paradise and so Brazilian" --but the owner refused to allow Isola to test his gin in the cachaça facility. But he showed Isola an abandoned room on the property that he could use to set up his own distillery.

"This building with its Brazilian Colonial heritage with its huge windows looking straight to the forest convinced me to dedicate myself entirely to this mission. And I dedicated the entire next year to build the distillery, design the bottle, the label, the concept—and to define the consistent story through which this brand would promote and raise awareness of the preservation of the Amazon rainforest."

The distillery also uses its own water from three springs on the property. Moreover, Isola says that 50% of the water originates in the Amazon.

After finishing the distillery and beginning production, Isola says the challenge was to "evangelize gin to Brazilians."

"Brazil has woken up to gin and has become a gin giant. But Amázzoni is still the first gin distillery in Brazil," he says.

Export is a different challenge.

"Amázzoni has to explain who we are in a crowded market," he admits.

One way Amázzoni is making a name for itself internationally is through a branded Amázzoni cocktail competition which it launched last year, which not only aims to demonstrate the excellence of their Brazilian gin, but also to raise awareness of the importance of preserving the Amazon rainforest. It was so successful, that a second edition has been created for this year. With local competitions taking place between May and October, the finalists will meet in Rio de Janeiro for the final next November.

Arturo Isola (right) with friend and partner Alexandre Mazza developing the recipes forAmázzoni gin.

The Amázzoni portfolio that will be shown at the Summit of the Americas at the Duty Free Global stand consists of:

• Amázzoni Gin – 42% ABV - the first craft gin of Brazil. This London dry gin is distilled from pure cereal alcohol and natural spring water. With 5 botanicals exclusively from Brazil and the Amazonian rainforest and 5 more classic gin botanicals.
• Amázzoni Rio Negro - 51% ABV - includes 8 botanicals from Brazil and the Amazonian rainforest. The first Brazilian gin to gain a Double Gold Medal in the San Francisco World Spirits Competition.
• Amázzoni Maniuara is the first ever Brazilian Old Tom and, with just 38% ABV, the lightest gin on the Brazilian market. It is distilled from pure cereal alcohol and natural spring water and much more delicate and fresh than previous recipes and includes a new botanical to its recipe: lemongrass.

Amázzoni support for the NGO Vem do Xingu: Trees. Water. Oxygen. Wildlife. Life.

Amázzoni supports the NGO Vem do Xingu, an arrangement with 27 canteens linked to local associations from 5 Indigenous Lands in a territory of about 9 million hectares of conserved forests in the Amazon. The canteens are commercial warehouses managed by indigenous people, where they can exchange local Brazilian products for money or items. This network is also fundamental for strengthening traditional peoples to deal with the pressures suffered by the forest and its people in one of the most threatened regions of the Amazon Rainforest. Website: www.terradomeio.org

Jameson launches brand-new campaign 'Arrive Like a Local' exclusively for global travelers

Pernod Ricard Global Travel Retail (PRGTR) has announced the launch of Jameson's new global campaign 'Arrive Like a Local', exclusive to global travel retail.

The 'Arrive Like a Local' campaign launched at over 35 airports worldwide in March, and featured the Jameson Family, with particular focus on GTR exclusive Jameson Triple Triple as well as Black Barrel.

In partnership with Irish Distillers, the Irish whiskey brand has created a digital library of 'City Guides', which provide information on Jameson-recommended places to explore, where to drink, eat and mix in 12 cities. The cities are: Dublin, Toronto, Bangkok, London, Barcelona, Paris, Amsterdam, Johannesburg, Sydney, New York, Bangalore and Kuala Lumpur.

The campaign will be launched in partnership with Trip Advisor, the world's largest travel site, where Jameson will sponsor 12 destinations, offering the site's users the chance to 'Arrive Like a Local' the Jameson way.

Building on the brand's ethos to 'Widen the Circle', this campaign invites Jameson fans to experience the world 'like a local', while connecting them to a global community.

The omnichannel campaign is designed to engage travelers across multiple touchpoints including digital, social, retailer integration and out of home (OOH), driving footfall to multi-faceted interactive in-store experiences hosted by key travel hubs across the world.

The Jameson City Guides can be accessed by a QR code or directly through a dedicated web page instantly unlocking recommendations that have been curated by selected Jameson bartenders and brand ambassadors.

Jameson's "Arrive Lke a Local" campaign at Manchester Airport (left) and London Gatwick.

Travelers can expect to:

- Explore Like a Local: Discover off-the-beaten-track experiences
- Chat like a local: Jameson Fans are invited to pick up an audio headset to 'listen and learn the local lingo' via a voiceover experience that "will take travelers on a journey around the world, before they've even left the airport, equipping them with all the tools they need to share their favorite Jameson drink with a local wherever they are headed."
- Eat Like a Local: Pinpoint the best restaurants and street food vendors
- Drink Like a Local: Discover the finest cocktail establishments, hidden speakeasys, or cozy pubs.
- Mix like a local: Travelers will be invited to try Jameson neat, or as a cocktail inspired by local serves around the world

Shoppers can purchase a bottle of Jameson wrapped in a city map, providing the perfect memento or personalized gift.

Liya Zhang, Vice President of Marketing at Pernod Ricard Global Travel Retail said: "The beauty of travel is that it allows us to make new memories and share stories, particularly those that are authentic to the destination. But that's harder for travelers to do when they feel on the outside of the local circle.

"Jameson wants people to feel connected, wherever they go. And we are doing that by equipping them with the tools they need to arrive like a local in the key cities that Jameson Fans love to travel to.

"We believe that this campaign will bring travelers closer to their destinations and create a deeper connection with local people and our Jameson brand."

The Jameson City Guides can be accessed by a QR code or directly through a dedicated web page instantly unlocking recommendations that have been curated by selected Jameson bartenders and brand ambassadors.

Blue Caterpillar reflects on positive first year as it grows its global travel retail business

A little over a year after starting their boutique spirits distribution company, Blue Caterpillar, LLC, co-founders Michael Gebrael and Christoph Henkel return to the IAADFS Summit of the Americas with a diverse wine and spirits portfolio and a strong desire to keep growing its business.

"We are indeed very fortunate, and thrilled with the pacing and the progress we have made since our go live in April 2022. Building categories is what keeps us excited, and everything we do is centered around this notion," the two well-known travel retail executives tell *TMI.*

Each of the experienced Blue Caterpillar principals brings very different backgrounds to the table, but Gebrael (CEO) and Henkel (COO) say the diversity has seamlessly worked together to form a stronger entity.

"Despite having had very different corporate careers and cultural backgrounds our core beliefs are very similar. We have known each other for more than 15 years, and since day one, our friendship was formed on transparency and great sense of intellectual respect."

Prior to starting Blue Caterpillar, Gebrael was the President and CEO of VEGA, a plant based protein powder brand, as well as CEO of Tea Forte, a luxury lifestyle tea, and held several global roles at L'Oréal, Estée Lauder and Bare Minerals.

Henkel began at Gebr. Heinemann working in Europe, Asia and lastly the U.S., where he was the lead executive member of a team in 2013 bringing the company back to North America. In 2016 be co-founded liquor distribution company Innotri in Miami.

Based in Boston and Miami, where the Blue Caterpillar office is able to service the gateway to the region, the Americas is currently the leading territory for Blue Caterpillar. But the executives tell *TMI* they have the infrastructure to reach the entire global travel retail market.

"We have an infrastructure that allows us to service all our retail partners in Travel Retail. We are just in the first inning."

Blue Caterpillar says it offers "transparent, long lasting and strategic relationships with anyone we do business with."

"We are extremely disciplined to ensure every single retail partner has a portfolio proposition that caters individually to their pax profile. No one wants to have products collecting dust on the shelves and we are always looking into the data very proactively to remain nimble."

Blue Caterpillar offers a full wholesale distribution commercialization service, with all the back office back bone support as well as all the necessary import licenses for liquor into the United States domestic market.

Wine and Spirits portfolio

Blue Caterpillar's portfolio includes leading brands in multiples categories. The company prides itself in embracing thriving or underrepresented categories.

"We are very fortunate to have the trust of our Brand Partners. Every single brand/company in our portfolio has a strategic role to play... This allows us to stay true to our ethos of transparency and long-term strategic relationships."

Blue Caterpillar went live in 2022 with wines and spirits from Distell, the Ron Carupano portfolio of rums, and Los Amantes mezcal. Since then it has added a number of strategic brands in multiple categories.

In June 2022 Blue Caterpillar announced a partnership with The Water Group, LLC (TWG) for the distribution of Revanche Cognac in Global Travel Retail.

Los Amantes at DFS' JFK Terminal 4

In September Blue Caterpillar added Ireland Craft Beverages, and launched Two Stacks Irish whiskey in travel retail.

This February, Blue Caterpillar was appointed exclusive distributor for Anora's Travel Retail Americas, including airlines, cruise ships, and the Caribbean. Anora is known for its key brands - Koskenkorva, Nordic Lab Spirits, Larsen, and Skagerrak.

Blue Caterpillar also works closely with the portfolio of Duty Free Global including the Sazerac brands.

The Blue Caterpillar name

Based on their insights and data, Gebrael and Henkel say the time was right to launch Blue Caterpillar in early 2022, despite the impact that the COVID-19 pandemic was having on travel.

"We were both ready, and … despite the challenges, we knew that we were at an inflection point and as it always does, Travel Retail was bound to come back."

The name Blue Caterpillar was inspired, in part, from mescal, based on one of its first brands, Mezcal Thesis.

"Some craft mescals would come with the mezcal worm in the bottle which was a symbol of craft."

The blue comes from the "blue Mondays" that every executive in the corporate world has at some point in their careers, they say.

"After having been through several blue Mondays in our corporate lives, we know that nourishing your mind with positive thinking is the key to a transformational process that will enable you to keep evolving and transcend into a beautiful butterfly."

While Blue Caterpillar is only a year old, its founders see great things ahead as it grows.

"We are investing heavily in our IT infrastructure to be ready to capitalize on regulatory changes as well as enabling our brand partners to connect directly with the end consumer," they say. "In five years we would love to see the company more balanced in terms of its presence in the different GTR regions and as we are investing into that growth with new team members, infrastructure as well as new (global) brand partnerships we feel confident that this is a realistic target."

Heineken Global DF holds Appreciation Night for cruise customers in Miami

Heineken Global Duty Free welcomed over 150 guests from its Cruise customers to an appreciation night in Miami at Cervecería La Tropical on March 30,2023.

Hosted by the Heineken Global Duty Free team including Niek Vonk, Manager, Heineken Global Duty Free and Christian Klimpke, Global Account Manager Cruises, the party was held at Heineken's newest joint venture brewery, Cervecería La Tropical in the heart of Wynwood.

The event was an opportunity for guests to enjoy a taste of Heineken Silver, the latest innovation from the Heineken portfolio launching soon in the U.S. Cruise market. Heineken Silver is a new, lager brewed to 4% ABV, crafted using an ice-cold brewing process at -1°C.

With live music from Machaka, a Cuban Funk and Fusion Band, and a Caribbean-inspired menu of tapas bites with a Miami twist, the party filled the botanical gardens and taproom with guests attending from all major Cruiselines.

A tour of the brewery included the chance to discover and taste the range of Cuban-inspired craft beers including Tropi Crystal, originally brewed in 1928 by Cerveceria La Tropical in Havana and launched again in March 2023.

From left: Christian Klimpke, Heineken Global Account Manager, Cruises; Natalie Fernandez, Heineken Senior Manager Duty Free Americas; Jolanda van Amerongen, Customer Success Coördinator Heineken Global Duty Free Cruises, Nick Van Buuren Key Account Manager Cruises Heineken
Photo credit: Julie Rose

Christian Klimpke, Global Account Manager Cruises, Heineken Global Duty Free comments, "It's important for us at Heineken to show our appreciation to our customers and partners, especially as we celebrate the return of Cruise after the challenge of recent years. We had a fantastic evening in the lush surroundings of Cerveceria La Tropical, introducing Heineken Silver and catching up with our industry friends. We look forward to many more celebrations together."

Southern Glazer's Wine & Spirits announces acquisition of WEBB Banks

Deal expands Southern Glazer's presence in the Pan-Caribbean Market and bolsters Travel & Export capabilities

Southern Glazer's Wine & Spirits announced its plans last month to acquire Miami-based WEBB Banks, the leading premium wine and spirits distributor in the Caribbean, Central America, and South America, as well as the travel retail and cruise sector. The acquisition, expected to close March 31, 2023, expands Southern Glazer's reach in the Atlantic and travel retail, and strengthens its logistical capabilities to deliver products more efficiently to complex markets in the region.

Upon completion of the acquisition, the business will continue to operate during a transition period under the WEBB Banks name and management team, led by Chief Executive Officer Andy Consuegra, Chief Operating Officer Jose Castellvi, and Chief Financial Officer Juan Carlos Rodriguez. The team will report to Scott Oppenheimer, Southern Glazer's President, East Region. The existing Southern Glazer's Travel Sales & Export team and associated portfolio will transition to WEBB Banks, to ensure a complete solution for suppliers focused on the Atlantic Basin.

"This acquisition provides another connection point for Southern Glazer's and our valued suppliers who are looking for expert route-to-market capabilities across the Atlantic Basin," said Scott Oppenheimer. "Combining the strength of our supply chain and logistics expertise, with WEBB Banks' strong customer relationships and knowledge of the market, makes this acquisition an absolute game changer for our suppliers."

Oppenheimer continued, "WEBB Banks has experienced tremendous growth over the past several years thanks to a collaborative company culture, strong strategic partnerships, and in-depth knowledge of the markets in their region. We're excited to welcome their brands – many of which we already share – and their talented, experienced team into the Southern Glazer's family."

"Southern Glazer's recognizes the success we've achieved in the region, operating in markets that are particularly complex and fragmented," said Andy Consuegra. "In turn, we have found a great partner in Southern Glazer's, like us a family-owned company that takes pride in a strong company culture and diverse workforce and shares our values and commitment to building world-class wine and spirits brands. Together, with our market expertise and Southern Glazer's strong industry relationships, superior capabilities, and deep consumer and trade insights, we will significantly elevate the standard of services we provide to our valued suppliers, wholesalers, and retail customers."

Consuegra founded WEBB in 2007 and then merged with Banks Channel in 2016 to create WEBB Banks, creating now the largest wine and spirits distributor in the Pan-Caribbean market, operating in 34 markets with more than 200 distributor partners. Southern Glazer's Travel Sales and Export Division launched in early 2017 and has since grown to serving 25 countries with nearly 70 different distributor, cruise line and duty free operator partners.

Duty Free Global enters non-alcoholic spirits category with launch of Caleño in Global Travel Retail

Tropical non-alcoholic spirit brand Caleño has appointed Duty Free Global as its Global Travel Retail partner. Caleño is a range of tropical non-alcoholic spirits founded by Ellie Webb, which she says "bottles up the vibes of Colombia, created to bring a latina fiesta to those moments when you're not drinking."

The two products DFG will be representing include Caleño 'Light & Zesty' which is a gin alternative distilled with a mix of 10 botanicals, including pineapple, lemon peel and Colombian inca berry. 'Dark & Spicy' is a rum alternative adding a bold punch of exotic flavor – blending a taste of pineapple, coconut and lime, enhanced with natural spices.

The market for non-alcoholic beverages across all categories grew 25% to $1.2 billion in 2022, according to IWSR Drinks Market Analysis data cited by The Wall Street Journal. The No / Low Category is predicted to grow globally by 31% by 2024.

"Duty Free Global are the leading experts on building brands in global travel across multiple categories. They have a proven track-record and an amazing reputation in the trade. It is brilliant to be partnering with them as their only non-alcoholic brand and I am extremely excited to see where this partnership can go," commented founder, Ellie Webb.

Barry Geoghegan, Founder of Duty Free Global commented, "When we met the team at Caleño we knew immediately from their passion and spirit that it was the right non-alcoholic spirit brand for travel retail – it sums up the spirit of travel and holidays with its joyful packaging and amazing spirits that create delicious tropical cocktails. We think it will appeal to travel retail operators with the growing trend for non-alcoholic alternatives in particular with millennials and Gen Z and it also offers an extra sale on top of the passenger's duty free allowance."

Andy Consuegra: Southern Glazer's sale "important evolution" for WEBB Banks

Travel Markets Insider had the opportunity to speak with WEBB Banks CEO Andy Consuegra about what the new arrangement between WEBB Banks and Southern Glazer's means for the companies and the market.

Consuegra tells *TMI* that the partnership is a great fit and offers seamless synergies between the two organizations.

"WEBB Banks has experienced tremendous growth over the past several years thanks to our employees' dedication, strong strategic partnerships with supplier partners, and in-depth knowledge of the region and the travel retail sector," says Consuegra.

"By becoming part of Southern Glazer's, we can access additional resources, industry insights, best practices and more modern technology systems, all necessary for us to continue to improve service to our growing base of suppliers and customers. Truly, we have found a great partner in Southern Glazer's, who like us are a family-owned company that takes pride in a strong company culture and diverse workforce, and shares our values and commitment to building world-class wine and spirits brands. I see nothing but tremendous success on the horizon."

Consuegra says no other company has the strong customer relationships that WEBB Banks has built up over the years in the Caribbean.

"We not only operate in the region, but we have also experienced and talented teams on the ground who live and work in our key islands and countries who have

Andy Consuegra, WEBB Banks CEO

intimate knowledge of those markets. And that extends to travel retail, military, and the cruise channel as well, our people are the best in the business."

Consuegra says the new organization will benefit both Southern Glazer's and WEBB Banks.

"This is a positive for everyone, for our company and employees and theirs, and for our customers and suppliers, and theirs outside the Unites States, specifically in the Caribbean and Central America as well as Duty Free."

WEBB Banks' culture complements what Southern Glazer's has built over the past several years in their Travel Sales & Export division, which will now fold into WEBB Banks, says Consuegra.

"And not only do we bring a great, diverse team with strong international expertise, we also bring a very entrepreneurial culture."

Consuegra says that the time was right for the next evolution for his company.

"The merger between WEBB and Banks in 2016 was a pivotal and monumentally important milestone in the evolution of our company, and in much the same way, this acquisition is similar. We wouldn't have achieved this level of success if WEBB and Banks hadn't merged, and I think we'll be saying the same thing a couple of years from now about Southern Glazer's," says Consuegra

"I would also like to acknowledge Robert Bowman, who ran and owned Banks Channel with whom we merged 6 years ago, for his partnership and leadership. We wouldn't be in the position we are in today if it weren't for Robert and the successful merger that created WEBB Banks."

This is the next step for WEBB Banks.

"This is an exciting time for us, and it marks an important evolution to our capabilities and the service we provide to our customers and supplier partners, and improved focus we'll have on our suppliers' brands, thanks to the support and the resources that Southern Glazer's provides. Our team stays in place, Jose, myself, Kam and everyone on our great team. Curran Zin Welch will continue heading up our Travel Retail team on the WB side. We are all committed to staying on and continuing this journey. We are looking forward to leveraging this partnership and further accelerating growth of our supplier partners' brands."

About WEBB Banks:

Miami-based WEBB Banks is the top regional domestic distributor of wines and spirits in the Atlantic Basin, as well as the military channel and travel retail in the Americas, and is the leading beverage alcohol supplier among core wholesalers. Focused particularly on the traveling consumer, the company specializes in high tourist markets, the cruise channel, and key resorts and hotels, with a portfolio of iconic brands that includes Tito's Handmade Vodka, Jägermeister, Disaronno, Skrewball, Whistle Pig, Ghost Tequila, Robert Mondavi, Stags' Leap, Caymus, Penfolds, and Rodney Strong Vineyards.

IWSR: Americas TR spirits volumes to reach 2019 levels by 2024

Volumes in travel retail Americas are forecast to reach 2019 levels by 2024, while value is expected to recover sooner, according to data from IWSR Drinks Market Analysis. IWSR forecasts show the volume of the travel retail market in the Americas to grow at a compound annual growth rate of +12% between 2022 and 2026.

"Around 50% of TR Americas volumes in 2021 were sold in the U.S., highlighting the strength of the U.S. market. Categories with a traditionally high market share have recovered faster after the pandemic - whisky and brandies are now believed to be close to pre-pandemic levels in TR Americas," says Jairo Lopez Suarez, Global Travel Retail Manager, IWSR.

"Agave-based spirits – mainly due to their popularity among US nationals – is now believed to have overtaken rum, at least in value terms."

DFS partners with Hennessy to unveil collaboration with designer Kim Jones

DFS Group (DFS) has unveiled the Hennessy X.O x Kim Jones collection at its 11th annual DFS Masters of Wines and Spirits, held in T Galleria by DFS, Macau, City of Dreams on March 17, 2023. DFW has also been named the exclusive offline travel retailer to sell the Hennessy X.O. Kim Jones sneakers.

Hennessy's three-piece collection – positioned as a bold marriage of cognac and couture – is a first of its kind across categories, and demonstrates the impact both powerhouses have had in the world of design, luxury and culture.

Interweaving the richness of Hennessy X.O's 150-year heritage with British Artistic Director Kim Jones' creative vision, the collaboration features a collectible sneaker, a masterpiece decanter and limited-edition bottle.

Taking inspiration from the early basketball shoe, Kim Jones has created the HNY LOW by Kim Jones, a light cognac-colored sneaker crafted from nubuck leather.

"I wanted it to be elevated and chic, to reflect both the long heritage of cognac and my own design values," says the designer, who also transposed the curves of the Hennessy X.O bottle onto the sneaker. "I wanted it to feel like you're almost looking into the bottle. It's a glass of cognac in sneaker form."

The sneakers will be on display in Macau and DFS Los Angeles Airport's store entrance.

The Masterpiece Decanter is a sculptural piece that features a gradient blend of cognac shades and pairs 3D printing technology with hand crafting. It comes with a specially developed titanium casing that acts as a second skin – evoking the same effect draping has to couture, while simultaneously mirroring the way Hennessy bottles used to be carefully encased in delicate tissue paper to protect its content during transportation.

With only 200 pieces available worldwide, five Masterpiece Decanters will be on display at T Galleria by DFS retail outlets in Macau.

Available to DFS customers in North America and Macau, the Hennessy X.O x Kim Jones collection comes complete with a carafe encased in aluminum that highlights the iconic curves and fluid beauty found within a Hennessy bottle. This landmark representation of legacy is also available for purchase separately.

The campaign will be rolled out across the DFS travel retail network with an activation at La Samaritaine and at the travel retailer's cognac meets couture boutique installations across North America and at T Galleria by DFS, Macau, City of Dreams.

Irish Whiskey sales soar in U.S.

The Distilled Spirits Council of the United States (DISCUS) and the Irish Whiskey Association (IWA) report that American consumers' interest in super premium Irish whiskey is at an all-time high.

According to DISCUS, American consumers purchased more than 6.1 million 9-liter cases of Irish whiskey in 2022, which generated $1.4 billion in revenues for distillers and contributed significantly to the record-breaking growth of the U.S. spirits industry. Last year marked the first time that U.S. spirits supplier revenues surpassed beer. Irish whiskey played a key role in this achievement with its emergence as the fourth fastest-growing spirit in both revenue and volume in the U.S.

"The remarkable growth of Irish whiskey in the U.S. is a testament to the quality and craftsmanship of our distillers," says William Lavelle, Director of the IWA. "As the largest and most valuable market for Irish whiskey, we are proud to continue our rich history of supplying America with this iconic spirit. It's exciting to see consumers embrace the premium-and-above expressions of Irish whiskey, and we look forward to further growth in the years ahead."

The Irish Whiskey category has benefited from drinkers' desire to "trade up" from Premium to High-End and Super-Premium products. Since 2003, High-End Premium and Super Premium Irish Whiskey grew 1,053% and 2,769%, respectively.

Lavelle also points out that 300,000 used whiskey barrels from Kentucky and Tennessee were purchased and reused in Ireland in 2022 for Irish Whiskey.

"As consumers continue to trade up to more premium products, Irish whiskey is perfectly positioned to offer them a special experience – on St. Patrick's Day and beyond," says Chris Swonger, President and CEO of DISCUS. "In just two decades, we've seen the high-end premium and super premium segments of Irish whiskey grow a staggering 1,053% and 2,769%, respectively. It's truly an exciting time for spirits hailing from the Emerald Isle."

Ritter Sport showcases new Mini Tower flavor mix at Summit of the Americas

Ritter Sport, the German family-owned chocolate brand, will showcase its latest range of Travel Exclusive products at the IAADFS Summit of the Americas on the Otis McAllister stand, 201.

Ritter Sport is strongly committed to further enlarge its footprint in the Americas travel retail market, says Jan Pasold, Managing Director, Global Travel Retail Ritter Sport.

"Otis McAllister and Ritter Sport started our valued partnership shortly before the pandemic. Now we are working together again to focus on widening the distribution and the availability of our German-made, family-owned, squared and colorful best ingredients chocolate at all important airports in the Americas. We are also committed to growing our cruise and border shops business in the region," says Pasold.

Mini Tower new flavor mix

Ritter Sport's Mini Tower new flavor mix is brand new to the U.S. travel retail market. The Mini Tower 250g includes 15 mini bars in 5 different flavors offering a mix of fruity, milky and crunchy textures. The colorful pastel-hued flavor mix includes two of Ritter Sport's top flavors – mini Strawberry Yogurt with real fruit pieces, strawberry yoghurt creme and crunchy rice crisps and mini Alpine Milk with its characteristic caramel and honey flavor.

During the Summit of the Americas, Ritter Sport will also present its successful Mini Towers in individualized sleeves with well-known landmark designs. Ritter Sport will focus its landmark campaign at the following five American airports: Texas, San Francisco, Los Angeles, New York, and Detroit.

Ritter Sport is planning to continue the success story of its vegan varieties with the rollout of the new range to the Americas travel retail market later this year.

The vegan Ritter Sport varieties come without milk, and comes in 100% certified sustainable cocoa for its five vegan varieties - Mild Classic, Crunchy Almond, Crunchy Whole Nut and new varieties Roasted Peanut and Salted Caramel.

Nestlé brings its Food #1 category vision to the Americas through key focus brands

Nestlé International Travel Retail is returning to the Summit of the Americas this year where it will present its ambition to build food into travel retail's #1 category to the region's buyers (Booth 101). NITR's ambitious strategy will be delivered through the VERSE model, which harnesses Value, Engagement, Regeneration, Sense of Place and Execution.

Nestlé will bring VERSE to life through key focus brands KitKat, Smarties, Nestlé Swiss and After Eight, along with non-confectionery brand Nescafé.

Alongside core ranges, new products presented at the Summit of the Americas will include:

KitKat: NITR is showing the new KitKat Vegan bar and KitKat Senses Tablets, and the debut of new Pistachio and Lotus Biscuit flavors for KitKat Senses Mini Moments; a four-flavor KitKat Mix Sharing Bag (replacing Honeycomb with new White flavor, along with Dark, Milk and Orange); and updated flavors (Peanut Butter, Milk and White) for the KitKat Chunky Mix Gift Pack.

NITR is supporting the brand in travel retail with the global KitKat Live Your Break campaign, using the tagline 'Break in a World of Flavor.' The campaign, which uses 360-degree digital communication tools to target consumers across their full travel journey, is now live across key airports including within Latin America.

Smarties: Smarties has switched to 100% recyclable paper packaging, and continues to lead the sustainable narrative for confectionery within travel retail.

Smarties Cool Creatures is a highlight of the spring launches. The confectionery concept is designed to inspire imagination and sea exploration through learning. The kit includes 4 sea-creature construction sheets, 1 playmat, 8 pencils and sticker sheets. It also includes four mini tubes of Smarties, milk chocolates coated in crispy, colorful shells, in recyclable paper packaging.

Exclusive to travel retail, Cool Creatures represents Nestlé ITR's first venture into augmented reality, with a QR code taking users/shoppers to a virtual world where they can access three digital experiences: marine explorer, fun facts and an expert quiz. Clicking on each option uses the phone camera to explore a virtual marine world providing hours of educational fun for children as they learn through play.

A Gin, Tonic & Mint flavor After Eight limited edition, in 400g travel-exclusive pack, and milk chocolate and hazelnut Nestlé Swiss 170g tablet round out the new confectionery additions being shown at the Summit.

Nestlé will also highlight its travel retail options for the Nescafé Roastery Collection - a premium instant coffee built on a patented split roasting process using high quality Arabica beans. The batch-roasted coffee in the Roastery Collection is offered in light and dark-roasted options.

Nescafé Azera Americano – a barista-style Americano coffee collection designed to appeal to younger consumers—is also joinging the portfolio, available in Americano, Americano Decaff and Americano Intense versions.

The Nescafé Roastery and Azera Collections are supported instore by dedicated merchandising units and offline/online digital media.

NITR says that returning to the Summit of the Americas is a clear indication of Nestlé's commitment to the region.

"We have enjoyed very good sales recovery in the region since the COVID pandemic thanks to the expanded distribution of our iconic brands in both airport and non-airport channels of distribution. We've also seen very good performance from our core brands and NPD's, helping us to grow our sales ahead of passenger growth in the region's strategic locations. We're very much looking forward to meeting up with our partners and colleagues in West Palm Beach, continuing our ambition to make Food travel retail's #1 category," says NITR Global Head of Sales Jorge Hadweh.

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Ferrero brings new biscuit and tablet innovations to Summit of the Americas as business rebounds in the region

Ferrero Travel Market is returning to the IAADFS Summit of the Americas to showcase its latest innovations within the flourishing Food & Confectionery category. The Ferrero Travel Market team will be based on the Otis McAllister booth (#419).

The Ferrero offer will focus on the company's newest releases, especially innovations in the tablet and biscuit categories, which have already helped to drive sales in other travel retail markets around the world.

Ferrero is currently enjoying impressive growth across the Americas travel retail market, thanks in part to strong performance in leisure and holiday destinations, such as Mexico and Panama. Looking to the future, Ferrero Travel Market has also identified the potential for growth in Latin America and on the West Coast as travel from key Asian markets recovers.

Sergio Salvagno, General Manager of Ferrero Travel Market said: "The Americas is a key market in this industry and has been an engine room for growth in travel retail in the wake of the pandemic. We are very pleased to be attending the Summit of the Americas with our valued partner Otis McAllister.

"Shoppers in the Food & Confectionery category today are looking for new and exciting ways to treat themselves and their loved ones and we are proud to be supporting our partners with the roll-out of our biscuit and tablet ranges, which have already proven themselves as generators of growth in this market."

Ferrero Rocher tablets & La Biscotteria

Ferrero Travel Market is focusing on the under developed biscuit category in travel retail, through its leading brands Kinder and Nutella.

Under the branding of La Biscotteria, Ferrero has released three new products, Kinder Cards T(2x3), Nutella Biscuits T12 & T22. Kinder Cards and Nutella Biscuits have both enjoyed limited exposure in selected European domestic markets over the last three years. The positive response from shoppers has inspired Ferrero to introduce the range in airports, border stores and on ferries where passengers are often looking for a snack that will suit young and adults alike.

The Ferrero Rocher Tablets come in three flavors - milk, dark 55% cocoa and white-- and enjoyed a successful launch in travel retail last year. The company says that the launch of Ferrero Rocher Tablets into the fast-growing premium chocolate tablet category reinforced Ferrero's competitive position within the market. The three flavors are available in an exclusive travel retail multipack format containing 3 x 90g tablets.

Ferrero's rollout of the biscuit and tablets ranges will focus on the USA. The full biscuit range will be available in U.S. duty free stores from this month and Ferrero Rocher tablets will follow in May.

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