



Covering the Americas & the Caribbean. [parsnip5@aol.com](mailto:parsnip5@aol.com)

## FDFA holds first Development Summit & Charity Golf Tournament Event in honor of Pernod Ricard's Lori Watson nets more than \$27K

The Frontier Duty Free Association (FDFA) held its first Business & Professional Development Summit in Whistler, B.C., Canada last week. The Development Summit replaced the FDFA's traditional semi-annual meeting with two days of speakers and workshops that FDFA President Abe Taqtaq says provided the Canadian land border association with a sense of collaboration.

"The outcome of the meeting definitely provided the association with the message that the membership has a clear desire to start cooperating and collaborating on topics from supplier issues and collecting best industry practices, to anything where we can be better represented as a group than individually," he tells *TMI*. "The stores do many of the same things; we just do them differently. But we can be creating higher efficiencies and improve our businesses



*Pernod Ricard's Sherri Isherwood, FDFA's Laurie Karson, and Anka Raskin from the Canadian Breast Cancer Foundation with a check for \$25,000 raised during the event.*

by working together and sharing information."

The Business & Professional Development Summit was followed by the First National Duty Free Golf Tournament, held in memory of Pernod Ricard Americas Travel Retail's Lori Watson, who passed away in 2012 from Breast Cancer.

The golf tournament and

dinner raised more than \$27,000 for the National Breast Cancer Foundation and the Crystal Gala Foundation. More than 50 golfers participated and 70 people including operators and suppliers attended the dinner and silent auction. Much of the money was donated during the dinner from a good-natured donation competition initiated by Peace Arch Duty Free's Peter Raju that included both operators and suppliers.

Day One of the Summit began on Tuesday with a presentation to the FDFA Operators by Anne Kline, Director General of CBSA, who discussed the current status of the CBSA's restructuring and spelled out the next steps pertaining to the Strategic Review.

Kline was followed by Wendy Batchelor from Match-Ignite who presented an update on the FDFA's 2013 national marketing plan.

*Continued on page 3*

## DFA to submit new complaint after US judge dismisses DFA's anti-trust lawsuit against the Estee Lauder Companies

Duty Free Americas Inc. says that it will file an amended complaint after a U.S. federal judge in Florida's Southern District last Thursday dismissed Duty Free Americas Inc.'s suit accusing Estee Lauder Cos. Inc. of attempting to force it out of the airport retail business. On May 9, Judge Robert N. Scola, of the United States District Court, Southern District of Florida, dismissed all of DFA's allegations, citing a lack of evidence to back up its claims.

"The technical issues with DFA's initial complaint that were identified by the Court will be addressed by DFA in an amended pleading (which the Court has permitted)," DFA attorney David Taney told *TMI* in an email. "DFA will file an amended complaint by June 3, as granted by the Court," he continued.

The suit, which was originally filed on April 26, 2012, alleged that Estee Lauder had violated the Sherman Act by conspiring with

DFA's competitors to exclude it from the airport market by influencing airports' bid process for such stores.

The lawsuit specifically referred to DFA's airport concession business, claiming that DFA had lost several airport bids as "a direct and material consequence of ELC's refusal to deal with DFA." It cited the Newark RFP issued in December 2008, the Boston RFP

*Continued on page 3*

### Jean Lachesnez-Heude

December 2, 1945 - May 2, 2013

*Travel Markets Insider* is very sad to report the sudden passing last week of **Jean Lachesnez-Heude**, who had held a number of positions in the Americas duty free industry over the years, with a specialty in the Caribbean market. While we do not have any information on funeral arrangements, here is an obituary link where friends and colleagues may send condolences to the family.

[http://www.obitadmin.com/pro/obititem.php?cust\\_d=31&id=19896&name=Lachesnez-HeudeJean#top](http://www.obitadmin.com/pro/obititem.php?cust_d=31&id=19896&name=Lachesnez-HeudeJean#top)

### ACI: Global passenger traffic posts strong performance in March

ACI reports that international travel remained buoyant in March with overall passenger traffic up by +4.6% over that of March 2012, and international air passenger traffic up by 7.3%. The Middle East, Africa and Asia-Pacific all posted double digit gains in international passenger traffic of +16.4, +14.1 and +10.9% respectively. In addition, international passenger traffic was up 5.1% in North America, +4.8% in Latin America-Caribbean and +4.4% in Europe.

### Seva signs travel retail contract with Pallini Limoncello

**Pallini S.p.A. and Seva Group B.V.** have signed a long term partnership to further develop Pallini's premium Limoncello in the duty free and travel retail markets in South America, as well as the worldwide inflight business and military and diplomatic customers. Seva Group will be responsible for the larger Global Duty Free operators. Seva Group's development manager of Travel Retail and Duty Free Laura Klingeman says that Seva will be working with the Duty Free one liter bottle, the Deruta gift pack and the miniature pack.



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**BY THE NUMBERS****South American conditions challenge Dufry's 1Q results**

Despite the impact of higher concession fees in Sao Paulo, the bankruptcy of the Uruguayan airline Pluna, a softening of the Brazilian Real, and capacity constraints in some South American airports Dufry reported turnover in the first quarter of 2013 up 1.7% to CHF 736.4 million from CHF 723.9 million in 2012.

Organic growth contributed 1.8% and 0.7% when including extraordinary effects. Like-for-like growth was 0.8%, and new concessions, net of closings, contributed 1.0%. The currency effect was positive by 1.0%.

The company also reports strong cash flow generation, with a net cash flow from operating activities of CHF 94.5 million in the first quarter 2013 versus CHF 58.2 million one year earlier.

Julian Diaz, CEO of Dufry Group, commented: "The performance of the first quarter 2013

follows the trends seen in the second half of 2012. The results in most of the locations are very positive. We continue to be impacted mainly in Brazil, Uruguay, Argentina and to a lesser extent in the British Caribbean operation due to external factors, but we are confident that this adverse environment will gradually start to normalize."

**Diversification and new concessions support rest of the year**

For the remainder of the year, Dufry points out that the acquisition of 51% of the travel retail business of Folli Follie Group, that Dufry successfully completed on April 22, 2013, will contribute to the growth from April onwards when the business will start to be fully consolidated. The business, which generated turnover of €300.3 million and EBITDA of €83.7 million in FY 2012, will be

integrated into Dufry's existing operations.

In addition, the increase of 2,600sqm in Dufry's retail space in the Guarulhos International Airport in São Paulo, Brazil is on track and is expected to be completed in the second semester. The additional retail space, which represents an increase of 60% of Dufry's current space, will allow Dufry to alleviate current capacity constraints and to generate additional revenues, says the company.

**Regional results**

Dufry said it had good turnover growth in Regions EMEA & Asia and US & Canada, as well as in Mexico and parts of the Caribbean.

Turnover in **Region EMEA & Asia** grew by 6.9% in 1Q 2013 to CHF 182.5m, with good performance in France, Switzerland, Russia and Spain, Tunisia,



Morocco, Sharjah, Cambodia and China.

Turnover in **Region America I** dropped to CHF 190.5m in 1Q 2013, versus CHF 197.0m in 1Q 2012. Operations in Mexico, the Dominican Republic and Trinidad showed excellent performance but the British Caribbean was sluggish and Argentina and Uruguay continued to be affected by the bankruptcy of the Uruguayan airline Pluna in July 2012.

Turnover in **Region America II** (Brazil) decreased by 8.2% to CHF 158.6m in 1Q 2013 impacted by the conditions spelled out above.

Turnover in **Region United States & Canada** increased by 7.4% to CHF 189.8m driven by a combination of like-for-like growth as well as the addition of new concessions and retail space.

**Advantage International launches Global Benchmarking Study for Travel Retail**

More than 50 retailers out of 100 sent assessment surveys have confirmed participation in this year's Advantage Report - Travel Retail program, reports Nestor Sanajko, Global Client Services manager of Toronto-based market research firm Advantage International.

This year marks the fourth annual Advantage Report, which queries both travel retailer and suppliers and includes responses from executives, senior managers, buyers, category managers and inventory/ logistics personnel, says Sanajko.

The Advantage Report serves as a tool for improving engagement between Travel Retailers and suppliers through a 360 degree assessment process, says the company. The process allows retailers

to provide feedback on the performance of their supplier partners and in turn, receive feedback from those suppliers.

The Global Benchmarking Study is said to provide ongoing industry benchmarks across FMCG and other channels, and helps identify strengths, highlights opportunities and provides key diagnostics to help develop strategy for customer and supplier engagement.

Established in 1988, Advantage International has pioneered the concept of business relationship benchmarking, providing insights to over 500 clients worldwide.

Suppliers or retailers interested in participating in the study please contact Sanajko at nsanajko@advantagegroup.com

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# TRAVEL MARKETS INSIDER

## FDFA

*Continued from page 1*

The first day's meeting ended with Melissa Schenk, Executive Producer for MS2 Productions, who presented a video on allowances. The video-- which can be placed on the national website, on a store's websites, or in-store -- spelled out exactly what Canadians and Americans are allowed to bring across the borders.

Schenk also discussed the power of video as a marketing, sales, and social learning tool, demonstrating the advantages of incorporating video into duty free to improve customer awareness and understanding, increase sales, strengthen social networks, and build relationships.

The evening ended on a high note with an Operators Dinner hosted by Patrón Spirits' Burt Stewart and Haleybrooke International's Roger Thompson.

The second day of the Summit featured a presentation about impulse buying from brand management and consulting expert Liz Crawford, VP Strategy & Insights Match Drive and author of *The Shopper Economy*. Crawford showed that 25% of shoppers' budgets are mentally reserved for spontaneous purchases.

An in-depth presentation from Jennifer Lee and Brent Houlden of global auditing and manage-

ment consultancy Deloitte covered multiple topics, ranging from the power of collaboration and how to utilize Omnichannel to increase basket size, to how retailers can modernize their retail experience

for the ever changing, demanding consumer.

To increase the impact and value of the Summit, the FDFA Operators broke into small groups discussing each topic and how it

can impact their stores and the industry.

Pernod Ricard Americas Travel Retail hosted an Operators Dinner that topped off Day Two of the Summit.



*Clockwise from top left: FDFA President Abe Taqtaq leads a group discussion during the Business & Professional Development Summit; Pernod Ricard's Sherri Isherwood and Danielle Sweet with Peninsula Duty Free's Jim and Chris Foster; A sign at the golf tournament remembering Lori Watson.*

## DFA

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issued in May 2011, the Orlando RFP issued in mid-2011, each of which was awarded to another concessionaire, and the Atlanta RFP, which DFA eventually went on to win.

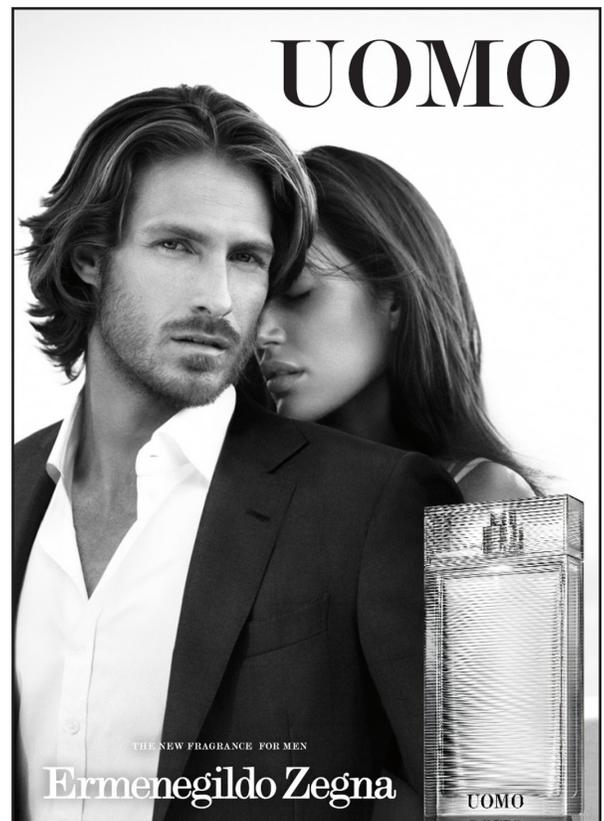
The lawsuit also alleged that ELC was working with "co-conspirators in direct horizontal competition with DFA."

Judge Scola's May 9 decision, which addressed each of the DFA claims in turn, dismissed the claims without prejudice, because (simply stated) it failed to show that ELC "engaged in anticompetitive conduct."

According to an attorney contacted by *TMI* (not one who is handling the case), the judge ruled that DFA did not allege enough facts to prove a conspiracy under the standards set forth in the anti-trust Sherman Act.

Judge Scola gave DFA until June 3 to file an Amended Complaint. Once it does so, ELC must respond by June 24, 2013.

DFA had three legal options after the decision to dismiss was announced: allow the dismissal to stand, appeal the dismissal or replead its case alleging additional facts that would survive the standards set forth in the decision to dismiss, which is the path that it says it will pursue.





## Bacardi launches Glen Deveron single malt whisky as TR Exclusive with World Duty Free Group

Bacardi Global Travel Retail has partnered with World Duty Free Group to launch Glen Deveron, Royal Burgh Collection, a single malt Scotch whisky collection exclusive to Travel Retail.

“Glen Deveron is a true first for Bacardi Global Travel Retail,” says Mike Birch, BGTR’s Managing Director. “The entire collection, from the exquisite liquid to the premium gift packs, has been created specifically for Travel Retail and will be available exclusively in World Duty Free stores in the UK, Spain and internationally.”

“Single malts represent an extraordinary opportunity for Bacardi within the Travel Retail channel and the launch of Glen Deveron is a major initiative which illustrates our commitment to the category.”

## Mouton Cadet named Official Supplier of Wine to the Ryder Cup for 2014 and 2018

Ryder Cup Europe and family-owned company Baron Philippe de Rothschild SA signed an agreement for Mouton Cadet to be the Official Supplier of Wine to the 2014 Ryder Cup at Gleneagles in Scotland and to the 2018 Ryder Cup at Le Golf National near Paris.

José María Olazábal, who captained Europe to a Ryder Cup victory last year, attended a special reception at Château Mouton Rothschild with the gold trophy to inaugurate the new Ryder Cup partnership, which follows Mouton Cadet becoming The European Tour’s Official Wine Supplier in 2012.

*Scott Kelly, Philippe Sereys de Rothschild, José Maria Olazabal, Hugues Lechanoine celebrating Mouton Cadet Official Supplier of the Ryder Cup 2014 & 2018*

The Glen Deveron, Royal Burgh Collection commemorates the Royal Burgh of Banff, the ancient seaport beside the distillery that was granted a Royal Charter by Robert II, King of Scotland, ‘Robert the Bruce’. This Charter is represented by the seal which appears on the label of every bottle.

The Glen Deveron, Royal Burgh Collection includes Glen Deveron 16 Years Old, Glen Deveron 20 Years Old and Glen Deveron 30 Years Old. Each is made with previously unreleased rare,



## Carnival Cruises to pull ships out of Europe, UK in 2014

Carnival Cruise Lines has notified its trade partners that it will be redeploying its ships out of the U.K. and Europe next year.

The cruise line cited market conditions, increasing air fares, and the fact that most of its guests are from the U.S. as the reason for the move.

Carnival has two ships sailing out of Europe this year – *Carnival Legend* out of Dover, and *Carnival Sunshine* (formerly *Carnival Destiny*) out of Barcelona, which it was expected to maintain in 2014. The *Legend* is now set to be seasonally based out of Sydney, Australia.



aged whiskies hand-selected from the distillery’s private reserve by award-winning Master Blender Stephanie Macleod.

World Duty Free Group’s Commercial Director, Eugenio Andrade comments:

“Glen Deveron is an exceptional single malt and we are delighted to be partnering with Bacardi Global Travel Retail to introduce it to the world for the first time. It’s a rare occasion when you get to be involved in such a landmark launch and we would like to thank Bacardi for partnering with us in this unique opportunity.”

The Glen Deveron, Royal Burgh Collection will be available exclusively from World Duty Free stores in the UK and Spain from the end of April priced from £40.99 for Glen Deveron 16 Years Old (1litre) to £150.00 for Glen Deveron 30 Years Old (70cl).

## Canadian Duty Free Sales rise in March

Canada’s duty free stores had a solid March, with both land border and airport sales up double digits, according to the latest figures from the Canadian Border Services Agency.

March 2013 duty free sales for the land border stores rose 15% compared to March 2012, with sales for the year up 2.68%.

March airport sales increased 10% versus the same month last year with sales for the January/March period up 8%.

All land border regions had positive sales results in March. Prairie region sales were up 6%; Pacific sales increased 15%; Ontario sales rose 3.6%; and Atlantic/Quebec duty free sales jumped 12.8% versus March 2012.



For inquires contact exclusive sales agent Unique Luxury Goods LLC, [lola.perez@uniqueqlg.com](mailto:lola.perez@uniqueqlg.com)