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# TRAVEL MARKETS Vol.15-35 INSIDER

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

## DFA opens largest Dior boutique in TR at Venetian Macau

Duty Free Americas has opened a new flagship Dior Perfume and Cosmetics boutique in the retail area it operates at The Venetian Macau Resort Hotel on the Cotai Strip in Macau.

Measuring nearly 900 square feet, this boutique is the largest Dior boutique within the Travel Retail sector worldwide. The boutique encompasses the latest generation of Dior counter furniture across the fragrance, make up and skin care categories, with a strong focus on dedicated client service areas.

It also includes the exclusive La Collection Privee Christian Dior fragrance line, a collection of rare, authentic and elegant fragrances for men and women, created using only carefully selected and noble materials.

Ian McLernon, Parfums Christian Dior's Regional Director for Travel Retail in Asia Pacific, commented, "We are delighted to have partnered with Duty Free Americas in the opening of this new boutique, which we believe is a clear statement of the strategic

intentions and ambition of the Dior Maison within Travel Retail, and we are very pleased with the initial trading results."

Jerome Falic, Chief Executive Officer for Duty Free Americas, added, "The addition of this magnificent boutique caps off the redevelopment of our highly successful 10,000 square foot retail

operation at The Venetian Macau Resort Hotel. We are extremely proud and grateful that Dior entrusted us with the opportunity to become the very first travel retailer to feature their newest store design, and we have every expectation that it will deliver a completely new and exciting shopping experience for our customers."



*Ian McLernon, Parfums Christian Dior's Regional Director for Travel Retail in Asia Pacific (left), and Joseph Falic of Duty Free Americas (right) at ribbon-cutting ceremony for Dior Perfume and Cosmetics boutique at The Venetian Macau Resort Hotel.*

## MIA joins protests against DOJ's AA-US Airways merger ban

Miami-Dade County Mayor Carlos A. Gimenez, with the support of Miami-Dade Aviation Director Emilio T. González, are the latest government and business officials requesting that U.S. Attorney General Eric H. Holder, Jr. reconsider the U.S. Department of Justice's lawsuit to block the merger

of American Airlines, Miami International Airport's hub carrier, with US Airways.

The DOJ shocked the aviation industry last week when it filed a civil antitrust lawsuit challenging the proposed \$11 billion merger of American Airlines and US Airways, alleging that the combination

will reduce competition in an already condensed marketplace, lead to higher prices and diminished service. The Justice Department has allowed six other airlines to merge over the past five years.

An editorial in the *Wall Street Journal* *Continued on page 2.*

### WORLD DUTY FREE GROUP REINFORCES ITS MANAGEMENT TEAM PRIOR TO BECOMING A LISTED COMPANY

World Duty Free Group has appointed David Jiménez-Blanco as Group Chief Financial Officer.

Jiménez-Blanco has extensive experience in the financial world, including as Chairman and CEO of Merrill Lynch for Spain and Portugal. He was also responsible for the investment banking activities of Goldman Sachs in Spain and Portugal. He has participated in many of the largest M&A transactions carried out in recent years by companies such as Altadis, Telefónica, Endesa, ACS, Dragados, Arcelor and Banco Santander.

Since 2010, Jiménez-Blanco has served as a partner of BK Partners, a firm specializing in investments in emerging markets, primarily in Mexico.

The appointment of Jiménez-Blanco is of particular relevance at this time since World Duty Free Group will be listed on the Milan Stock Exchange this autumn, after its parent company, Autogrill, completes the separation of its Food & Beverage and Travel Retail businesses into two separate companies.

According to José María Palencia, CEO of World Duty Free Group, "The near future of the corporation as a listed company and its international expansion makes financial and treasury requirements a key consideration for our strategic business plan; this is why we wanted to incorporate a figure with the specific seniority of David Jiménez-Blanco into the management team.

"Jiménez-Blanco's extensive experience and his deep knowledge of international financial markets will be a major asset to the company and will help to consolidate and expand the path of expansion and profitability that World Duty Free Group has managed to achieve in recent years."



Distributed in the Americas by ACTIUM LLC Contact Gregory Duhamel in Miami - [gduhamel@actium.us](mailto:gduhamel@actium.us)

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**TRAVEL MARKETS**  
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## MIA joins protests against AA-US Airways merger ban

*Continued from page 1.*

*Journal* argues that the administration's lawsuit blocking the proposed merger is instead causing job uncertainty for hundreds of thousands of workers, pummeling investors' stock portfolios and jeopardizing AMR's bankruptcy exit.

Miami has more than a passing interest in the outcome. American Airlines, when combined with regional partner American Eagle, serves nearly 70% of the passengers at MIA with more than 300 daily departures.

With American's Latin American and Caribbean hub based in Miami, MIA provides more flights to that region than any other U.S. airport and is the second busiest U.S. airport for international passengers overall.

"This litigation is anti-competitive, as it locks in structural advantages Delta and United gained through their respective mergers while depriving American

of the benefits of consolidated operations and networks that have accrued, and continue to accrue, to Delta and United," said Mayor Gimenez in the letter sent to Attorney General Holder on August 20.

"The financial health of MIA is tied directly to the success of our hub carrier," said Director González. "Industry analysts widely agree American would more than likely have to emerge from bankruptcy as a smaller airline if not given the chance to merge.

"That would be bad news for MIA, Miami-Dade County, and many cities across the country. American and US Airways also have minimal route overlap, which dispels the Justice Department's allegation that the merger would be anti-competitive."

The merger between American and US Airways, if permitted to proceed, would create the largest airline in the world.

## Dufry opens new retail space in São Paulo; signs Master Concessionaire Contract in Sri Lanka

Global travel retail giant Dufry announced major developments in two far-flung parts of the world this month—in Brazil in South America and in Sri Lanka in South Asia.

In South America, Dufry officially opened 1,600 square meters of new retail space in the Arrivals area of Sao Paulo's Guarulhos International Airport, Terminal 2 on August 18.

This opening represents the first part of the additional retail space agreed in November 2012 with GRU Airport. The agreement foresees Dufry opening a total 2,290sqm of new retail space in Arrivals and Departures duty free shops.

On the other side of the globe, Dufry announced that it has signed a master concessionaire agreement to operate duty free spaces at Mattala Rajapaksa International Airport (MRIA), Sri Lanka. Located in the Southeast of Sri Lanka, MRJA was officially opened as Sri Lanka's second

international gateway in March 2013.

A joint venture between Dufry and Sri Lankan company Perpetual Capital Holdings, Dufry will operate all airside retail space in the terminal in both the departure and arrival levels of the airport.

As the passenger numbers approach the first phase handling capacity, Dufry envisions approximately 1000sqm of retail space evenly distributed between the departure and arrival areas, reflecting the strong arrival duty free sales in Sri Lanka. Additional enhancements will be made to the retail offer as the airport expands into its second phase.

With the addition of Sri Lanka, and the recently secured Bali and Kazakhstan concessions, Dufry now operates in eight countries in the Far East, Middle East, and Central Asia, bringing the total number of countries in its global portfolio to 47.

## Tairo features YSL and Biotherm at Maggy's Beauty Festival

In June, Maggy's Beauty Emporium in Aruba celebrated its traditional annual Beauty Festival, during which time the Yves Saint Laurent and Biotherm brands were on display with special animations and workshops.

Hosted by Miami-based Tairo International, International Make Up and Skin Care Specialist Linda Caselle celebrated YSL Beaute with make up counter animations and a workshop in which Maggy's YSL customers experienced the new travel retail exclusive Palettes, the Touche Eclat foundation and the RPC Vernis a Levres lipstick.

Caselle also conducted a "Live like a Man" workshop for Biotherm, featuring Biotherm's men's products.

"Both workshops allowed customers to learn about the products, enabling them to have a better understanding of which products worked best on their skin. The events were a big hit with the customers, as they enjoyed these luxurious beauty brands and the array of products offered," says Olga Stanley, Tairo International Marketing Director.



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## Milestone year for Estee Lauder Cos. as it breaks the \$10 billion sales mark; Double-digit growth in travel retail more than triple the increase in airline passenger traffic

Propelled by “particularly strong” sales growth in its luxury brands, online and travel retail channels and overall in emerging markets, along with solid gains in several developed countries, the Estee Lauder Cos. Inc. passed \$10 billion sales for the first time in fiscal year 2013, ended June 30.

For the year, the Company achieved record net sales of \$10.18 billion, a 5% increase compared with \$9.71 billion in the prior year. Excluding the impact of foreign currency translation, net sales increased 6%. The Company reported a 150 basis-point increase in operating margin, and net earnings for the year rose 19% to \$1.02 billion, compared with \$856.9 million last year. Diluted net earnings per common share rose 20% to \$2.58, compared with \$2.16 in the prior year.

Commenting on the “outstanding fiscal year,” Fabrizio Freda, President and Chief Executive Officer, said, “Fiscal 2013 marked another record year in which our Company achieved a number of historic milestones: \$10 billion in net sales, 15.2% operating margin and \$1 billion in net earnings. We also delivered record earnings per share and operating cash flow.

“Looking at a broader picture, we once again posted sales growth that we believe was greater than global prestige beauty, and achieved strong across-the-board sales gains in each of our geographic regions and major product categories. This year we also advanced our strategic priorities, including enhancing our business in skin care, emerging markets and fast-growing distribution channels.”

By geographic region, net sales in The Americas were up by 5% on a reported basis, and operating income rose 47%. The net sales increase in the region reflects growth from most of the Company’s brands, particularly its makeup artist and heritage brands, says ELC, attributing growth in the US, double-digit sales growth in Latin America, and expanded distribution in Canada for the strong showing.

Net sales in Europe, the Middle East Africa were up 4% and operating income rose 9% on a reported basis. The net sales increase was led by high-single-digit growth in the Company’s travel retail business and the United Kingdom and double-digit growth in the Middle East.

The Company’s net sales in the travel channel grew double-digits at retail, which was more than triple the increase in airline passenger traffic. Sales gains in the UK and the Middle East each benefited, in part, from strength in the Company’s makeup artist brands.

In Asia Pacific, net sales grew by 5% on a reported basis, but operating income fell by 10%. ELC says that higher results from China and Thailand were more than offset by lower operating results in Korea and Japan. The lower results in Japan reflect, in part, the effect of unfavorable foreign exchange rates.

Net sales and operating income rose across all product categories, skincare, make up, fragrance and hair care.

## SPI Group names Chase International as exclusive US duty free distributor for Stolichnaya Vodkas

Global spirits company SPI Group has appointed Chase International Inc. as its new exclusive distributor of Stolichnaya Premium Vodka and elit by Stolichnaya Ultra-Luxury Vodka range in the U.S. duty free market.

Chase International has more than 20 years of experience in North American Travel Retail business, representing numerous wines and spirits labels along with leading confectionery brands.

Rob Cullins, SPI Global Commercial Director commented: “Chase International has an excellent understanding of the American market. They were a natural choice for us, and we are delighted to be working with them as we build our brands in this strategic marketplace.”

“We are delighted and honored to have been chosen by SPI as their partner to represent and distribute their premium range of Stolichnaya Vodka brands in the U.S. Travel Retail market,” said Chase F. Donaldson, Chase International President. “Stolichnaya is a globally recognized brand, and the Chase team is already hard at work exploring every opportunity to

expand its presence and visibility in the U.S. Travel Retail area. We are very excited to be part of SPI’s new organizational plans. Our strong marketing efforts will be singularly focused on re-establishing and enhancing the image, prestige and presence of Stolichnaya in all U.S. international airports and on every major cruise line.

“With our extensive duty free and travel retail experience, and our proven success at marketing premium brands, we look forward to partnering with SPI to achieve their objectives in the U.S. Travel Retail sector.”

Chase International represent a wide range of wine and spirits brands in the U.S. duty free market, including Jose Cuervo Tequilas, Three Olives Vodka, and Boodles Gin from Proximo Spirits; Evan Williams Bourbons from Heaven Hill Distilleries and Buffalo Trace Small Batch Bourbons from Sazerac, and Gosling’s rums, among others.

Incumbent, William Grant & Sons U.S. Duty Free, will hand the remit to Chase International as of September 1st this year.




**SUPPLY SIDE FEATURES**

## CTI brings top European brands to Americas travel retail channel

Duty free/duty paid specialist CTI International, which brought the globally recognized Sharper Image and Brookstone brands to duty free, has now introduced two of Europe's top electronics brands to the travel retail channel in the Americas.

CTI is now featuring German audio brand Sennheiser, one of the leading producers of headphones and microphones in the world, as well as travel adaptors and USB chargers from market-leading Swiss company SKROSS.

"CTI introduced both brands to the industry in the Americas at the Duty Free Show of the Americas in Orlando in April," reports Rodolfo Muller, CTI Sales Manager Travel Retail Worldwide and Product Development Advisor.

"We are focusing on both North and South America with these brands. Sennheiser is already listed in Argentina and Uruguay with personalized space and we are finalizing orders with some other major players at this time," he adds.

Sennheiser, a leading global brand, began building micro-

phones in 1946 and released the world's first open microphones in 1968, a revolutionary development in the field. The company introduced wireless microphones in the 1980s and has since won numerous awards – including an Oscar from the Motion Picture Academy and an Emmy from the television industry – for its technical advancements.

CTI is most excited about the athletics-oriented Sennheiser Adidas Sports Line Headphones. Sweat and water-resistant, the product range includes four models of rugged headphones designed to accommodate the needs of all athletes, says Muller.

"CTI is now expanding its portfolio with more exclusive brands and products not commonly found in the local market. We are also devoting special attention to merchandising options," he adds.

For SKROSS, the leading manufacturer of travel adaptors and chargers now sold in more than 150 countries, CTI has developed a selection of gondolas

and display units, under the new slogan Simple-Safe-Swiss, that are demonstrating significant increases at the point of sales.

"We have been experimenting with offering a range of travel adaptor/charging solutions instead of offering only one-two models and have seen sales increase geometrically," explains Muller.

Display units range from hanging wall to counter units, attractive open plexi glass and metal displays, and two- and four-sided floor units.

SKROSS invented and patented in 2002 the world's first single-piece World Adapter with its all-in-one country-slider system. The patented, globally certified, award-winning originals from SKROSS are developed in Switzerland,

*Right: Sennheiser insert running in next issue of Duty Free Argentina brochure. Far right: 4-sided SKROSS POS display unit.*



patented internationally and comply with all the relevant international safety regulations, and have won many top international awards.

Other new additions to the CTI portfolio include gift products and office accessories from Troika and sunglasses and readers from B+D (Buch + Deichmann).

For more information, please contact Rodolfo Muller, [rmuller@ctiinternationalgroup.com](mailto:rmuller@ctiinternationalgroup.com)



## Jack Daniel's to launch second Master Distiller's Collection

Brown-Forman Travel Retail will unveil the second-edition of the Jack Daniel's Master Distiller's Collection at the 2013 TWFA Show in Cannes. The new Travel Retail exclusive addition is the second in the collection, and is designed to honor Jack Daniel's second Master Distiller Jess Motlow.

"The Master Distiller's Collection bottle honoring Jess Motlow is a terrific addition to the Jack Daniel's Travel Retail family, paying tribute to the invaluable role that Jess played in the quality, essence, and appeal of Jack Daniel's during his 30-year tenure," said Tim Young, assistant vice president, director of marketing, Brown-Forman Travel Retail.

Launched in March 2012, the Jack Daniel's Master Distiller's Collection was created to honor the seven master distillers who have crafted Jack Daniel's since the whiskey's 1866 inception in Lynchburg, TN. Each year a different Jack Daniel's master distiller will be honored, the first beginning with Jack himself and will end with current master distiller, Jeff Arnett.

The special-edition bottle will come in a distinctive gift box bearing the likeness of the master distiller being honored, and will be sequentially numbered on the back label with the chronological ranking of the designated individual being recognized prominently on the front label.

Brown-Forman Spirits Historian and Master Distiller Chris Morris will be available in Cannes to discuss the series and the history of the distinguished group as well as answer whiskey-related questions. Additional details on the collection and the launch will be made available in Cannes.



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