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# TRAVEL MARKETS Vol.15-33 INSIDER

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

## DFA ushers in digital era with renovated MIA stores

Duty Free Americas has remodeled its top-producing duty free store in Miami International Airport's North Terminal, installing the latest in digital visual merchandising and a redesigned, more open layout.

"The new digital signage and store design we just opened in the D15 location had an immediate impact on sales throughout the store," says Terrance (Terry) Floyd, vice president of DFA's Airport Division.

The most striking change in the new concept is a vibrant row of 12 High Definition TV screens above the fragrance wall running along the front and left side of the store. The video screens replace traditional transparencies and feature looping digital ads and commercials for fragrances and cosmetic products. Colorful, compelling and dynamic, the visuals rolling across the screens pull shoppers into the store and direct attention to the wide array of top name beauty brands on offer.

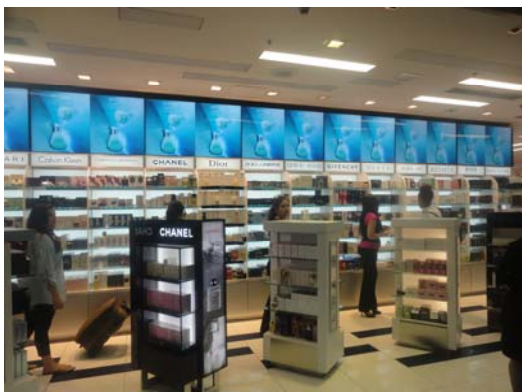
The video screens also feature a central panel that will offer tie-ins with all promotions and HPPs.

"This is the first store where the digital displays are in place, but we are planning to roll this concept out to many of our main stores," commented DFA CEO Jerome Falic.

"It is a much cleaner look. It is definitely very attractive. We can run all the software from the office. And the response from the vendors has been extremely positive," said Falic.

The fragrance wall itself has been modified, converting from the A-Z alphabetical format in place since the stores first opened, to a semi-personalized format featuring brand logos atop each bay.

The store also now offers an expanded



number of personalized beauty gondolas, and a "flipped store layout."

"We moved our luxury section – including watches, leather goods, pens, jewelry and sunglasses -- from the back of the store to the front and relocated liquor and tobacco to the back of the store. Sales of both categories spiked up immediately," explained Floyd.

DFA also moved the cash registers from the center of the store to the back wall, which forces shoppers to pass through the spirits and confectionery areas on their way to pay. The space formerly occupied by cash tills now houses additional POS gondolas.

Tobacco products are now positioned behind the cash tills to accommodate the non-self-serve legal regulations, but are clearly identified with a row of attractive transparencies. Liquor displays are also fully personalized, says Floyd.

DFA is also testing a digital POS pricing shelf display system, using software that is controlled by corporate. Once rolled out to all the stores, the system can save significant staff time.

Falic says that DFA will next invest in the digital merchandising in MIA's South Terminal, at New York's JFK airport in Terminal 7, and in Atlanta, among other locations.

"The digital merchandising entailed a significant investment," said Falic. "But we are really excited about the change."

"We are continuously looking for ways to better merchandise our shops and I think we have now found a great formula. We have better flow and a friendlier environment in which to shop. And we saw an immediate increase in sales as soon as we made the changes."

*See more photos on the TMI Facebook page.*

### PEOPLE



**Marco Lares** was recruited by Italian-French fragrance company **Perfume Holding** as Director of Sales for the Americas, effective immediately. Lares has been representing luxury fashion brands for the past 15 years, the last 5 + as International Sales/Travel Retail Manager for Marcolin Eyewear, where he represented luxury fashion names Tom Ford, Montblanc, Swarovski, Diesel, Ferrari and Roberto Cavalli, among other collections.

Lares will be leading Perfume Holding's sales efforts and operations, focusing on local markets in North America, Latin America/Caribbean and Travel Retail.

Perfume Holding, created in 2010 by the merger between **Morris Profumi** and **Selective Beauty**, is a specialist in the semi-selective and luxury market, with a portfolio of brands that includes Ferrari, La Perla, Sergio Tacchini, Ducati, Fiorucci, Iceberg, Benetton, Bois, John Galiano, and fragrance brand Atkinsons. The group has representative offices in Paris, Milan and Parma.

#### Clarification – Godiva:

**Lymarie Prudencio** joined Godiva in April 2012 as the Area Manager for LATAM, and is not a new addition to the staff as reported. However, **Jonatan Gramage** has recently joined Godiva Global Travel Retail as Field Manager North America and Caribbean. He was formerly with DFS Starboard Cruise Services.



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**TRAVEL MARKETS**  
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## Dufry's 1H revenues up 10%; extensive new retail space planned for 2013

First half sales growth at Dufry accelerated in most regions, showing improvement or positive growth as of June 30, 2013.

The travel retailer's turnover grew by 9.9% to CHF 1,667.4 million (approx. US\$1,765 million) and EBITDA reached CHF 218.1 million. EBITDA margin was 13.1% and net cash flow from operations went to CHF 244.0 million, up by 49%.

Organic growth was 2.6% when excluding extraordinary effects, of which 1.9% came from like-for-like growth and 0.7% from new concessions (net-see details below). Acquisitions added 6.9% to the growth, while translational currency impact was positive by 0.9%.

Dufry reported that Regions EMEA & Asia and US & Canada and parts of America I showed solid growth following the trends in the last quarters. Region America II and the operations in Uruguay and Argentina continued to improve in the second quarter.

### Regional Sales breakdown

By region, **EMEA & Asia** surged by 33.9% in the first half of 2013 and reached CHF 498.8 million from CHF 372.4 million in the previous year. The business acquired in Greece, which Dufry started to consolidate since April, contributed 27.9% to the region's growth. Without acquisitions, turnover would have grown by 6.0%.

With below average performance from the English Caribbean and challenges in Uruguay and Argentina from last year's bankruptcy of Pluna Airline, turnover in **Region America I** reached CHF 376.5 million, down from CHF 383.1 million in the same period last year. Dufry says that the region benefitted from "dynamic" growth in Mexico and other locations in

Central America and parts of the Caribbean. Argentina also posted positive sales growth in the second quarter.

Sales in **Region America II** also dropped slightly in the first half, down by 4.1% to CHF 342.6 million. Brazil's performance accelerated in the second quarter, reaching flat turnover year-on-year from negative growth in the first quarter.

Turnover in **Region United States & Canada** grew by 8.6% to CHF 420.1 million in the first half of 2013 from CHF 386.7 million, improving from a combination of like-for-like growth and new concessions.

### New Projects/Expansions

Dufry is maintaining a strong program of new and expanded retail development in 2013 and 2014, in both its duty free operations (accounting for 67% of net sales) and its duty paid business (producing 33% of net sales). The company reported a total of 11,400sqm of additional signed retail space to be opened throughout this year, with another 3,200sqm of signed retail space to be opened in 2014.

Major Dufry projects under development for 2013 are the expansion of existing duty free shops at Guarulhos Airport in Brazil, totaling 2,600sqm; seven duty free and duty paid shops at Bali International Airport in Indonesia, totaling 2,200sqm; 18 duty paid shops at Los Angeles International Airport, totaling 1,400sqm; three duty paid shops at Beijing International Airport, totaling 1,000sqm; eight duty paid shops at Lambert-St. Louis International Airport in the U.S., totaling 950sqm; and three duty free shops at San Juan International Airport in Puerto Rico, totaling 550sqm.

As of June 2013, 63% of the gross new retail space that Dufry opened was in the U.S. and Canada, 23% was in EMEA and Asia, 11% was in America I and 3% in America II.

Julian Diaz, CEO of Dufry Group, commented: "I am most encouraged by the results we achieved in the first half of 2013. Like-for-like development has accelerated in the second quarter and we were able to show once more the resilience of the business. We had a rebound of our profitability and EBITDA margin in the second quarter reached 14.3%, which illustrates the sustainability of our margins."



### DUFRY BY THE NUMBERS

#### Net sales by region

EMEA & Asia	31%
America I	23%
America II	20%
U.S. & Canada	25%
Global Distribution Centers	1%

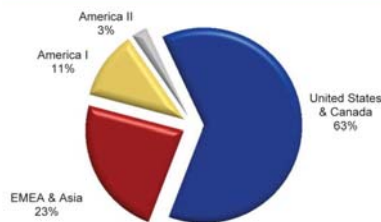
#### Net sales by channel

Airports	87%
Border, downtown & hotel shops	5%
Cruiselines & seaports	4%
Railway stations & others	4%

#### Net sales by product categories

Perfumes & Cosmetics	26%
Confectionery & Food	18%
Wine & Spirits	16%
Watches, Jewelry, Accessories	10%
Fashion, Leather & Baggage	8%
Tobacco goods	8%
Literature & Publications	6%
Other goods	5%
Electronics	3%

Source: Dufry



Gross new retail space opened in HY '13

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## A.T. Cross to sell accessory division to Clarion Capital Partners for \$60 Million

The July 15 announcement that A.T. Cross Company --a 170-year-old American brand --will be selling its Cross Accessory Division to a newly-formed affiliate of \*Clarion Capital Partners, LLC for \$60 million is good news for the Cross brand in travel retail, says David Ferreira, Cross Head of Global Travel Retail:

"The sale includes all the products that you are familiar seeing in duty free shops from Cross -- such as readers, journals and pens -- and will allow us to push the brand to the next level," Ferreira told *TMI*.

The transaction, which is subject to regulatory approval and customary closing conditions, is expected to close in the third quarter. Following the closing, Cross will focus on its Optical Group, which includes the premium sports sunglass brands Costa and Native Eyewear, and represented approximately 46% of 2012 revenue.

Eric Kogan, a Partner with Clarion Capital Partners commented, "We are delighted to have the opportunity to invest in this truly iconic American brand. Generations of quality-focused consumers around the world have embraced Cross in their everyday lives, when they have important gifts to give, special letters to write and documents to sign. We look forward to partnering with Cross' dedicated management team and employees so the Division can build on its rich heritage and develop designs for the next generation of customers."

Product-wise, Cross is expanding its high tech Stylus collection with the introduction of its digital interface **Tech2** smart pen, a dual-functionality ballpoint pen with stylus that goes from paper to tablet (\$30 USMSRP). The collection also includes the 6mm Cross Tech1 stylus and the multi-tasking **Cross Tech 3+** (\$55 USMSRP), an 8mm writing instrument that switches from stylus to black ballpoint pen, to red ballpoint pen, and finally to pencil with one simple twist of the pen.

"The Black Tech3 pen is already our best-selling pen in Travel Retail and has received several praises, including the "Best Product of the Month" award from *Frontier Magazine*. Tech 2 and **Tech1** will strengthen our existing Tech offering," says Ferreira.

Cross's Americas Area Manager, Wuysvaldo Luna, has already received confirmed listings for the Tech 1, Tech 2 and Tech 3 lines with several Electronic Travel Retail chains, says Ferreira. "We will be starting in the Fall in more than 200 locations: Airport Wireless, Tech Showcase, In Motion, Sound Balance and I-Stores. There are still many more retailers that have not seen the collection. We are very confident this will be a huge success in Travel Retail."

\*Clarion Capital Partners is a New York based middle market private equity firm. Clarion invests in growth companies in a variety of industries including Media & Entertainment, Business Services, Healthcare Services, Specialty Financial Services, Consumer Products and Specialty Retail. [www.clarion-capital.com](http://www.clarion-capital.com).

## Scorpio wins top ARC award for 3<sup>rd</sup> year

Scorpio Worldwide has been named Best Inflight Agent/Distributor at the 2013 ARC (Airline Retail Conference). This was Scorpio's third consecutive win at these particular ARC awards.

The Best Inflight Agent/Distributor award was voted online in the run up to the Conference and was presented at the ARC Gala dinner in Paris on July 3.

"We are delighted to have been named Best Inflight Agent/Distributor for a third year running," says Richard Kennedy. "We also won the award earlier this year at ARC 2013 Asia-Pacific. We would like to thank everyone who voted for us especially our customers. Scorpio remains committed to the inflight sector and strives to offer the best possible product range supported by impeccable service. I'd like to thank everybody at the Scorpio Worldwide team for their continued hard work this award is for all of you."

## MIA, DFW and Houston airports selected for pilot program to staff more CBP Agents

Five U.S. government entities in Florida, Texas and California -- including Miami International Airport, Dallas/Fort Worth International Airport and the Houston Airport System -- will receive additional staffing hours from U.S. Customs and Border Protection (CBP) in their passport control facilities through a tentative agreement with CBP finalized on July 30. The program is designed to support growth in cross-border trade and travel, according to the CBP. The other two entities are The City of El Paso, Texas and South Texas Assets Consortium.

In Florida, the pilot program allows MIA to reimburse CBP for staffing hours not currently provided due to federal sequestration budget reductions in effect since March 1. Funding for the reimbursements will be provided from MIA's operating budget, which is supported by Miami-Dade Aviation Department revenue and fees.

"The inclusion of MIA in this pilot program is great news for the millions of travelers who visit our community from abroad or are

returning home to South Florida," said Miami-Dade County Mayor Carlos A. Gimenez.

The Mayor and Miami-Dade Aviation Director Emilio T. González, who was appointed in March, submitted the request to participate in the CBP Reimbursable Services pilot program.

Gonzalez says that the program will help provide some relief to MIA's international passengers. "Our ability to fund overtime hours for CBP officers during peak times will help to decrease passenger wait times that have suffered since sequestration," said González.

MIA's international passenger traffic has grown more than 15% since 2010, which is the most among all U.S. airports, reports MIA. The airport also has the highest number of secondary passport control referrals in the U.S., with more than 70% of its passengers being non-U.S. citizens or permanent residents during peak hours.





## New Travel Retail appointments at Brown-Forman

Brown-Forman's Global Travel Retail, India, Middle East & Africa (GTR IMEA) region has announced several new appointments effective immediately.

**Tim Young** has been named the marketing director, Global Travel Retail- India, Middle East, and Africa. Young, who was previously the marketing director, Global Travel Retail, will now be responsible for leading the company's marketing activities throughout Travel Retail and all markets in India, the Middle East and Africa. Young will continue to be based in London.

**Jeannine Wise** has been promoted to marketing director, Global Travel Retail, based in Louisville. Prior to



Left: Tim Young

Below:  
Jeannine Wise



this assignment, she has been responsible for creating global promotions and portfolio plans for Brown-Forman's Travel Retail business as the brand portfolio manager, Global Travel Retail.

**Ben Marmor** has been named director finance and strategy, Global Travel Retail, India, the Middle East & Africa responsible for all financial and strategy aspects for both regions. Marmor joined GTR IMEA from the company's North America region.

**Suanna Leslie** has been promoted to the role of senior finance manager, Global Travel Retail, based in Louisville.

**Sorcha Breen** joined Brown-Forman Global Travel Retail in the company's Dubai office with responsibility for implementing activities in the Persian Gulf area.

Commenting on the new appointments, **Jim Perry**, Senior Vice President, Managing Director, Global Travel Retail, India, Middle East & Africa said, "That with these appointments we are adding additional finance and marketing focus to the company's travel retail operations and building a strong foundation from which we intend to grow our presence in the channel."

## DFS, Remy Cointreau TRA unveil Louis XIII Rare Cask 42,6 at LAX

Louis XIII de Remy Martin launched its Louis XIII Rare Cask 42,6 in the Americas Duty Free channel with DFS last month at LAX Tom Bradley International Terminal in a ceremony attended by DFS and Rémy Cointreau Travel Retail Americas.

The product is housed in DFS' Rare Pillar showcase, and is revealed by pulling aside outer display panels designed to be similar to the coffret that contains the decanter.

"As the ultimate expression of the House of Rémy Martin, Louis XIII Rare Cask 42,6 contains unparalleled craftsmanship, richness and aromatic intensity unlike any other competitor. We are confident connoisseurs worldwide will feel an immediate connection with our ultra-premium spirit," said Edwin Garcia, marketing director, Rémy Cointreau Travel Retail Americas.

Garcia added that RCTRA is certain this launch plan with DFS North America and worldwide offers the perfect fit between "the Louis XIII Rare Cask, the DFS high end customer profile and its beautiful stores."

Commenting on DFS's long-standing relationship with Rémy Martin and their "mutual commitment to rare and extraordinary bottles," Polly Nelson, DFS North America Managing Director, said: "In the past several years we have had success with bottles such as the Rémy Martin Louis XIII Black Pearl for \$55,000. Rémy Martin will be featured as part of our premium spirits in the new DFS locations in the new terminal at Los Angeles International Airport."

Louis XIII Rare Cask 42,6 is only the second distinctive barrel to be discovered in the Cognac's nearly 140-year history.

This tierçon contains only enough cognac to produce 738 decanters of Rare Cask 42,6, which will be distributed to a select list of retailers worldwide beginning in May. Each decanter will be engraved with a unique number from 001 to 738.

Pierrette Trichet, Cellar Master of the House of Rémy Martin, first discovered this particular cask in 2009 during her usual tastings of the 40- to 100-year old eaux-de-vie aging in casks set aside for inclusion in the Louis XIII blend.

The black crystal decanter for the Louis XIII Rare Cask collection was created by Baccarat. A team of more than 20 master craftsmen complete more than 50 steps in creating a single Rare Cask decanter, says the company.

The Louis XIII Rare Cask 42,6 decanter is adorned with a 22 carat rose gold neck with delicately engraved quatrefoils patterns on both sides.

The first expression of Rare Cask, Louis XIII Rare Cask 43,8, was released in 2010.

The rare blend of 42,6 offers an exquisite taste profile featuring an incredible richness and aromatic intensity, says the company.

The Rare Cask has an alcoholic strength of 42.6 percent alcohol by volume, slightly higher than the 40 percent of classic Louis XIII. Decanters of Louis III Rare Cask 42,6 will be priced at \$24,000.

Left: The unveiling event was attended by (l-r) Rémy Cointreau Travel Retail Americas Sales Manager Tam Nguyen; DFS Group CFO Mark James; DFS North America Managing Director Polly Nelson; Los Angeles World Airports Managing Director Media and Public Relations Mary Grady; DFS North America Operations Control Director Nicolas Landinez; Rémy Cointreau Travel Retail Americas Marketing Director Edwin Garcia; DFS North America General Manager Los Angeles International Airport Robert Calzadilla.

