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IATA: Industry on track for 2nd year of improving profits; Rising fuel costs offset by increased demand

The International Air Transport Association (IATA) reports that the airline industry remains on track to deliver a second consecutive year of improved profitability. This is despite a slight downward revision to its industry outlook for 2014 to an industry profit of $18.7 billion from the previously forecast $19.7 billion.

The main driver of the downward revision is higher oil prices which are now expected to average $108/ barrel (Brent) which is $3.50/barrel above previous projections. The $3 billion added cost on the industry's fuel bill is expected to be largely offset by stronger demand, especially for cargo, which is being supported by a strengthening global economy. Overall industry revenues are expected to rise to $745 billion ($2 billion greater than previously projected).

The aviation industry retains on average $5.65/passenger in net profit. This is improved from $2.05 in 2012 and $4.13 in 2013. But it is below the $6.45 reached in 2010.

IATA says that air travel demand remains strong and now air cargo demand is growing. It expects passenger demand to grow 5.8% this year. That is slightly weaker than previously forecast (6.0%), but an improvement on the 5.3% growth for 2013. Passenger yields however are expected to deteriorate by 0.3%.

North American airlines are expected to post a profit of $8.6 billion—the biggest contribution to industry profits. This is $300m better than previously projected, reflecting the strength of the economic recovery in the US. **Latin American airlines** are expected to post a $1 billion profit, $500m less than previously projectted. But the outcome this year is still more than double the $400m profit recorded in 2013. Poor economic performance in Argentina and Brazil are the main drivers of the reduced profitability expectations, along with the continued political and social unrest in Venezuela. A closer matching of capacity to demand are driving improvements.

TR industry loses 2 beloved Caribbean retailers

It has been a bitterly sad week among the travel retail merchants in the Caribbean, with two prominent families experiencing tragic deaths.

Ash Ramchandani, 1963-2014

On Friday, March 21, one of the region's best known duty free merchants, Ash Ramchandani, 51, was killed in an auto accident in Aruba while he was on his way to the airport. Ramchandani was the former owner of Ashburry's Duty Free store in St. Maarten and the developer and owner of Pricesmart and the Palm Beach Plaza in Aruba. A Hindu ceremony and final rites took place in St. Maarten on Tuesday, March 25.

Ramchandani leaves behind two children, Shaheen and Ashok Jr., sister and brother-in-law Rita Sony and Ashok Daryanani and cousin Deepak (Danny) and Meena Ramchandani, along with a widespread group of grieving family and friends. The family, which among other operations runs the Rams' stores throughout the Caribbean, asks that those wishing to make a donation in his name, give to the Cancer Association of Sint Maarten.

Long-time friend Raymond Kattoura comments: "I feel like I have lost a brother, not just a business friend. For the past 25 years we have grown up together – in St. Maarten, St. Kitts, Aruba. Ash's death is such a big loss to us all."

Travel Markets Insider adds our deepest condolences to those of the industry on the passing of such a warm and vibrant man, and a visionary in the region.

Dinesh Indru Dadlani, 1975-2014

It is with the deepest sadness that we report the death of Dinesh Indru Dadlani, son of Indru and Jyoti Dadlani, owners of the respected Casa de Oro stores of Jamaica. This vibrant young man passed away on Monday, March 24. A Memorial Service was held on Saturday, March 29, at the Blessed Sacrament Church, Montego Bay, Jamaica. The Dadlani family is one of the pioneers of the duty free business in Jamaica.

Travel Markets Insider sends the Dadlani family our deepest condolences.

PEOPLE

Gert-Jan de Graaff to replace retiring Alain Maca at JFK IAT

JFK IAT, the company which operates Terminal 4 at John F. Kennedy International Airport, has announced that international airport manager Gert-Jan de Graaff, has been appointed its new president & CEO, effective July 1, 2014.

JFKIAT, LLC is owned by Schiphol USA Inc., a U.S. affiliate of Schiphol Group.

De Graaff will replace the retiring Alain Maca, who has overseen the construction and operations of T4 since its inception and has presided over its massive redevelopment in recent years.

T4 is one of the largest air terminals in the New York area, serving 30 airlines with an annual passenger volume expected to reach 16 million travelers in 2014. T4 is now in its second phase of a major expansion project for Delta Air Lines.

De Graaff has worked for Schiphol Group since 1995, and – since 2010 – has been executive general manager of strategic planning and development at Brisbane Airport Corporation in Australia where Schiphol Group is a 19% shareholder.

In 2012 and 2013, de Graaff was in charge of coordinating Schiphol Group's bid to operate Rio de Janeiro International Airport in Brazil.

Jos Nijhuis, President & CEO of Schiphol Group, said: "Alain Maca has stood at the head of JFK Airport's Terminal 4 from the very beginning and we are greatly indebted to him for all that he has achieved here. Under his leadership, Terminal 4 has grown into one of the best and most modern terminals for passengers. We believe Gert-Jan de Graaff will be a worthy successor of Alain Maca, not least in view of his international experience."

Diageo leads Impact Databank's Top 100 Spirits List despite "lack of significant growth" among top players

Diageo brands hold the number one and number two spots in both the value and volume rankings for the first time in *Impact Databank's* Top 100 Spirit Brands Lists, even though the leading premium spirits brands were largely unable to achieve significant growth in 2013, reports *Impact*.

For the seventh consecutive year, Smirnoff and Johnnie Walker have topped the rankings, as the number one brands by volume and value respectively. This year, Johnnie Walker also rose from third to second position in the volume ranking, overtaking Bacardi, and giving Diageo the top spots in both rankings. Smirnoff remains the number two brand by value.

Diageo brands account for over 13% of the top 100 by volume and almost 23% of the total retail value generated by all brands in the top 100. Diageo claimed five brands in the top 20 by volume and six brands among the 22 brands selling over a billion dollars in the value ranking, more than any other company.

According to *Impact Databank's* exclusive report on the top 100 premium spirits brands worldwide released on Feb. 18, big brands struggled as economic conditions remained challenging in many mature markets and slowdowns occurred in key emerging markets like China, Brazil and India.

Smirnoff and Bacardi each lost approximately 700,000 cases in 2013, while Jack Daniel's overtook Absolut in the number four slot.

Nevertheless, the premium top 100 aggregate increased by 2.2% to 341 million cases in 2013, with much of that growth coming in the U.S. Eight of the world's 15 fastest-growing premium spirits brands did the majority of their business in the U.S. last year. And the U.S. is clearly the biggest growth engine for a ninth brand—Pernod Ricard's Jameson.

Bourbon thrives

Five "Bourbon" brands were in the premium top 100 rankings in 2013, and all achieved solid growth: Jack Daniel's was up by 5.1% globally to 11.5 million cases, Jim Beam grew by 8.9% to 6.9 million cases, Heaven Hill's Evan Williams jumped by 15.3% to 1.7 million cases; Beam-owned Maker's Mark rose by 10.7% to 1.4 million cases and Campari's Wild Turkey rose 8% to 1.4 million cases.

Flavored bourbons are also growing. Jack Daniel's Tennessee Honey, which Brown-Forman introduced in 2011, cracked the premium top 100—and the million-case threshold—with 45% growth in 2013.

Beam Inc. stockholders approve acquisition by Suntory Holdings

At a special meeting last week, Beam Inc. stockholders formally approved the pending $16 billion acquisition of Beam by Suntory Holdings. Upon completion of the transaction, each share of Beam common stock will convert into the right to receive $83.50 in cash (subject to applicable withholding taxes).

"Shareholder approval of the acquisition by Suntory is a reflection of the substantial value created for our investors over the past several years, culminating in this transaction,"said Matt Shattock, president and chief executive officer of Beam Inc. "We appreciate the confidence Beam shareholders have placed in our company over the years, and we're pleased that confidence is being rewarded… We look forward to joining with the spirits business of Suntory to create the world's #3 premium spirits company, and to capitalize on the significant opportunities for our combined portfolio, routes to market, and innovation capabilities."

The transaction remains subject to regulatory clearance in the European Union and customary closing conditions, and the companies expect the acquisition will most likely be completed during the week of April 28.

Tito's Vodka extends international reach with launch in New Zealand

Tito's Handmade Vodka became available in New Zealand this month, when Eurovintage began distribution of the brand in both the on- and off-trade.

Tito's Handmade Vodka, a Texas based company that is one of the fastest growing micro distilleries in the United States, received early recognition when Tito's earned the Unanimous Double Gold Medal at the World Spirits Competition in 2001 over 71 other vodkas. Tito's Handmade Vodka has also been awarded 95 points by *Wine Enthusiast* and was recognized with the "UCC Chairman's Trophy" for World's Best Vodka Tonic at the 2010 Ultimate Cocktail Challenge.

"We are extremely excited to begin selling Tito's Handmade Vodka in New Zealand. It's a dynamic market, and we're proud to partner with Eurovintage to expand our distribution there," said Bert "Tito" Beveridge, Founder and Master Distiller.

The brand has seen strong sales growth in the US, driven mainly by word-of-mouth recommendations from consumers. Today the brand is sold within the United States, Singapore, provinces in Canada, many of the Caribbean Islands, as well as through United Airlines and American Airlines, and has also expanded to the UK, Thailand and Mexico.

Last September, John McDonnell, former **Patrón Spirits** president international and COO joined Tito's Handmade Vodka as managing director international, responsible for managing duty free, direct military and non-Canadian international sales.

Tito's Handmade Vodka has an ABV of 40% and will be available in New Zealand as a 750ML bottle.

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ACI: Preliminary world airport traffic and rankings 2013 ATL holds on to 1st place and high growth Dubai moves up to 7th

Based on reports from over 1105 airports worldwide, Airports Council International (ACI) has issued preliminary 2013 passenger traffic results showing that the ranking of the top six busiest airports in the world remained unchanged compared to 2012. Although Atlanta (-1.1%) remains the world's busiest airport, Beijing (2.2%) continues to close the gap in second position. London-Heathrow (3.3%) remains in third, Tokyo-Haneda (3.2%) in fourth position with Chicago-O'Hare (0.2%) and Los Angeles (4.7%) maintaining fifth and sixth ranks respectively.

Dubai, one of the fastest-growing airports in the world, moves from 10th to 7th rank. Dubai passenger traffic grew by +15% in 2013. Istanbul (18th rank) and Malaysia (20th rank) were two other airports with double-digit growth rates, up by 13.6% and 19.1% respectively.

The world's largest air cargo hub continues to be Hong Kong (2.3%). Memphis (3%) is in second followed by Shanghai (-0.3%) in third rank. Incheon (0.3%) and Dubai (6.8%) move up ahead of Anchorage (-1.7%) to the 4th and 5th positions respectively.

Global summary

The global economy remains in a vulnerable state moving forward into 2014, says ACI.

Passenger traffic remained resilient in the face of the global uncertainties and downside risks that beleaguered many economies in 2013. While airports in the developed economies of Europe and North America experienced modest gains in passenger traffic with yoy growth of 2.9% and 1.1% respectively, air transport markets in emerging economies continue to show buoyant activity. Both the Middle East and Asia-Pacific posted robust growth in passenger traffic at 9.2% and 7.4% respectively. Overall global passenger traffic grew at a rate of 4% while aircraft movements were almost flat compared to 2012. *Figures are subject to variation by final report in summer 2014.*

Table 1 – TOTAL PASSENGER TRAFFIC 2013

RANK	AIRPORT CITY / COUNTRY/CODE	PASSENGERS (Enplaning and deplaning)	Percent change
1	ATLANTA GA, US (ATL)	94 431 224	-1.1
2	BEIJING, CN (PEK)	83 712 355	2.2
3	LONDON, GB (LHR)	72 368 061	3.3
4	TOKYO, JP (HND)	68 906 509	3.2
5	CHICAGO IL, US (ORD)	66 777 161	0.2
6	LOS ANGELES CA, US (LAX)	66 667 619	4.7
7	DUBAI, AE (DXB)	66 431 533	15.2
8	PARIS, FR (CDG)	62 052 917	0.7
9	DALLAS/FORT WORTH TX, US (DFW)	60 470 507	3.2
10	JAKARTA, ID (CGK)	60 137 347	4.1
11	HONG KONG, HK (HKG)	59 594 290	6.3
12	FRANKFURT, DE (FRA)	58 036 948	0.9
13	SINGAPORE, SG (SIN)	53 726 087	5.0
14	AMSTERDAM, NL (AMS)	52 569 200	3.0
15	DENVER CO, US (DEN)	52 556 359	-1.1
16	GUANGZHOU, CN (CAN)	52 450 262	8.6
17	BANGKOK, TH (BKK)	51 363 451	-3.1
18	ISTANBUL, TR (IST)	51 172 626	13.6
19	NEW YORK NY, US (JFK)	50 423 765	2.3
20	KUALA LUMPUR, MY (KUL)	47 498 127	19.1
21	SHANGHAI, CN (PVG)	47 189 849	5.2
22	SAN FRANCISCO CA, US (SFO)	44 945 760	1.2
23	CHARLOTTE NC, US (CLT)	43 457 471	5.4
24	INCHEON, KR (ICN)	41 679 758	6.5
25	LAS VEGAS NV, US (LAS)	40 933 037	0.3
26	MIAMI FL, US (MIA)	40 562 948	2.8
27	PHOENIX AZ, US (PHX)	40 341 614	-0.3
28	HOUSTON TX, US (IAH)	39 799 414	-0.2
29	MADRID, ES (MAD)	39 717 850	-12.1
30	MUNICH, DE (MUC)	38 672 644	0.8

WEBB & Edrington put focus on Cutty Sark Prohibition with memories of smuggling history

Everett Sands

WEBB (World Equity Brand Builders) and Edrington hosted a cocktail party on Wednesday March 10 launching Cutty Sark Prohibition and featuring Everett Sands.

Cutty Sark Prohibition, a permanent edition to the whisky brand's core range, has been created as a salute to Captain William McCoy, who smuggled Cutty Sark blended Scotch whisky into America during the Prohibition era of the 1920s.

Sands' family owned Butler and Sands in the Bahamas and imported Cutty Sark in the 30s and 40s shortly after the Prohibition period.

Sands, now in his 90s, shared his family's stories about prohibition times, and Cutty Sark Prohibition, which he says celebrates 'The Real McCoy.'

"We're going to bring Cutty Sark back to what it was in Prohibition," he said.

Cutty Sark Prohibition Edition is handcrafted in small batches from top quality grain and single malt whiskies, matured in American oak casks and bottled at 50% ABV (100 Proof).

"We have high hopes for Cutty Sark Prohibition in travel retail in the Americas and beyond," said Jason R. Craig, Cutty Sark Global Brand Controller.

ISPY

TRAVEL MARKETS INSIDER

ESSENCE CORP.
has an immediate opening for an
Account Manager
The ideal candidate must be willing to travel 50% of the time. Must have minimum 3 years within the luxury brand industry (Local Market or Travel Retail). Candidate must be organized, dynamic and self-motivated, with strong sales skills and proficiency in Excel, Word, PowerPoint and other MS Office applications. Fluent in English and Spanish both written and oral.

Please send resumes
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MAUI JIM SUNGLASSES
is seeking a
Dedicated Travel Retail Brand Manager
Maui Jim is seeking an experienced Brand Manager to effectively manage and execute strategic marketing and sales initiatives as they relate to Global Duty Free and Travel Retail Accounts. This position, which is located in Peoria, Illinois, USA, will work closely with the US Marketing team to develop focused and effective marketing programs and execute these strategies from a 360 degree vantage point. This position will be responsible for project management, budget and detailed execution of all programs.

Minimum Requirements:
Bachelor's Degree in Marketing, Communications or related field is preferred.
Minimum of 5-7 years experience in creating strategic campaigns in a premium performance brand setting
Thoroughly understand the market dynamics of the Duty Free/Travel Retail market
Strategic thinking and strong analytical skills
Business savvy. Ability to solve problems, exercise good judgment and sell his or her ideas
Ability to work with clients and move quickly from project to project, balancing Maui Jim's needs with Customer's requests
Strong communication skills – both oral and written, in a fast-paced environment.
Action oriented. Exhibits energy, initiative, innovation, confidence and a strong learning capacity
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Candidate must have minimum of 3 years of experience within the luxury brand industry. Strong interpersonal, communication and presentation skills. Team player whom is motivated and a self-starter with a sense of urgency. A multi-tasker with strong organizational skills, detail oriented and extremely efficient with the ability to work in a fast paced environment. Must have strong skills using Excel, PowerPoint and other MS Office applications. Fluent in English and Spanish both written and oral.

Please send resumes
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COTY PRESTIGE
has an immediate opening for an
ASSISTANT MARKETING MANAGER
for Travel Retail Americas.
The position is based in Miami.
Main functions include:
management and presentation of marketing plans and trade calendars, merchandising (permanent fixtures and promotional collateral), reporting and post-launch analysis.
Fluent in English & Spanish
Excellent Communicator/Presenter
Detail Oriented with Excellent organizational skills
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Proficient computer skills
3-5 years experience within luxury brand industry
Ability to travel 25%
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TRT to launch Inflight Retail & Catering Tradeshow in London in September

The organizers of ISPY (Travel Retail Training Ltd) are launching a Tradeshow that will combine Inflight Retail & Catering. The first-of-its-kind event will take place Sept. 16-18, 2014 at the Hilton Hotel London Gatwick.

"Many companies service both [industry sectors], so it seemed to make sense to bring them together, under one roof," says Christine Martin MD of TRT. "We have a great track record of organizing Tradeshows at ISPY and everyone comments on how helpful we are, our attention to detail and the positive atmosphere we create. We will be asking Suppliers who want to exhibit to complete a short application form, so we can ensure we have the right balance of Retail and Catering Companies present."

Martin says that the buzzword for 2014 is innovation, which will play a big part in the products on exhibit. "We want to provide Airline Buyers and Concessionaires with innovative products to consider. Therefore, we are encouraging attendance from Suppliers that are new to Inflight Retail with our very affordable 'Display Table and Shell Scheme Stands' packages. For suppliers who want to host meetings and make this an 'order writing opportunity,' there are a number of private Showrooms available."

The organizers are also going all out to entice the Airline and Concessionaire key decision makers to attend, e.g. complimentary accommodation (terms and conditions apply), after dinner entertainment, and lots of additional networking opportunities.

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