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# TRAVEL MARKETS Vol. 15-15 INSIDER

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

## Dubai Duty Free sales soar to US\$1.6 billion for 2012, as airport opens dedicated concourse to Emirates A380 fleet



Leading travel retail operator Dubai Duty Free continues to chalk up record-breaking sales, reaching a "remarkable" US\$1.6 billion for the full year, up 10% over 2011. The announcement was made on Jan. 2, 2013, the day that Dubai Duty Free's new retail operation opened for business in Dubai International Airport

Concourse A, which is dedicated to the Emirates A380 fleet.

In December, DDF hit a new monthly sales record of US\$169 million which was spurred by sales of \$21m in the 24-hour period of the operator's 29th Anniversary Day on December 20, when a special promotional offer of 25% discount took place.

*The newly opened Dubai Duty Free retail operation in the phased opening of Concourse A at Dubai International Airport welcomed its first customers on January 2. The retail area extends over 8,000sqm, bringing Dubai Duty Free's total retail footprint to 26,000sqm.*

Colm McLoughlin, Dubai Duty Free Executive Vice Chairman, said: "We are thrilled to announce such a positive year in 2012. The entire team at Dubai Duty Free has worked hard to continue to drive sales, while focusing on the expansion of our business in Concourse A. We have recruited a total of 1,600 new staff in 2012, bringing our staffing levels up to 5,200, all in preparation for our growth plans which are very exciting.

"My thanks as always for the  
*Continued on page 3*

## John McDonnell promoted to President, International of Patrón Spirits

Patrón Spirits has promoted John McDonnell to the new position of President, International. McDonnell will also continue in his previously held role of Chief Operating Officer, responsible for overseeing all day-to-day management of the company's U.S. and worldwide operations, and global growth.

McDonnell, who is now based full-time in the company's global headquarters in Switzerland, is also the Chairman of the Washington, D.C.-based Distilled Spirits Council of the United States (DISCUS), the national trade association representing America's

leading distillers.

"In only a few short years, Patrón has quickly expanded into more than 130 countries worldwide," says McDonnell. "As our brands and our company continues to gain momentum in international markets, it's important that we devote all available resources into growing our global business and international market share. I'm honored to take on this new role and this new position, based strategically here in Europe, to work with our team to focus on our longterm global growth and success."

McDonnell joined Patrón in



January 2005. In his current and new role, he monitors and manages the company's day-to-day activities, including overseeing Patrón's manufacturing, sales, and marketing. He is also actively involved with the company's leadership in environmental responsibility and philanthropy.

### PEOPLE

**A.T. Cross Company's David Ferreira** has been promoted to Head of Global Travel Retail, effective immediately. He will define the worldwide Travel Retail strategy, be involved in worldwide agreements with global partners and offer guidance to local sales teams. In addition, he will identify successful programs that will be adapted to the Travel Retail environment (duty free stores, airport newsstands, cruise ship shops, ferries, border stores, airlines, etc.).

Since joining Cross in March 2007, David has grown its Travel Retail business first in the Latin America and the Caribbean region then in the entire Americas along with taking additional responsibilities in other channels such as domestic National Accounts (Things Remembered, BJ's, Franklin Covey, Fry's) and the Military exchanges.

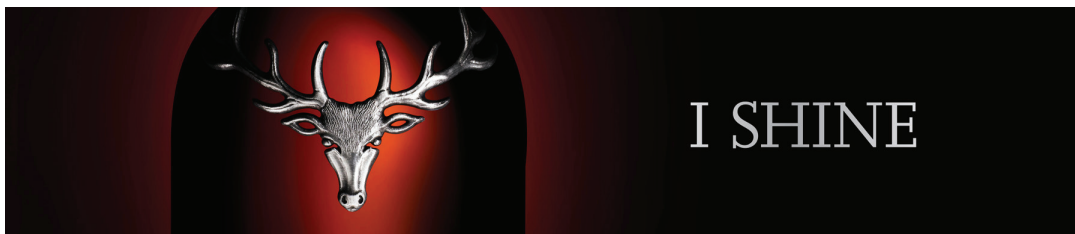
Prior to joining Cross, David worked as area manager for the Latin American Travel Retail division of LVMH.

He is based in Cross' Rhode Island headquarters, and continues to report to Joe Nerney, Director of Sales- North America.

### Correction

*Travel Markets Insider* inadvertently misquoted **Nuance North America Sr. VP, Business Development John Menchella** regarding the estimated sales projections for The Nuance Group Orlando JV's new duty free operations at Orlando International Airport in an early edition of *TMI Vol. 15-14* last week. The correct quotation should have read:

"We expect a 50% increase in spend per passenger over the term of the contract. We also expect to achieve a 50% increase in sales versus the last full year sales of the former operator, once our new stores are fully operational for a year." We apologize for any inconvenience this may have caused. *LP*



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## IN MEMORIAM: Wolfgang Uhlig January 21, 1941 – December 24, 2012

Area, where he founded his first American company, a ship chandlery in San Francisco.

"True to his entrepreneurial spirit, Wolf founded and ran companies all over the world, from duty free airport stores in the South Pacific, a perfume distributorship in Germany, retail stores in Moscow, to the manufacturing of surfboards in China.

"But his true business love remained Fair & Swanson Inc. Purchased in 1975, Wolf transformed F&S from a local, bonded ship chandler to one of the leading national travel retail wholesaler and retailers in the United States.

From its beginnings in one warehouse serving the port of Oakland, F&S now operates warehouses along both the West and East Coasts of the United States, as well as a chain of retail stores under the Baja Duty Free name.

"Though helped by many long term employees, it was Wolf's personal involvement in the company that led to its success. Despite his retirement from the day-to-day management in 2008, Wolf's personality is still present in today's F&S."

TMI join F&S wish to express our deepest sympathy to Wolf's spouse and two daughters.

A memorial for Wolfgang will be held at 2 p.m. on January 21, at a location to be announced in Oakland, California. For updated information on the memorial service please visit <http://paperless.ly/12M9lgh>

*Travel Markets Insider* is deeply saddened to announce that Wolfgang Uhlig, owner of Fair & Swanson Inc. for nearly 40 years and one of the duty free industry's pioneers on the West Coast of the US, died on December 24.

According to the company announcement, Wolf left Germany for America in his twenties and settled in the San Francisco Bay

## Brazil to allow duty free shops outside the landing areas at airports

Brazil's federal government has eased restrictions on where airport arrivals duty free shops can be located, and will now permit stores to be opened in areas beyond the areas of disembarking passengers where they are currently located.

The announcement published on Dec. 28 in Brazil's Official Gazette says the move—Normative Instruction 1309 -- is designed to "streamline business operations," to prepare for the upcoming 2014 World Cup and the 2016 Olympics in Brazil.

According to the report, airport operators may now locate the duty free shops in an area that is not under the direct supervision of

the Internal Revenue Service. The change does not imply reduced control, however, since there is a computerized record of all transactions and passengers must present a passport and travel ticket in order to purchase items in the duty free shop.

In addition, said the statement, the duty free shops are subjected to regular audits from the IRS.

"This measure is a measure that advances the treatment for passengers and provides services to our visitors," said Ernani Argolo Checcucci Filho, Deputy Secretary of Customs and International Relations from the Receita Federal.

## Canadian DF sales up in November

All Canadian duty free channels and regions had positive November 2012 sales results, reports the Canadian Border Services Agency.

The Canadian national land border sales for November 2012 are C\$13million, up 5% compared to November 2011. For the year sales have increased 2.65% versus Jan/Nov 2011.

The Canadian national airport duty free sales for November 2012 are C\$17.5million, up 7.93% compared to the same month the year before. Jan/Nov sales rose 8% against 2011.

By region, the land border sales all saw increased sales in Nov 2012. The Prairie region sales jumped 8.29%; Pacific sales increased 6.44%; Ontario sales rose 4.76%; Atlantic/Quebec duty free sales were up 3.31% versus November 2011.

## PEOPLE

Miami-based food & beverage and travel retail services company **Areas USA** has appointed **Oscar Hernandez** as its new Vice President of Airport Operations. In his new position, Hernandez will plan, direct, and coordinate the operational activities at the airport locations which include: Miami, Orlando, Indianapolis, Chicago O'Hare, Hartsfield-Jackson Atlanta, Boston Logan, Newark Liberty, Reagan National, Los Angeles, Detroit Metro and Norman Y. Mineta San Jose.

Hernandez comes to Areas USA with almost two decades of managerial experience in the concessionaire and food and beverage industries, including as regional vp of operations for SSP America, director of operations for Darden Restaurants Inc, and area director for Brinker International.



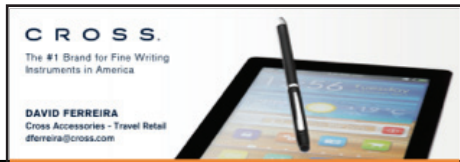


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## TRAVEL MARKETS INSIDER

### Dubai

Continued from page 1



Perfumes and Cosmetics – Terminal 3, Concourse B

support and encouragement of H.H. Sheikh Ahmed bin Saeed Al Maktoum, President of Dubai Civil Aviation Authority and Chairman of Dubai Duty Free and I join His Highness in thanking our staff, our suppliers and our customers for ensuring such a great year.”

With the phased opening of Concourse A, which is dedicated to the Emirates A380 fleet, Dubai Duty Free now operates 26,000sqm of retail space at Dubai International Airport. The operation recorded 23.5m sales transactions in 2012, which average out at 64,200 transactions per day.

Perfumes retained its position as the top selling category with sales reaching \$249m, up 13% (\$28m) over the previous year. The Perfumes category now contributes 15% towards total sales at Dubai Duty Free.

Liquor, the #2 category, increased by 17% to \$239m, while Gold retained the #3 position with sales of \$159m. Tobacco sales

reached \$130m, up 10% year-on-year. Confectionery sales jumped to #5, with sales of \$127m, up 18% over last year.

Other steep increases were seen in Electronics, up 13% to \$126m; Watches, up 11% to \$108m, and Cosmetics, up 14% to \$102m.

Sales increases were seen across all Dubai Duty Free retail areas in all three Terminals: Terminal 1 recorded a 7% increase on overall sales, Terminal 2 sales increased by 15% and Terminal 3, which currently accounts for 60% of total sales, increased by 11%. Sales in the Arrivals retail areas increased overall by 13%.

Looking ahead, Dubai Duty Free will continue to enhance its

retail operation in 2013 while maintaining a busy events and promotional calendar.

Other recent DDF highlights include its sponsorship of the 9th Dubai International Film Festival which featured Hollywood film stars including Cate Blanchett and tennis superstar and DDF Brand Ambassadors, Ana Ivanovic; and the award of ‘Best Duty Free Shops’ by the publishers of US-based magazine *Global Traveler* (GT) for the sixth time.

In November, Colm McLoughlin was honored with the ‘Lifetime Achievement’ at the *Esquire’s* Man at His Best Awards for his outstanding contribution to the travel retail industry.

### At the Point of Sale: New concepts debut at ATL & BOS

**Hartsfield-Jackson Atlanta International Airport** has opened the first-ever SPANX airport store. SPANX, a leader in shapewear products, was founded by Atlanta-based Sara Blakely. It has a growing contingent of loyal fans.

The store is located on Concourse E, and is operated and managed by **The Paradies Shops**.

“It’s only fitting that world-class brands set up shop at the world’s busiest airport,” said Aviation Deputy General Manager Roosevelt Council, who leads the Airport’s commercial development program. “SPANX is a home-grown Atlanta success story, and we’re proud to have Sara Blakely as our newest concessions partner.”

“This is one of the most exciting and anticipated store openings in any airport in 2012, and we look forward to opening additional airport stores in 2013,” said Gregg Paradies, president and CEO of The Paradies Shops.

**AIRMALL USA** kicked off the new year with several new retail and food & beverage concepts at **Boston Logan International Airport (BOS)**. Among these are New England-brand Alex and

Ani, a 320sqf new specialty retail concept located in Terminal E. The store offers eco-friendly and stylish accessories said to emit a positive energy, including bracelets, necklaces, earrings and rings. Alex and Ani accessories provide a vehicle for wearers to express their individuality in an organic, spiritual way. The company also has a retail location on Newbury Street in Boston.

Also new, **Hudson Group** has created a 1,545sqf Travel + Leisure Travel Store (1,545 sq. ft.) located in Terminal E. The one-stop travel shop store offers a wide array of products aimed at enhancing the travel experience, such as luggage and travel accessories, including rolling luggage, duffle bags, travel blankets and pillows, and messenger bags.

AIRMALL Boston currently manages and develops the retail concessions program for Boston Logan International Airport in terminals B and E, which represents a total of 90,000 square feet of retail concession space. The AIRMALL at BOS includes more than 35 restaurants and bars, nearly 20 specialty retail units, 13 news and gift stores, and a host of

other services.

AIRMALL at BOS won two ACI-NA Excellence in Airport Concessions Awards in 2012. International Shoppes-Virtual Wall Shop earned second place in the

Best Innovative Consumer Experience Concept or Practice category. Automatic Apparel received third place in the Best New Consumer Service Concept category.

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## WiT's Residential School for Special Needs children opens in India

One of the most heartening events in the 2012 travel retail calendar took place on November 29, when more than 1,000 people attended the inauguration of the Janet Sheed Roberts Residential School for Children with Special Needs near the town of Ramnagar, located about five hours north-east of Delhi, India.

The school, dedicated to children with disabilities ranging from blindness to leprosy, was constructed with funds raised by the travel retail network group WiT (Women in Travel), which dedicated much of its fund-raising efforts over the past two years to the project.

Sarah Branquinho, attending the opening ceremony on behalf of WiT and as chair of Lotus Flower Trust, accompanied by Rajiv Bhatia and Neeraj Sharma of Wm Grant & Sons, and Erik Juul-Mortensen, a trustee of Lotus Flower Trust, says, "It was a simply amazing day – very emotional. It is impossible to describe the difference this will make to 100 children who have had no access to education, or in many cases to society."

Women in Travel (WiT), working with Lotus Flower Trust and local NGO USR Indu Samiti, has completed this project which fulfills a desperate need in this remote rural community in a record 13 months.

"I just wish that everyone who contributed so generously could meet these wonderful children whose lives they have changed."

The Janet Sheed Roberts Residential School for Children with Special Needs is named after the doyenne of Wm Grant & Sons, who passed away last year at the age of 110. Rita Greenwood, Wm Grant & Sons Global Travel Retail Managing Director, donated Bottle no 7 of Glenfiddich Janet Sheed Roberts Reserve in Mrs Roberts' memory to WiT to raise money for the school. The bottle was purchased by World Duty Free Group

for £42,000. It is currently on sale at Edinburgh Airport where, again, any profits will go to the School.

The school is on the grounds of a secondary school, built and administered by local NGO USR Indu Samiti with whom Lotus Flower Trust partnered to manage the construction of the residential school and who will take over the day-to-day running of the school.

The sturdy school includes three very large classrooms of 60 sqm each, three similar sized dormitories, a kitchen, dining room, teachers' quarters, toilets and shower units, a large outdoor terrace and an inner airy atrium.

Fifty children were registered before the inauguration. They suffer from a spectrum of challenges from cerebral palsy, Down's syndrome, club foot, cleft palate and lip, deaf and dumb, partial blindness through to general mental challenges. Each child has a medical record with photo, family details, diagnosis, medical and hospital record, health and education plan. During the ceremony a further 50 children were registered by families who had come from as far as 90km away.

Many of the children are being integrated into society for the first time. Some of the children with physical disabilities are already having lessons in the secondary school, leaving more time for those with mental challenges to receive the help they need in the classrooms of the Janet Sheed Roberts School.

According to Branquinho, two very moving performances by 'our' children took place during the opening ceremony, which featured songs and dance by children from the secondary school. "Particularly moving was a musical tableau with each child dressed as a star, led by an angel, Bharti, who has no arms much below the elbows. Her hands were blown off by dynamite planted to scare off the wild boar near her home, and thanks to you she has



just had prosthetic hands fitted," says Branquinho.

Mrs. Roberts' photo dominates the school foyer, flanked by her picture as a young woman, and the Lotus Flower Trust and WiT texts which record good wishes and the contributions made by the many companies and individuals in the duty free and travel retail industry who made the residential school possible.

Branquinho adds special thanks to the many companies

and individuals who contributed to the funding of the Janet Sheed Roberts Residential School for Children with Special Needs, and to the following companies for major donations: Heinemann, Dubai Duty Free, IAADFS, World Duty Free Group, DFS, Furla, The Moodie Report, Maxxium, Travel Retail Business, Travellersshop and of course Wm Grant & Sons, whose Bottle no.7 has driven so much of the fundraising.