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TRAVEL MARKETS Vol.17-42 INSIDER

High passenger numbers, fewer TSA staff, longer airport lines

As members of the travel retail industry travel to Orlando, Florida for the annual Duty Free Show of the Americas, they may meet some long waits at security check-points in U.S. airports.

Between heightened security measures, record spring break crowds and fewer TSA screeners, travelers are finding much longer lines at airports than usual.

The Transportation Security Administration is asking flyers to check in two hours before a dom-

estic flight and more for international flights. So is Hartsfield-Jackson Atlanta International Airport (ATL) which is expecting more than 80,000 travelers per day to pass through security screening locations throughout this weekend.

Orlando International Airport said on its Facebook page that it is in the midst of the busiest holiday/Spring Break travel season ever.

Adding to the problem, TSA cut the number of security screeners by 10% over the last three years in

anticipation of more travelers joining the PreCheck program.

TSA reports that 6.5 million people are enrolled in Trusted Traveler programs including Global Entry and TSA PreCheck, which has more than 2 million. TSA expected 25 million people to join the programs but at the current rate of enrollment, it will take four years to reach that target. PreCheck express lanes screen up to 300 passengers every hour, twice the speed of the standard lanes.

DFASS partnership wins appeal in Denver Airport duty free dispute

The Moodie Report today reported that the District Court of the City & County of Denver Colorado has upheld an appeal by DFASS-related companies DIA Retail Fashion LLC and JAF Concessions LLC against an earlier rejection of its challenge to the awarding of the Denver International Airport (DIA) duty free

contract to Dufry North America in early 2014.

The decision opens up a potential for damages to be awarded to DFASS and/or a potential new RFP, reports *Moodie*.

The case stems from a challenge made by DIA Retail Fashion LLC and JAF Concessions LLC against the award of the duty free contract to Dufry in 2014 because airport officials had allegedly communicated privately with Dufry-owned Hudson Group and altered contract bid terms to benefit the winning retailer.

The challenge was rejected by an administrative officer on the grounds that he lacked the necessary jurisdiction over the matter.

The Plaintiffs filed a number of challenges to the dismissal which were denied, until filing their complaint with the District Court on January 28, 2015.

According to the decision issued on March 23, 2016, District Court Judge J. Eric Elliff ruled that it was improper for the hearing officer to terminate the review, and that the officer had abused his discretion in granting defendants' motion to dismiss.

Judge Elliff said that the Plaintiffs were due their day in court and remanded the case back

to the Department of Aviation to hold a hearing on the merits of the Plaintiffs' petition.

The ruling also said: "If the Hearing Officer finds in favor of Plaintiffs that Defendants did not follow the proper RFP procedure, then the contract could be declared void *at initio* and appropriate damages could be awarded," noted *The Moodie Report*.

TMI contacted Denver International Airport, where Media Relations Director /Public Information Officer Heath Montgomery, said: "The district court overturned the hearing officer's decision to dismiss the petition. Denver can appeal or proceed to hold a hearing. That decision has not been made. Beyond that, we don't comment on pending litigation."

Isaac Mitrani of Miami-based Mitrani, Rynor, Adamsky & Toland, P.A., General Counsel for DFASS, told *TMI*: "We are quite pleased that the Court upheld our position, and look forward to our day in court."

Full details of this story and the latest developments can be found in *The Moodie Report*.

PEOPLE

John Cugasi has left his role as Senior Vice President for Strategic Planning and Business Development at **Paradies Lagardère** to become Business Development consultant for Paradies Lagardère, based in Florida. **Gerry Savaria** will assume Cugasi's responsibilities in Planning and Development in addition to his role co-leading the integration of the new company.

"I am very pleased that [John] will be staying on in a consulting role and contributing significantly to Paradies Lagardère's position as the travel retail and restaurateur industry leader in North America," said company president & CEO **Gregg Paradies** in a memo. "I know that Gerry will do a great job in his expanded role as he has a tremendous amount of experience in this vital function and a great team with which to work," he added.

Richard Bush has joined **William Grant & Sons Global Travel Retail** as Regional Marketing Manager – Americas. He was most recently with Camus Cognac where he spent two years as Area Manager (Sales) covering U.S. travel retail, Canada and parts of the Caribbean.

"Richard will undoubtedly be a strong asset to the WGS GTR team and we're delighted to welcome him onboard. He adds to an already highly experienced and committed team that will continue to bring best-in-class products, activations and support to travel retail in the Americas region," says WGS Regional Director North America **Stephen Corrigan**.

ASUTIL confirms buyer attendance at conference

ASUTIL Secretary-General Jose Luis Donagarray has told *TMI* that all the South American travel retail operators have confirmed that they will send buyers to the Association's 20th annual conference, taking place in Santiago, Chile from June 8-11, 2016.

"Networking between operators and suppliers has always been a major part of our conference. This year will be no exception and I am happy to say all operators will be sending teams from their purchasing departments to the event.

"Dufry, who is now clearly the biggest operator in our region, has confirmed that it will send a full team of buyers covering all major categories."

ASUTIL will announce further details in Orlando next week.



Low Canadian dollar lures tourists to Canada in 2015; trips by Canadians plummet

The low Canadian dollar enticed more Americans to travel north of the border last year, even as the low Loonie made it more expensive for Canadians to visit the U.S.

The CAD dropped more than 16% against the U.S. dollar in 2015 and has fallen more than 30% over the past three years. In late March the Canadian dollar was trading at around 70 cents against the U.S. dollar.

Travel to Canada rose in 2015, but Canadians took fewer trips to the U.S. and other destinations, according to Statistics Canada.

More than 27.5 million tourists visited Canada in 2015, up 7.8% against 2014.

U.S. residents made more than 22 million trips to Canada last year,

up 8.4% versus 2014. 15.2 million of those Americans traveling to Canada arrived by automobile, up 9.5%; 7.7 million made same day trips (+9.1%); and 7.47 million stayed for more than one night (9.9%).

The 44.4 million trips Canadians made to the United States in 2015 were down a significant 16.6%. Trips by Canadians traveling by car to the U.S. totaled 35 million, plunging 19.3%; 23.3 million were same day trips (-21.6%) and 11.6 million stayed for more than one night (-14.2%).

Trips to Canada by residents of countries other than the U.S. were up 5.5% to 5.49 million, with UK citizens accounting for the majority -- 733,000 up +5.4%.

Significantly, more than 500,000 Chinese citizens visited Canada last year, up 8.4%.

Highlights of Canada's incoming tourism in 2015, according to Destination Canada, shows:

More than 2 million travelers from Asia-Pacific visited Canada in 2015, up 6.5% against 2014.

China (+8.8%) and India (+8.6%) continued to post strong visitation growth in 2015-- although at a slower pace than recent years -- achieving a new arrival peak. The implementation of the CAN+ visa combined with a more favorable exchange rate (India, +12%, China, +14%) and major increases in air capacity (+8% for India, +11.6% for China) fueled visitation growth from these two countries.

UK arrivals to Canada were up 5.8%, brought on by a more favorable exchange rate-- the British pound gained nearly 14% relative to the CAD from December 2014 to December 2015 -- and improvements in the British economy.

France recorded its highest visitation ever in 2015 with arrivals up 3.8% YOY, the result of a more favorable exchange rate -- the Euro gained 5% relative to the CAD from 12-14 to 12-15 -- and a 9.5% increase in air capacity.

German arrivals to Canada rose by a modest 0.6%, following the exit of Air Transat from the market, with a subsequent 2.8% drop in capacity.

Arrivals from Brazil and Mexico achieved a new all-time arrival peak with 308,675 visitors for the year.

The CAN+ visa program implemented in 2014 continued to facilitate visitation growth from both Brazil and Mexico, and travel to Canada was further incentivized by the relative stability of the Mexican Peso against the Canadian dollar throughout 2015.

Sunglass Hut expands in Latin America, TR

Luxottica-owned Sunglass Hut opened 25 new stores in travel retail in 2015 and now has a global airport footprint of 155 standalone stores and kiosks worldwide, reports the company.

In 2015, the company opened nine new airport stores in Spain, including Madrid, Barcelona, Ibiza, Tenerife and Gran Canaria. Sunglass Hut also grew its South American airport footprint in Brazil, Mexico and Chile, as well as several openings in airports in North America, Malaysia and Australasia.

Among the Latin American openings were Cancun, Zihuatanejo, Veracruz, Mexicali, Los Cabos and La Paz in Mexico, Calama and Santiago in Chile, and Sao Paulo-Guarulhos and Rio de Janeiro's Galeao airports in Brazil.

Through Luxottica Global Channels, Sunglass Hut continues to apply a flexible business model approach to the travel retail channel, with a combination of directly run stores, and those operated in collaboration with travel retailers and local franchise partners. In the first quarter of 2016, Sunglass Hut opened stores in Dubai International Airport and Copenhagen Airport's Terminal 2 and Terminal 3, among others.



The downtown Sunglass Hut store in Fortaleza Iguatemi, Brazil, highlighting Luxottica's country-wide investment in expanding the retail brand.





Spongellé “smart sponge” changes the bath ritual

Innovative new product Spongellé brings a new beauty experience to the consumer: the “all in one treatment system” with a patented technology is a sponge/body buffer filled with nourishing oil, natural skin care ingredients and fragrance, that can be re-used as much as 30 times.

“Spongellé has no comparison with any other product in the beauty industry, and comes at a very affordable price,” says Arnaud de Volontat, whose company Altimetre distributes the brand globally in travel retail and for high-end department stores worldwide.

He will be demonstrating Spongellé at the IAADFS Show at the Altimetre Booth #1716.

Spongellé is a luxurious body buffer infused with such fine skin care ingredients as Yuzu, Vetiver, Edelweiss, Sea Kelp, Arnica, Coffee and Mint.

De Volontat reports that Spongellé is receiving excellent attention with a number of renowned retailers across the globe.

“In 2015 we have listed this product with Lotte, Galleria and Shinsegae in Asia, and Landmark in the Middle East. El Corte Ingles (Spain) and Saks 5th Avenue (USA) have confirmed they will be selling Spongellé as of May 2016.

“And we are in advanced discussions with Galleries

Lafayette, Printemps, Bon Marche and Sephora Europe in France, Harrods and Selfridges in the UK, Palacio de Hierro and Liverpool in Mexico, Falabella in Latin America, and Isetan, Takashimaya and Sogo for incorporation this year,” he reports.

In the Travel Retail industry Spongellé has opened all channels this year with airports (US and Asia), airlines (Europe and Asia), border shops (US/Canada and Latin America) and recently on cruise ships and downtown stores in the Caribbean islands.

In 2015, Spongellé was awarded the title of Best Beauty Product/Best Choice for Holiday Giving by the Today Show, MSNBC, *Redbook*, *In Style Magazine* and *Vogue*, among others, and was named an Oprah Winfrey “Favorite” for the 2nd consecutive year, de Volontat tells *TMI*.

“So far retail sales have been surpassing all our expectations. And our customers are very happy with Spongellé as it brings a high sales ratio per square feet and helps to increase their average ticket spend, which is very good in these difficult times,” he says.



Samsonite to acquire Tumi for US\$1.8 billion create a leading global travel lifestyle company

Two giants of the luggage business made history on March 4 when industry leader Samsonite announced that it was acquiring luxury brand Tumi, with its “best-in-class products,” for about \$1.8 billion.

The transaction has been unanimously approved by the Boards of Directors of both companies and is expected to close in the second half of 2016, subject to the approval by Samsonite and Tumi shareholders, and other regulatory agencies. Under the terms of the transaction, Tumi shareholders will receive US\$26.75 in cash for each share they own. The transaction values Tumi at an equity valuation of approximately US\$1.8 billion.

“This is a transformational acquisition for Samsonite. It will meaningfully expand our presence in the highly attractive premium segment of the global business bags, travel luggage and accessories market,” said Ramesh Tainwala, Chief Executive Officer of Samsonite, adding that Tumi was a perfect strategic fit for its business.

“The brand is beloved by millions of loyal customers for its high quality and durable premium business and luggage products. We are excited about the tremendous opportunities this combination provides us to further diversify our product and customer portfolios. In particular, we will expand Tumi’s presence in Asia and Europe, while strengthening its business in North America, by leveraging our expertise in global distribution, sourcing, product design and technical innovation, especially in the area of lightweight hardside luggage.”

Tumi Chief Executive Officer Jerome Griffith said, “The team at Samsonite has a long and successful track record when it comes to acquisitions and we know they will be excellent stewards of the Tumi brand. Samsonite will bring Tumi to new and growing markets, while still maintaining the high quality Tumi is known for. This is a compelling transaction that delivers substantial and immediate cash value to our shareholders. Further, we are excited for our employees to benefit from opportunities presented by being part of a larger and more diversified global company. Samsonite has successfully grown many unique brands and we look forward to the next chapter in Tumi’s great history as part of the Samsonite family.”

Tumi’s exclusive MINI licensed premium line of travel bags and accessories showcased in Cannes.



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Chase International to distribute WOPI portfolio in U.S. duty free

World of Patria International (WOPI) has appointed Chase International as its U.S. travel retail distributor to expand the presence and visibility of its brands.

Within the U.S. travel retail sector, Chase International will be focusing on WOPI's Tofka Toffee and Vodka Liqueur, which is imported from the UK. Available to domestic markets in 75 cl sizes, Tofka is now exclusively available to U.S. Travel Retail in one liter bottles and being repositioned to the market as a liqueur.

"The appointment of Chase International enables us to benefit from the company's experience in and deep understanding of the duty free business in the U.S. and Caribbean markets. As a company we have made good inroads into the market in terms of contacts and

brand identity, but the on the spot logistical, marketing and sales resources that Chase can offer is without precedent," says Rob Nichols, WOPI managing director.

Produced by Babco UK, Tofka is "perfect for travel retail where travelers are looking for unique and different products," says WOPI. When shaken, the golden liquid inside the Tofka bottle swirls, and a special merchandising unit was created to enable the bottle to be displayed with the contents constantly swirling.

"Chase will play an important role not just in presenting the brand to retailers, but implementing programs designed to show off the originality of Tofka, which we see as having potential not only in airport retail but border stores, on the cruise lines, and in the Caribbean," says Nichols.



"We're delighted to be partnering with WOPI, and to add their fine brands to our Premium spirits portfolio. We have particularly high hopes for Tofka, which we absolutely love due to its fabulous taste, the product's unique liquid visual appeal, and its eye-catching packaging. We're excited to introduce this fabulous drink in Orlando to all our existing and potential customers in the U.S. and Caribbean markets," says Chase International president Chase Donaldson.

FLIO wins major travel industry mobile innovation award in U.S.

Global airport app FLIO was named the Best Mobile Travel Solution at the 5th EyeFor Travel Mobile Innovation in Travel Awards in San Francisco on March 15.

The EyeFor Travel's Mobile Innovation in Travel Awards honor innovative solutions in the travel industry. Andy Watson, FLIO Co-Founder, accepted the award on behalf of FLIO.

The awards jury said: "...FLIO is an amazing product. The Wi-Fi feature alone is very useful to any traveler."

FLIO CEO and Co-Founder, Stephan Uhrenbacher added: "This recognition within the online travel industry is a great moment for us. We have already been called a game-changing app and this win vindicates our belief that with

FLIO we are genuinely changing the way in which airports can serve the needs of the traveler. With FLIO we support their journey through the airport, with access to free Wi-Fi and deals on food and shopping and services like lounge access and train tickets."

Past winners and finalists include: KLM, TripAdvisor, Marriott Hotels, Carlson Wagonlit Travel, Best Western, BookAssist and in 2016, American Airlines, Alaska Airlines, Skyjet, Hotel-planner, Aptelligent and Dohop.

In other recent news from FLIO, the app FLIO has partnered with Plaza Premium Lounges, which will allow FLIO's 100,000 registered users to find, book and pay for any of 51 Plaza Premium Lounges in 24 international airports worldwide.



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