



By the numbers: International air traffic strong in June

Both ACI and the International Air Transport Association (IATA) reported strong growth in international traffic for June, although domestic numbers were impacted by weak performance in Europe and the North American domestic markets.

ACI reports that total passenger traffic grew 4% in June over June 2012, with international traffic up by 5.8% and domestic up by 2.2% for the month. In the first half of 2013, air passenger traffic grew by 3.2% YTD (as of June 30), although growth has slowed to 2.9% on an annualized basis.

Growth in domestic passenger traffic was almost flat in North America between July 2012 to June 2013 while domestic traffic in European airports fell by -3.1%, reports the latest ACI Pax Flash.

"The world's major emerging market hub airports continue to counterbalance the developed world slowdown as many of them maintain double digit growth rates," says ACI, citing Kuala Lumpur (KUL), Dubai (DXB) and Istanbul (IST) with expanded yoy passenger traffic up by 22.3%, 17.5% and 12.1% respectively.

IATA

IATA's figures show "robust growth" with June passenger traffic up 6% year-on-year. Year to date, international traffic growth was up 4.8% over the first six months of 2012.

The growth trend was up in all regions, but IATA says the Asia-Pacific airlines were responsible

for half of the increase from May to June. European airlines reported a second consecutive month of solid growth (+4.8%). Emerging markets were the strongest performers, with Africa +10.8% and the Middle East +11.0%.

The stability in Europe was tempered by a slowing within the economies of some of the BRIC countries, noted Tony Tyler, IATA Director General and CEO.

International air travel was up 5.9% in June compared to a year ago; capacity grew by 5.7%, pushing the load factor to 81.4%.

North American airlines grew 3.4% in June yoy, ahead of the 3.0% growth in capacity. The region maintains the highest load factor of 87.4%. The June performance compares to growth of 1.9% over the first half of the year, but IATA says it is "unlikely" that the June numbers "mark the start" of a change in the growth trend.

Latin American airlines grew at a rate of 8.7% in June, ahead of the 7.7% capacity growth, resulting in a load factor of 79.2%. The June

performance was boosted by strong business-related demand, as the region posted the strongest trade growth of any region in the second quarter.

European carriers recorded 4.7% growth over the previous June. Capacity increased by 3.4% pushing load factors to 83.2%.

Asia-Pacific carriers grew by 5.5% on international routes, with a load factor of 79.0%, the lowest among the major regions. Nonetheless, AP accounted for nearly half of the May-June passenger growth.

Total domestic air travel was strong in June, up 6.1% compared to June 2012, with growth in all major markets.

Brazilian domestic travel was up 3.2% compared to June 2012. This is positive news in a market that is struggling with a 0.6% contraction over the first half of the year and the likelihood of continued economic weakness, said IATA. Load factors have been a bright spot however, reaching 77.4% in June as airlines tightly control capacity.

O'Hare opens 1st self-serve passport kiosks in U.S.

U.S. Customs and Border Protection and the Chicago Department of Aviation will officially inaugurate its Automated Passport Control kiosk at Chicago O'Hare during a special ceremony on Aug. 15. These new self-service kiosks will allow travelers to scan their own passport and complete a portion of the CBP process before reaching an officer, greatly reducing the time it takes to be processed when arriving in the United States from abroad. The airport expects to install a total of 32 kiosks.

They will be the first kiosks of this type in the United States.

Vancouver International Airport unveiled its own self-serve Automated Passport Control (APC) kiosk in June, and Orlando International Airport announced it would be testing the system back in May.

Canadian airport sales up, land border sales down 1H 2013

Airport duty free sales in Canada jumped 8% for the first six months of 2013, while land border sales fell slightly (-0.3%) for the year, according to the latest figures provided by the Canadian Border Services Agency.

For June, airport sales increased 11% versus the same month last year, while land border sales fell 2.93%.

By region, the land border sales were mostly down for both June and for the year.

The Prairie region's sales fell approximately 3% in June, with sales for the January/June period up almost one percent.

Pacific region sales fell 4% in June, but for the year sales rose 3.3%.

Ontario's June sales slipped 2%, with sales for the year down approximately one percent.

The Atlantic/Quebec region's sales were down approximately 3% in June with sales for the first six months of 2013 decreasing 1.7%.

The main categories that dominate sales in land border duty free are as follows (in order of sales highest to lowest – based on June 2013 numbers):

1. Alcohol (liquor, liqueur, wine)
2. Tobacco, Cigars,
3. Perfume, Cosmetics, Skincare
4. Food
5. Beer (beer, malt-based coolers)
6. Jewelry, Watches, Clocks
7. Accessories (purses, wallets, sunglasses, etc.)
8. Clothing (including hats, fur, leather)
9. Souvenirs
10. Office and Travel Supplies
11. Glassware, crystal, china, figurines, porcelain
12. Other
13. Crafts/Arts
14. Electronics, Cameras, Binoculars, etc.



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SUPPLY SIDE NEWS ROUNDUP

Flo Accessories, Mondelēz International, Travalo Pearl

Flo Accessories appoints Sea & Sky Inflight Supply

Innovative travel and gift company Flo Accessories has appointed Sea & Sky Inflight Supply as its inflight agent for all markets outside the US, UK and Ireland, effective immediately.

Sea & Sky Inflight Supply will offer the full range of Flo Accessories products to the airline sector, including the unique 100% universal Flo Fragrance Atomizer; Organizer Pouch, Crystal Travel Nail File Set and Celebrity LED Mirror, all of which will be shown by Flo on the Sea & Sky Inflight Supply stand at TFWA World Exhibition (Blue Village G31).

"Sea & Sky Inflight Supply ... has a fantastic reputation internationally and is, we believe, very well positioned to build our business inflight – particularly for the Flo Fragrance Atomizer which we believe is a 'must-stock' item," says Flo head of travel retail Oren Goshen.

The company says that the Flo Fragrance Atomizer is the only type on the market with a glass holder, which means the fragrance inside is not affected by chemical reaction or temperature. Easy to wash out and clean, the Flo Fragrance Atomizer is 100% universal and can be used on all designs of fragrance bottles, even those without a spray nozzle. Enquiries: oren@flo-accessories.com.

**Mondelēz International holds first TR gum promo with Heinemann at Oslo airport**

Mondelēz International (formerly Kraft) is stepping up its efforts to promote Chewing Gum in the global travel retail market by holding the first-ever in-store promotion for the gum category with its strategic retail partner, Gebr. Heinemann, in Oslo's Gardermoen Airport in July. The program was built around the Stimorol gum brand, and was designed to deliver more shoppers and higher spend, says Piotr Pilui, Mondelēz International Category Development Manager.

The pioneering venture used a shopper engagement program and tasting of the Stimorol 40 Minutes of Freshness product. The program engaged travelers by offering them a fun souvenir photographed against an augmented backdrop with an image of an imaginary destination through the use of interactive software. Shoppers can opt to receive an e-mailed version of the photograph, with the tagline "Remember the fun started with Stimorol...".

The tasting program introduced the new Stimorol brand communication and design for the Travel Retail channel, which encourages travelers to 'Take off with Taste' when they purchase a Stimorol product. Initial sales results were up by high double-digits said the company.

Travalo to unveil the new Pearl atomizer at TFWA Cannes

The new Travalo Pearl is a masterpiece in micro-engineering and elegant simplicity, says the company. In a departure from its superlight travel atomizer models to date, the Pearl is a more substantial model with an innovative new spray system that requires no cap and can be used easily with one hand.

The Pearl feels luxurious to hold and is pitched at a higher price point (£29.99, \$50, Euro 34.99) making it the ideal unisex gift. The Pearl, with its patented Genie-S refill system, also offers Travel Retail channels an entirely different model, price point and sales proposition than in the past.

First launched in 2009, Travalo has won numerous prestigious beauty and design awards including a Cosmopolitan Beauty Award, Elle Beauty IT List (for Best New Innovation in 2012) and Style Best Beauty Buy in 2012.

The Pearl takes pride of place in the Travalo portfolio at TFWA Cannes this year alongside the Excel, Touch, Skyline, Touch Rollerball, Swarovski Edition and Skyline, Swarovski Edition.

The Pearl carries over 70 sprays of fragrance and can be refilled time and time again, is available in three colors and, like all Travalo fragrance sprays, the Pearl is approved to carry on board air flights.

Visit the Travalo team at Yellow Village, Stand D37 at TFWA World Exhibition or contact tfwa@travalo.com



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Recovery Complex II
Complexe de réparation
synchronisé II

**BY THE NUMBERS****American spirits companies' sales soar YTD****Beam's bourbons and Power Brands drive company growth**

Strong sales of Jim Beam and Beam Inc.'s other bourbons, plus double-digit growth in five of its seven "Power Brands" drove net sales for the second quarter 2013 to \$637.6 million (excluding excise taxes), up 7% (5% on a comparable basis, which adjusts for foreign exchange and acquisitions/divestitures). Net sales for the first half increased 8% (4% on a comparable basis).

Comparable net sales by segment were: North America +6% in Q2 and +7% YTD; Europe/Middle East/Africa (EMEA) +7% in Q2 and +4% YTD; Asia Pacific/South America (APSA) -3% in Q2 and -5% YTD. Results in APSA were impacted by lower results in India as the company repositions its business there. Beam does not break out its duty free/travel retail sales.

Beam President/CEO Matt Shattock said that sales of the Jim Beam brand benefitted from the

rollout of premium innovations Jim Beam Honey and Devil's Cut. The company also gained share in Tequila on strong performance for Sauza and Hornitos, and in vodka as Pinnacle continued its double-

Beam Key Brand Performance
Comparable net sales growth, YTD 2013 January-June

Power Brands	+4%
Jim Beam	+4%
Maker's Mark	+18%
Sauza	+5%
Pinnacle	+13%
Couvoisier	-10%
Canadian Club	+17%
Teacher's	-17%

Rising Stars	0%
Laphroaig	+13%
Knob Creek	+16%
Basil Hayden's	+34%
Kilbeggan	-26%
Cruzan	+10%
Hornitos	+12%
Skinnygirl	-23%
Sourz	-11%

digit growth trajectory, said Shattock.

Beam's total sales growth was tempered by soft conditions in the US ready-to-serve cocktails category, which impacted the company's Skinnygirl lines.

Brown-Forman toasts a record year in fiscal 2013

Brown-Forman toasted a record year in fiscal 2013, with its underlying operating income growth rate of 13% far exceeding the industry's average rate of growth, and the company's 22% Return on Invested Capital at the top of the distilled spirits industry.

"This performance was led by the remarkable Jack Daniel's trademark, as well as solid growth contributions from our Woodford Reserve, Herradura, and Finlandia brands," said Paul Varga, chairman and CEO. 2013 also marks the 80th

anniversary of Brown-Forman's initial public offering, which was made at the end of Prohibition in 1933.

In related news, B-F recently announced that it will invest more than \$35 million to expand the Woodford Reserve Distillery to meet expected growing global demand for its super premium Woodford Reserve Kentucky Bourbon.

The expansion includes the addition of three new warehouses capable of housing more than 165,000 barrels of bourbon, new stills, expansion of the existing bottling line, and improvements to increase general efficiency.

"The world's growing taste for premium North American whiskey is driving record exports of these U.S. spirits. Woodford Reserve experienced a record volume of nearly 250,000 nine liter cases and grew net sales by 28% globally in fiscal 2013," said Chris Morris, Master Distiller, Woodford Reserve.

Diana Herrera takes over industry supplier Associated Photo & Imaging

Associated Photo & Imaging – AP Imaging—has announced new ownership. A leader in South Florida's quality imaging for more than 6 decades, AP Imaging has named Diana Herrera as the new owner and president of the company, which has been a partner with luxury brands for their travel retail advertising needs for years.

The news was made public on July 1, when previous owner and President Larry Apple announced his retirement.

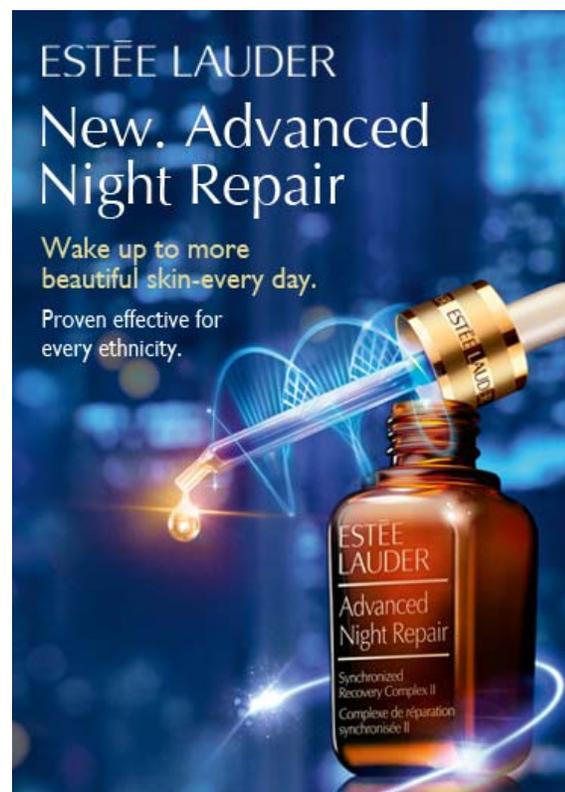
Diana Herrera, who first joined the company in 1987, and has been vice president for over ten years, managed many aspects of the company's day-to-day operations. She is a savvy visual brand specialist who translates clients' needs and objectives into exciting visual displays while ensuring consistent execution of all marketing programs.

"My immediate focus is my commitment to taking care of our clients, as it has always been, taking care of my team, and to continue growing strong relationships which has always given me great plea-

sure," said Herrera. "We look forward to increasing our product line and finding innovative solutions to meet our clients' needs. The Associated Photo & Imaging reputation for high quality imaging and excellent service is our brand and has no equal in the South Florida imaging industry. I have every intention of keeping it that way."

The official company name will be APImaging, Inc., but will continue doing business as Associated Photo & Imaging (API).

Larry Apple purchased Associated Photo & Imaging from his father, Art Apple, in 1981 and was a visionary in transitioning the company from a photographic services company to an industry leader in large-format commercial digital & laser imaging. API's clients include some of the most recognizable luxury brand companies, fashion houses, international retail shops, airports, sports stadiums, museums, fine art photographers and gallery artists.





CREATIVITY AT THE POINT OF SALE

Heineken challenges JFK travelers to drop everything and play 'Departure Roulette'

In one of the most memorable airport activations we have seen in the industry in years, Heineken USA created a real-life, real-time social experiment for travelers at JFK airport in July, in the latest twist on Heineken's Global Voyage activation.

With 'Departure Roulette,' passengers were invited at random to press a button on an old style flight clicker board in return for promising they would cancel their current flight plans and head off instead immediately for the destination that appeared on the board.

The first participant was a student from the University of Connecticut who, instead of traveling to Vienna at 5:15pm to visit his grandparents, ended up flying to Cyprus later that evening for two nights with paid accommodation and \$2000 to cover expenses. Heineken also arranged a flight from Cyprus to Vienna later that same week and from Vienna back to New York on August 25 to tie in with his original plans.

Seven other lucky travelers also won trips to destinations including Portugal, Thailand and Laos.

"Although this is not a duty free activation as such, as a global brand Heineken takes a holistic approach that engages seamlessly across all channels in all markets. Heineken is the #1 premium international beer available in 198 countries around the world, therefore, airlines and airports with their international nature are a strategic fit and perfect channel for us. We want to inspire our consumers to be resourceful and open to the world," says Natascha Waterbeek, Heineken Global Duty Free Marketing Manager.

"Innovation is at the heart of how we are redefining the Beer category throughout Travel Retail with specially designed concepts that make the category into much more of a premium proposition than in the past.

"In airports we are growing the number of Heineken bars and lounges at the world's leading hubs as well as delivering excitement with events like this one at JFK. On ferries and at border stores we're creating stand-out at point of purchase with travel specific designs like Beers of the World displays which introduce our broader range of portfolio brands next to Heineken appealing to the traveler's mindset in situ. On cruise ships we're really seeing the commercial benefits of bringing a spirit of entertainment through bar staff training to create the perfect pouring ritual via the 'Heineken Star Serve' on board edition.

"We're actively developing much more innovation as a core aspect of our strategy in Travel Retail and will be revealing details of some of these at TFWA in Cannes in October," said Waterbeek.

The JFK activation was inspired by the current global multi-media campaign 'Voyage.' This is the fifth installment of the Heineken 'Legends' platform, featuring the original legend

'Dropped' in a remote outpost in India and finding himself in awkward and bizarre situations.

The integrated campaign comprises 4 further editions showing different men being tested to see what they are made of in situations way beyond their comfort zone.

Launched globally on June 3, the first episode featured Rikar, a Spanish waiter, being dropped off in the middle of Alaska with only a tuxedo and plane tickets. On July 1 the second edition showed Stavros, a yoga teacher and dancer from Greece, reacting to being plunged into the middle of Cambodia, blindfolded, and presented with a giant yellow duck boat.

Running since July 22, the third

traveler, a New Yorker dropped in Morocco, lugs a massive block of ice. The next episode launched on August 12.

The campaign allows consumers to have an immersive experience via the [Heineken® Dropped YouTube channel](#), where viewers can follow each 'Dropped' voyage, access documentary-style content and also contribute their own video entries to the 'casting couch.'

Consumers who buy special Global Voyage campaign packs of Heineken can redeem a code to play an online game of navigation skills. A lucky few will win their own legendary travel experience, with prizes including travel adventures and space training.



Heineken jumps off the page and into the future with 3D



Keeping its creativity level in high gear, Heineken just launched what is believed to be the first 3D ad in an inflight magazine. Under the caption of "open cap policy," the ad ran in the May issue of *Holland Herald*, the inflight magazine for KLM. Visually, the Heineken 3D visual literally leaps off the page into the world of the passengers on board. Designed by the London team at specialist inflight creative agency Ink as a 3D lenticular card spot-glued to a page, the ad was a Global Duty Free activation of Alive, Heineken's OOH (Out of Home) global campaign. According to research, just over 40% of readers lifted the 3D card from the page, taking it with them when their flight landed. The ad was so memorable, it was heralded as 'Idea of the Week' by the UK's Marketing magazine (July 29, 2013).