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## ASUTIL: Higher turnout for Panama Conference, even as LATAM market registers downturn

The 2015 ASUTIL Conference, which took place in Panama City, Panama last week, kicked off with the traditional regional update from ASUTIL Secretary General José Luis Donagaray. Describing 2015 as a very challenging year for LatAm, Donagaray reported that retail sales in the first quarter of 2015 were down by -6% across its 15 member operators in 12 countries in South and Central America and the Caribbean (YOY).

Reflecting the weakness, the average ticket was down by -4%, he said.

The sales drop comes despite a 6.2% rise in passenger traffic demand YTD, according to the latest IATA figures, released for April.

### Delta unveils \$229m refurbishment of LAX Terminal 5

Delta Air Lines in partnership with Los Angeles World Airports (LAWA) and the City of Los Angeles unveiled the completion of a three-year terminal-wide \$229-million refurbishment of Los Angeles International Airport's Terminal 5 last week on June 10.

The Delta refurbishment includes four additional security screening points, an expanded ticketing lobby, a new baggage claim, and Delta's first exclusive check-in area, called Delta ONE.

Delta ONE at LAX includes a dedicated curbside entrance leading to a private, modern check-in lounge with personalized luggage check, high-design atmosphere, and a refreshment bar. Customers also access a dedicated security checkpoint directly from the Delta ONE at LAX lounge.

Additionally, Delta opened a renovated Sky Club; new restaurants and shops that feature celebrity chefs and retail brand names that reflect the cuisine, culture and lifestyle of Los Angeles.

In coordination with these enhancements, Delta is launching a new integrated marketing campaign customized to Los Angeles -- dubbed "LAX to LUX". The centerpiece of the campaign is LAXtoLUX.com, a digital hub where customers can learn more about Delta's premium offerings in LAX from curb to claim.

Delta's seat capacity in Los Angeles has increased more than 100% since 2009, and the airline has significantly expanded its Los Angeles network over the last year, adding service to new destinations including Shanghai, China, which launches July 9, and increasing the number of flights to destinations it already serves.

By product category, perfume sales in US dollars were down by -8%, alcohol sales were down by -1%, tobacco fell by -6%, confectionery (and other foods) were down by -5%, electronics plunged by -18%, and "various" was down -15% (including gifts, fashion, leisure and sports items).

ASUTIL President Enrique Urioste noted that the "rules of engagement were changing," although he now thinks that the worst of the crisis could be behind the region.

"The drop was less than what the market expected," he said, reminding the audience that the travel retail industry is one of the first to feel the effects of any crisis.

"But our business fundamentals are sound and investments continue," he concluded. (See *TMI's* full interview with Urioste on page 2.)

In a break from tradition, the ASUTIL executives announced the dates and location of next year's event, which will take place at the Sheraton in Santiago, Chile on June 8-10, 2016. The next border meeting will be held on Nov. 16-17, 2015, in Puerto Iguazu.

As always, the final highlight of the conference is the presentation of the association's annual lifetime achievement award. Jean-Jacques Bona, President of Essence Corp and a pioneer of perfume and cosmetics in the region (who incidentally began his Americas career in Panama) was this year's recipient, a well-deserved accolade.

Nearly 350 people registered for the 2015 ASUTIL conference, up more than 5% from last year's attendance.



ASUTIL Vice President Marcelo Montico (Grupo Wisa), on left, and ASUTIL Secretary General Jose Luis Donagaray, on right, present Essence Corp.'s Jean-Jacques Bona with the 2015 Lifetime Achievement Award.



### TFWA CANNES ONLINE REGISTRATION OPENS

Registration is now open for the 2015 TFWA World Exhibition & Conference, taking place at the Palais des Festivals et des Congrès in Cannes, France from Oct. 18-23.

Last year, 471 companies from nearly 40 countries exhibited and TFWA reports that more than 6,700 attended. Of these, more than two thirds were duty free & travel retail landlords, operators, agents and distributors. More than half of the visitors originated from outside the European Union.

This year TFWA World Exhibition & Conference will open with a plenary session on Monday October 19, with speakers to be announced.

A Market Watch breakfast workshop on Tuesday, Oct. 20 will focus on South Korea, one of the industry's most important markets. The Inflight workshop takes place on Wednesday, Oct. 21.

TFWA will also provide its traditional networking and social programs. Online registration will remain open until September 9, and can be accessed at [www.tfwa.com](http://www.tfwa.com).

### PEOPLE

Sebastien Devallet has joined Remy Cointreau Americas as Regional Travel Retail Director. Well-known in the region from his seven years as General Manager of the Fragrance division in L'Oréal's Parbel subsidiary in Miami, Devallet replaces François van Aal, who has relocated to Europe to take up the position of Regional Travel Retail Director for that market.

## ASUTIL President Urioste: Complex issues, but worst is behind us

ASUTIL President and Neutral CEO Enrique Urioste took a few minutes during the 2015 ASUTIL Conference to discuss with *TMI* the complexity of the crisis in Brazil and how it is effecting the travel retail industry throughout Latin America.

Brazil is in the midst of an economic crisis and a political crisis, he said.

“First there is the global crisis caused by a combination of factors: the strengthening of the US dollar against other currencies, the weakness of the emerging markets’ currencies, the almost parity to the euro, the price of oil which is around 50, commodity prices in general – and all of these things together have caused the market to forecast, predict and act, expecting the worst. People were expecting a re-valuation of the euro, and that the price of a barrel of oil would be in the \$30 range, and that commodities prices would go much lower and currencies to lose much more

value; they were expecting the Russian Ruble to lose more than 100%; they were expecting the Brazilian Real to be in the range of the 360s.

“But the reality is that the fall was not as deep as expected. The recovery of the US market was not as speedy as first thought. Oil prices stayed in the range of 50. Commodity prices are recovering value – not to the highest level, but they did recover. And emerging markets currencies were stronger than the market forecast. The market was expecting 360 value for the Real, but it is in the range of 320.

“The reality was not as bad as the forecast. So now we will see a better consumer confidence; we will see a better investor confidence,” Urioste notes.

In the specific case of Brazil, Urioste says that the corruption scandals were expected also to be much bigger than they were. “The Petrobras loss was expected to be in the range of the 10 bil-

lion; it turned out to be 2.8 billion. Bad but much less than the market expected,” he explains.

On the political side in Brazil, Dilma Rousseff is a weak re-elected president with little power, says Urioste.

“She was forced by the market to bring in a Finance Minister (banker Joaquim Levy) who is implementing domestic measures to recover growth. The first set of measures have already been approved by the market, and basically he is eliminating all subsidies, including electricity, and petrol, and instituting austerity. He expects to generate a massive savings – this is not easy. The parliament is controlled by the socialist majority and is against these measures. These are free market

measures and the parliament doesn’t want them. At the same time, they realize these measures have to be done. At the end of the day, these new measures will be approved.

“All of these factors, combined with political normality, will help Brazil’s economy. We are already seeing a slight improvement over the last two months. Will it happen overnight? No. I expect to see recovery in the Brazilian market in the second semester of 2016. But I think that the worst is over.

“As for travel retail, the industry is making massive investments in Uruguay because we believe in the fundamentals of the business. Wisa, DFA, Siñeriz, Neutral. We have seen these cycles before. I personally have gone through three during my career and I am not the oldest one in the room. The average for a cycle is two years.”

### The Spirit of ASUTIL

In addition to the scheduled presentations, the 2015 ASUTIL Conference presented attendees with the full range of networking and social opportunities for which the event is best known.

Held at the Westin Playa Bonita resort in Panama City, the conference featured an elegant opening cocktail and reception sponsored by Duty Free Americas. Guests sipped cocktails prepared from many of DFA’s brands and took full advantage of the photo booth, which featured whimsical hats and signs boasting “Beinvenidos a Panama!”

B+D, Dufry and JTI hosted luncheons throughout the conference, and Godiva and the *Americas Duty Free* magazine sponsored the coffee breaks.

The glamorous, ultra-chic gala dinner, hosted by Grupo Wisa’s Abdul and Hamudi Waked, featured an acrobatic demonstration and a Carnival parade and celebration that had every guest up and dancing.

The Women in Travel Retail group met for a wonderful afternoon of networking and fundraising. The group raised over \$1,200 to build a sports campus for high school students with drugs disorders in Argentina. Thanks to all who generously donated and participated in the raffle.

The sun came out on Saturday as attendees toured the Canal de Panama in Miraflores and the expansion at Gatun Lake, dined at Restaurant L’Osteria in the old city, and shopped for local wares at Casco Antigua. The day was an excellent conclusion to the 2015 ASUTIL conference, providing a nice glimpse of the spirit of the country. See you next year in Santiago!

Lara Pasternak





## Haleybrooke partners with Brennan's 1911 Spirits for US duty free

1911 Spirits and Haleybrooke International have entered into an agreement to launch 1911 Spirits in Travel Retail and Duty Free, starting in the US.

1911 Spirits, which produces vodka, gin, hard cider and wine, is a return to the family business for General Manager Ed Brennan, former DFS Group Chairman & CEO. In his two plus years since retiring Brennan has positioned 1911 Spirits for growth.

"I'm very fortunate to have another opportunity to reposition a great family institution as I did with DFS," says Brennan.

Haleybrooke International President Patrick Nilson says that 1911

Spirits is a unique business located in the Finger Lakes of New York.

"1911 Spirits is a fifth generation family business that has taken advantage of their available apple crop and turned them into a small batch line of spirits and ciders. What's most impressive is that they are 100% vertically integrated. From 'tree to bottle' the ingredients and production are 100% in-house resulting in unique premium-handcrafted products. Their unique approach combined with the growth of hard ciders in the USA provides opportunity in the market, especially with border stores and cruise lines."

Haleybrooke VP Roger Thompson added: "The US is a great place for us to start because our duty free customers are saying that there is a lot of interest in Americana as travelers returning home from the USA are looking to bring back American products as souvenirs for themselves or for gifting."

### About 1911

1911 Spirit is a wholly owned subsidiary of Beak & Skiff Apple Orchards. Founded in 1911, the property boasts over 350,000 trees and over 20 different varieties of apples and is known as the premium grower of fresh apples and sweet cider in New York State. All of 1911 Spirits products are distilled from their apples and offer distinctive characteristics and an ultra-smooth taste.

Their current line of award winning spirits includes vodka,

gin, hard cider and wine.

For more information visit [www.1911spirits.com](http://www.1911spirits.com). Or contact Ed Brennan at +1-315-677-9138, [support@1911spirits.com](mailto:support@1911spirits.com) or Patrick Nilson at +1-845-981-7240, [p.nilson@haleybrooke.com](mailto:p.nilson@haleybrooke.com)



## New bridge to link Canada and the United States

Canadian Prime Minister Stephen Harper today formally announced construction of a new bridge linking Windsor, Ontario, and Detroit, Michigan in the U.S. The link over the Detroit River will help alleviate congestion at Canada's busiest border crossing, which is currently served by the Ambassador bridge. Canada is financing the construction, and will recover Michigan's share of the cost through state tolls. The two governments, auto makers and other industries have argued for years for another crossing to end truck gridlock and provide an alternative if the aging Ambassador bridge is shut down. The Windsor-Detroit corridor is Canada's most important trade artery and the busiest commercial land border crossing in North America. (Source: Radio Canada International)

## Imperial Tobacco completes US acquisition

Imperial Tobacco Group PLC announced last Friday, June 12, that it has completed the purchase of certain US cigarette and e-cigarette brands and assets previously owned by Reynolds and Lorillard, Inc., following the proposed acquisition of Lorillard by Reynolds. Imperial first announced the proposed acquisition back in July 2014.

The assets have been acquired for a consideration of \$7.1bn (£4.6bn) or \$5.6bn (£3.6bn) after adjusting for the present value of expected tax benefits of c\$1.5bn, and include the Winston, Kool and Salem brands, as well as Blu electronic cigarettes.

Imperial's enlarged US business will be known as ITG Brands and will be headquartered in Greensboro, North Carolina, under an experienced management team led by CEO David Taylor, former CFO of Lorillard.

Alison Cooper, Chief Executive of Imperial Tobacco, said: "I'm delighted to announce the completion of this deal, which will transform our position in the US and generate significant returns for our shareholders. We will focus on leveraging our enhanced scale and capabilities to maximize growth opportunities for our portfolio and establish ITG Brands as a major competitive player in the US tobacco market. I'm also pleased to announce senior appointments that will strengthen our management structure and ensure that it is aligned with the Group's on-going international development."

Adding the new brands to its existing portfolio would make Imperial the third-largest player in the U.S. tobacco market, say published reports.





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## Brown-Forman to invest \$50m to build new Irish whiskey distillery

Brown-Forman announced that it has purchased all shares of Slane Castle Irish Whiskey Limited, with the intent to build a new Irish Whiskey distillery.

Brown-Forman will invest approximately \$50 million to build a new distillery and consumer experience on the historic Slane Castle Estate in County Meath, Ireland, the home of Henry Conyngham, the eighth Marquess Conyngham, and his son, Alex Conyngham, the Earl of Mount Charles.

“We are very excited about this new venture into Irish Whiskey,” said Brown-Forman Chief Executive Officer Paul Varga. “Brown-Forman has a long history of bringing great whiskey to the world, such as Woodford Reserve, which we introduced in 1996 and has since grown to become one of the world’s leading super premium bourbon brands.”

“Irish whiskey has been one of the fastest growing segments in the global whiskey category over the last few years,” stated Lawson Whiting, executive vice president and chief brands & strategy officer for Brown-Forman Brands, “and we’re excited to be partnering with the Conyngham family as we build the new Slane Irish Whiskey Distillery and introduce new Irish whiskeys to the world.”

Whiting said that Brown-Forman will open the Slane Irish Whiskey Distillery in late 2016, and introduce new Irish whiskeys in the spring of 2017, initially using high quality whiskey purchased from other Irish distilleries and then finished to Slane’s exacting specifications while the whiskey made at the new Slane Distillery is laid down to mature in the nearby Irish countryside. “We’ll use proprietary methods to create unique and high quality taste profiles to position our brands in the premium and super premium segments, with a range of blended, pot still, and single grain Irish whiskeys that will delight whiskey aficionados and consumers alike,” added Whiting.

Slane Castle is located in the middle of a 1,500 acre estate in the heart of the Boyne Valley, 30 miles north of Dublin.



## Tullamore D.E.W. unveils a world-first Cider Cask Finish Irish whiskey

Tullamore D.E.W. has unveiled the world’s first cider cask finished Irish whiskey – **Tullamore D.E.W. Cider Cask Finish**, which will be available exclusively in global travel retail stores from May 2015.

Combining two of Ireland’s

oldest crafts, cider-making and whiskey-making, the whiskey has notes of toasted oak, tinged with cider sweetness. Due to the seasonal nature of the Irish apple harvest, Tullamore D.E.W. Cider Cask Finish has limited production, made only between September and November each year.

The new product will be showcased in a Tullamore D.E.W. pop-up shop at Dublin Airport’s Terminal 2, where the brand’s full range of products is available until the end of June. Customers can receive a personalized Tullamore D.E.W. passport when visiting the promotional space.

Andre de Almeida, William Grant & Sons regional director GTR Europe, said: “We always look to launch new travel retail exclusives for Tullamore D.E.W. in Ireland and specifically at Dublin airport, where we have a strong partnership with ARI. The new Cider Cask Finish is no exception to this and first results have been very encouraging.”

Tullamore D.E.W. Cider Cask Finish is a 40% ABV triple distilled, triple blend Irish whiskey, available exclusively at Global Travel Retail outlets around the world from May 2015 for a limited time only.

## Carnival bans carry-on bottled beverages

Carnival Cruise Line has announced that it is banning travelers from bringing their own bottled beverages onto their ships starting July 9.

The cruise line said that too many “guests” were trying to smuggle alcohol on board resulting in rowdy behavior and delays in the embarkation process.

Guests who age 21 and over can still bring one bottle of wine or champagne at embarkation, and cruisers can still bring along up to 12 unopened drinks in cans or cartons. Or, they can purchase a 12-pack of bottled water from Carnival at \$2.99 prior to their trip, or \$4.99 on board, said the company website.

Perhaps the new beverage policy will stimulate the sale of duty free spirits?

## Beaute Prestige International, Inc. (BPI) has an immediate opening for an Account Executive for Central/South America

based in Panama, reporting to the TR Area Sales Manager for Central America.

A minimum of 2-3 years experience in the Travel Retail luxury goods industry is required.

Responsibilities include developing sell-out figures through supervision of salespeople, implementation of our brands’ merchandising and promotion guidelines. Ideal candidate will also have strong analytical and computer skills; be fluent in Spanish and English; experience in retail sales is a plus. Must be able to travel 40 to 50%.

Please submit resumes to [gcamplani@bpi-sa.com](mailto:gcamplani@bpi-sa.com)

## Stansfeld Scott INC.

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