TRAVEL MARKETS INSIDER Vol.18-33

With nearly $8 billion in sales, profitable Dufry delivers on its main goals for 2016

Dufry posted a profitable year in 2016, and reports that it reached all its main goals during the period, confirming the validity of its growth strategy, it says.

For the full year 2016, Dufry's turnover grew by 27.5% to reach CHF 7,829.1 million (approx. US$7,843.22m.)

EBITDA increased by 29.2% to CHF 935.1m, and free cash flow reached CHF 483.8m, an increase of 43.0% versus 2015.

Gross profit grew by 28.2% and reached CHF 4,584.1m versus CHF 3,574.7m in 2015. Gross margin improved by 40 basis points, reflecting the synergies achieved from the integration of Nuance and operational improvements.

Results in the Americas contributed to this positive result.

Latin America

In Central America, Mexico and most of the Caribbean performed very well, particularly the Dominican Republic and Jamaica as well as the Cruise business.

In South America, Brazil accelerated in the second half, recording double-digit growth. Ecuador, Peru and Chile did well, while Argentina remained negative throughout the year, but is showing improvements so far in 2017.

As a result, revenues rose to CHF 1,531.1m versus CHF 1,409.6m, translating into organic growth in the division of -4.1% for the full year. But the fourth quarter contributed +3.7%.

North America

Turnover was CHF 1,660.9m in 2016 from CHF 1,352.2m in 2015, for organic growth of +4.5% (+7.2% in 4Q). The duty-paid business showed stronger growth, with strong duty free performance in Canada spurred by a stronger US Dollar.

Julian Diaz, Dufry Group CEO, said: "2016 ended up being a successful year for Dufry after a tough start. Throughout the year we focused on and successfully accomplished our three main goals: driving organic growth, completing the integration of World Duty Free, and maximizing cash flow generation to deleverage."

By the third quarter, Dufry had returned to positive pro-forma organic growth of +1.3%. That trend accelerated even more in the fourth quarter, with organic growth reaching +5.6%, resulting in a full-year organic growth of +1.0%.

Growth initiatives included the global alignment of Dufry's operational approach and an extensive refurbishment plan covering over 30,000 sq meters of retail space in 119 shops. These will continue to be key organic growth drivers in 2017, said Diaz.

Dufry developed a "customer focused, digitally driven" strategy approach, which allowed it to drive sales by increasing its penetration rate, the average spend per ticket and the spend per passenger.

"A key element of this strategy is the intensified use of digital technology to multiply the customer touch-points during the whole travel journey and to improve the customer experience with individualized offers, promotions and services along with an intensified training of our sales force," said Diaz.

New contracts over next 8 years

Dufry signed contract extensions amounting to close to 80,000 square meters of space. The remaining average life-time of the concession portfolio amounts to over 8 years.

"This is an important achievement as it secures the business for many more years to come and underlines the trust from landlords in Dufry," said the company.

PEOPLE

Revlon has announced that **Serge Jureidini** will be the new president of the **Elizabeth Arden** brand and its **Global Fragrances** division. Revlon acquired the Elizabeth Arden portfolio in an $870 million deal last September.

Jureidini originally worked at L'Oreal in the luxury division for 15 years, including time in travel retail in Dubai, before becoming president of Lancôme USA in 2008. Most recently, he was president and CEO of Arcade Beauty.

Jureidini is replacing **JuE Wong** as president of Elizabeth Arden. She is leaving the company on March 31. He is also taking over Global Fragrances from **George Cleary**.

Christelle Caron has joined Moët Hennessy Travel Retail as Key Account Director – Cruise Lines. She previously held senior positions at Guerlain and BPI, and most recently was with Movado.

United Airlines discontinues inflight duty free sales

United Airlines announced this week that it is discontinuing inflight duty free sales, effective March 31, 2017. The message was sent to employees through a union website for the Association of Flight Attendants.

Duty free retail catalogs will remain on board the aircraft through the end of June, but there will be no sales onboard after March 31, 2017.

"United made this decision based on declining sales revenue for both United and [inflight concessionaire] Duty Free World," said the statement.

According to a report on travel website Skift, United travelers will be able to order from the catalog for home delivery for a few more months.

Delta Air Lines discontinued its duty free sales in 2014, followed by American Airlines in 2015.

Global TR: Hanan Fraysse, hfraysse@actium.us; Latam-and Caribbean TR: Daniel Bras, dbras@actium.us

Actium/Saint-Honoré partnership acquires Cartier Boutiques on St. Maarten and St. Barts

Miami-based Actium and its joint venture partner Panama-based Saint-Honoré announced that they have acquired the Cartier Boutiques on the duty free islands of Saint Bart (Saint Barthelemy) and Sint Maarten and simultaneously signed a new long term agreement with Cartier to operate them.

"These boutiques complement our retail portfolio of exceptional luxury brands (Hermès and Gucci) and makes us the only company in company in the Americas to partner with three of the top four luxury groups in the world measured per market capitalization (Hermès, Richmont and Kering)," Actium owner Philippe Giraud tells *TMI*.

The Sint Maarten Boutique, located on Front Street in Philipsburg, is 1500 square feet. The Saint Bart Boutique, located at the landmark Carre d'Or in Gustavia, is 700 square feet, says Giraud.

Fraport, Vinci and Zurich win Brazil airport privatizations

Three European companies won concessions to operate four airports in the latest round of privatization tenders in Brazil.

This was the first round of privatizations under President Michel Temer whose ongoing investigation of alleged corruption in Brazil resulted in no national infrastructure companies in the bidding, which took place on March 16.

Nevertheless, the government raised a total of R$ 1.46 billion, (US$47 million) which represents a 94% premium over the minimum price of R$ 753 million. During the life of the concessions the government will receive a total of R$ 3.72 billion in fees.

German airport manager Fraport AG, a 70% shareholder in Lima Airport Partners, won the rights to operate Porto Alegre Airport with a bid R$ 290.5m. Porto Alegre served 7.65m passengers in 2016, of which 363,700 were international. Fraport also made a winning bid of R$ 425m for the contract at Fortaleza Airport (5.71m / 227,300 international). Fraport was one of the most notable losers in the last privatization round where it unsuccessfully bid on the Rio De Janeiro Galeão concession.

With a bid of R$ 660.9 m, French airport specialist Vinci won the concession to operate Salvador de Bahia Airport (7.53m total / 310,600 international). Vinci is the manager of Chile's Santiago Airport.

Swiss based Zurich Airport AG won the rights to manage Florianopolis airport, the smallest airport of the four with 3.54m/ 202,600 international, with a bid of R$83.3 million.

The four airports account for 12% of passenger traffic at Brazilian airports. With this latest round of privatizations, 59% of total passenger traffic in Brazil is now being handled by private companies.

All the concessions are for a period of 30 years, except Porto Alegre which is 25 years; all the winners have the option for a five year contract extension.

Unlike the previous rounds Infraero, the Brazilian state-owned airport authority, Infraero, will not partner with the companies that won the bids. The Brazilian government is expected to announce a new structure for Infraero over the next few months and may sell off Infraero's shareholdings in other privatized airports.

John Gallagher

Delta Air Lines completes deal for Aeromexico shares

In a deal worth about US$620 million, Delta Air Lines completed its acquisition of an additional 32% of Grupo Aeroméxico on March 13.

With the completion of the tender offer, Delta owns 36.2% of the outstanding shares of Grupo Aeroméxico and holds options to acquire an additional 12.8% for a total of 49%.

"We are pleased to successfully complete the tender offer," said Ed Bastian, Delta's Chief Executive Officer. "This is yet another milestone that strengthens the Delta- Aeroméxico relationship as we move toward implementing our joint cooperation agreement in the second quarter."

Delta and Aeroméxico launched their first codeshare in 1994. In 2011, Delta entered into an enhanced commercial agreement with Aeroméxico, and in 2012, Delta invested USD $65 million in shares of Grupo Aeroméxico, the parent company of Aeroméxico. In March 2015, Delta and Aeroméxico entered into a joint cooperation agreement relating to flights between the United States and Mexico.

The two airlines received clearance for the strategic joint-venture alliance from regulatory authorities in the U.S and Mexico after divesting slots at Mexico City and it will be implemented in the second quarter.

TRAVEL MARKETS INSIDER

Jamaica focuses on cruise development and plans to transform Kingston into major port destination

If Jamaica has its way, the largest English-speaking island in the Caribbean will become the most significant cruise destination in the Caribbean. Jamaica's tourism leaders and Port Authority are focusing on increasing greater awareness of Jamaica as a leading cruise destination, and will invest millions in upgrading and expanding facilities to improve guest satisfaction.

The island, which is well positioned to capitalize on more liberal U.S. policies towards Cuba, has signed an exchange agreement with Cuba and also began plans to re-establish a Jamaica-Havana cruise itinerary. Jamaica officials recently met with cruise officials from leading cruise companies to explore the options.

Jamaica welcomed 518 cruise ship port calls in 2016, including one day when nine ships simultaneously visited the island in the ports of Falmouth, Montego Bay, Ocho Rios and Kingston, bringing a record 20,000 visitors, said Director of Tourism Paul Pennicook during a presentation at SeaTrade last week.

Jamaica welcomed 3.85 million total tourists last year, up by four percent; 1.66 million were cruisers.

The island expects that number to rise to more than two million cruisers in 2017. Pennicook noted that Jamaica offers cruise visitors more than 150 distinct attractions and fittingly, was awarded 2016 "World's Leading Cruise Destination" by the World Travel Awards.

The strategy to regain its premier destination status focuses on improving the infrastructure, upgrading and expanding its ports to accommodate more and larger ships, revealed Jamaica's Minister of Tourism Edmund Bartlett during the presentation.

A key element of the program includes developing Kingston as a "major dynamic destination," he said.

Currently primarily a cargo port, Kingston sits on the largest, deepest natural harbor in the Caribbean, perfectly situated to become a major cruise destination and port. In order to enhance the guest experience and "assure a seamless and safe port arrival," Minister Bartlett said that Jamaica is prepared to invest heavily to develop the areas around the Kingston port to assure safety and security.

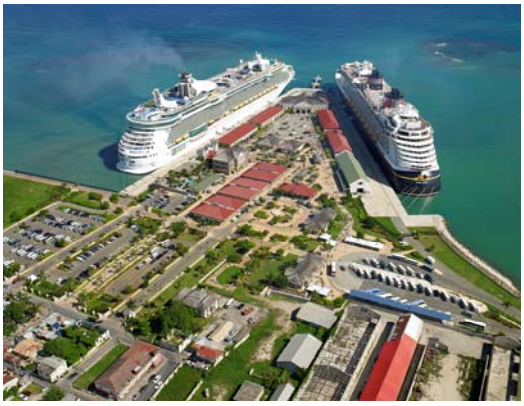
With the development of Kingston, the Minister sees new cruising opportunities including a revival of a Cuba-Jamaica-Haiti itinerary. He also sees interesting potential from the burgeoning Asian market, especially as China becomes the largest outbound tourism market in the world.

"We want them to come to Jamaica," he said.

The plans also call for an expansion of Jamaica's Port Antonio, so that it can receive more calls from boutique ships, and a training program to prepare many more Jamaican citizens for careers in the cruise sector.

Jamaica is aiming for five million visitors by 2021, and US$5 billion in tourism earnings.

"Jamaica is experiencing monumental growth as a cruise destination," said Minister Bartlett, who plans to aggressively market the country's potential as a destination.



Port of Falmouth, Jamaica. Photo courtesy of Jamaica Tourist Board.

Jamaica's ports

Port of Montego Bay
Montego Bay recently increased cruise ship berthing capacity and added new cruise terminal buildings. The port also increased ground transportation opportunities for disembarking cruise passengers.

Kingston Port
Kingston Port plans to increase cruise ship and passenger capacity. Improvements will include deep dredging to accommodate for larger ships.

Port of Ocho Rios
Enhancing the visitor experience is central to upgrades that will take place at the Ocho Rios port. This will include Artisan Villages to increase cultural integrations in the port experience.

Port of Falmouth
The Port of Falmouth opened in 2011 as Jamaica's first custom built port. The port features a courtyard for shopping, dining and entertainment and is located in a Georgian town with historic areas ideal for visitor exploration and is highly rated on Trip Advisor.

Port Antonio
Port Antonio is ideal for smaller luxury cruise lines and yachts. A master plan is in development for the port and the surrounding area.

Record cruise arrivals, new amenities for Martinique

Martinique welcomed a total of 375,976 cruise passengers to the six ports of call on the island in 2016, an increase of 21.17% from 2015.

The French island boosted its amenities with free rides to downtown Fort-de France on its 22-passenger "Blue Solutions" solar/electric and A/C buses. The buses stop in front of Les Tourelles and Pointe Simon Terminals during the cruise season, and visitors can go to historic attractions, dining and shopping options.

The Les Tourelles cruise terminal was also revamped and offers free wi-fi.

TRAVEL MARKETS INSIDER

Newly merged WEBB Banks leverages its scale and experience to grow in region

WEBB Banks has plans to expand its position as the largest spirits and wine distributor in the Caribbean, North Atlantic Islands and Central America.

The company, which merged the businesses of Miami's World Equity Brand Builders (WEBB) and Winston Salem's Banks Channel at the beginning of the year, sells more than 350 thousand cases of 40 plus brands in the Atlantic Basin.

"Post-merger there is no doubt that we are the largest beverage alcohol supplier in the region," WEBB Banks Managing Director Robert Bowman tells *TMI*. "Both companies had significant presence in the region individually and were among the top competitors before we merged. The biggest strength we gain in the merger is significant scale. That scale allows us to provide more focus and more attention to all three of our constituents: our suppliers, our customers, and our employees.

"We can provide a lot more resources, time, and attention in markets with our customers and help them grow their business. And that is a reinforcing loop. Spending more time with our customers allows us to get them to spend more attention on our supplier's brands, which helps our suppliers."

"With that focus our sales people can become not just Caribbean and Central America experts, but true experts in those markets that they are servicing - true partners," says WEBB Founder Andy Consuegra.

"Banks Channel was very strong in wines, leaders in the region with Treasury as the biggest supplier partner. WEBB was strong in both spirits and wines, but stronger in spirits. The combination of portfolios -the fit - was very good and complementary. We think one plus one will equal something greater than two."

Founded in 1982, Banks Channel was owned and managed by Bowman. Banks Channel already had a dominant position as a premium wine distributor, managing such brands as Beringer, Penfolds, Caymus, Shafer, Freixenet, Rodney Strong, Ramey, Noble Vines, Smoking Loon, Graham's Port and many others.

WEBB, founded in 2007 by Consuegra, distributed both premium wine and spirits, including The Macallan, Tito's Handmade Vod-ka, Disaronno, Svedka, Brugal Rum, Cupcake Vineyards, Luc Belaire, Molly's, Mionetto and Frescobaldi wines.

The merger did not impact WEBB's JV with Edrington (EWTRA) for the Duty Free channel in the Americas, for which Consuegra will continue to serve as CEO. The merger also did not affect Banks Channel's wine importation business in North Carolina, which Bowman will continue to own and operate.

Bowman was named managing director of WEBB Banks, while Consuegra serves in a supporting role with a focus on supplier relations. The managing director position will rotate periodically between Bowman and Consuegra.

The WEBB Banks Board is Bowman, Consuegra and industry veteran Michel Recalt, who will be charged with strategic consulting. Phillip Jarrell is responsible for distributor strategy and marketing, while also directing and expanding the embedded portfolio management team. In addition, six area managers will each assume four to five markets, reporting directly to Bowman.

WEBB Banks' long history of working in the region before the merger, learning the differences between the different markets and building relationships, is one of the new company's key strengths, says Bowman.

"We've been doing business in these countries with these owners of companies for a long time and we've developed really strong relationships with them. And that is something that you can't duplicate overnight. It takes time of going there, spending time with your customers and developing those relationships," he says.

WEBB Banks currently has five sales people in markets embedded with its distributors, and intends to add more in the future.

"Because of the greater scale of the company our sales people are not regional, they are assigned to specific countries. Most of our sales people only have responsibility for three, four, or five countries. They are very focused. Against anybody else in the region we are able to provide more resources because of our scale. Andy and I are committed to continue to reinvest in those resources in the region," says Bowman. "The goal is to add significantly more embedded WEBB Banks people inside our distributors as we move forward."

Both Bowman and Consuegra say the merger has been enthusiastically supported by its distributor and supplier partners.

"Our suppliers understand the synergy of this merger and are onboard and happy with what we are doing," says Bowman. "I think it is significant that we are now the largest provider of beverage alcohol throughout the region. We still have significant room to grow that base and our laser focus is to provide value to both our distributor customers and to our suppliers."

"We've been able to successfully combine the two businesses and create a stronger business. I think culturally we've created a foundation for sustained growth going into the future," says Consuegra.

Michael Pasternak

SFO announces 14-year RFP for 11 duty free and luxury stores locations

San Francisco International Airport has begun the Request for Proposals (RFP) process for the International Terminal Duty Free and Luxury Stores Lease, and is holding an informational conference on Tuesday, April 4, 2017, at 10:00 a.m. at the Terminal 2 Partnering Conference Room.

As a major gateway to the lucrative Asia market, the duty free concession at SFO is one of the most coveted prizes in North America. In 2015, with more than 53 million passengers, SFO ranked 7th busiest airport in the US, and 21st in the world.

SFO offers 9 non-stop destinations to China; more than any other airport in the Americas.

For 2017 to date, two new international carriers will begin operation, four new international destinations will be offered by new and existing carriers, and many existing carriers are adding capacity to existing international routes.

With the completed remodel of Terminal 2 in the spring of 2011, SFO added approximately 29,000 square feet of concession space.

The Lease is for the operation of 10 Duty Free and Luxury Stores locations post-security in the International Terminal, and one location in Terminal 1, totaling 45,943 square feet.

The concepts sought are duty free core category shops and high-end luxury boutiques. The Lease term is fourteen years. The proposed minimum annual guarantee is $42,000,000.00, and the Minimum Acceptable Percentage Rent Offer is Thirty Percent (30%) of Gross Revenues.

Whereas the duty free concession will be exclusive to the winning bidder, sale of duty paid and luxury merchandise as provided under the Lease will be on a non-exclusive basis.

According to the RFP documents, all the duty free shops in the international terminal generated $107,730,414 in 2016. DFS Group is the current duty free concessionaire. Between duty free and duty-paid, DFS Group recorded $145,081,094 in sales at SFO in 2016.

Go to http://www.flysfo.com/business-at-sfo/current-opportunities for additional information or contact John M. Reeb at Revenue Development and Management, at (650) 821-4500.

EMPLOYMENT OPPORTUNITIES

WEBB Banks

has an opening for an
Accounting Manager
based out of Miami, FL

The Accounting Manager will have an active role in monthly account analysis, book close and for either supervising or performing the functions of Accounts Payable, Accounts Receivable, 401 (K) plan administration, and Payroll.

Region: Caribbean Domestic

Qualifications:

Bachelor's degree in accounting

3 to 5 years experience

Excellent communications skills required

Good computer skills including Microsoft Suite with emphasis on Excel, ADP or compatible payroll systems

Able to handle multiple tasks and stay organized

Please send resume to:
swelch@ewtra.com

REGISTRATION IS NOW OPEN FOR THE 21ST ASUTIL CONFERENCE – HILTON BARRA HOTEL

http://conferencia2017.asutil.org/registration/

L'OREAL TR Americas

has openings for a
Retail Education Manager
(Kiehl's & Urban Decay)

Responsible for delivering stellar training strategy, material, and vision to the field education executives and makeup artists.
At least 4 years of experience in training/sales in luxury cosmetics and skincare.
Must be bilingual in English and Spanish (Portuguese a plus).
Strong communication and presentation skills required.
Must have experience managing and coaching a team.
Must be able to travel 50% of the time and the position is based in Miami.
Please apply directly online http://career.loreal.com/careers/JobDetail?jobId=31070

Account Coordinator

Responsible for maximizing sales and market share for multi-brands through building partnership with Area Sales Managers and other internal stakeholders.
At least 2 years of experience in business analytics/sales.
Must be bilingual in Spanish and English.
Strong follow up, negotiation, and analytical skills.
Must be advanced Excel, PowerPoint (SAP a plus).
Must be able to travel 5-10% of the time and the position is based in Miami.
Please apply directly online http://career.loreal.com/careers/JobDetail?jobId=32009

* To be considered, candidates must be eligible to work in the United States. No visa sponsorships will be provided.
* To be considered, candidates must be able to work in Miami, FL. No relocation assistance will be provided.

NEW ACTIUM

has an opening for an
Area Sales Manager TR - Tea Forte

Position overview:
Will be responsible for managing the brand and its full mix from sales, marketing, merchandising, animations, new product launches, training of sales associates to business development

Region:
Travel Retail Worldwide all channels (airports, cruises, border stores, airlines etc)

Qualification:
- Minimum Bachelor's degree
- 3 years of experience in Travel Retail
- Bilingual English - Spanish

This position is based in Miami

Please send resumes to:
Dflores@actium.us

HEINEMANN AMERICAS INC

has a position available for **a Supply Chain Manager/ Demand Planner**

o Reach purchasing targets, Supply Chain KPIs
o Optimization of the Supply Chain to increase efficiency
o Optimize stock level/prevent out of stock
o Review, manage, identify seasonal trends.
o Forecasting future demand

Requirements:
Minimum 3 years of experience
Bachelor's degree in Business Administration or comparable level of education
Experience in the field of international luxury good/ and or consumer goods
Advanced Microsoft programs Excel, Word, Power Point
Advanced experience with SAP R/3 ERP
Excellent data evaluation and analytical skills
Pls send resume to
info@heinemann-americas.com

NEW COTY

Is looking for a
Key Account Manager
To join our Travel Retail Americas Team.

Responsible for achieving Sales and Profit Plan, Key Account management (including driving commercial negotiations at HQ level, forecasting and managing a team of Retail Specialists), implementation of the marketing and promotional plans, and merchandising (negotiating and implementing Coty Brand Image).

Qualifications:
University graduate (MBA preferred).
At least 3-5 years' experience in sales. International exposure.
Excellent written and spoken communication.
Fluent in English and Spanish.
Industry knowledge and Travel Retail experience a plus.
Must be able to travel 50% of the time.

Position is based in Miami.

Please send resumes to:
Sandra_schmidt@cotyinc.com

NEW

SISLEY

is looking for a
Marketing Manager
for Export Latam and TR Americas.
Bilingual in Spanish and English a must. French would be considered an advantage.
5 years minimum experience in the Luxury business, ideally in fragrance/cosmetics.
Please send resume to
kally.hudson@sisley.fr