

BY THE NUMBERS

Air passenger travel between the U.S. and Europe still strengthening; up 217% in October YOY

Data recently released by the U.S. National Travel and Tourism Office (NTTO) reports that U.S.-International air traffic passenger enplanements (arrivals + departures) totaled 17.4 million in October 2022, up 86% compared to October 2021. Total international enplanements have now reached 87% of pre-pandemic October 2019 volume, up from 85% in September.

Among the highlights of the report, international regional air travel to/from the **United States and Europe** continued to strengthen, totaling 5.829 million passengers, up 217% over October 2021, and down only (-14.9%) from October 2019.

Travel to/from the **U.S. and South/Central America/Caribbean** has surpassed the pre-pandemic level, and totaled 3.811 million, up 30% over October 2021, and **up 0.5%** compared to October 2019.

Travel to/from the **U.S. and Asia** totaled 1.337 million passengers. Although this was

up by 294% over October 2021, it is still down -56% from October 2019.

Total air passenger travel (arrivals and departures) between the United States and other countries were led by Mexico 2.724 million, Canada 2.214 million, the United Kingdom 1.612 million, Germany 907k and France 699k.

Outbound-Inbound traffic

Americans continue to travel. U.S. citizen air passenger Departures from the United States to foreign countries totaled 4.393 million. This was up by +65% compared to October 2021 and was "flat" compared to October 2019.

Non-U.S. citizen air passenger Arrivals to the United States from foreign countries totaled 4.08 million. This is up by +104% compared to October 2021 but still down -24.3% compared to October 2019.



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ETRC Business Performance Index for H1 2022 shows European TR remains resilient

The European Travel Retail sector continued to be heavily impacted as a result of the COVID-19 pandemic in the first half of 2022. According to the latest ETRC Business Performance Index released this month, international passenger levels were down -28% and value sales were down by -25% compared to H1 2019.

However, following a static performance in the first quarter of this year, Q2 2022 has shown a significant rate of recovery, with the Q2 value sales deficit falling to -17% vs. Q2 2019, following a deficit of -35% in Q1 2022.

The ETRC report says that the recovery continues to be underpinned by several key dynamics including value sales recovering quicker than international passenger numbers, although several trends,

including the increased rates of spend per passenger are now softening.

"Value sales continue to recover quicker than international passenger numbers, although each metric is now following a similar trend. Each of the core categories shows strong rates of recovery with each sub-category also posting a positive contribution," said Steve Hillam, Managing Director at Pi Insight. "Spend per PAX trend is now normalizing, although it remains at a higher level in H1 2022 than spend per PAX in H1 2019," he said.

Julie Lassaigne, ETRC Secretary General, said: "As anticipated, Q2 2022 delivered strong results for European Travel Retail thanks to increased international travel in the region.

"We are pleased to see Travel Retail remains relevant for travelers in Europe. We hope this will be further confirmed by the results for Q3 2022 which will be unveiled at the ETRC Business Forum organized in Amsterdam on 26 January 2023."

NOTE: The ETRC Business Performance Index presents trends

on historic aggregated sales movements (taking 2017 as reference year) covering airside airport retail in sales across four main categories – Beauty, Liquor, Confectionery & Fine Foods and Tobacco.

The Index covers airports responsible for more than 90% of European traffic.



The ETRC Index is an exclusive service to ETRC members. It is compiled by Pi Insight thanks to data contributed by participating Travel Retailers of ETRC and the support of ForwardKeys for passenger data.

La vie
est belle

TRAVEL MARKETS
INSIDER

L'Oréal TRA celebrates 10th anniversary of Lancôme's *La Vie Est Belle* with personalized, "rediscovery" activations across key airports

Lancôme's *La Vie Est Belle* is celebrating its 10th anniversary and L'Oréal Travel Retail Americas is paying tribute to the iconic fragrance with activations in Los Angeles, Sao Paulo, Rio de Janeiro, Buenos Aires, Mexico City, Santiago de Chile, Montevideo and Lima.

Through partnerships with DFS and Dufry, Lancôme is building a unique, memorable experience around its #1 fragrance by offering its consumers premium retailtainment that is exciting, interactive, and personalized.

The 360 campaign has deployed digital and out of home media to generate traffic to stores with a re-invented *La Vie Est Belle* ad.

The fragrance has been surprising the world year after year

with new launches, with Julia Roberts as ambassador. This year, the brand launched a refillable 150ml version and a refill tube, a renovation that enables the full EDP range to become refillable for a more sustainable approach.

Starting October across the Americas, passengers will be able to experience *La Vie Est Belle*'s full assortment through a discovery table that features *La Vie Est Belle*'s precious iris ingredient.

The Iris scent will be sprayed through an interactive diffuser, enhancing the rediscovery of *La Vie Est Belle*. The iconic bottle has been magnified for the occasion, and a personalization station allows customers to dress up their bottle with "couture wings of happiness," says the company.



Lancôme's La Vie Est Belle is celebrating its 10th anniversary with HPP activations with Dufry in Rio (above) and Ezeiza Airport in Buenos Aires, Argentina, below, plus with DFS in Los Angeles International Airport, right.



Valentino Beauty celebrates first new counter opening in Macau with Duty Free Americas

L'Oréal Travel Retail Asia Pacific has inaugurated a new 2-AXIS counter for Valentino Beauty in the heart of Macau's luxury shopping district at The Venetian Macao, through an exclusive partnership with Duty Free Americas (DFA).

The launch of Valentino Beauty in DFA Macau invites shoppers to the celebration of self-expression through Couture and Beauty through formulas that amplify the Couture DNA: uniqueness, extravaganza and experimentation.



The 9-sq-meter Valentino Beauty 2-AXIS counter, located on the first floor, is inspired by an Italian Palazzo. It showcases a unique pink terrazzo surface combined with black metal, magnified by the iconic silhouette of the Born in Roma Yellow Dream bottle and the Valentino logo. The back wall displays myriad choices, from makeup to fragrances for shoppers, aligned with our desire to create a color for every mood and desire, says the company.

The launch of the new Valentino counter is part of DFA's expansion in Macau, which will add 3,000 square feet, or 25%. DFA's Macau store is now 100% dedicated to beauty, and the company has introduced many exclusive, niche brands in this store, CEO Jerome Falic told TMI in September.

"The expansion will enable us to house many more beauty brands, most of which will be niche brands. We are going to be introducing many new fragrance brands, which are really taking off in China. And we have several brands that we were able to sign exclusively.

In other highlights of the new expansion, DFA installed the newest Gucci counter with cosmetics and fragrance, and brought in Shiseido's IPSA.

Estée Lauder to acquire Tom Ford brand in \$2.8B deal

The news last week that Estée Lauder Companies Inc. has agreed to acquire the **Tom Ford** brand, generated a lot of speculation. This is the first time that the global beauty leader is stepping into the fashion world. Described as a “transformational deal,” ELC and Tom Ford have been long-time, successful, partners on the beauty side of the business. The new agreement establishes ELC as the sole owner of the **Tom Ford** brand, a leader in the luxury segment, and all its intellectual property.

The purchase of the **Tom Ford** brand and the extension of its current licensing partners will allow for continuity and the further evolution of the **Tom Ford** brand as one of the preeminent global luxury brands of the twenty-first century, said ELC in the official statement.

Under the agreement, Tom Ford, Founder and CEO of Tom Ford International, will continue to serve as the brand’s creative visionary through the end of calendar 2023. Domenico De Sole, Chairman of Tom Ford International, will stay on as a consultant through that time as well.

The deal will expand the **Tom Ford** brand’s longstanding relationship with **Ermenegildo Zegna N.V.** to include a long-term license for all men’s and women’s fashion as well as accessories and underwear. As part of this transaction, Zegna will acquire operations of the **Tom Ford** fashion business necessary to perform its obligations as licensee. ELC and Zegna will align closely on the creative direction to continue building on the luxury positioning of the **Tom Ford** brand.

The brand’s current license with **Marcolin**, one of the leading global eyewear manufacturers, known for its superior craftsmanship and quality will also be substantially extended.

The deal values the total enterprise at \$2.8 billion. ELC expects to fund this transaction through a combination of cash, debt and \$300 million in deferred payments to the sellers that become due beginning in July 2025.

ELC’s benefits include securing the long-term cash flow from owning the fast-growing **TOM FORD BEAUTY** brand beyond the existing license expiration in 2030 and the elimination of royalty payments on beauty upon closing, as well as new licensing revenue streams and other anticipated synergies. These synergies include creative oversight, increased speed and agility, and opportunities for further online penetration.

Estée Lauder said it expects the transaction to be dilutive to adjusted diluted earnings per share in fiscal 2023 by \$0.05 to \$0.15 and is expected to close in the first half of calendar 2023.



“We are incredibly proud of the success **TOM FORD BEAUTY** has achieved in luxury fragrance and makeup and its dedication to creating desirable, high-quality products for discerning consumers around the world,” said Fabrizio Freda, President and Chief Executive Officer, The Estée Lauder Companies.

“As an owned brand, this strategic acquisition will unlock new opportunities and fortify our growth plans for **TOM FORD BEAUTY**. It will also further help to propel our momentum in the promising category of luxury beauty for the long-term, while reaffirming our commitment to being the leading pure player in global prestige beauty.”

According to media reports, ELC outbid other contenders for the Tom Ford brand, including Kering.

TOM FORD BEAUTY, first introduced by ELC in 2006, is an iconic luxury beauty brand with a highly differentiated collection of fragrance, makeup, and skin care that reflects Tom Ford’s singular vision of modern glamour, crafted with ultimate quality. Established with an initial luxury fragrance, TOM FORD BEAUTY has since grown into one of the most successful and aspirational beauty brands in the world.

“I could not be happier with this acquisition as The Estée Lauder Companies is the ideal home for the brand. They have been an extraordinary partner from the first day of my creation of the company and I am thrilled to see them become the luxury stewards in this next chapter of the TOM FORD brand. Ermenegildo Zegna and Marcolin have been spectacular long-standing partners as well and I am happy to see the preservation of the great relationship that we have built over the past 16 years. With their full commitment, I trust they will continue the brand’s future as a luxury company that strives to produce only the highest quality fashion and eyewear.”

Tom Ford

NPD: Prestige Beauty sales grow 15% in U.S. in 3rd Quarter 2022

Prestige beauty sales in the all-important U.S. market are showing healthy growth, reported The NPD Group this month.

Sales revenue totaled \$6 billion in 3Q 2022, up 15% compared to the same period of 2021. This continues the trend reported by NPD for the year to date, with Q1 sales growth up 19% year-over-year, up Q2 sales up 16% year-over-year.

Q3 makeup sales grew 15% in Q3 2022, reaching \$2.1 billion, and have now surpassed the Q3 2019 pre-pandemic level in both unit and dollar sales, says NPD. Lip makeup was the fastest growing segment in the period, with sales revenue up 32%.

Prestige fragrance sales grew 11% year-over-year Q3 2022, totaling \$1.3 billion. This was a slowdown from the 18% and 13% growth reported in Q1 and Q2, respectively.

On the positive side, NPD says that consumers are opting for higher concentration products and luxury brands with a higher price point. In addition, physical stores accounted for more than 75% of U.S. fragrance sales.

Prestige skin care sales grew 14% year-over-year, totaling \$1.7 billion. The category is driven by clinical brands, followed by natural brands. The online channel accounted for almost 40% of sales in 3Q.

Sales of hair care rose by 23%, and totaled \$853.8 million in the third quarter. Consumers are looking for products offering restoration and strengthening benefits.

L'Oréal Group launches new luxury beauty brand through joint venture in Asia

L'Oréal Group, in partnership with Hotel Shilla and Anchor Equity Partners, is launching a newly created luxury beauty brand 'SHIHYO' through Loshian, a third-party joint venture.

This is the first time L'Oréal is launching a new beauty brand through a joint venture.

SHIHYO—the name means “the wisdom of time”—is a skincare beauty brand inspired by the Asian wisdom of the 24 seasons.

It is said to embody the healthy energy of nature, powered by herbal sciences. The new brand is based on the ‘natural’ of 24 herbal ingredients harvested at the peak of each season, combined with proven efficacy based on scientific research and innovation, says the company.

All formulas include the signature ingredient called ShiHyo24, is a patented, nutrient-rich concentrate of the 24 herbal ingredients infused with fermented rice water and ginseng water.

SHIHYO leverages L'Oréal's longstanding beauty expertise, Hotel Shilla's luxury retail channels, and Anchor's robust financial business model.

Its first flagship store, the “Seoul Garden,” will open in the coming months at The Shilla Seoul Hotel in Korea, with the ambition of engaging with consumers and offering an immersive experience with an extensive luxury beauty product range.

Cyril Chapuy, president of L'Oréal Luxe, said: “L'Oréal LUXE is very pleased to announce the launch of SHIHYO through a partnership with Hotel Shilla and Anchor Equity Partners. Rooted in an exceptional traditional wisdom and knowledge of naturalness, SHIHYO represents the epitome of Asian luxury beauty. Empowered by science, SHIHYO delivers the highest skincare quality thanks to its signature patented ingredient, offering the most elevated luxury beauty experience.”

"SHIHYO" is a new luxury beauty brand launched by L'Oréal Group, together with Hotel Shilla and Anchor Equity Partners through a joint venture Loshian.



In-Gyu Han, COO of Hotel Shilla, said: “SHIHYO is a luxury beauty brand that brings out the best of naturalness and efficacy with seasonal ingredients directly sourced from local farmers in Korea. With our rich retail expertise married with L'Oréal's strong brand building capabilities, we believe SHIHYO will elevate the desire for natural, luxury beauty in Asia.”

Sanggyun Ahn, managing partner of Anchor Equity Partners, said: “We are glad to join this partnership to support the growth of the most unique brand in Asia and globally. We have full confidence that SHIHYO will meet the discerning consumers' needs with new luxury beauty routines.”

DFS reopens T Galleria stores throughout Macau, and more

In more good news for travel retail recovery, DFS Group, celebrated the reopening of its T Galleria Beauty by DFS, Galaxy Macau store on November 18. Brand and media partners, social media influencers and VIP guests joined DFS and Galaxy Macau representatives at a special ribbon-cutting ceremony and VIP event.

The store features more than 70 brands across skincare, makeup, fragrances and haircare. T Galleria Beauty by DFS, Galaxy Macau is located within The Promenade Shops at Galaxy Macau, an award-winning luxury lifestyle shopping destination spread over 100,000 square meters and featuring more than 200 world-renowned luxury fashion and lifestyle brands.

This is DFS' most digital store yet – from mobile point of sales (POS) located throughout the store to enhance and expedite the checkout experience to DFS' first in-store livestreaming studio, with more to come in partnership with brands as well as an experiential beauty bar featuring the Meitu Magic Mirror to virtually try on products.

It also includes the Beauty Collective corner, DFS' first beauty concept dedicated to showcasing today's top new beauty brands while also providing an incubator space for emerging brands, as well as a new haircare corner, and five new luxury treatment cabins.

This is also the first “green” store within DFS' network. It is

focused on reducing carbon emissions and built using sustainable materials in line with the LVMH Initiatives For the Environment (LIFE) program.

On Nov. 1, DFS also opened a T Galleria by DFS in Macao located within the London Macao, a British-inspired integrated resort of the Cotai strip. DFS now has 8 T Galleria stores in Macau.

DFS opened T Galleria by DFS, Queenstown, a brand new store in New Zealand, under a new “Resort Galleria” concept, at the end of October.

Molton Brown celebrates the return of holiday travel with new Merry Berry & Mimosa Collection

British fragrance experts Molton Brown have launched a new collection for Christmas, Merry Berry & Mimosa.

Created by Senior Perfumer Nathalie Koobus, Merry Berry & Mimosa is an elegant, fruity-floral fragrance, spotlighting notes of candied red berries and mimosa which deliver citrus top notes, a heart of orris and a base of raspberry and musky wood.

The collection features a Bath & Body Wash, Body Lotion, a Scented Candle and a Festive Bauble. It will be available for travel retail shoppers as part of the Molton Brown festive gifting collection which also includes a host of best-selling gift sets.

As part of its on-going sustainability efforts, Molton Brown's iconic bottles are made with 50% recycled plastic at the brand's carbon-neutral manufacturing facility in Elsenham. The Festive Bauble and Scented Candle boxes are also made from 100% recycled materials, which can be recycled again once the base layer is removed, a theme which is consistent with the brand's full gifting collection.

Sophie Sponagle, Interim Global Account Manager, Travel Retail, Molton Brown, said: “We are all overjoyed to see Christmas return properly to the travel retail market as people from all around the world travel once more to celebrate the holiday season with loved ones.

“At Molton Brown, we have been an icon of festive gifting for years and we are thrilled to capture the true spirit of holiday togetherness with this fragrance.

The Merry Berry & Mimosa Collection speaks to the sense of togetherness at Christmas, as well as the on-going work to create a cleaner and more sustainable luxury beauty market.”



Maker's Mark launches Wood Finishing City Series featuring The New York Edition with International Shoppes

Maker's Mark has announced its newest Wood Finishing Series – the City Series – which will launch with two new whisky offerings. The Global Travel Retail exclusive series will begin with The New York Edition and the Sydney Edition, with more cities to be added in the years to come.

For The New York Edition, the series is launching in a special boutique with International Shoppes at JFK Terminal 1.

The City Series aims to capture the character of the world's most enchanting locations for whisky fans traveling the globe, says the company.

Manuel González Global Marketing Director of Global Travel Retail for Beam Suntory, said: “With Maker's Mark, we are excited to announce the new Wood Finishing City Series with the launch of two new whiskies, the New York Edition and the Sydney Edition, available exclusively to Global Travel Retail. Travelers will now be able to get their hands on liquids which capture the character of the world's most iconic cities, while getting a chance to experience the handmade nature that makes Maker's Mark so special. We remain committed to offering our customers incredible collectible opportunities across our portfolio.”

To kick off this series, Maker's recruited tastemakers who became “city spirit guides.” With every Maker's Mark Wood Finishing City Series whisky, there's an established taste vision and flavor goal in mind to ensure that the bourbon evokes the essence and nuances of the particular city.

The Maker's Mark Wood Finishing Series celebrates the uniqueness of different wood types, celebrating individuality through flavor, which is evoked in each city's unique, signature whisky.

The City Series is the result of more than a decade of wood-science innovation and expertise, exploring the influence of oak and agriculture on bourbon's wide-ranging taste profiles.

New York Edition

Flavor experts Erina Yoshida and Justin Ottevanger created a whisky that is big, bold and complex, with layers of spice, oak and rich dark chocolate. At 107.8 proof, the limited-edition bourbon has a long finish.

The Maker's Mark Wood Finishing Series New York Edition is available at International Shoppes John F. Kennedy Airport Terminal 1 for RSP \$95 USD.

The boutique store will feature a disruptive activation with various experiential components, such as screen-printing, as well as brand ambassadors to bring the handcrafted bourbon to life.

Scott Halpern, Co-CEO of International Shoppes, said: “International Shoppes is very proud that our JFK Terminal 1 property is home to this one-of-a-kind experience for the customers. The unit was quickly turned into a Makers Mark iconic location. As the terminal continues to rebound to pre-pandemic levels, this added terminal experience is reminding customers why NY is such a great place.”

Sydney Edition

With the help of Sydney insiders Sam Egerton and Jordan Toft, this expression of Maker's Mark pays homage to the city's vibrant people, culture and dynamic palate. Meant to be enjoyed outdoors, the 107.3 proof spirit is ripe and fruit-forward, says the company.

The Maker's Mark Wood Finishing Series Sydney Edition is available from Heinemann at Sydney Airport Terminal 1 for RSP \$140 AUD.

Rob Samuels, Chief Distillery Officer at Maker's Mark and Grandson of the Founders, said: “It's incredibly rewarding to bring a taste of our distillery in Loretto, Kentucky to the Global Travel Retail market through the new City Series. Just as my grandparents sat down with a taste vision in mind when creating Maker's Mark, partnering with Erina and Justin in New York and Sam and Jordan in Sydney to create bourbons that embodied their cities resulted in delicious new whiskies that are a true adventure of their own.”



Maker's Mark new City Series launches the New York Edition with International Shoppes at JFK.

Wales Footballer Gareth Bale partners with Penderyn Distillery

Penderyn Distillery has announced that superstar Welsh footballer Gareth Bale has become a shareholder of the business and will be a global ambassador for Penderyn's spirit brands. Bale, who is at the World Cup as the key player in the Welsh football team, is now partnering with the internationally acclaimed Welsh business.

“It is a combination of two global Welsh brands. Gareth Bale is an ambassador for Wales as a nation all around the world, and Penderyn is renowned for world class award-winning Single Malts and other spirits, and is now distributed in over 50 countries. We are very pleased to create this partnership as we continue to build our brands world-wide,” says Penderyn Chief Executive Stephen Davies.

Gareth Bale, who plays for Los Angeles FC in the USA, has won 108 caps for Wales, scoring 40 goals, and is Wales' highest goal scorer. He is originally from Cardiff and began his career with Southampton at the same time as Penderyn was laying down their first single malts, before playing for Tottenham Hotspur and Real Madrid, where he won 5 UEFA Champions Leagues Winners Medals and 3 La Liga titles.

“Everyone knows how proud I am to be Welsh and so it is a privilege to be able to invest in and become an ambassador for such an amazing Welsh brand. Penderyn single-handedly revived whisky production in Wales and have become an international success story because of their passion for the product and commitment to quality. It's hugely satisfying to be able to play my part in their continued success,” says Gareth Bale.

Penderyn has also partnered with the Football Association of Wales over many years, most recently to produce the Penderyn ‘YMA O HYD’ Single Malt Welsh Whisky, part of its Icons of Wales range, which officially celebrates Wales forthcoming World Cup campaign. Penderyn will also be producing special celebratory ‘Gareth Bale’ whiskies in the future, says Davies.

