

ASUTIL's Donagaray promises "We are Walking" as he pledges assistance to LA industry at latest regional webinar

Speakers at the latest monthly webinar hosted by South American Duty Free Association ASUTIL continued to paint a dire picture of the travel industry in Latin America and the impact of COVID-19, with forecasts of air traffic for the full year predicted to be down more than 50%.

But ASUTIL Secretary General José Luis Donagaray stressed the "slow but steady" progress being made throughout the region and how aviation was meeting the changing regulations and protocols. He concluded the presentation with the optimistic comment that "We are walking."

He was referring to the words of Dr. Roberto Canessa, who as a young man was one of 16 survivors of a plane crash in the Andes Mountains. Along with one of the other survivors, Canessa walked 11 days across the Andes and then guided rescuers back to retrieve the other 14 still trapped on the mountain. Dr. Canessa was a surprise speaker at the ASUTIL webinar in April, when he said the key to surviving the current ordeal is to "keep walking."

With this theme in mind, Donagaray stressed that "We are doing everything we can and we are all partners."

ACI-LAC calls for lifting of airport quarantines

Airports Council International – Latin America Caribbean (ACI-LAC) Director General Rafael Echevarne led off the Aug. 19 session noting that Latin America currently has the lowest percentage of borders open in the world, and with passenger traffic down 51% in the first quarter, COVID-19 is taking a huge toll on the region.

The International Monetary Fund and the World Bank are predicting the largest fall in GDP in the world within Latin America, he cited.

Echevarne was particularly disappointed in the quarantine measures that have been imposed across the region, with airports in each country facing different situations.

"Latin American airports have adopted and implemented all of the protocols recommended by the International Civil Aviation Organization and European Centre for Disease Prevention and Control. We far exceed the recommendations. We are ready to go."

Echevarne was most critical of the closed borders and calls for quarantines, which he says will prevent people from flying. He does recommend temperature checks and where necessary, PCR tests to combat the spread of the virus, some of the recommendations in the **ACI's Airport Health Accreditation** program designed to provide airports with an assessment of how aligned their health measures are with the ICAO Council Aviation Recovery Task Force (CART) Recommendations along with industry best practices.

"Every day that our borders are closed makes the economic situation tougher to overcome," he noted.

Commenting on Echevarne's assessment, ASUTIL's Donagaray underlined the need for harmonization among all the airports in the region, working with the ICAO guidelines.

Echevarne stressed that the airport and airline industries are working with ICAO to assure that aviation is not a vector of the spread of COVID-19.

Continued on next page.

Uruguayan border stores begin slow recovery *by John Gallagher*

In spite of closed borders throughout Latin America, several duty free stores are continuing to operate on the Uruguay - Brazil border. The stores on the Uruguayan side of the border are looking after the shopping needs of their Brazilian customers, who reside in neighboring twin towns immediately adjacent to their Uruguayan border. The depressed exchange rate (\$US 1 = 5.6 BRL) and sparse traffic have meant that sales are below normal but operators are happy to stay open albeit with limited hours to serve their Brazilian shoppers with wines, spirits, perfume, and confectionery.

DFA is open on Uruguay border and on track for Brazil debut

DFA Uruguay is currently operating five of its most important stores on the Uruguay-Brazil border, according to Andres Mendelsohn, company General Manager.

"At the moment, we have five stores opened with

restricted hours. We have studied the traffic flows in each town and we have adapted our opening hours to suit. In general, we are seeing more traffic from Wednesday - Saturday. The visitors are almost exclusively from the twin towns on the border and we expect that this will continue for several weeks."

Mendelsohn confirmed that the company is assisting its colleagues in Brazil and that the DFA store in Uruguaiana is on schedule to open in mid-September.

"We have already sent by road from Montevideo the first lorries and we will continue to do so for the next few months. At the moment the store will be targeting local residents, and we have based our initial product selection on that basis."

Mendelsohn confirmed that once the Uruguaiana store is up and running DFA Uruguay and DFA do Brasil will continue the group's Brazil expansion program with a new store in Foz de Iguacu which they hope to open before the end of the year.

Continued on page 3.

DFWC and member associations to participate in industry Virtual Events

The Duty Free World Council (DFWC) and its member associations will be present at the two virtual industry events debuting in the next few weeks: the **TRMarketplace** online event that takes place from September 28 to October 2, and the **Moodie Davitt Travel Retail Virtual Expo 2020** on Oct. 12-16.

In addition to the Council sharing details of its work, each Council member: APTRA, ASUTIL, ETRC, FDFA, IAADFS, MEADFA and TFWA, will also present the initiatives they are working on both under the DFWC umbrella and individually, with a live link to all of their recent regional reports.

DFWC thanks both organizers for making this information sharing possible.

"In the absence of the platform that TFWA's World Exhibition and Conference has traditionally provided for the Council and its regional association members to inform the industry on the advocacy work undertaken to promote the interests of the Duty Free and Travel Retail industry globally, like much of the industry in this difficult year the Council is embracing the virtual model," said the organization in a statement.

Sarah Branquinho, DFWC President, commented: "We greatly appreciate the support we receive year round from all the industry trade media. We thank both *Moodie Davitt* and *TR Business* for their offer to allow the Council and its members to highlight the important work we have been involved in, on very many fronts, since the beginning of 2020.

"Obviously dealing with the fallout from the COVID-19 pandemic has dominated but there are many other initiatives impacting our industry which have also been the focus of much work this year and on which we shall communicate during both upcoming events.

"We look forward to a gradual return to normal for our industry and being able to communicate in more usual surroundings at all our members' events next year," she concluded.

ASUTIL webinar: Multi-level recovery plan for Carrasco Airport in Uruguay *Continued from page 1.*

Diego Arrosa, CEO of Corporacion America Uruguay, which oversees Uruguay's Carrasco International Airport, discussed the reopening of the airport in Uruguay. Carrasco, which re-opened to some commercial flights in early July, is focusing on a program called Smart Health Travel to assure that all COVID-19 prevention protocols are being followed. This is critical to winning the confidence of public opinion as well as politicians, who will decide on when to re-open the country, he said.

"We're working hard to show that we are very well placed to tackle this – all the protocols and controls are working well and we're also working very closely with the airlines to show that there isn't an issue with air travel."

Carrasco has also launched a program it calls PARC (Plan de Aceleracion y Recuperacion de la Conectividad), a plan to accelerate airline relief and encourage more flights to Uruguay by convincing airlines to connect with Uruguay. Arrosa says technology will play a key part in Carrasco's recovery. Before COVID, the airport was working on a project called Easy Airport, where 50% of its airlines had biometrics on 100% of the passengers. This program has accelerated, so that now 90% of the airlines will participate.

He also discussed the airline bankruptcies and restructurings in the region, and the new alliances formed in Latin America; as well as the increasing numbers of Low Cost Carriers, which he says will bring in greater numbers of younger passengers.

Carrasco Airport, which had been re-open seven weeks at the time of Arrosa's presentation, was able to report very positive results to the government regarding COVID tests.

The airport conducted COVID-19 tests on nearly 3,000 passengers in the last six weeks, with tests producing 99.86% negative results.

This information was one of the main drivers that convinced the government to enter the next phase of recovery and open Uruguay's borders to European passengers, said Arrosa. Up until then, only Uruguayans and residents had been permitted to enter the country on repatriation flights.

Commenting on duty free sales since re-opening, Arrosa said core categories such as liquor and confectionery are performing well, but categories such as cosmetics and fashion, which require more passenger interaction, are suffering.



II. REACTIVACIÓN DE LA INDUSTRIA
PROYECTO SMART HEALTH TRAVEL

SMART HEALTH TRAVEL
Proyecto para desarrollar **CONTROLES SANITARIO**, que genera una **NUEVA EXPERIENCIA** con **MAYORES GARANTÍAS DE SEGURIDAD** para la salud de **PASAJEROS, TRABAJADORES Y VISITANTES**

I. PREVENCIÓN Y DISTANCIAMIENTO
Medidas de distanciamiento físico, desinfección y protocolos de actuación de rápida y fácil aplicación.

II. AUTOMATIZACIÓN Y TOUCHLESS
Automatización de los controles de Fase I para permitir mayor flujo de pasajeros.

III. INTEGRACIÓN CON SISTEMAS DE LA INDUSTRIA Y GOBIERNOS

- Análisis de Riesgo Sanitario (API-PNR)
- Pasaporte / Certificado Sanitario
- Formularios digitales (ESTA - eVISA)
- Test COVID

Looking to the future, Arrosa agrees with ACI-LAC's forecast that the industry will not see a recovery to 2019 traffic levels until 2024 at the earliest.

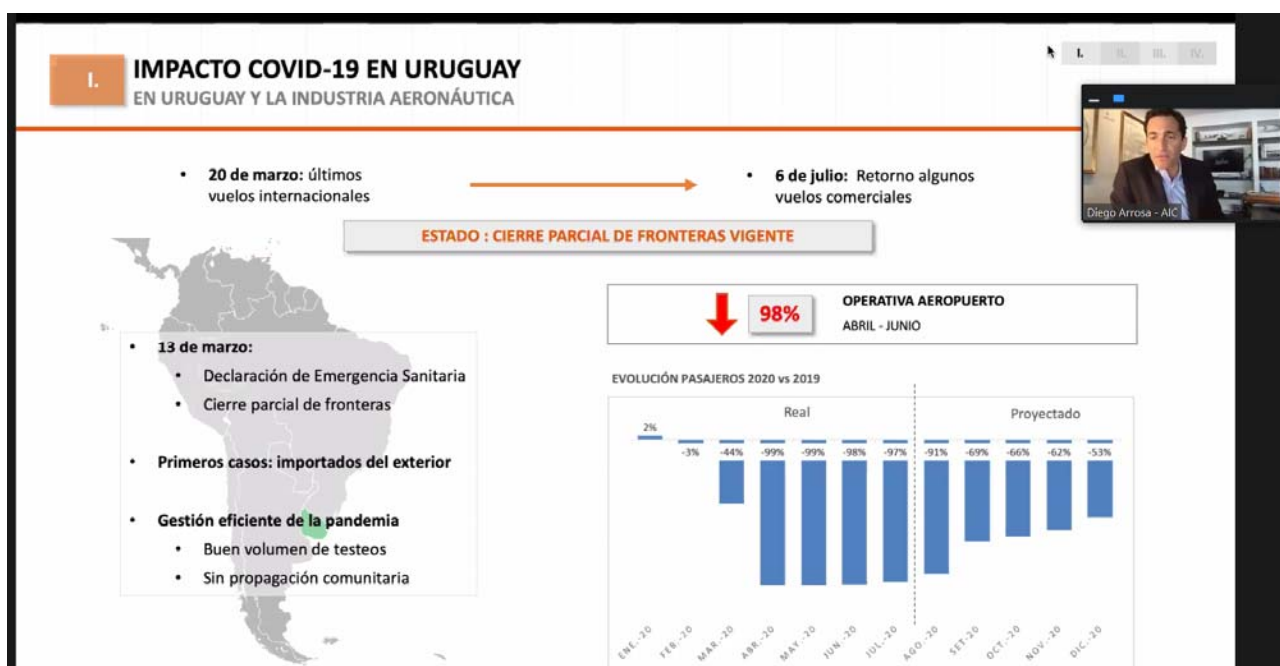
Load factors are suffering, he said, passenger confidence is low, and he does not expect a quick return of business travelers. Non-aeronautical revenue will also be an issue for the airport, he says, but he sees a rapid acceleration of the growth of e-commerce. Carrasco is recording e-commerce numbers today that were forecast for 2022-2023.

"We have to accelerate our work with our partners, including our

concessions...we have to work on the marketplace and technologies to enable contactless payments. Digitalization is going to be key, with services such as click and collect."

Arrosa notes that his company is working very closely with airlines and travel agencies because he sees the need to interact with passengers much earlier in their journey than in the past. "We must begin as much as three to six months before the trip when they purchase their tickets. In this way we can create custom experiences for our passengers," he said.

More webinar coverage in a future issue.



Gebr. Heinemann reports solid 2019 but warns dramatic slump in travel will produce severe losses in 2020

Gebr. Heinemann closed 2019 with turnover up 5.3%, from 4.6 to 4.8 billion euros. But the COVID-19 pandemic, which caused a dramatic slump in the travel market in the beginning of March, brought about severe losses for the family business in 2020.

"During our long-standing history we have seen many crises. This gives us some points of reference. But the scale of this pandemic is unprecedented. It is clear that the road to a recovery of the travel market will be very long. We are talking about years, not months," says **Max Heinemann, Chief Executive Officer** at Gebr. Heinemann and representative of the fifth generation of owners, about the current situation. "However, as a family business, we think in generations, not in quarters."

Turnover in the retail sector in 2019 rose by 7.2% to 3.9 billion euros, in large part due to new business at Istanbul Airport, where Gebr. Heinemann launched a center management model in April 2019.

Airports was the strongest sales channel for the group, accounting for a 78% share of sales. The border shop business, the next channel, generated 12% of total sales. By category, the spirits, tobacco, confectionery and fine food product range was the strongest in 2019, accounting for 55% of group sales, followed by perfume & cosmetics (34%) and fashion & accessories (9%).

H1/2020: Impacts of the corona pandemic

The year 2020 will be different to all 140 previous years in the history of Gebr. Heinemann. After a promising start, the outlook for the coming months and years had to be adjusted from March 2020 onwards due to the worldwide spread and effects of COVID-19.

"In the first half of 2020, the Heinemann Group recorded a decline in turnover of almost 60% compared to the same period last year, in spite of the strong months of January and February," says **Chief Financial Officer Stephan Ernst**.

Declines were seen in all regions and channels, in retail and distribution

Even if traveling slowly resumes, the second half of 2020 will remain far below expectations and the results of 2019. A short-term improvement of the difficult situation is therefore not to be expected, said the report.

To safeguard its business model during the re-start, Gebr. Heinemann is implementing a comprehensive package of measures to reduce costs and secure liquidity.

Operating expenses have been cut, investments have been limited to operationally necessary measures and current assets have been reduced. Gebr. Heinemann is negotiating rents and concession fees at the airports in view of the significantly reduced passenger volume.

Click photo to expand

The company also says it is discussing agreements with suppliers.

Stephan Ernst reports that the company saved slightly over 30% in the first half of the year through government subsidies and job cuts.

"However, further adjustments will have to be made to the staffing structure – both at sites worldwide and at corporate headquarters – in order to reduce personnel costs in the longer term and adapt the size of the organization to the new market conditions – to make it more lean and more effective for the re-start," says Ernst.

Outlook: The future of Travel Retail

The Heinemann executives see the corona-related slump in the global travel market as having a considerable impact on the development of business in 2020 and estimates that years will pass before the company returns to the sales level of 2019, although it will vary by region.

The recovery in air travel and almost all other distribution

channels in the travel market will certainly vary considerably from region to region.

"Even though travel will change and we will have to adapt to a different, new market, we are certain that the travel retail market will remain an important part of travel and especially of airports in the future.

"Our initial observations are positive: we are seeing in our re-opened shops that the few travelers also buy and we are even recording rising sales per passenger. We must therefore learn to adapt to the new market and the new customer needs early and quickly," says CEO Max Heinemann.

Despite all the challenges arising from the global crisis, Max Heinemann is looking ahead: "Our medium and long-term focus is the same as before the corona crisis: we are and will remain the reliable partner in travel retail and we will do everything in our power to ensure that Gebr. Heinemann can continue to develop successfully in the fifth generation."

Uruguayan border stores recovery

Continued from page 1.

Neutral border stores in operation

Long-established border store operator Neutral, taken over by Panama-based Top Brands in July 2019, confirmed that it was operating all of its stores on the border.

General Manager Marcelo Montico tells *TMI* while traffic is below normal, the store is seeing shoppers.

"We are receiving visits from our neighbors and we have adapted the opening hours of each store to ensure that we are open during the busiest days," he explains.

"Normally the latter part of the week is the best time in all our stores and that is when we are most productive."

Siñeriz also targets Brazilians

Rivera's biggest retailer, Siñeriz, is also looking after Brazilian residents from its downtown store and, as of two weeks ago, it reopened its 10,000sqm flagship store.

"We have been slowly expanding our commercial activities but at the same time ensuring our staff and customers are protected with the best sanitary protocols. Two weeks ago, we opened our biggest store along with the adjacent food court, again with the protocols recommended by the government," says Siñeriz business development director, Rafael Parodi.

"Next month, our cinemas are scheduled to open and that means that our whole complex will be operating, albeit with restricted opening hours," he notes.

JG



TRMarketplace now open for pre-event access

With the cancellation of the TFWA World Exhibition in October, two of the industries' leading global publications – *The Moodie Davitt Report* and *TRBusiness* – are mounting virtual events designed to give the industry an opportunity to “gather” in a safe and productive manner during the ongoing COVID-19 coronavirus pandemic.

First up in the calendar is the **TRMarketplace**, a joint venture between *TRBusiness* and **Bluedog Productions**, which will take place September 28 – October 2.

On Friday, August 28, the TRMarketplace platform opened to enable DF&TR stakeholders to book meetings in advance of the official event.

With four weeks remaining before the forum begins, *Travel Markets Insider* spoke with *TRBusiness*' founders **Nigel Hardy**, International Sales & Marketing Director and **Janice Hook**, Director, about the upcoming event. We will present a full preview of **The MoodieDavitt TR Virtual Expo** in the next issue of *TMI*.



TMI: Can you please describe for us how the *TRBusiness* digital conference and meeting platform will operate? What are some of the services that the event will offer participants?

TRB: TRMarketplace, created and organized by *TRBusiness* and **Bluedog Productions**, initially opened to all fully-registered delegates on August 28, a full month prior to the official week-long event which takes place Sept. 28 – Oct. 2. From August 28, visitors will be able to browse the impressive list of ‘Brand Hubs’, whilst all delegates will be able to start booking meetings with one another and register their attendance to the webinars of their choice.

The platform hosts the industry's first fully-digital conference and meeting event, where attendees can meet with new and existing partners digitally; make secure video calls using the built-in video conferencing platform; share brand assets; attend daily webinars; gain fresh consumer insights from m1nd-set along with data & analysis from IWSR, IIR, KMPG among others.

Buyers are able to request samples from suppliers through the platform and every company that joins TRMarketplace will have access to detailed event analytics.

TRMarketplace will also host a dynamic virtual ceremony for *The 2020 Travel Retail Awards*, which will be free for all participants.

We want to remind all delegates that the platform will remain open

Until the event concludes on October 2. There really are so many unique facets to the platform, yet it remains user-friendly and highly-intuitive. It has been our mission since the beginning to create a low-cost, no-gimmick platform, tailor-made for travel retail.

Just how big an undertaking has it been to bring to life? How is *TRBusiness* positioned to host a digital conference and meeting platform of this scale?

TRB: Whilst we came up with the concept of TRMarketplace in the early part of 2020 together with our partner Bluedog Productions, we actually only launched the platform in May as we wanted to know if the TFWA World Exhibition would be going ahead as originally planned.

We felt it was the right thing to do, as we did not want to discourage anyone from registering for the TFWA event, should it have gone ahead. We appreciate the absolute fundamental role which the TFWA plays for all sectors of the industry under normal circumstances.

However, what this meant was that we had just a few months to get the whole platform up and running, in addition to recruiting exhibitors and encouraging visitors to sign up. We gave ourselves a mammoth task and we have all worked around the clock to bring the project to life, however we are in no doubt that it has all been worth it and we are immensely proud of what we have achieved in such a short period of time.

TMI: What lessons have you learned in the process?

TRB: We have learned that nothing is impossible if you have the right team in place. Building this platform in the midst of dealing with the devastating impacts of the COVID-19 pandemic has been the ultimate challenge, but one that each and every team member has faced with admirable courage and efficiency; taking responsibility for their piece of the puzzle.

TMI: How has the industry reacted to the launch of the platform?

TRB: Thankfully all our hard work has paid off and we are delighted with the overwhelmingly positive feedback we have received for TRMarketplace, with everyone from **DDF's Colm McLoughlin** to **Mondelez' Jaya Singh** showering their praise on what they believe to be a fantastic initiative.

We know that our comprehensive Knowledge & Insights program has been a big draw for members of the travel retail community and we are exceedingly proud of the impressive line-up of speakers we have attracted.

Aside our Keynote speaker, **Ramesh Cidambi**, Chief Operating Officer at **Dubai Duty Free**, we welcome **Starboard's Lisa Bauer**, **Heinemann's Nadine Heubel**, **Ryanair's Aoife Greene**, **Eudes Fabre** and **Ambroise Fondeur** from **Lagardère Travel Retail**, **Harding's James Prescott** and many more.

TMI: Will this be the first of many TRMarketplace events?

TRB: Watch this space...what we have learned through this process is that there is certainly an appetite for TRMarketplace. We certainly plan to continue providing the industry with much needed insights and networking opportunities in one format or another.

TMI: Do you think events of this nature can coexist with physical events once they resume?

TRB: We absolutely believe physical and digital events can happily coexist. We (*TRBusiness*) intend to begin flying to industry events around the world as soon as they resume. We feel that we should lead by example as soon as it is safe to do so.

TMI: What do you think the industry will gain from this event and its webinar program?

TRB: The industry has so much to gain from this event, which has given many brands a critical lifeline in the absence of physical trade events. Visitors have also told *TRBusiness* that the digital format has actually allowed them to ‘send’ more representatives than they might have done to a physical exhibition or conference as they are not bound by budget constraints. It gives all registered delegates much-needed flexibility to engage with new or existing partners how and when they want to – on their terms – at the same time as conducting business back at base.

For more information about TRMarketplace, please visit: www.travelretailmarketplace.com To register, please click here: <https://platform.travelretailmarketplace.com/index/registration>.

Duty Free Zone to launch live global Marketplace in September

Duty free operators and suppliers may find a viable new outlet for sales through Duty Free Zone (www.dutyfreezone.com), a digital listing of more than 3000+ Duty Free Stores from around the world. The specialized platform is going live with its new Marketplace concept as of Sept. 1, 2020.

In its latest iteration, DutyFreeZone.com, which has been in business since 1998 and is a registered Trade Mark with the U.S. Patent office, has developed a multi-vendor marketplace platform that will enable customers to purchase duty free products as duty paid, for delivery in their own country, explains company founder Reynald Grattagliano.

“Due to the COVID-19 situation, international travel has declined significantly resulting in far fewer international travelers. Most Duty Free stores are closed and sales are being hit significantly. In order to enable Duty Free Stores to monetize their bonded stock, the marketplace will enable customers to purchase online and have the product shipped to them locally (in country, duty paid).”

“Once travel resumes, the marketplace will be able to facilitate duty free sales for travelers once again but still offering the duty paid option as well,” Grattagliano tells *TMI*. “Additionally the marketplace will also support travelers to purchase duty free products via “Click and Collect” when they are traveling,” he adds.

Under the Duty Free Zone concept, duty free shops operators and big brands are in fact opening their own virtual store on DutyFreeZone.com.

“DutyFreeZone.com is a facilitator and never the owner of the merchandise,” says Grattagliano. “The retailer or supplier takes care of the shipping to control their entire business. DutyFreeZone.com will be only an intermediary.”

DutyFreeZone.com will make a small profit from the sales and will process the payment (similar to the way Amazon operates, he says).

Explaining further, Grattagliano says that like with a Travel Value or Duty Paid option, the duty free shops on the platform will clear the merchandise with local customs and ship to consumers shopping on DutyFreeZone.com.



The site will display only original brands and the brand owners will decide their own retail pricing, he notes. “That way everybody is protected, and the duty free shop will stay alive and open.”

“Many duty free shops have the ability today to ship goods duty free or duty paid, but consumers do not find them and do not shop on duty free shops websites. Our website will direct consumers to their closest duty free retailer. In a year or two, [I see] DutyFreeZone.com becoming the only option that is coming to the traveler’s mind because **DutyFreeZone.com** is going to be a gigantic marketplace for travelers, targeting travelers with incredible offers that they cannot ignore,” he says.

Retailers currently featured on the DutyFreeZone website range from global brands like Duty Free Americas, Dufry and DFS, to more regional operators like John Bull in the Bahamas, Heritage Quay in Antigua y Barbuda, etc. Grattagliano says that an average of 10- new operators sign on each day. The site appears to be carrying a full range of product categories as well, from accessories, watches, jewelry and gifts, to beauty and wines & spirits, among others.

Once travel resumes, the marketplace will be able to facilitate duty free sales for travelers once again but still offering the duty-paid option as well.

Eventually, Grattagliano envisions that the site will encompass a full range of travel operations and services, including hotels, car rentals and air tickets.

“For now, we are going to help thousands of duty free shop stay alive being their allies, and the brands are loving this,” says Grattagliano.

MONARQ Group to partner with non-alcoholic spirits brand Fluère Drinks



Independent drinks distributor MONARQ Group has announced a partnership with non-alcoholic spirits brand Fluère Drinks to exclusively distribute its portfolio in Latin American and Caribbean domestic and duty free plus USA Duty Free beginning this month.

Fluère Drinks are made with the same distilling techniques used for spirits with alcohol like gin, mezcal and rum. Robert de Monchy, founder and CEO of MONARQ Group, said: “As a brand building company that prides itself on identifying consumer needs and market opportunities, we are excited to partner with Fluère Drinks to introduce their portfolio of non-alcoholic spirits in Latin America, the Caribbean and USA Duty Free.”

“The Fluère brand enables you to make luxurious drinks for everyone who wants to live a more mindful life and at the same time refuses to compromise on anything. We appreciate MONARQ’s commitment to enter the non-alcoholic category with Fluère Drinks. As two companies that are committed to long term, sustainable growth, we are excited to partner and look forward to the introduction of our portfolio in Latin America,” says Léon Meijers, CEO of Fluère Drinks.

MSC Cruises postpones restart of *MSC Magnifica* due to new testing requirements

Despite a very successful restart to its cruise offering in the Western Mediterranean with the launch of the *MSC Grandiosa* on August 16, MSC Cruises announced last week that it was “regretfully” postponing the restart of *MSC Magnifica* by four weeks until September 26.

The delay is connected to new testing measures for residents of Italy who have traveled to Greece, which the company says led to cancellations and a softening in demand since the ship’s itinerary includes three Greek ports.

MSC Magnifica’s sales are open to residents of the Schengen area, but in this early phase of restart the majority of guests are expected to be Italian nationals and residents. As a result of this, *MSC Magnifica* cruise departures from August 29 to September 19 have been cancelled. The first cruise will depart from Bari, Italy with an unchanged itinerary on September 26.

The *MSC Grandiosa* is currently offering seven-night cruises with embarkation in the Italian ports of Genoa, Civitavecchia, Naples and Palermo and also calling at Valletta, Malta.