

Frontier Duty Free Association prepares to work with new Canadian government as 2019 Convention convenes



The 2019 FDFA Board & Staff: Philippe Bachand, Barbara Barrett, Simon Resch, Allison Gardner, Abe Taqtaq, Tania Lee & Cam Bissonnette.

Convention highlights

Reporting that attendance at the 2019 FDFA Convention was up, with more than 230 people in attendance, Frontier Duty Free Association Executive Director Barbara Barrett told *TMI* that the goal is for everyone to have “meaningful connections.”

“Suppliers, buyers and owners are all busy in meetings, doing business,” she said about the annual event which took place Nov. 11-14 at the Omni King Edward Hotel in Toronto.

Among the highlights of this year’s show was a special tour for media and VIP guests to the Pillitteri Estate Winery conducted by Charlie Pillitteri (full report in a future issue), a welcoming Opening Cocktail, a 1920s-themed “Speakeasy” evening sponsored by JTI, and the award-studded Imperial Gala. The Opening Cocktail featured mini stations hosted by Pernod Ricard TRA, Bacardi Canada, Mark Anthony Wine & Spirits, Wine Classics International and Labatt’s Breweries, with main bars offering brands from Peter Mielzynski Agencies.

Always special, Patrick Nilson and Roger Thompson of Haleybrooke International host an

annual invitational dinner for client brands – this year including Simon Roffe of Halewood, Atianna Carafoli of Bottega, Giancarlo Bianchi of Penderyn Distillery, Gautom Menon of Wild Tiger rum, Warren Goslett of Schlumberer/Mozart and Jean Noel Christie of Labouré-Roi, and guests.

At the luncheon on the first full day of the convention, FDFA presented the Missing Child Society of Canada—an organization it has been supporting for years – with a check for C\$15,500. The money was collected from boxes in border stores throughout Canada, a portion of the registration fee and proceeds of the silent Auction held during the Opening Cocktail.

The lunch itself was hosted by Tax Free World Association, with TFWA President Alain Maingreud attending the event for the first time. TFWA Vice President Commercial, Donatienne de Fontaines-Guillaume, also attended the lunch.

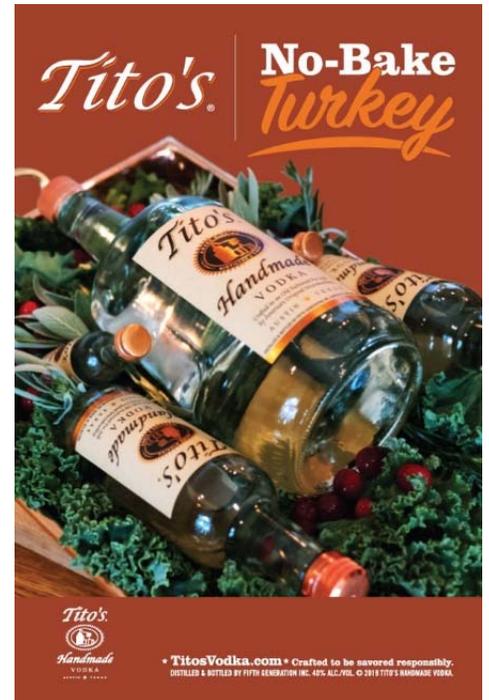
FDFA Advocacy role

The FDFA has been strongly focusing on its advocacy role this past year, regularly meeting with government ministers on the “Hill” reports Barrett, who shared a specially prepared video highlighting efforts of the FDFA Board in Canada’s capital of Ottawa.

The FDFA Board saw more than 35 Ministers, staffers and government officials during Hill Days.

“After our efforts this past year I feel we are now at the point where when we walk in the door at one of the Ministries, we do not have to explain what the duty free association is but can start with our advocacy messages, especially about the return of the Visitor Rebate Program.”

The FDFA is particularly interested in having the government reinstate Canada’s Visitor Rebate Program – which had previously been administered in the border duty free stores,



driving significant traffic into the stores. Canada is one of the only EC countries not to currently have a Visitor Rebate in effect.

“The return of the rebate is a top priority for the Association, and they are hearing us. The rebate was not on any of Canada’s political platforms this election year, but that does not mean it won’t be going forward,” said Barrett. The return of the rebate program is also supported by the Retail Council of Canada and TIAC, the Travel Industry Association of Canada.

Complicating the situation, Canada had an election only a few weeks ago, resulting in a minority government situation. This means that a new election could take place at any time within the next two years.

Barrett says that in their conversations over the past year, the FDFA has been generating interest, and now it is a matter of making it a priority on the tourism side. Any efforts must now wait until the new ministers have been announced.

“But a number of our champions for the return of the rebate were re-elected,” she added.

C i d 5



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2019 Frontier Duty Free Conference continues tradition of Canadian warmth and welcome



Charlie Pillitteri, Pillitteri Estate Winery



Roger Thompson, Haleybrooke dinner



Abe Taqtaq & Pierre Guay



Cam Bissonnette, Peter Mielzynski



The team from Philipsburg Duty Free



Left: Jackie McDonagh, ARI; Franco Gabriele & Amy Hildreth, ALFA Brands; Barbara Barrett, FDFA, Katherine Sleipness, IBBI, Lois Pasternak, TMI.



Right: Barbara Barrett; Anthony Amato, Kinetic Brands; Michael Pasternak, TMI; Gautom Menon, Wild Tiger Rum, Andre de Almeida (Loch Lomond)



Franco Gabriele & Michael Payne, IAADFS



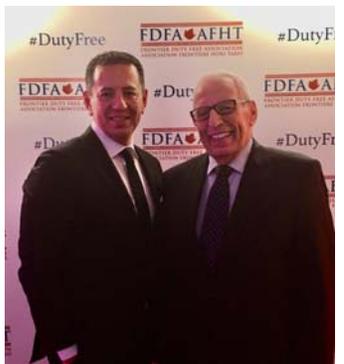
Sault Ste. Marie Duty Free



Supplier of the Year - Distribution Fontaine



Michael Beler



Abe & Marwan Taqtaq, Windsor-Detroit Tunnel Duty Free



Lola Stankovic & Sherri Gidney, Wine Classics International, with Abe Taqtaq



Gautom Menon, with Mike Maskery, Ambassador Bridge Duty Free



Until next year...

DFWC Q3 KPI Monitor highlights the importance of engaging with shopping planners prior to travel



Some 75% of shoppers plan their purchases prior to travel, and greater exposure to touch-points before the trip can increase sales, according to the latest Duty Free World Council (DFWC) KPI Monitor.

The research, produced for the Council by Swiss research agency mInd-set, focuses on shopping planners and strategies to engage with them to increase penetration and conversion.

While the majority (52%) of shoppers who plan their purchases do so with only few if any ideas of what they will purchase, the remaining 23% plan their purchases with a specific idea of which product or brand they will buy once in the duty free shop.

4000 global interviews

The Monitor was compiled from over 4000 interviews with shoppers globally and was conducted in September for the third quarter of 2019. Computed by aggregating the satisfaction scores on all aspects of the visit to the duty free shops and weighting these according to their impact on overall satisfaction, the Q3 Monitor shows the global average for customer satisfaction has increased by 1 point since Q2 2019.

The Middle East and Africa experienced the strongest increase, up from 66% in Q2 to 68%. Duty free shops are considered to be a great place to purchase gifts, according to the Monitor, by around four out of ten shoppers. The percentage of shoppers purchasing for gifting remained constant over the past quarter at 43%.

Air Traffic growth levels

The Monitor, which also tracks airport passenger growth with data from mInd-set's Business Intelligence Service (BIS) in partnership with IATA, shows Asia Pacific and

Europe both experienced above average air traffic growth, at 5% and 3.9%, respectively. Global traffic has increased by 3.7% to 979 million passengers on the same period in 2018 (end of Q3).

All other regions posted below average growth with air traffic rising by 2.7% in the Middle East/Africa, 2.3% in North America and 0.7% in South America.

ID'ing key communication points

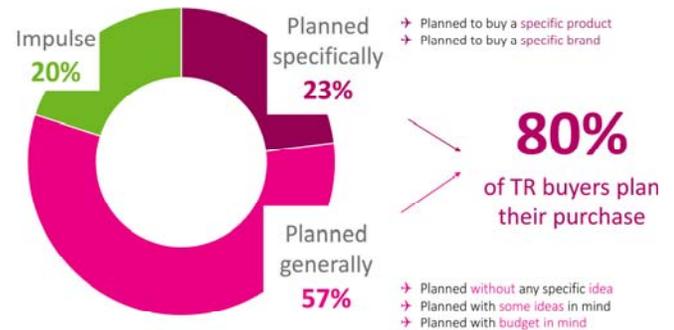
DFWC President Sarah Branquinho says that the KPI Monitor shows the importance of identifying the key communication touch points to engage with shopping planners not only before they enter the store, but also before they travel.

"The latest DFWC KPI Monitor brings to the fore an important key to increasing penetration and conversion. With three quarters of shoppers planning their purchase, but less than one fifth of shoppers noticing touch points before their trip, Travel Retail marketers need to identify the most effective pre-trip touch points to reach these shopping planners and integrate these into their media planning strategy," she said.

Pre-trip communication

Peter Mohn, Owner & CEO at mInd-set added "The Monitor also demonstrates that the pre-trip communication on the duty free offer has a significant impact on both customer expectations and satisfaction with the shopping experience. It's all the more important therefore to pay particular attention to these touch points and take into account how different customer segments engage with the various touch points to avoid standardizing the marketing message."

"Given that travelers are increasingly drawing up a list of their preferred brands for shopping during their trip, prior to departure, marketers need to ensure those who are planning are exposed to the



brands across touch points prior to travel," says Mohn. The higher the exposure the higher the probability that the 'specific planner' shopper segment will convert."

For more information. Please contact (info@mInd-set.com.)



Live Love Travel launches Caribbean Splash destination fragrance duo

Live Love Travel, a Miami-based destination fragrance company, made major waves this spring with the launch of Caribbean Splash Pour Homme and Pour Femme.

The brand is currently being distributed to cruise ships and stores throughout the Caribbean islands.

The brand was inspired by travel and at \$39, Caribbean Splash is being positioned as the perfect memento of a vacation in paradise or to gift.

Caribbean Splash Pour Homme is said to recall the beautiful coasts of the Caribbean, with bergamot, aquatic notes, and cedarwood.

Caribbean Splash Pour Femme combines notes of citrus, jasmine, and violet.

Live Love Travel fragrances are inspired by local ingredients, oils, and essences of different regions around the world.

Other fragrances in the Live Love Travel collection include Alaskan Mist, New Zealand Mist, and Mi Cuba.

For more information, go to <https://welivelovetravel.com/>

Jerome Blanchard joins David Dayan in new Beaute Luxe Duty Free African venture

Well-known luxury specialist Jerome Blanchard has joined Beaute Luxe Duty Free, the new company formed by industry veteran David Dayan.

Beaute Luxe Duty Free specializes in the distribution of luxury brands in perfumes and cosmetics exclusively dedicated to selective distribution on the African continent. It is headquartered in the Jebel Ali Free Zone in Dubai and covers all sectors of the African travel retail market, including airports, ports, border shops, downtown duty free and diplomatic stores.

Dayan, CEO of Beaute Luxe DF, says that the significant growth of the African continent in the travel retail market led to the creation of the new company in January 2019 and that it is specifically designed to meet the demands of this region.

Blanchard has joined the team as Vice President of Sales to develop the luxury brands in the portfolio.

Blanchard was most recently Sales Director Latin America & Caribbean Domestic & Travel Retail at Gucci Time Pieces & Jewelry in New York.

From 2007 to 2015 he was Director of Buying and Merchandising - Accessories and Luxury Products for Duty Free Americas.

“Jerome Blanchard is a great professional in brand development in travel retail. We needed an expert in this field to carry out our project, and because of his experience and these great qualities of manager, Jerome was the right man for us. That’s why I didn’t hesitate to contact him so that he would come to us and take charge of this whole project,” said Dayan.

Dayan, who has more than 30 years of experience in travel retail, has worked with brands such as Lacoste, Rituals and Nuxe through his companies Duty Free Development Consulting and Immediate Boarding Consulting.

Turning his attention to Africa, Dayan says:

“With the relationships we have built over the years with duty free operators in Africa and our Area Managers based in Africa, as well as our Beauty Advisors, we ensure that the brands we implement are of high quality in the points of sale, whether in training, animation or merchandising.”

According to Blanchard, Africa

will be the second fastest growing global economy by 2020 after Asia Pacific. With a population of 1.7 billion it is the home to 6 of the 10 fastest growing countries in the world by GNP, the continent has a rising middle class and will have a spending power of \$1.3 trillion by 2030.

The company says that its mission is to introduce brands into the duty free and travel retail markets in Africa, and develop a brand’s image and positioning. Beaute Luxe Duty Free offers experts in the African market, with a dedicated local sales force and high level consumer insights to develop relevant marketing and sales plans, along with experienced and trained beauty advisors.

Dayan has also appointed Corinne Berger as Marketing Director. Berger has been with Lacoste since 2012 as International Marketing Director. Previously, she was Head of Communication & Marketing for the Aeroports de Paris group.

For more information, contact Beaute Luxe Duty Free at Contact@beauteluxedf.com, or Jerome.blanchard@beauteluxedf.com

ELC to acquire Dr. Jart+

The Estée Lauder Companies has signed an agreement to acquire the balance of the shares that it does not already own in Have & Be Co. Ltd., the Seoul-based, global skin care company behind Dr. Jart+ and men’s grooming brand Do The Right Thing.

This is the Company’s first acquisition of an Asia-based beauty brand and as one of the fastest growing skin care brands globally, Dr. Jart+ is expected to help expand the Company’s consumer reach in Asia/Pacific, North America, the United Kingdom and travel retail.

The sale is expected to close in December 2019, and follows the Company’s December 2015 minority investment in Have & Be Co. Ltd.

Since December 2015, when the Company initially invested in Have & Be Co. Ltd., Dr. Jart+ has experienced significant growth and is expected to reach more than \$500 million in net sales in calendar year 2019. Have & Be’s total enterprise is valued at approximately \$1.7 billion, and The Estée Lauder Companies has agreed to acquire the remaining two-thirds of Have & Be Co. Ltd., net of cash acquired and subject to certain post-closing adjustments.

The Company expects to fund this transaction with debt. The acquisition is subject to certain conditions, including regulatory approvals. In connection with the closing, the Company expects to have a non-cash gain on its initial investment in Have & Be Co. Ltd.

Founded in 2005 by CEO ChinWook Lee in Seoul, South Korea, Dr. Jart+ is a high-growth, global skin care brand fueled by cutting-edge innovation that offers a wide variety of high-performing skin care products.

Sold through specialty-multi channels, travel retail, freestanding stores, high-end department stores and e-commerce sites in more than 35 countries globally, the brand offers a wide range of high-quality moisturizers, masks, cleansers and serums known for their innovative, breakthrough formulations.

Dr.Jart+

Doctor Makes The Difference

Coty acquires majority stake in Kylie Jenner Beauty Brands and gets set to expand globally

Coty Inc. and Kylie Jenner have entered into a long-term strategic partnership in order to jointly build and further develop Kylie’s existing beauty business into a global powerhouse brand.

Under the terms of the agreement, Coty will acquire a 51% ownership in the partnership for \$600 million.

Coty expects the transaction to add to net revenue growth by more than 1% annually over the next three years, and be neutral to earnings per share in the first year, but add to EPS thereafter. Kylie Cosmetics had estimated revenue of \$177 million for the 12 months prior.

The deal is expected to close in the third quarter of fiscal 2020.

Kylie and her team will continue to lead all creative efforts in terms of product and communications initiatives, building on her global reach capabilities through social media. The super star has more than 270 million followers across her personal and brand social media channels.

Both of her brands, Kylie Cosmetics and Kylie Skin, are two of the fastest-growing and most-engaged beauty brands on social media. In addition to its responsibilities within the partnership, Coty will act as a licensee for skincare, fragrances, and nail products.

The deal solidifies the status of Jenner as one of the youngest billionaires in the world, wrote *Bloomberg*.



Frontier Duty Free Association unveils 2019 Gold Standard winners

The Frontier Duty Free Association (FDFA) held the 2019 Gold Standard Awards at the Imperial Gala on November 13, in Toronto, during the annual FDFA Convention.

For over two decades, the FDFA has selected winners for the 14 unique Gold Standards awards, to showcase the best in Canadian Duty Free. The awards honor products, suppliers, innovative practices, and recognize the hard working FDFA member stores, owners, employees, and suppliers.

2019 Winners

Outstanding Duty Free Employee of the Year. Sponsored by: Retail Council of Canada; Katherine Chase, 1000 Islands Duty Free

Best New or Relaunched Brand of the Year- Jewelry, Watches, Handbags, Accessories. Swatch Watch/Flik Flak, Swatch Group Canada

Best New or Relaunched Brand of the Year – Confectionery/Food/Souvenirs. Kit Kat Senses Mini Desserts, Beler Holding Inc.

Best New or Relaunched Brand of the Year – Fragrance/Cosmetics. Mont Blanc Explorer, Distribution Fontaine Inc

Best New or Relaunched Brand of the Year - Spirits/Beer/Wine/Tobacco. Crystal Head Motts Clamato – National Caesar Day, Wine Classics International.

Airport Duty Free Operator of the Year -- AerRianta Internat'l.

Best Marketing/ Merchandising Award - Emerson Duty Free.

Outstanding Achievement or Innovation Award --1000 Islands Duty Free

Supplier of the Year (Category A) - V.P.I. Canada Ltd.

Supplier of the Year (Category B) - Turkey Hill Sugarbush Ltd.

Supplier of the Year (Distributor/ Agent) - Distribution Fontaine Inc.

Platinum Award – Category A, Sault Ste. Marie Duty Free Store

Platinum Award –B, Queenston-Lewiston Duty Free Shop

Outstanding Contributor of the Year – Imperial Tobacco Canada

Star Product of the Show- PMA Canada Ltd & W. Grant & Sons – Glenfiddich Grand Cru



Clockwise from top left: **Supplier of the Year (B) - Turkey Hill Sugarbush; Platinum Award –A, Sault Ste. Marie Duty Free Store; Supplier of the Year (A) - V.P.I. Canada Ltd.; Outstanding Contributor of the Year – Imperial Tobacco Canada; Platinum Award –B, Queenston-Lewiston Duty Free Shop; Airport Duty Free Operator of the Year -- AerRianta International.**

FDFA focuses on advocacy

Continued from page 1.

The FDFA is also dedicated to protecting and maintaining the duty free business in Canada, and everything that the association does has to support this effort. Part of this is keeping an open dialog with the Canada Border Services Agency and maintaining that relationship. Barrett pointed out that a representative of CBSA attended the FDFA Operator's Meeting, even though it was a national holiday.

She also reports that the FDFA will be issuing land border sales numbers on a quarterly basis. The numbers will be collected and collated by a third party agency, and released at the end of the year.

EMPLOYMENT OPPORTUNITY INVICTA Travel Retail Group

Has an immediate opening for a person to handle
Planning, Merchandising and Training

This is an entry to mid-level position with lots of opportunity to grow and learn in a fast pace growing business.

Responsibilities

- Manage and analyze inventory for client retail partners
- Identify potential opportunities
- Sales and stock forecasts
- Visit ships to train, merchandise ships and identify needs and areas for growth
- Work with small team in all phases of the travel retail business

Requirements:

- 2 to 4 years Retail experience preferred in the planning and merchandising area
- Weekend ship visits and travel required
- Undergraduate degree preferred
- Effective communication skills both written and oral
- Strong analytical skills and knowledge of Retail math
- Adaptability - Team player
- Willingness to work in all phases of the business

Salary commensurate with experience.

Please send resume to kathyelevine@gmail.com