

UNWTO: International Tourist numbers could fall 60-80% in 2020

International tourist arrivals plunged by 22% around the world in the first quarter of 2020 due to the COVID-19 pandemic, and could fall as much as 80% for the year in a worst case scenario, according to the latest data from the World Tourism Organization (UNWTO).

Arrivals in March dropped sharply by 57% following the start of a lockdown in many countries and widespread introduction of travel restrictions and the closure of airports and national borders. This translates into 67 million fewer international tourists up to March and US\$80 billion in lost tourism revenue according to the latest *UNWTO World Tourism Barometer*.

The report issued on May 7 lays out three different scenarios forecasting declines in arrivals of between 58% and 78%, depending on the speed of containment of the virus and the duration of travel restrictions and border shutdowns.

International Tourism 2020 Scenarios

The scenarios are based on borders opening in early July, in early September and in early December.

Depending on when borders reopen and travel resumes, WTO says that the impact could translate into 850 million to 1.1 billion fewer international tourists; a loss of US\$910 billion to US\$1.2 trillion in export revenues

from tourism and 100 to 120 million direct tourism jobs at risk.

Prospects for the year have been downgraded several times since the outbreak and continue to be uncertain.

"This is by far the worst crisis that international tourism has faced since records began (1950). The impact will be felt to varying degrees in the different global regions and at overlapping times, with Asia and the Pacific expected to rebound first," says the WTO report.

Experts see recovery in 2021

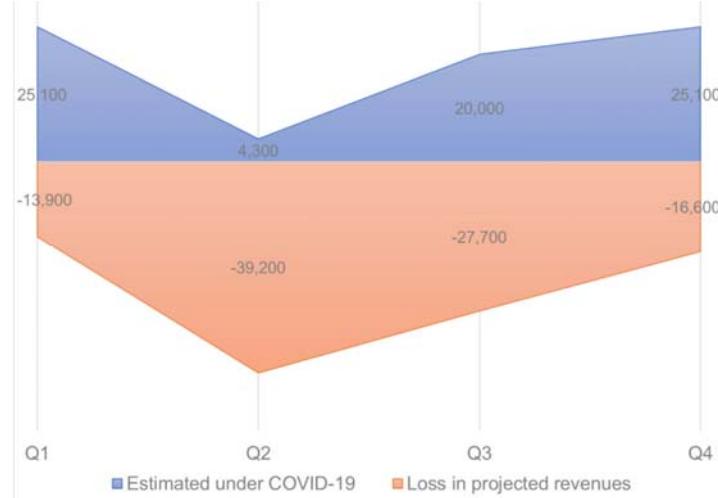
Domestic demand is expected to recover faster than international demand according to the UNWTO Panel of Experts survey. The majority expect to see signs of recovery by the final quarter of 2020 but mostly in 2021. Based on previous crises, leisure travel is expected to recover quicker, particularly travel for visiting friends and relatives, than business travel.

The estimates regarding the recovery of international travel is more positive in Africa and the Middle East with most experts foreseeing recovery still in 2020.

Experts in the Americas are the least optimistic and least likely to believe in recovery in 2020, while in Europe and Asia the outlook is mixed, with half of the experts expecting to see recovery within this year.

More information on pages 5-6

Reduction in global quarterly airport revenues 2020 (million USD)



Source: ACI World



DFWC calls on industry input for a global Recovery Protocol

The Duty Free World Council (DFWC) has started work on a framework Recovery Protocol, and asks for industry input in order to develop a global consensus for business to follow after the pandemic restrictions ease.

In a statement, the DFWC says: "The aviation and maritime sectors have recognized the need for an agreed global approach to re-opening for business. The same will be true if the duty and tax free industry is to re-open for business with the trust of governments, landlords and customers."

While some companies are working on recovery plans individually, DFWC says it makes sense to develop an overarching global Recovery Protocol, or guiding principles, for re-opening alongside the operational recovery plans of the other global associations such as those representing airports and the cruise line industries.

The DFWC says it is working in an umbrella task force with these associations and many more in the travel and tourism sector, under the auspices of the World Travel and Tourism Council.

The recovery framework protocol will be available on the DFWC website, www.dfworldcouncil.com by May 8, for companies to download and complete with their own contributions, and return to the Duty Free World Council. The input will be used to build the final protocol.

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Sky Duty Free opens first border store in Foz de Iguaçu, Brazil

Despite COVID-19 restrictions in place, Sky Duty Free officially opened the first duty free shop in the Brazilian border town of Foz de Iguaçu this Monday, with an impressive welcome. The 550sqm store debuted on May 4 with municipal and regional authorities in attendance along with the company's senior management.

The Brazilian government approved the opening of duty free shops in 32 twin cities on the country's land borders in 2019. To date, duty free stores have been opened in Uruguaiana and Jaguarão in Rio Grande do Sul province.

Local authorities view duty free stores like Sky as a plus for tourism.

Foz de Iguaçu Mayor, Chico Brasileiro, who participated in the opening ceremony, commented: "The opening of the first duty free store in the city is an important milestone for shopping tourism in Foz. Sky Duty Free opens a new perspective of economic development for all the city residents. It is yet another attraction that Foz do Iguaçu makes available to tourists."

Sky Duty Free Director Alex Beridze lauds the location of the new store: "Our store in Foz has been ready for several months and after a few unexpected delays, today we are very pleased to open to the public," he said.

"We have a very good location right on the border with Argentina and Paraguay. We are exactly in the center of town where everything happens."

Sky Duty Free is carrying a wide selection of such core categories as perfumes, cosmetics, wines and spirits and tobacco, says Beridze, who acknowledges that the pandemic is limiting the customer base at this time.

"Once the situation gets back to normal, we look forward to looking after the shopping needs of tourists from Brazil, neighboring countries and all over the world. This is our first store and we are planning for more – hopefully within the next few days, we can confirm the location of our second store," he tells *TMI*.

Sky Duty Free is located at Rua Marechal Deodoro da Fonseca in the center of Foz do Iguaçu. Town residents queued outside the store to shop but social distancing and other sanitary measures were in place and only a limited number of shoppers were allowed in to the store at any one time. These measures will remain in place until the Brazilian government advises that the state of emergency is cancelled, noted Beridze.

The Sky management can be contacted at info@skydutyfree.com

The Duty Free World Council calls on industry input for a global Recovery Protocol

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DFWC will build on the final protocol by developing a training program for staff returning to work, which can be used on a stand-alone basis, or personalized by individual companies, said the statement.

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The Sky Duty Free store ribbon cutting in Foz de Iguaçu, Brazil.

TMI Comments

It's a bold move by Sky to open with very little tourism in the Triple Frontier area and with the Brazilian Real at 5.80 to the US Dollar - local residents and Brazilian tourists will clearly have less cash to spend in the short term. The 45% devaluation since the start of the year is not good news for the fledgling Brazilian border duty free store business.

It's still not clear when neighboring Argentine and Paraguayan residents will be allowed to travel and cross the land border and the arrival of non-Mercosur tourists seems many months away.

However Brazilian domestic tourism seems to be restarting - Azul Airlines restarted domestic flights to Iguaçu on the same day as Sky opened its new store with a daily service from São Paulo Viracopos. Gol and Latam are expected to restart a limited schedule later in the month; it should be interesting to hear of Sky's expansion plans in the current circumstances.

John Gallagher

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Associated Photo & Imaging hikes up production of PPE to fight coronavirus

As we know, travel and travel related businesses are taking a disproportionate hit from the fallout of the coronavirus pandemic.

Small businesses which have depended on servicing the major players in the travel retail channel are particularly vulnerable, such as Miami's Associated Photo & Imaging, a specialty photo imaging company that has been providing visual brand services since 1946.

The company has expanded into all forms of visual communication, specializing in providing point-of-purchase displays, pop-ups, kiosks and installations in addition to its large format digital and printing services, and is a key service supplier to the travel retail industry throughout the country.

All of which ground to a halt with the outbreak of COVID-19.

"I know I am not alone in saying that I am really worried about my small business. Associated Photo & Imaging has like many had to pivot, in order to survive," Diana Herrera, AP Imaging President tells *TMI*.

"We went from a booming business manufacturing luxury brand POP and many types of print décor to total shut down.

"Associated Photo is one of Miami's oldest small businesses -- next year we would celebrate our 75th anniversary. But we, like many others, had to rethink our infrastructure and look for a way to reinvent ourselves and re-open."

The company soon realized that the talent, equipment and materials it had on hand to produce POP displays could be repurposed to create desperately needed personal protection equipment (PPE). It has now been designated as an essential supplier, and is open for business.

"We are making everything from face shields for children and adults (an order of which was donated to Miami's Nicklaus Children's Hospital) to protective panels used in retail stores and hospitals. As a custom house we can do a lot more. We are printing window decals with COVID instructions, floor graphics indicating safe social distancing parameters, shelf talkers and signs. We have even designed special panels for social distancing within elevators," explains Herrera.

Safeguards such as these will become imperative when the country begins to open up again, especially when it comes to traveling, says Herrera.

"We will have to make people less fearful of the virus if they are going to travel again. We have to find a way to make consumers safe & comfortable with traveling, and safeguards and tools such as the ones we are producing will be part of the solution. We want to do all we can to keep people safe by offering these products. I think they will become part of the new norm, at least for a while," she says.

For more information on how AP Imaging can work with your company, or to share suggestions for new products you may have, contact Herrera at dianah@apimaging.com



*Full face shields
Children's full face shields
Hospital blocking shields*



Left: Social distancing partitions – shown here for an elevator.

Viña Concha y Toro certifies its research laboratory to diagnose COVID-19 in Chile

Viña Concha y Toro has revealed two major initiatives which are part of its contribution to the Private Emergency Health Fund. The fund, which is led by Chile's Confederation of Production and Commerce (CPC), is tasked with helping fight COVID-19.

Viña Concha y Toro will also donate a total of 50,000 liters of hand sanitizer to health authorities in different formats.

The molecular biology laboratory ran by Viña Concha y Toro's Center for Research and Innovation (CRI) has been certified by Universidad Católica del Maule's (UCM) Biomedical Research Laboratory to operate under the supervision of the Maule Region Health Service to carry out diagnostic tests to detect SARS-CoV-2 or COVID-19 as part of a network of laboratories connected by the Ministry of Science, Technology, Knowledge and Innovation.

The capabilities of the CRI's molecular biology laboratory include

process robotization and automation, including Hamilton Microlab StarLine robotic pipettor among other devices, which enables 2,300 samples per day to be processed, and a qPCR ThermoFisher QuantStudio 5 with a diagnostic capacity of 768 samples per day.

"We want to collaborate with our capabilities to overcome this health crisis, supporting prevention and early diagnosis. As part of our contribution to the Private Emergency Health Fund, together with the donation of hand sanitizer to health authorities, we have also made our cutting-edge technological equipment and team of professionals at the Center for Research and Innovation available to them," said Eduardo Guilisasti, CEO of Viña Concha y Toro.

The Private Emergency Health Fund has also been strengthening the diagnostic system, which has allowed daily extraction capacity to be quadrupled.

Duty Free Innovation launches Travel-Safe Shopping Kit for airports and retailers

Sustainable retail specialist Duty Free Innovation has launched an initiative to help reassure travelers and encourage shopping, as plans for post lockdown recovery gain momentum.

Although detailed plans for the return of regular air travel and the opening of airports have yet to be set out, strict measures on social distancing and sanitization will likely be the new normal.

With recent industry research from m1ndset stating that more than 60% of travelers will not interact with retail staff and half will not touch products, the outlook for a speedy recovery in sales revenues looks bleak.



DFI concept visual. Branding for illustrative purposes only.

To help support these new safeguarding measures and reassure passengers, DFI has created a **Travel-Safe Shopping kit** for airports and retailers. The kit contains one of DFI's recycled hands-free shopping bags, a branded face mask, disposable gloves and a sanitizing wipe.

The bag has a sleeve to slide over a passengers' trolley case handles and contains the items for passengers to use and wear. With the bag being hands-free, it reduces contact and minimizes the risk of contamination.

According to DFI, the concept is to give every passenger one of the travel kits.

DFI spokesperson Simon Best says "The hands-free bag is designed to be used as a replacement for shopping baskets and provides each passenger with a reusable shopping bag for all their purchases on their journey. This will help reduce contact points in the airport with the rest of the kit giving travelers comfort to moving around and shop freely without unnecessary risk to other passengers and airport staff."

DFI says it already has received interest from some key airport locations: "They will have a duty of care to their passengers, and these kits will help to give vital reassurance that everything is being done to care for their safety and will allow them to use the airport and shop in retail/F&B outlets as normally as possible.

"This will both reduce levels of anxiety and risk of contamination," said Best.

Since the bag is made from recycled plastic, DFI believes that its kit will also fit with the post-COVID shopper mindset for more sustainable and environmentally focused products. The DFI bags are made from recycled ocean-bound plastic that has been recovered from the waste system.

The initiative provides a potential opportunity for brand tie-ins, as well.

"While we anticipate the cost of these kits would be met by governments and airport authorities as part of their measures to reignite the airport economy in a safe manner, we also see that this could be a fantastic opportunity for big brands to get involved - the exposure and positive PR that the kits would generate for the brand will be phenomenal," said Best.

For more information, contact simon@dutyfreeinnovation.com or garry@dutyfreeinnovation.com



The hands-free bag attaches to luggage. Branding for illustrative purposes only.

Canada's IGL donates 71,000 masks to local Montreal hospitals

Although its three duty free stores have been closed since March 27, Quebec's Importations Guay Ltée has found a way to make a difference in its local communities.

The Canadian duty free operator has donated tens of thousands of masks to hospitals in Montreal and a long term care facility in St Jean, Quebec," she said.

"With hospitals and long term care being the hardest hit and experiencing a lack of protective gear, IGL purchased and distributed 71,000 masks to four Montreal area hospitals and a long term care facility in St. Jean, Quebec," she said.

IGL's decision to close its doors was for the health and safety of its employees and community.

Montreal is an "epicenter of the crisis in Canada," says Lauren.

While it is still too early to tell, IGL's Pierre Guay says his stores could open in late May.

"There were a lot of cases in Montreal and in New York. We closed because we thought it was necessary to protect our staff, our customers, and the US Customs



Lauren, Pierre and Justin Guay of Canadian duty free shop Importations Guay Ltée

what the leaders of the US and Canada decide. I think we will probably find out the weekend before"

The company will be adding additional safeguards when it opens.

"We are also putting protective plexiglass in our stores at our cash registers as well as putting in signs for distancing between the customers to be safe," he says.

was not open except for necessary travel," says Pierre.

"We think that May 20 could be a possible opening date - on

"Like many hospitals and health care centers across North America, Montreal has experienced a shortage of masks and other protective gear for health care professionals and patients. We wanted to give back to our community during this difficult time and help in any way we could," IGL's Lauren Guay tells TMI.

ACI predicts global airport business could lose half its value and passengers in 2020 as impact of COVID-19 on airport industry escalates

Airports Council International (ACI) World has released updated modelling showing the worsening economic impact that the COVID-19 pandemic is having on the global airport industry.

The forecasts now predict prolonged - and more widespread - traffic and revenue losses for airports across all regions.

ACI World estimates a loss of more than two billion passengers at the global level in the second quarter of 2020 and more than 4.6 billion passengers for all of 2020. The estimated decline in total airport revenues on a global scale could be US\$39.2 billion in the second quarter and more than \$97 billion for 2020.

Last week, ACI World and the International Air Transport Association (IATA) came together to call for urgent tax relief and direct financial assistance that is to

the benefit of the entire aviation ecosystem.

This stark outlook underlines the need for government assistance for airports to preserve essential operations and to protect the jobs and livelihoods of the millions of people that work in airports around the world, says the industry group.

“The impact of the COVID-19 pandemic on airports, the wider aviation ecosystem, and the global economy continues to worsen and represents an existential threat to the industry unless governments can provide appropriate relief and assistance,” ACI World Director General Angela Gittens said.

“As traffic and revenue have collapsed, the airport industry has taken all possible measures to preserve stability, but the challenge remains that a significant portion of airport costs are fixed,” she notes.

ACI applauds the governments that have acted to support airport jobs and operations, but says that time is running out for assistance.

In an [ACI Advisory Bulletin](#) released on May 5, the organization labeled the second quarter of 2020 as “truly unprecedented,” with 17,000 wide bodies, narrow bodies and regional jets, or about two-thirds (64%) of the global fleet, remaining on the ground.

Traffic in most regions declined by more than -80%, with regional movement declines varying from a -90% decline in South America to a -56% decrease in North America—testament to the higher resilience of domestic traffic in light of severe restrictions on international flights, said ACI.

Even more damaging, the numbers do not paint a full picture because many airlines continue

flying near-empty aircraft.

As for airports, passenger traffic volumes declined by 90% in April on a global scale, ranging from -97% in Europe to -70% in Asia-Pacific. Assuming only slight improvements in aviation activity with slow and expected gradual removal of travel restrictions in few aviation markets as we approach the summer months, the estimated passenger traffic volume decline is expected to dive further.

ACI says that the reduction of revenues for airports from the projected baseline is likely to reach -90% on a global level in the second quarter of 2020.

Europe is expected to be the hardest-hit region as it may lose close to US\$37 billion in revenues or more than 60%, followed by Asia-Pacific with \$29.4 billion or -59%.

Moodie & Gittens discuss Survival and Revival at North American Airport Concessions Forum

More than 950 North American airport personnel and concessionaires on Wednesday tuned in to hear two global industry leaders offer insights into the latest developments in the COVID-19 crisis and how the re-emerging airport business models may look.

Speaking at the seventh Call-in Forum for the Airport Concessions Industry, hosted by the Airport Restaurant & Retail Association (ARRA), and the Airport Minority Advisory Council (AMAC), travel retail publisher Martin Moodie (*The Moodie Davitt Report*) and Angela Gittens, Director General of Airports Council International (ACI World) covered a range of airport and concessionaire topics. They spoke before a strongly North American audience, according to Patrick Murray, EVP of SSP America and chair of ARRA, who moderated the session.

Gittens began with an overview of the aviation numbers. The forecasts are “not good,” she said, noting that ACI had estimated air passenger numbers to decline by

3.3 billion passengers at the beginning of April, a number that had fallen to a decline of 4.66 billion passengers just a month later. (The numbers she discussed can be seen in the ACI report, [here](#).)

The bottom line was that airports in 2020 would be losing half of the traffic and revenue they had generated last year, with the greatest declines in Asia, followed by Europe and North America.

Countries with more domestic traffic will begin to come back a little quicker than those who depend primarily on international routes, and seasonality will also play a role in recovery, she said.

The travel restrictions in North America will hurt this summer and a region like the Caribbean, which depends so much on North Americans and Europeans for tourism, will be hit particularly hard.

Recovery of the industry in the United States, which has no nationwide aviation policy in effect regarding opening back up, is a question mark, she says, but the increase of domestic flights in



Angela Gittens



Martin Moodie

China is a glimmer of hope.

In his overview of the world picture, Martin Moodie reiterated that no passengers means no revenues for concessionaires, and he presented a snapshot of some key Asian and European airports. Speaking of ways airports might recover, Moodie discussed the situation in Hainan – “China’s Hawaii” – which was converted into a free zone with a generous duty free allowance for Chinese visitors, who are allowed to order online for 180 days after their visit

if they have not used the full allowance.

Gittens went on to discuss the pressure that airports are under since they must keep operations going for humanitarian flights and cargo, as well as keep watch over the fleets of dormant aircraft parked, all while revenues have been cut in half.

The discussion turned to the pressures the concessionaires are under. Many concessionaires have simply stopped paying MAGS, with and without airport consent.

Continued on next page.

Norwegian Cruise Line eludes bankruptcy

A day after warning that it may be forced to file for bankruptcy earlier this week, Norwegian Cruise Line on Wednesday announced that it had raised over \$2 billion in funding to ensure that the company can withstand a year without revenue amid the coronavirus pandemic.

According to a press release on May 6, Norwegian said it raised just over \$2.2 billion in a mix of stock and debt, which it says will give the company enough cash to outlast coronavirus and endure “well over 12 months of voyage suspensions in a potential downside scenario.”

The transactions consisted of (1) \$400 million public offering of common equity, (2) \$750 million exchangeable senior notes offering, (3) \$675 million senior secured notes offering and (4) \$400 million private investment from global consumer-focused private equity firm L Catterton.

In its SEC filing on Tuesday, Norwegian said that it had about \$6 billion in long-term debt obligations as of December 31, and would be forced to seek bankruptcy protection if it couldn’t raise enough liquidity.

Carnival to resume select cruises on Aug. 1

Carnival Cruise Line says it will begin to phase-in cruises again starting August 1 with eight of its ships leaving from Miami, Port Canaveral and Galveston.

Carnival Horizon, *Carnival Magic* and *Carnival Sensation* will sail out of Miami; *Carnival Breeze* and *Carnival Elation* will sail from Port Canaveral; and *Carnival Dream*, *Carnival Freedom* and *Carnival Vista* are scheduled to sail out of Galveston. The sailings are contingent on a number of factors, says the company.

All *Carnival Spirit* Alaskan cruises from Seattle will be canceled, as well as the *Carnival Spirit* Vancouver-Honolulu cruise on Sept. 25 and the Honolulu-Brisbane transpacific cruise on Oct. 6, said the Carnival statement. All *Carnival Splendor* cruises in Australia from June 19 to Aug. 31 are also canceled.

Survival and Revival

Continued from page 5

Gittens stressed that effective negotiations between concessionaires and airports cannot be adversarial. Speaking with *TMI* after the presentation, she said: “[The concessionaires] need to understand that airports have to figure out their own financial situation, including their bond covenants, to avoid a default that would have long-term negative implications, before they could arrange for relief to their partners, concessionaires and airlines. The more that the concessionaires would see themselves as being part of the solution, short-term and longer, the easier it would be for the airport to offer a relief plan.”

Moodie and Gittens, who have partnered on the Trinity Forum for years, discussed that the current situation might finally persuade stakeholders to seriously reconsider using variable formulas rather than MAGs in the future.

“The new paradigm starts now,” noted Gittens.

Moodie concluded with the comment that the standards of Food & Beverage achieved at airports, especially in North America, have “been transformed” over the years.

“But what will they look like in the future? We have to make sure not to lose quality operators through an anarchy system, or the industry could revert back 29 years,” he tells *TMI*.

No holding back a cruise industry built on exceeding expectations

Guest Editorial by Bill Panoff, Publisher Porthole Cruise Magazine

While the dark cloud of the health pandemic hovers above each of us, the cruise industry looks optimistically into the future. In spite of a doom and gloom portrayal in the media, the facts of the past point to a resurgence of enthusiasm for cruising.

The Port of Miami alone saw an all-time high of just under seven million cruisers sail from the “Cruise Capital of the World” in 2019, exceeding numbers from 2018 and 2017 before that. Add the world’s 2nd and 3rd largest cruise ports of Port Everglades and Port Canaveral into the mix and the industry’s contribution to Florida’s economy clearly shines through the clouds, a vision of approximately \$43 billion annually.

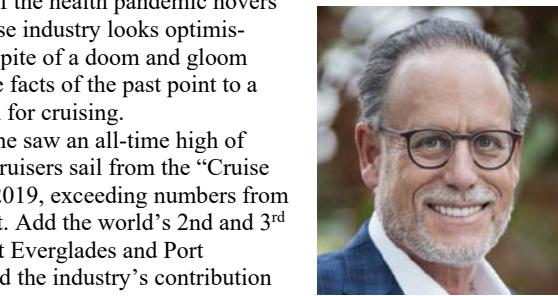
When major players in the industry took preemptive action by halting operations, it marked an unprecedented moment in 60+ years of cruising. The total shutdown left hundreds of thousands of Americans without employment and billions of dollars in ship investments floating dormant in ports around the world. A 30 day pause turned into 60 and 60 into 100, with a concrete return date still in limbo. But rest assured they will sail again and when they do vacationing at sea will return with renewed popularity.

Taking up the challenge in the world’s new environment, cruise lines are using this down time to implement enhanced hygiene protocols that make it an even safer way to travel. Historically low pricing and perks like open bar, onboard spending credits and spa passes are only a few of the benefits being offered that reflect the increased value in cruising as a vacation.

There are hundreds of ships around the globe awaiting their return to service, each one regardless of size, offering colossal accoutrements to pamper and entertain guests. What other vacation venue can offer activities like go-kart racing, rock climbing, indoor parachuting or laser tag fun paired with gourmet dining and lavish entertainment in spectacular theaters.

The transformation of cruising’s profile from a retreat for an older generation to a trendy vacation for young professionals and fast paced action for families is an amazing accomplishment. It’s not only the onboard initiatives that encourage cruisers to return but the new trend is adding private island escapes to already impressive itineraries. The arms race is on to see who can build the best tropical paradise.

The adage “when the going gets tough, the tough get going” has never been more appropriate than in the current environment. The world we knew may be different when we emerge from this temporary isolation but the silver



Bill Panoff



PortMiami sees more cruisers than anywhere else in the world.

lining is that cruising will be there waiting for us. While we are now secluded from doing things we do on a regular basis, there is nothing stopping us from dreaming about when and where we will travel and better days ahead. Take it from those of us that know the joys of cruising, the return will be a celebration of renewal offering a vacation of a lifetime.

This commentary originally appeared in Porthole Cruise Magazine