

DFWC President Sarah Branquinho speaks out on the reputational harm of illicit trade and counterfeiting

Duty Free World Council President Sarah Branquinho spoke out on the reputational harm the duty free and travel retail industry suffers as a result of illicit trade and counterfeiting at the 2022 Middle East & Africa Duty Free Association (MEADFA) annual conference.

Representing the Duty Free: Trusted, Transparent, Secure campaign at the Conference in Bahrain, Branquinho urged stakeholders to be proactive in helping to address a society-wide issue, which causes economic harm to the industry through lost sales, and can harm the reputation of the industry when illicit goods are fraudulently mislabeled as duty free to mask their origin.

Speaking on the theme of 'Defending Our Industry,' Branquinho said: "Illicit trade, counterfeiting and intellectual property theft are global challenges requiring a global commitment. Too often, fake goods sold in the domestic market are fraudulently labeled as 'duty free' in order to mask their illicit origins. Our industry suffers from economic harm through lost sales opportunities, and reputational damage from having our name co-opted by this criminal activity."

"The duty free and travel retail industry takes a zero tolerance approach to any form of criminality, and wants to work hand in hand with customs and enforcement agencies to stamp out criminal activity wherever it occurs."

The session, which also featured Chair of the MEADFA Advocacy Working Group Rob Marriott and MEADFA Board Members Roger Jackson and Mazen Kaddoura, updated delegates on the recent progress on regulatory and other challenges, and highlighted issues which companies in the duty free sector need to be aware.



BY THE NUMBERS

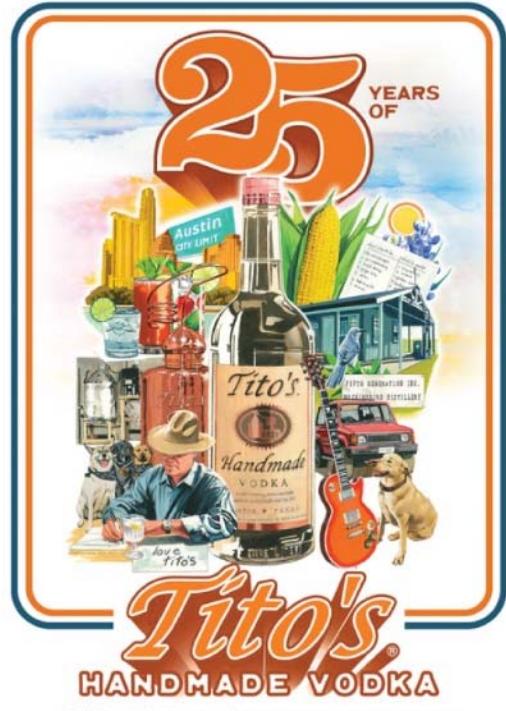
IATA: air traffic continues to rebound as international travel recovery shows strength

The International Air Transport Association (IATA) announced that **Total air traffic** in October 2022 (measured in revenue passenger kilometers or RPKs) rose 44.6% compared to October 2021. Globally, traffic is now at 74.2% of October 2019 levels.

But Domestic traffic for October 2022 slipped 0.8% compared to the year-ago period as stringent COVID-related travel restrictions in China damped global figures. Total October 2022 domestic traffic was at 77.9% of the October 2019 level. Domestic forward bookings remain at around 70% of the pre-pandemic level.

International traffic climbed 102.4% versus October 2021. October 2022 international RPKs reached 72.1% of October 2019 levels with all markets recording strong growth, led by Asia-Pacific. Forward bookings for international travel increased to around 75% of pre-pandemic levels, following the reopenings announced by multiple Asian economies.

"Traditionally, by October we are into the slower autumn travel season in the Northern Hemisphere, so it is highly reassuring to see demand and forward bookings continuing to be so strong. It bodes well for the coming winter season and the ongoing recovery," said Willie Walsh, IATA's Director General.



International markets

Asia-Pacific airlines had a 440.4% rise in October traffic compared to October 2021, easily the strongest year-over-year rate among the regions, but off a very low 2021 base. Capacity rose 165.6% and the load factor climbed 39.5 percentage points to 77.7%.

European carriers' October traffic climbed 60.8% versus October 2021. Capacity increased 34.7%, and load factor rose 13.8 percentage points to 84.8%, second highest among the regions.

Middle Eastern airlines saw a 114.7% traffic rise in October compared to October 2021. Capacity increased 55.7% versus the year-ago period, and load factor climbed 21.8 percentage points to 79.5%.

North American carriers reported a 106.8% traffic rise in October versus the 2021 period. Capacity increased 54.1%, and load factor climbed 21.4 percentage points to 83.8%.

Latin American airlines posted an 85.3% traffic rise compared to the same month in 2021. October capacity climbed 66.6% and load factor increased 8.7 percentage points to 86.0%, the highest among the regions.

African airlines' traffic rose 84.5% in October versus a year ago. October 2022 capacity was up 46.9% and load factor climbed 14.5 percentage points to 71.3%, the lowest among regions.

UNWTO: Tourism recovery accelerates to reach 65% of pre-pandemic levels

International tourism is on track to reach 65% of pre-pandemic levels by the end of 2022 as the sector continues to bounce back from the pandemic, reports the United Nations World Tourism Organization (UNWTO) in its November Tourism Barometer.

An estimated 700 million tourists traveled internationally between January and September, more than double (+133%) the number recorded for the same period in 2021, says the UNWTO report.

This equates to 63% of 2019 levels and puts the sector on course to reach 65% of its pre-pandemic levels this year, in line with UNWTO scenarios.

Results were boosted by strong pent-up demand, improved confidence levels and the lifting of restrictions in an increasing number of destinations.

Highlighting the speed at which the sector has recovered from the worst crisis in its history, the Barometer reveals that monthly arrivals were 64% below 2019 levels in January 2022 and had reached -27% by September.

An estimated 340 million international arrivals were recorded in the third quarter of 2022 alone, almost 50% of the nine-month total.

Europe leads global recovery

Europe is leading the rebound of international tourism. The region welcomed 477 million international arrivals in January-September 2022 (68% of the world total), hitting 81% of pre-pandemic levels.

This was more than double that of 2021 (+126%) with results boosted by strong intra-regional demand and travel from the United States. Europe saw particularly robust performance in Q3, when arrivals reached almost 90% of 2019 levels.

At the same time, international arrivals in the Middle East more

than tripled (+225%) year on year in January-September 2022, climbing to 77% of pre-pandemic levels.

Africa (+166%) and the Americas (+106%) also recorded strong growth compared to 2021, reaching 63% and 66% of 2019 levels, respectively.

In Asia and the Pacific (+230%) arrivals more than tripled in the first nine months of 2022, reflecting the opening of many destinations, including Japan at the end of September.

However, arrivals in Asia and the Pacific remained 83% below 2019 levels. China, a key source market for the region, remains closed.

Arrivals and receipts at – or above – pre-pandemic levels

Several sub-regions reached 80% to 90% of their pre-pandemic arrivals in January-September 2022. Western Europe (88%) and Southern Mediterranean Europe (86%) saw the fastest recovery towards 2019 levels. The Caribbean, Central America (both 82%) and Northern Europe (81%) also recorded strong results.

Destinations reporting arrivals above pre-pandemic levels in the nine months through September include Albania, Ethiopia, Honduras, Andorra, Puerto Rico, Dominican Republic, Colombia, El Salvador and Iceland.

In the month of September arrivals surpassed pre-pandemic levels in the Middle East (+3% over 2019) and the Caribbean (+1%) and came close in Central America (-7%), Northern Europe (-9%) and Southern and Mediterranean Europe (-10%).

Meanwhile, some destinations recorded notable increases in international tourism receipts in the first seven to nine months of 2022, including Serbia, Romania, Turkey, Latvia, Portugal, Pakistan, Mexico, Morocco and France.

The recovery can also be seen in

outbound tourism spending from major source markets, with strong results from France where expenditure reached -8% through September, compared to 2019. Other markets reporting strong spending in the first six to nine months of 2022 were Germany, Belgium, Italy, the United States, Qatar, India and Saudi Arabia.

Strong demand for air travel and hotel accommodation

The robust recovery of tourism is also reflected in various industry indicators such as air capacity and hotel metrics, as recorded in the UNWTO Tourism Recovery Tracker. Air seat capacity on international routes (measured in available seat-kilometers or ASKs) in January-August reached 62% of 2019 levels, with Europe (78%) and the Americas (76%) posting the strongest results. Worldwide domestic capacity rose to 86% of 2019 levels, with the Middle East (99%) virtually achieving pre-pandemic levels (IATA).

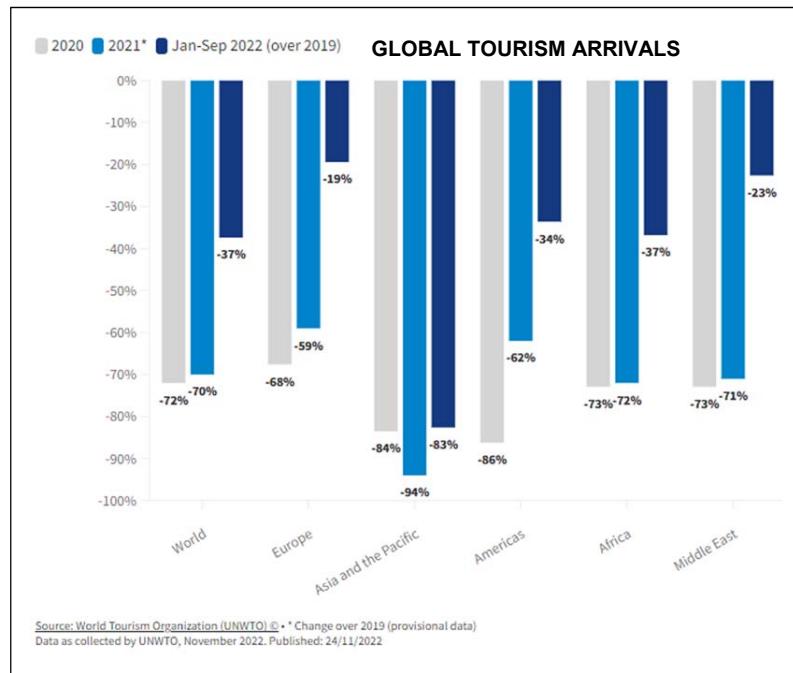
Meanwhile, according to STR, global hotel occupancy rates reached 66% in September 2022, from 43% in January. Europe led

the way with occupancy levels at 77% in September 2022, following rates of 74% in July and August. The Americas (66%), the Middle East (63%) and Africa (61%) all saw occupancy rates above 60% in September.

By sub-region, Southern Mediterranean Europe (79%), Western Europe (75%) and Oceania (70%) showed the highest occupancy rates in September 2022.

Cautious optimism ahead

The challenging economic environment, including persistently high inflation and soaring energy prices, aggravated by the Russian offensive in Ukraine, could weigh on the pace of recovery in Q4 and into 2023. The latest survey among the UNWTO Panel of Tourism Experts shows a downgrade in confidence levels for the last four months of 2022, reflecting more cautious optimism. Despite growing challenges pointing to a softening of the recovery pace, export revenues from tourism could reach US\$1.2 to 1.3 trillion in 2022, a 60-70% increase over 2021, or 70-80% of the USD 1.8 trillion recorded in 2019.



CANADA

Ontario Duty Free tackles supply issue through local craft spirits

Duty free stores across Ontario in Canada are now targeting local craft spirits like they never have before as a way to offset some global supply chain issues.

Chris Foster, owner of **Queenston Lewiston Duty Free** in Niagara Falls, Canada says the local Ontario craft spirits fill multiple needs for the land border duty free stores in the province.

"These local products will help our shelves look full, satisfy the customer needs of buying local for those who are always looking for souvenir products, and it is also helping out small businesses in our communities," says Foster.

Canadian land border duty free stores were particularly devastated by COVID-19 store closures, a situation that was further exasperated since the Canadian government did not drop all COVID-19 entry restrictions until the end of September.

"Even with the restrictions lifted it is still not easy to get people to travel across the land border. Airports are a little bit better. But it has been challenging," says Foster. "It is no secret that the supply chain challenges throughout the world have created significant impacts for travel retail. Things are not back to anywhere near normal here, but we are trying."

Below (left & center) Craft Spirits at Queenston Lewiston Duty Free and (right) Ambassador Bridge Duty Free, Ontario.



Featuring local Ontario gins, vodkas, whiskeys, moonshines, and liqueurs is one way the duty free stores are looking to bring more people into their stores. "It is fairly new, but the feedback so far has been fantastic. We are taking a very good approach to this. We are going all in and the distillers have reacted quite well to it. They are interested in doing lots of different programming in the stores. They see it as a marketing opportunity," says Foster.

"Our strategy for Ontario Duty Free was to put a big push on craft products, local craft distillers that are within the Ontario market. There are approximately 60-70 craft distilleries throughout the region that we could be showcasing in our store. Most of these distilleries are within our communities and they are spread out all across Ontario. We've been trying to grow some relationships with them." Foster's Ontario Craft program with local distilleries began in September. So far 28 craft distillers are in the program in nine duty free stores across the region.

Each Ontario duty free store is featuring the local craft spirits in different ways, but Foster says that his store, along with **Blue Water, Ambassador, and 1,000 Islands Duty Free** each have a specific section that highlights just Ontario craft spirits.

"We have also integrated the local products within the categories themselves," says Foster.

Thanksgiving travel in U.S. highest volume since start of pandemic

The Transportation Security Administration screened more than 2.56 million people (2,560,623) at American airports on the Sunday after Thanksgiving, the most since 2019. That's the most since Dec. 26, 2019, when the TSA screened 2,575,985 passengers, according to a tweet by TSA spokesperson Lisa Farbstein.

Nevertheless, the checkpoint numbers were still well below the same day in 2019 when the TSA screened more than 2.8 million people on Nov. 27.

Overall, more than 12.9 million people passed through American airports from Tuesday, Nov. 22, through Sunday, Nov. 27, 2022, reports TSA.



Ontario Craft Spirits on display at 1000 Islands Duty Free.

The craft distiller program has been tailored after the Ontario wine program, which has been a huge success for Ontario duty free for years.

"It is a very similar direct relationship between ourselves, rather than having to go through the liquor board to do everything. We are able to deal directly with the distillers."

Foster says he wanted to bring in more of these local craft products earlier, but there were government restrictions in place that have since been lifted.

"I would have loved to have done this years ago, but there were some governmental issues and some obstacles with the LCBO that prevented us from really doing a good job at this."

Foster hopes these local craft spirits remain a permanent part of his store.

"Why do I want to sell a keychain or a t-shirt when I can sell a bottle of spirits? There is nothing more Canadian that what most of these guys are doing with spirits. We have 130 products so far. I see a very big future in this if we play our cards right."

Michael Pasternak



L'Occitane en Provence opens newest Caribbean flagship boutique in the Falls at Westmall in Trinidad

L'Occitane en Provence has opened its newest Caribbean flagship store in the Falls at Westmall, the leading shopping destination in Trinidad and Tobago, located on the northwest coast of Trinidad.

In association with retailer, First Body Limited, and distributor, Essence Corp, the store will offer a taste of Provence with its range of exclusive and sustainable beauty and wellness products known for their natural and organic ingredients with certified origin.

L'Occitane en Provence offers a welcoming and professional in-store experience, personalized customer service, the art of gifting and complimentary beauty services.

With Sustainability at its core, the new boutique will open daily in time for the holiday season. The brand will be showcasing its best-selling fragrances, skin, body and haircare products, along with travel exclusive sets ready to be wrapped into the perfect gift.

Mona L'Hostis, L'Occitane Group Head of Marketing Global Travel Retail said: "We are thrilled to be opening our first Caribbean store in Trinidad in partnership with First Body Limited and Essence Corp. As a trail-blazing brand in sustainable beauty, we

Photos of the new L'Occitane en Provence Boutique in Trinidad during this Holiday Season courtesy of Rasul Boodoo Productions,



look forward to introducing customers of Westmall to the Provençal art de vivre with our eco-conscious range of beauty and wellness products, eco-refills and gift sets that contain natural essential oils from the fertile lands of Provence in the South of France."

L'Occitane has been an eco-pioneer since its inception in 1976, when it operated an innovative instore glass bottle return policy. Since then, it has committed to using eco-friendly manufacturing



methods at its production base in Provence, which includes eco-design and sustainable packaging with its motto of Reduce, Recycle, React.

L'Occitane en Provence was recently recognized in the 2021 progress report of the New Plastics Economy Global Commitment by the Ellen MacArthur Foundation. The brand was highlighted as one of the most committed brands in the fight against plastics. The brand has pledged that by 2025, 100% of its plastic bottles will be manufactured from 100% recycled plastic.

As a leading exponent of sustainability within the Travel Retail industry, the L'Occitane Group continuously strives to support the sector with open-source sharing, and by adopting a proactive, ecofriendly stance in terms of products, packaging and commitment to reducing waste, protecting and regenerating biodiversity and reducing its environmental and carbon footprint.

MEADFA welcomes strong number of attendees to Bahrain Conference

The 2022 MEADFA Conference, which took place in Bahrain this week, welcomed an impressive 441 delegates.

Hosted by Bahrain Duty Free, the conference was opened by MEADFA President Sherif Toulan who called for all parties across duty free and travel retail to join forces and act as one body as the industry prepares for recovery.

Day One speakers included Bahrain Airport Company CEO, Mohamed Younis Albinfalal Rob Marriott, CEO of Aer Rianta International-Middle East, Ramesh Cidambi, COO of Dubai Duty Free and Isabel Zarza, COO North & Central Europe, Russia and Africa at Dufry Group.

A panel session covered how West Africa is unlocking its tourism potential, the evolution of smart cities and smart airports, and the current regulatory challenges faced by duty free and travel retail businesses.

Highlights of day two included discussions on sustainability, supply chain challenges and the Middle East & Africa's growth in the cruise market; and presentations on rebuilding tourism in East Africa and the implications for the duty free and travel retail industry with the rise of the metaverse.

The Opening Cocktail, sponsored by Dufry, took place at the Art Hotel & Resort; the Gala Dinner and the MEADFA Awards hosted by Bahrain Duty Free.

The MEADFA Awards honored:

Best Retailer Award: Bahrain Duty Free

Best in Marketing Strategy: Nestle International Travel Retail

Sustainability & CSR Award (two prizes according to the size of the company): Dubai Duty Free & Bitmore Ltd

Customers & Suppliers Award (two prizes according to the size of the company): Muscat Duty Free & Merlin, Soft Magic Systems Computers

Lifetime Achievement Award went to Dubai Duty Free's Executive Vice Chairman & CEO Colm McLoughlin, who has worked in duty free for over 50 years.

Portland Design takes passengers on “Journey of Surprises” at Newark International Airport’s new Terminal A

Along with New York’s LaGuardia and John F Kennedy International Airports, Newark’s Liberty International Airport is undergoing a massive update and modernization as part of a \$28 billion transformation of the three airports by The Port Authority of New York and New Jersey (PANYNJ).

London-based, multi-disciplinary design agency Portland Design helped create the commercial vision and development of Terminal A at Newark Liberty International Airport (EWR), working with Munich Airport International (MAI), which reached an agreement with PANYNJ in 2019 to operate and maintain the terminal.

A key objective of the design brief was to create a strong and unique sense of place for New Jersey that would differentiate it from neighboring New York.

Lewis Allen, Senior Director at Portland comments: “After exploring and researching the history and culture of New Jersey, we were surprised to discover that New Jersey is a ‘State of Firsts,’ for example it was the first state to have a sea container port, the first organized baseball match was in New Jersey and it was the first state to have a drive-in movie theater and the list goes on.

“So this became one of the key drivers of the design strategy and vision which underpinned the commercial proposition that Newark Airport is a Journey of Surprises.”

According to Lewis, this was the vision that ran through MAI’s commercial tender process and set the tenor of the relationship between retailers and brands looking to take space in the airport.

“Our design has enabled ‘A Journey of Surprises’ to show up through key interventions and experiences throughout the customer journey,” said Allen.

The plan was to greet travelers with a “curbside to gate lounge passenger journey” with these unexpected, yet authentic New Jersey moments. Passengers are welcomed to the terminal with a

series of bold art installations, in both analogue and digital formats, which celebrate local talent and creativity.

At the heart of the terminal is a commercial plaza with a wide variety of local ‘hero’ vendors, and locally inspired international brands.

Through menus, product provenance, visual references and much more, the New Jersey story is embedded into the DNA of each concept, according to Portland Design.

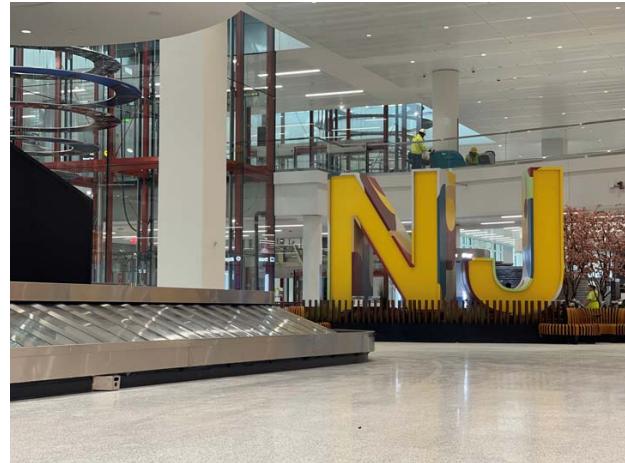
Unique New Jersey-inspired Children’s Play areas are situated along the three piers, each taking on a recognizable local theme of Sports, Music & Arts and Technology. These creatively playful spaces celebrate famous NJ personalities, such as Carl Lewis, Bruce Springsteen and Thomas Edison.

At the end of the journey, passenger hold rooms are informed by the widely contrasting themes of New Jersey terrains and vibes, from the laid-back ambience of the beach boardwalks, to the rural remoteness of the Pine Barrens, to the buzz and energy of Atlantic City. Bespoke furniture typologies such as the ‘People watcher’, ‘Community bench’ and ‘Perching pebbles’, further immerse passengers into these vibes, with some elements responsive to seasonal change.

Once completed, the new terminal will be a modern, state-of-the art facility and will replace the existing Terminal A, which has outlived its useful time. The new terminal has a design capacity for approximately 14 million passengers annually and 33 common-use gates, providing generous space for a smooth journey through the building from curbside through check-in, security, gate hold rooms, and baggage claim.

The new Terminal A was officially unveiled on November 15, and the first 21 gates are scheduled to officially open to the public on December 8th, 2022. The new Terminal replaces an outdated one that has been in use for 50 years. At one-million-square-foot, the new Terminal is about 20% bigger than the one it is replacing. Construction began in 2018.

United Airlines, JetBlue, Air Canada and American Airlines will be the first companies to transition to the new Terminal A. Delta moves in next year.



Below: One of the bold New Jersey-themed art installations that will greet passengers when the new Terminal A opens to the public on Dec. 8. Photo courtesy: Portland Design.



Harding+ makes senior hires and key internal promotions to drive new brand positioning



Following the reveal of its new brand identity at the TFWA Conference in October this year, cruise retailer Harding+ has announced a range of strategic new hires and internal promotions to reflect core brand pillars, business growth and goals, and their long term strategy.

Michelle Weeks joins the company in the newly created role of **Chief People Officer**. This position reflects the critical nature of people both shipboard and landside in the Cruise industry, and the significant Harding+ focus on reward and recognition and emerging talent, says the company.

Weeks has previously held similar roles in Diageo, Jazz Pharmaceuticals, Prezzo and The Economist, and is also an independent *change consultant*. Her role will help with everything from richer onboarding processes to more aligned land and sea training strategies, and helping with team and individual career progression, reward and recognition, and recruitment.

Katie Floyd joins Harding+ as **Head of Marketing** from Dufry where for past five years she has held the role of Global Contentainment Manager. Prior to this she spent ten years at BAA, including a Head of Retail Marketing role at Terminal 5 where she created the

business and communications strategy for the opening of Terminal 5's retail operation.

Tom Fitzgerald has joined as **Head of Insight** from Dyson where he has previously spent 7 years as Senior Insight Manager. Prior to this he worked in senior roles at research agencies working on global projects, bringing an understanding of customer behaviors, need, trends, etc.

Daniel Greaves, Head of Merchandising, has been promoted to **Director of Merchandising**. In his five years at Harding+, Greaves has introduced and led best practice merchandising processes, procedures and reporting, and rebuilt a high performing Merchandising team post COVID with many internal promotions. He will oversee a team that includes six other promotions and five new joiners.

Phil de Caux joins in the newly created role of **Senior Technology Business Partner**, bringing experience of technology transformation and program delivery that will be vital to the Harding+ growth strategy.

"We have a bold 5 year strategic plan in place to benefit our cruise partners, our brand partners and our employees, as well as the core Harding+ business," says Harding+ CEO **James Prescott**.

Top row, from left:
Michelle Weeks,
Katie Floyd, Tom
Fitzgerald.

Bottom row, from
left: Daniel Greaves,
Phil de Caux, and
James Prescott.

Diageo GT creates new airline and cruise division



Emily Lively, Diageo

Diageo has created a new internal team to focus exclusively on airline and cruise partnerships within travel retail-duty free. The team, headed up by **Emily Lively**, has been created recognizing the growing importance of the cruise and airline channels and the potential they present for the alcohol and non-alcoholic category.

The team will focus on building long term partnerships, like that recently signed with Virgin Voyages, as well as the growing digital activity.

It has a three-year growth plan to go global as it builds the team and relationships with long term customers develop and evolve.

Bringing greater creativity to luxury and digital, as it similarly develops across Travel Retail, the team will look to cultivate prospects from more obvious limited editions, rare liquids and digital displays to digital catalogue and website innovation, gifting activations, bars and more experiential work.

Commenting on her appointment to lead the newly created Cruise and Airline team, Emily Lively said: "I have been watching this channel grow over the past year and I am delighted that we now have the team and space to focus more exclusively on the scope for our brands that the channel brings. With refreshed strategies to engage and create transformative experiences for consumers on board I am excited by the future growth of the category and its progression."