

## Impact from Coronavirus threat spreading globally

The coronavirus outbreak took an ominous turn over the past few days. While health officials are still not sure about how deadly the virus which began in the Chinese city of Wuhan may be, the repercussions of governments attempting to contain its spread are widespread and could pose a serious threat to travel and travel retail business for some time to come.

Airlines and cruise ships have cancelled service to many locations in China, and stores throughout the industry have been closed in regions that depend on Chinese travelers for much of their business (see ongoing updates at the [Moodie Davitt Report](#)).

Alain Maingreud, president of the TFWA, said this week: *“The situation in China is a cause for great concern, both at a business level, but of course most importantly on a personal level for those who have been affected by the coronavirus outbreak.*

*“An issue that affects China, one of the most important markets in our industry, will clearly have an impact across the business. Our colleagues in China and those catering for Chinese travelers around the world are trading in very difficult circumstances and we stand with our industry colleagues.”*

“We are constantly monitoring the situation and further statements will follow in due course,” John Rimmer, TFWA Managing Director tells *TMI*.

The WHO declared the coronavirus outbreak a global public health emergency on Jan. 30, as the death toll in China was rising with more than 8,100 confirmed cases worldwide. The rare designation frees up the WHO to mobilize financial and political support to contain the outbreak in countries with less-robust health systems.

As of Feb 4, Chinese health authorities have confirmed over 400 fatalities and more than 20,000 cases. As of press time, all but one of the deaths took place in China. This was a man who traveled to Wuhan and returned to the Philippines in January who passed away on Feb. 1. He was the travel companion of a woman who was also diagnosed with the virus.

There are 11 confirmed cases in the United States, and four in Canada.

### Airlines

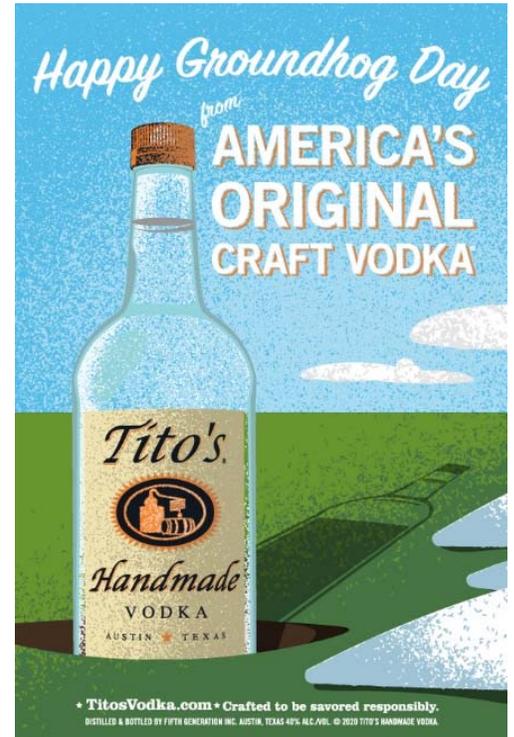
Airlines in Asia, Europe and the Middle East stopped service to mainland China, including Delta Air Lines, American Airlines and United Airlines. At this time, United confirmed it is temporarily suspending flights from its hub cities to three Chinese cities from February 6 until March 28; last Friday, Delta Air Lines announced that it will suspend flights to and from China from February 6 to April 30.

The U.S. Centers for Disease Control and Prevention boosted staffing at 20 U.S. airports that have quarantine facilities. Those airports receive 90% of airline passengers from China.

### OAG forecasts

OAG issued a chilling forecast Feb. 3, when it reported that there will be over 25,000 fewer flights operated to/from and within China this week compared to two weeks ago. This is the equivalent of the loss of 4.4 million seats, (the size of the whole of the Indian market is 4.2 million seats, says OAG).

OAG warned that the impact on China’s domestic market – which is 43 times larger than the largest international market—is even



more serious. Some 23,000 fewer domestic services are scheduled than last week, equaling a 3.8 million reduction in capacity on Chinese domestic services.

Chinese stock markets slumped almost 9% on reopening on Monday amid the virus outbreak. The benchmark Shanghai Composite Index opened the day down 8.73%.

In percentage terms, Singapore (-38%) and Thailand (-34%) have seen the largest reductions in capacity with more than one-third of capacity dropped over the last two weeks with Thailand in absolute terms seeing over 100,000 seats lost week on week. (Source: OAG)

In the OAG chart showing *Changes to Capacity from China, Top 10 International Markets*, flights to the US – the only non-Asian country in the top 10 international markets, was down 16.5% in the week between Jan. 2- and Feb. 3.

### Cruises

Cruise Lines International Association announced that CLIA Members have suspended crew movements from mainland China and will deny boarding to any individual, whether guest or crew, who has traveled from or through mainland China within the previous 14 days.

Last week, 7,000 people were briefly detained aboard a Carnival-owned cruise ship in a port near Rome after a passenger came down with a fever and respiratory symptoms. Officials later confirmed there was no infection.

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## BY THE NUMBERS

## LVMH delivers record results in 2019; DFS shows resilience

Luxury products group LVMH Moët Hennessy Louis Vuitton reported record results for full year 2019, reaching revenue of €53.7 billion, up 15%. Organic revenue growth was 10%.

Europe and the United States experienced good growth over the year, as did Asia, despite a difficult environment in Hong Kong in the second half of 2019.

Profit from recurring operations amounted to €11.5 billion in 2019, up 15%, compared to an already high level in 2018. Operating margin reached a level of 21.4%.

The results were announced the same day as news of the dangerous spread of the new coronavirus from China burst on the scene. With its heavy Asian exposure, LVMH could see its next earnings seriously impacted by the virus and resulting travel bans.

But for 2019, LVMH reported good results from its **Selective Retailing** business group, which achieved organic revenue growth of 5%. Profit from recurring operations was up 1%.

**DFS**, which faced a slowdown in tourism in the important Hong Kong market in the second half, showed good resilience. In Europe, the Galleria in Venice continued to perform very well, and preparations are underway for the imminent opening of its new location at **La Samaritaine** in Paris, said LVMH.

### Revenue by business group:

Euro millions	2018	2019	% change 2019/2018	
			reported	Organic*
Wines & Spirits	5 143	5 576	+8 %	+ 6 %
Fashion & Leather Goods	18 455	22 237	+ 20 %	+ 17 %
Perfumes & Cosmetics	6 092	6 835	+ 12 %	+ 9 %
Watches & Jewelry	4 123	4 405	+ 7 %	+ 3 %
Selective Retailing	13 646	14 791	+ 8 %	+ 5 %
Other activities and eliminations	(633)	(174)	-	-
<b>Total LVMH</b>	<b>46 826</b>	<b>53 670</b>	<b>+ 15 %</b>	<b>+ 10 %</b>

\* At comparable structure and exchange rates. The currency effect was + 3% and the structural impact, + 1% (integration of Belmond since A 2019).

In addition, Sephora experienced strong growth and continues to gain market share, says LVMH.

Growth was particularly strong in Asia and the Middle East and online sales grew rapidly throughout the world.

Other key highlights included: Continued growth in all geographic areas; good performance in Wines & Spirits; exceptional growth at Louis Vuitton and Christian Dior, strength of the flagship brands of

Perfumes & Cosmetics; excellent year for Bvlgari and continued growth at Hublot; the acquisition of Tiffany & Co, and the integration of the Belmond hotel group.

Bernard Arnault, Chairman and Chief Executive Officer of LVMH, said: "LVMH had another record year, both in terms of revenue and results. The desirability of our brands, the creativity and quality of our products, the unique experience offered to our customers, and the

talent and the commitment of our teams are the Group's strengths and have, once again, made the difference. ...

"In a buoyant environment that remains uncertain in 2020, we continue to be vigilant and focused on our objectives for progress. We can count on the strength of our brands and the agility of our teams to reinforce, once again in 2020, our leadership in the universe of high-quality products."

## Louis Vuitton hits the courts with National Basketball Association (NBA) partnership

On January 22, Louis Vuitton announced a global partnership with the National Basketball Association (NBA). The announcement was made ahead of the NBA Paris 2020 Game between the Charlotte Hornets and the Milwaukee Bucks that took place on Jan. 24 at the AccorHotels Arena.

The partnership with the NBA is Louis Vuitton's first partnership with a North American sports league. As part of the arrangement, Louis Vuitton becomes official Trophy Travel Case provider of the Larry O'Brien Trophy, which is presented to the NBA champion each June.

The endeavor reflects the Maison's slogan for its sports collaborations: "Victory Travels in Louis Vuitton".



Hand-crafted in Louis Vuitton's Asnières workshop on the outskirts of Paris, the trunk is coated in the Maison's emblematic Monogram

canvas and fitted with traditional brass fixtures.

"Louis Vuitton and the NBA are both icons and leaders in their respective fields, and the joining of the two promises exciting and surprising moments, forging historic memories together," said Louis Vuitton Chairman and CEO Michael Burke. "Louis Vuitton has long been associated with the world's most coveted trophies, and with this iconic partnership the legacy continues – victory does indeed travel in Louis Vuitton!"

Louis Vuitton and the NBA will also work together to co-author compelling stories around one of sport's most symbolic trophies and its unique travel companion.

In addition, Louis Vuitton will create an annual limited-edition capsule collection.

## ACI World appoints Luis Felipe de Oliveira as new Director General to replace Angela Gittens, who retires in June

The Airports Council International (ACI) World Governing Board has named Luis Felipe de Oliveira as the new Director General of ACI World.

De Oliveira will succeed Angela Gittens who has successfully led the global voice of the world's airports for twelve years, working collaboratively with the leadership of ACI's five Regional Offices: Africa, Asia-Pacific, Europe, Latin-America/Caribbean and North America. Gittens earlier announced her intention to retire at the end of June 2020.

De Oliveira is currently the Executive Director and CEO of the Latin American and Caribbean Air Transport Association (ALTA). He will officially take up the role of Director General in June, with a 30-day formal transition.

"Throughout his career in the aviation industry, [Felipe] has established a strong record of building relationships at a global



Luis Felipe de Oliveira

level and in the Americas, Middle East and Africa regions to advocate on behalf of the organizations he has represented," said ACI World Governing Board Chair Martin Eurnekian.

Angela Gittens began her tenure as Director General in 2008 following a prolific career in senior roles in the aviation industry.

She was formerly airport CEO for Miami and Atlanta, Deputy at San Francisco International Airport and supervised management/operations contracts at airports in the UK, US, and Canada.

"Angela has taken the organization from strength to strength, both building on ACI's advocacy on behalf of its member airports as well as building capacity among the world's community of airports ensuring that airports reach the highest level of performance in management and operations," says Eurnekian.

"ACI is recognized as the only truly global representative of the World's airports and we, our members, and the aviation industry, are enormously grateful for her unrivalled dedication, hard work, and achievements."

Prior to joining ALTA, Luis Felipe de Oliveira held senior international roles with World Fuel Services and Shell, leading sales



Angela Gittens

business development activities across Latin America, Africa and Europe, in addition he also served International Air Transport Association (IATA) leading global initiatives and fuel, airport and Air Traffic Control campaigns for the Americas, Africa and the Middle East regions.

### ASSOCIATION NEWS

#### CEETRA re-elects Chairman and Board



Dr. Patrick Bohl



Dr. Jennifer Cords



Jana Voličková

The Central and Eastern European Travel Retail Association – CEETRA – has announced its Board for 2020: Dr Patrick Bohl (Chairman CEETRA; Head of Retail and Advertising at Budapest Airport), Sylvie Ngoma (Regional Sales Manager at Pernod Ricard Travel Retail EMEA), Jana Voličková (General Manager at Lagardère Duty Free Czech Republic), Mariana Pinheiro (Corporate Affairs and Communications Manager Worldwide Duty Free at JT International) and Dr Jennifer Cords (Director Corporate Affairs and Compliance at Gebr. Heinemann). The election took place at the CEETRA annual meeting which took place at Amsterdam Airport.

The association announced its next Travel Retail Forum to be held on May 28, 2020 at Bratislava Airport, which is also open to non-members, and will focus on regulatory topics as well as industry news and best practice in travel retail.

For 2020, one focus of the association's agenda is sustainability in the travel retail market.

#### About CEETRA

The Central and Eastern European Travel Retail Association – CEETRA – is a regional industry association made up of companies involved in the duty free and travel retail industry in Austria, Czech Republic, Croatia, Hungary, Poland, Slovakia,

#### North American airport retail and restaurant association formed

More than 20 airport restaurant and retail operators in North America have joined together to form a new association, to be called The Airport Restaurant & Retail Association, or ARRA.

Members include such key industry stakeholders as HMSHost, Hudson, Paradies Lagardère, SSP America, Areas USA Inc. and Delaware North.

Patrick Murray, executive vice president of SSP America, will serve as the first president of the ARRA Board.

ARRA will be served by a board of directors, currently made up of 11 industry executives. Each board member will serve a three-year term. Plans are underway to hire an executive director.

Membership in ARRA is open to airport restaurant and retail operators in North America, and for now is limited to operators. Members range from industry giants to several ACDBE-certified operators.

The new association has not yet had a full meeting, although Hudson's Michael Mullaney told *AirportXNews* (*Airport Revenue News*) that the group's goal is to enhance the traveler experience.

ARRA has not yet issued a formal announcement regarding its formation, although spokespeople from Paradies Lagardère and Hudson have confirmed the information to *TMI*.

Other member companies currently include Concessions International, Crews, High Flying Foods, Master ConcessionAir, Newslink, Villa Restaurant Group, Aero Service Group, Byrd Retail Group, Java Star, Inc., JQ Enterprises, Keys Group, LaTrelle's Management, Newburns Management Group, LLC OHM, Tinsley Family Concessions, and Transglobal Concessions, LLC

The news of ARRA's formation was originally announced through *Airport Revenue News* and *The Moodie Davitt Report*.

## Impact from Coronavirus threat spreading globally *Continued from page 1.*

But today, it was reported that Princess Cruises has canceled an eight-day voyage onboard the *Diamond Princess* and the ship has been placed in quarantine after a passenger on an earlier cruise was discovered to have the coronavirus.

*Diamond Princess* is currently docked off the coast of Japan with more than 3,600 people onboard.

MSC Cruises' Head of Retail Adrian Pittaway penned some of his thoughts on the impact of the coronavirus on cruise retail on LinkedIn:

<https://www.linkedin.com/pulse/coronavirus-cruise-retail-adrian-pittaway/>

### Canada

Destination Canada reports that as of Jan. 31, Canada had four cases of coronavirus confirmed, three in Ontario and one in British Columbia.

Destination Canada's issued the following statement today: "We are actively monitoring the impact of coronavirus and are conscious of the industry's concern. It is a fast evolving situation and we are working hard to provide our partners up-to-date information as it relates to our industry.

"The visitor economy is vital to Canadians from coast to coast to coast, and directly touches businesses large and small. While it's still too early to speculate on potential long-term impacts, we are committed to working together to continue inspiring those with glowing hearts to fall in love with Canada."

### Caribbean

The Caribbean is working to keep the region virus-free. No cases of the coronavirus have been reported in the Caribbean, reports regional tourism and health officials.

A partnership established five years ago between the Caribbean Public Health Agency (CARPHA) and the private sector-led Caribbean Hotel and Tourism Association (CHTA) as well as the public sector Caribbean Tourism Organization (CTO) is helping to drive a concerted effort by the region's health and tourism stakeholders to help prevent and mitigate any impact from the spread of the virus. The three organizations quickly mobilized over a week ago, with CARPHA playing a key role in

gathering facts and preparing briefs and tools for the region's largest industry, tourism, based upon its consultations with global health authorities, including WHO and the U.S. Centers for Disease Control and Prevention, says the groups' official statement.

While the risk to the Caribbean from the coronavirus is low, health authorities and tourism stakeholders are being vigilant, activating cautionary measures, monitoring and reporting procedures.

There are reports of Dominica and St. Lucia refusing entry to the *AidaPerla* carrying 3,000 guests, after several passengers reported falling ill.

### Global economic outlook

The virus is having a wide ranging domino effect. News out of maritime intelligence company Lloyd's List, warns that fears are emerging of a breakdown in the supply chain as ports increase restrictions on visitors from China, [Australia, for example, is quarantining vessels from China], even as most ports have decided to waive their storage fees for loaded containers covering the period between Jan. 24 and Feb. 9.

As the coronavirus outbreak and responses by governments and firms intensify globally, Oxford Economics revised down its GDP growth forecast for China, cutting its forecast for growth in Q1 by more than 2 ppts. Even with a rebound in Q2, Oxford now forecasts 5.4% growth for 2020, compared with 6% previously.

Oxford also lowered its outlook for the Eurozone, cutting its 2020 GDP growth forecast by 0.2 ppt to 0.8%, following a similar move to its global GDP projection.

An analysis reported today on Travelmole.com cites Oxford Economics forecasting that the coronavirus could cost US tourism US\$10 billion. The Tourism Economics projection estimates the US will lose about 1.6 million visits from China worth \$10.3 billion, and leading to a 28% fall in visits from China this year, wrote Travelmole. A full recovery could take several years, said the report.

Reports are now estimating that the coronavirus will overtake SARS in economic impact. SARS cost the global economy about US\$40 billion, but it is generally reported that the China travel market has grown about eight times as big since then.

LP

## New LEGO Shop in Shop opened in Panama's Colon 2000 cruise port, Terminal II

Duty Free Dynamics has opened its first Certified LEGO Shop-in-Shop (SIS). The SIS is located in the recently expanded and renovated Duty Free Shop in Colon 2000 Cruise Port, Terminal II.

Colon 2000's new Terminal II will primarily operate as a Home Port, housing cruise ships that provide passengers from Latin America with the opportunity to cruise in the Caribbean.

DFD says that several other LEGO stores will be opened over the next few months, operated through partners within the Americas Travel Retail Market. The stores will feature different concepts, including premier format, stand alone or Shop-in-Shops, depending on need.

DFD LEGO Brand Manager Tatiana Pinto comments: "This store opening reflects the success of DFD's business model, providing our LEGO franchisees

with optimal revenue potential and their customers with the most exclusive LEGO experience. We are very grateful for the trust that our partners have placed in our Company and for the support of the LEGO Group in the development of this initial project."

Nicolas Dobry, CEO of DFD, adds: "These upcoming openings are another milestone for our expansion in the region. It demonstrates the value of our development strategy for brands and partners alike and emphasizes our commitment to excellence in all aspects of our activities."



## EMPLOYMENT OPPORTUNITIES



### MARKET COORDINATOR

Essence Corp has an immediate opening for a Market Coordinator. This position provides daily support in the department by ensuring high levels of communication and performance with internal and external customers.

The ideal candidate must be fluent in English & Spanish with an advanced level of Excel skills. Highly proficient in the ability to complete Sales Analysis and Forecasting Reports.

Responsibilities include but are not limited to key administrative tasks, order processing and customer support.

Must possess strong organizational skills, be a self-driven, team player, and have the ability to multi-task in a very fast paced environment.

Interested candidates may apply directly at <https://www.ziprecruiter.com/job/e4d598b6> or via email to [musallan@essence-corp.com](mailto:musallan@essence-corp.com).

### ACCOUNT EXECUTIVE

Essence Corp. has an immediate opening for an **Account Executive**.

The ideal candidate must have 2 years of retail sales experience preferably within the luxury brand industry.

Willing to travel 50% to 60% of the time.

Strong communication and presentation skills.

Team player with the ability to motivate sales.

Must be organized, detail oriented, and possess strong analytical skills.

This individual will be responsible for counters, beauty advisors, sell-outs and in store events and promotions. Coordinate the organization of travel schedule in conjunction with Area Managers.

Must have a high level of skills using Excel,

PowerPoint and other MS Office applications.

Fluent in English and Spanish both written and oral.

Please apply at

<https://www.ziprecruiter.com/job/fe52dbb3>

or you can send your resume to

[musallan@essence-corp.com](mailto:musallan@essence-corp.com)

### ACCOUNT MANAGER

This role will oversee a defined territory in the Caribbean with quantitative and qualitative objectives to ensure the success of our brands.

The position reports directly to the Sales Director.

The ideal candidate should be fluent in English & Spanish (French is a plus) with an advanced level of Excel skills.

Must possess strong organizational skills, self-driven, team player, and the ability to multi-task in a very fast paced environment.

Interested candidates may apply directly at <https://www.ziprecruiter.com/job/ac8b20f1> or via email to [musallan@essence-corp.com](mailto:musallan@essence-corp.com)

## The Macallan releases Folio 5 in its boutiques

Edrington Global Travel Retail has revealed the fifth release in its Folio series celebrating classic Macallan advertising.

The Macallan Folio 5 (ABV 43%) is available in the Macallan Boutiques at London Heathrow, Dubai and Taiwan Taoyuan airports for US\$350.

Folio 5 is inspired by an advertisement featuring the tale of a “Luggy Bonnet” with the words “Keep this knot firmly tied”. The classic advert featured a scene of shooting acquaintances at the end of the day on the Speyside when one sportsman talks of a so-called “disaster” when he was unlucky enough to miss the opportunity of the offer of a dram of The Macallan, because his hat was covering his ears.

“The advertising creative illustrated on Folio 5 was iconic at the time and the exceptional single malt liquid featured in this expression is a fitting tribute to how The Macallan is celebrated the world over,” says Polly Logan, Whisky Maker, The Macallan.

“The Macallan Archival Series Folio 5 presents a rich nose of dates and fresh figs, with vanilla toffee, gentle ginger and polished oak throughout, while on the palate sweet raisin and dates mingle with warming ginger and wood spice to vanilla crème brûlée. The wonderful medium sweet finish with ginger and figs makes is the perfect dram to enjoy neat after a fresh day out in the beautiful Speyside hills.”

The Macallan Folio Series celebrates the single malt scotch brand’s classic advertising campaigns of the 1970s, 1980s, and 1990s. Folio 5 is presented in a book-shaped tin and is accompanied by a special booklet commemorating the brand’s vintage advertising.

## Suntory buys 10% stake in Edrington

Japanese drinks company Suntory has bought a 10% stake in Edrington for an undisclosed sum.

The two companies have worked together since the early 1990s. Suntory is a shareholder in The Macallan and distributes Edrington’s brands in several key international markets over the past four decades, including Japan, Germany, Canada and South Africa; and through joint ventures in the UK, Spain and Russia.

The agreement will provide an inflow of funds to Edrington’s principal shareholder, The Robertson Trust, which it says will allow it to give more to good causes across Scotland.

Scott McCroskie, Edrington CEO, commented: “Edrington has a successful long-standing strategic partnership with Suntory. We share a similar ethos and the same passion for craftsmanship, innovation and quality in our brands. We look forward to cementing and building this deep relationship over the coming years.”



### Retail Manager /Account Executive for North America - Southeast region

Shiseido Miami office is looking for a Retail Manager, based in Miami. Ideal candidate will have a minimum of 2-3 years experience in the Travel Retail luxury goods market.

Responsibilities include developing sell-out figures for its cosmetics and perfume brands through supervision of salespeople, implementation of the brands’ merchandising and promotion guidelines.

Experience in retail sales is a plus.

Must be able to travel 40 to 50% of the time.

Applicants please send resumes to:  
[gcamplani@sac.shiseido.com](mailto:gcamplani@sac.shiseido.com)