

## ASUTIL to bring back its own stand-alone conferences in 2022, 2023

South American Duty Free Association ASUTIL announced on Wednesday that it will be holding its own in-person duty free border conference in November 2022 in Foz de Iguaçu, Brazil, (safe and health concerns permitting) and will return to the full ASUTIL conference in 2023.

Speaking at an online press conference from Montevideo on Dec. 22, ASUTIL Secretary General José Luis Donagaray also confirmed that the Association will not be partnering with the International Association of Airport and Duty Free Stores (IAADFS) at the Summit of the Americas scheduled to be held in Palm Beach, Florida this coming April.

The partnership had been a three-year agreement, which has now been completed. ASUTIL will be providing content for the Summit, however, said Donagaray.

ASUTIL is planning to hold its traditional Conference at a location to be determined in the Caribbean in June 2023. Donagaray said that they chose the Caribbean because of its wide range of facilities, connectivity and proximity to major travel retail hubs such as Miami and Panama. Pricing was also a consideration, he said, which he believes will be a critical factor for years to come as the industry tries to recover from the effects of the pandemic.

ASUTIL hosted its very popular conferences at locations throughout South and Central America and the Caribbean for two decades through 2017, until entering into the partnership with IAADFS in 2018.

Despite the current rapid spread of the Omicron coronavirus variant, Donagaray says he is optimistic that the industry in the Americas will see some recovery by the end of 2022. In fact, he said that ALTA (Latin American and Caribbean Air Transport Association) – which originally did not see a return to 2019 air traffic numbers in the region until 2024-2025—now expects recovery in 2023 – 2024.



ASUTIL President Gustavo Fagundes and Secretary General Jose Luis Donagaray.

With the availability of more vaccines, LATAM has started to see recovery. Argentina has finally opened its borders, while in Uruguay, 74% of the population have now received three shots of vaccination. The number is so high that the European Union is accepting Uruguay's sanitary passport in lieu of its own.

Nevertheless, any sustained recovery will depend on more vaccines being made available to all countries, especially in Africa, where the low number of vaccinations have allowed the virus to mutate into the new variants, he stressed.

Looking back over the past year, Donagaray spoke of how busy the Association has been with its governmental efforts, working globally with the Duty Free World Council and locally working very closely with the opening of the border free shops in Brazil.

"We have been doing a lot of work with the Brazilian government to facilitate border duty free, which is very different than the airport duty free Brazil has been familiar with," said Donagaray. "There are currently more than 20 shops that have opened on the Brazilian border, with 35 expected by the end of next year."

### Higher border allowance approved

One of ASUTIL's main goals has been to raise the duty free allowance for Brazilian shoppers in domestic duty free shops from \$300 to \$500. Earlier this week, Brazil's National Congress finally approved the increase, setting the stage for Customs to implement the increase quickly, said Donagaray.

"This is good news, and is in immediate effect," he said. "Brazilians can purchase a wider variety of goods and it will raise the average ticket."



### ASUTIL Board re-elected

ASUTIL President (and Dufry COO South America) Gustavo Fagundes has been very active in working to achieve these goals and educate the Brazilian authorities about the border business. As a result, ASUTIL has reinstated the current Board of Directors for another two-year term to provide continuity, said Donagaray.

In addition to Fagundes, the ASUTIL Board consists of: Enrique Urioste, Vice President (Dufry Argentina), Martin Laffitte, Secretary & Treasurer (Bernabel Trading); and Directors Fabrizio Belo (Dufry Uruguay); Marcelo Montico (Neutral by Luryx); Gandhi Abdullah (Siñeriz); Danny Yohoros (Top Brands International).

ASUTIL has also been working diligently with local governments to allow more products to be sold in the border stores, among other initiatives. For more details, please click here to read results of the border conference held in November.

*Wishing all of our readers a very healthy, happy and joyous Holiday.*

## OAG: U.S. air market recovery edging closer

OAG, in its latest newsletter, reports that U.S. domestic capacity in December had reached 90% of December 2019 levels. This is a slight drop from November, when OAG tracked U.S. domestic capacity at 92% of 2019 levels, its closest point since the pandemic began.

Florida appears to be leading the recovery. In 2019, Florida was second in size after California in terms of seat capacity, but has recovered more rapidly, becoming the largest state by seat volume in 2021. Florida's capacity is now at 0.5% above December 2019 levels.

Colorado also reached December 2019 capacity volumes this month, and is 0.1% above where it was two years ago.

OAG reports that Nevada, Texas, Arizona and New York are also approaching recovery, with capacity within 10% of December 2019 levels.

Leisure traffic has been instrumental in driving recovery as travelers visit friends and family across the country, and take vacations within the U.S. rather than travel overseas, says OAG.

Las Vegas has remained popular throughout 2021, with a number of the busiest U.S. domestic routes operating to and from the city.

Showing slower recovery, Massachusetts, Maryland and California all have capacity at less than 80% of the December 2019 level.

Florida's capacity recovery is in part due to strong domestic growth. Domestic capacity was 4.4% higher in December 2021 than in December 2019, while international capacity was 13.3% smaller in volume, reports the airline tracking service.

There were close to 370,000 more domestic seats operated in December 2021 than two years earlier with the 5 largest airlines in the market adding 557,000 additional seats but smaller airlines scaling back by 190,000 seats.

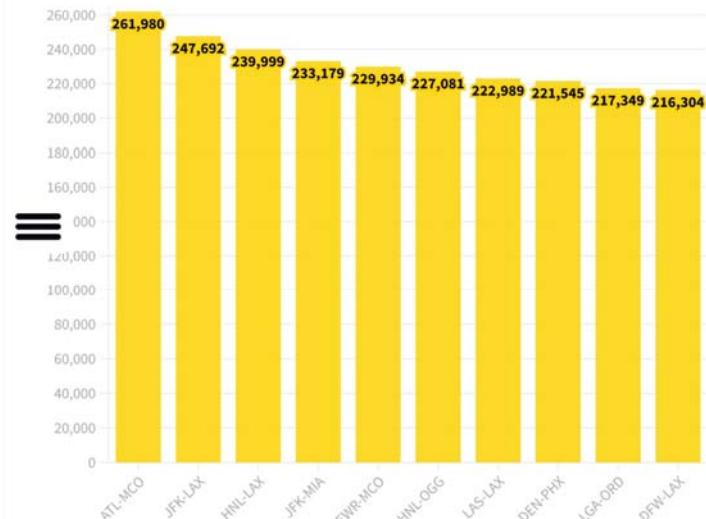
The capacity share of these five airlines increased from 54% to 58%.

OAG says that the Top 10 airlines account for 94% of all scheduled airline capacity but it is the smaller airlines that seem to be driving growth.

American Airlines, by far the largest airline – operating 23% of all capacity this month – is flying 6.4% fewer seats this month than two years ago. Delta Airlines, ranked second, is flying 15.2% fewer.

But Spirit is operating 6.7% more capacity, Frontier 11.7% more and Allegiant 10.5% more. For Spirit, a large portion (80%) of this additional capacity has gone into Florida.

## OAG: Top 10 Busiest Airline Routes in the U.S. by departing seats in December



## Travel Trends: U.S. is number one bucket list destination for Europeans

The U.S., after being shut to Europeans for much of this year, is the number one bucket list destination for holiday planners across Britain, France, Germany and Italy for 2022, reports travel deals platform HolidayPirates.

Long-haul destinations dominate consumers' wish lists, says HolidayPirates, whose survey was conducted in November 2021 amongst 8,457 consumers across UK, Italy, France and Germany.

The Maldives and Thailand rank as the number two destination with Britons and Germans, respectively. Italy rounded out Germany's top three wished for destinations.

Australia, traditionally a British favorite, comes in as Britain's third most wished for 2022 destination, but with strict restrictions still in place, it is difficult to plan travel there.

With different COVID-19 restrictions across the world, the HolidayPirates data also found that 37% of its British respondents went without any type of holiday at all this year as opposed to less than a fifth in other markets.

In comparison, 85% of French respondents took a domestic, international or both types of holiday.

Italians were most likely to go on holiday on home turf, with 53% claiming to have taken a domestic holiday this year.

Phil Salcedo, Head of Market for UK & North America at HolidayPirates, said: "Long-haul destinations have simply been off the cards this year. Brits, in particular, have had a tougher time than most when it came to planning a sunny getaway. When we've been so confined for so long, it's no surprise that we are desperate to get to destinations with radically different culture, climate and landscape.

"The diversity and culturally

iconic status of the USA seemed a world away from our lives in our living rooms and over the past two years, and many of us have taken the virtual journeys from Carrie Bradshaw's New York to the raw nature of Badlands National Park in Nomadland and the Californian desert resort of Palm Springs. Now we want to see it for ourselves."

HolidayPirates has websites in the UK, Austria, France, Germany, Italy, the Netherlands, Poland, Spain, Switzerland and the USA and each travel portal in the group operates fully independently of the operators and partners.

### The top destinations for 2022

1. USA	1. USA	1. USA	1. USA
2. Maldives	2. Canada	2. Thailand	2. Japan
3. Australia	3. Thailand	3. Italy	3. Maldives



Source: HolidayPirates Group

## Duty Free Dynamics expands markets, product categories and concepts under new strategic plan

Panama-based Duty Free Dynamics has unveiled a two-year plan that sets a path for the company to the end of 2023.

DFD reports that it developed the plan at the beginning of 2021, after seeing the pandemic's effect on the Travel Retail business, which enabled it to foresee the short and mid-term future.

Saying that it is "always a step ahead of market needs and keenly aware of consumer trends," DFD has become a key partner for global brands and travel retail operators. Based on its expertise and commitment, DFD says it has developed solid long-term relationships and multicultural networking capabilities, which were instrumental in the strategic design of their roadmap to 2023.

### The Pillars of DFD's Master Plan Product categories

DFD will continue its business model that focused on non-core product categories such as lifestyle and fashion accessories. These include watches, handbags, small leather goods, sunglasses, writing instruments, footwear, apparel, outdoor, toys, electronics and vitamins.

Understanding that these categories were being either under-exploited or not exploited at all within the channel, DFD recognized the opportunity and "turned itself into an enabler for the introduction of these categories in the TR segment."

Going forward, DFD says that it will continue to develop the brand lineup within its active categories, while also incorporating new ones.

DFD also plans to gradually get immersed in the TR core categories, starting with fragrance and cosmetics.

### Markets: expanding to Europe and Asia

When DFD started in 2015, its business was localized in Latin America and the Caribbean, later expanding to North America. While it continues to consolidate its business throughout the Americas, it is now expanding globally, and anticipates debuting in EMEA at the beginning of 2022 from its recently inaugurated office in Barcelona and to reach APAC in 2023.

"This will be accomplished using DFD's global operational infrastructure and its proprietary

technological tools," says the company.

### A new business model

In its most relevant initiative, DFD says that it will be re-directing its business model. From focusing on being a wholesale distributor with very significant value-added proposition, DFD will reposition itself as a commercializer of retail concepts: turn-key business models for brands that would be sustainable within a mono-brand retail environment.

The company says it will do this through associations with its most solid existing business partners, complemented with new partners. DFD will add partners subject to satisfactory knowledge, experience and resources necessary for the long-term sustainability of this specific business model.

DFD says that it will have a much more active role in the formulation of this new business concept, and has already begun to establish different types of joint ventures with its partners.

DFD CEO Nicolas Dobry expands on the new business model further:

"I am so very proud of our Company's progress ever since inception seven years ago. I remember when we started our operations, it was only five of us, myself included; presently, our global headcount is up to 60 associates.

"When we started this journey, we did it with only one category (watches), one brand (Guess) and our distribution coverage was limited to Latin America and the Caribbean. Later on, we extended it to North America to cover the entire Continent.

"Presently, DFD commercializes 10 product categories represented by about 30 brands; we anticipate to expand our portfolio in the next 2 years to twice as many brands.



DFD CEO Nicolas Dobry

"The decision to globalize our operations generated from the brands we represent which, after greatly benefiting from DFD's performance in the Americas, requested that we propose a global solution consistent with that level of efficiency. Furthermore, our partner operators also reached out to us stating the same, namely the ones with worldwide presence.

Dobry continues: "The effects of the pandemic accentuated even more their need to count with a partner like DFD. As part of their recovery process, many of the global and regional operators decided to apply the 'Pareto Principle' to some aspects of their business, for instance: to focus on the smallest areas of their Points-of-Sale network that contributes the largest portion of their profits and on a segment of their SKU count that generates the bulk of the results. This formula derived in a willingness among operators to streamline their focus on core categories. The non-core categories are the traffic drivers in their stores and most of them offer the greatest opportunity for growth. In this context, they realized that a partner like DFD would be like 'hand and glove' because it would allow them to obtain the benefits of the Pareto strategy, without the side effects."

*Continued on next page.*



Left: The Duty Free Dynamics team in the head office in Panama.

## PEOPLE & COMPANY NEWS

**Ross Khaledi**, founder and CEO of **HKG Duty Free**, announced that effective Dec. 6 he has assumed full ownership of the company which he first founded with his brother Shahram in 1977 as an electronics sales operation in Laredo, Texas.

HKG Duty Free currently operates four stores along the border with Mexico in Texas, two stores in San Diego, California – one in San Ysidro and one in Otay Mesa, and a duty free store in Queretaro International Airport, Mexico.

**Norwegian Cruise Line Holdings** has appointed **Juan Kuryla** as Senior Vice President, Port Development and Construction Management effective January 17, 2022.

Kuryla has served as Director and CEO of **PortMiami** since 2014, where he oversaw operations and capital development for the largest cruise port in the world.

In this newly created role, Kuryla will

lead the NCL's Commercial Development, Construction and Private Island Operations teams, reporting to **Daniel S. Farkas**, EVP and General Counsel for Norwegian Cruise Line Holdings.

"As Director and CEO of PortMiami, widely considered the cruise capital of the world, I have had the privilege to work closely with Juan over the years and I am confident that he will be a tremendous asset to the Company," said **Frank Del Rio**, president and chief executive officer of Norwegian Cruise Line Holdings Ltd. "Throughout his impressive thirty-plus year career with Miami-Dade County, Juan has proven himself to be a strategic leader with a long track record of success and innovation."

Deputy Port Director **Hydi Webb** steps up to replace Kuryla until a new director is named, according to **Andria Muñiz-Amador**, Director, PR, Marketing & Communications at PortMiami.

## Duty Free Dynamics unveils new Master Plan *Continued from page 3*

"It's been proven that the mono-brand models in Travel Retail significantly increase customer engagement, consequently leading to a high increment in sales conversion levels. In function of this, at DFD, we decided to re-position our DNA, shifting from being a wholesale distributor of products, to become a turn-key commercializer of global brand concepts where, paradoxically, the product itself remains in an almost secondary role," he explains further.

"This new format was very well received by the market. We can anticipate that you will be consistently getting exciting news from us.

"Duty Free Dynamics is looking to assume a much more relevant role in the TR value chain. I am convinced that we have everything we would need to accomplish it, especially our human factor, our most important asset, no doubt!"

For more information, please go to

## Bacardi GTR extends Dewar's Double Double with 36 YO to launch first with China Duty Free Group

Bacardi Global Travel Retail has announced an extension to the Dewar's Double Double series with the release of Dewar's Double Double 36 Year Old in travel retail.

The new release will be exclusive with China Duty Free Group beginning January 1, 2022, before rolling out to other locations in Asia Pacific. The company has not yet announced other TR rollouts.

Dewar's Double Double 36 YO has an ABV of 46% and a RRP of US\$1,800.

Ignacio Vazquez, Global Head of Marketing, Bacardi Global Travel Retail explains the significance of the launch:

"We are very proud of the continued award success of the Dewar's Double Double series since its launch in 2019. The introduction of the 36 Year Old further elevates its status and represents our ambition and commitment for Dewar's to be rated as the most progressive whisky by new appreciators and tastemakers, especially in Asia Pacific."

The new release is a Prestige Plus addition to the Dewar's Double Double range that has received multiple international awards and accolades, including the World's Best Blended Whisky for the 21 Year Old in the 2021 World Whiskies Awards and the 32 Year Old winning the World's Best Whisky at the 2020 International Whisky Competition (IWC).

Finished in a rich Madeira cask, Dewar's Double Double 36 Year Old is a blended malt whisky created using the special 'quadruple ageing' process pioneered by Dewar's Master Blender Stephanie MacLeod, who in 2021 was awarded the title of Master Blender of the Year by the IWC for the third year running.

The Whisky is presented in an opaque black glass bottle with the same four-point star bottle design as the rest of the series, which mirrors the four-stage ageing process. This blend features notes of vanilla, coconut oil and ripe peaches.

Stephanie Macleod, Dewar's seventh Master Blender blended Dewar's Double Double 36 YO with a unique four-stage ageing process for this product:

Stage 1: The individual malts are aged separately for 36 years.

Stage 2: The Speyside malts are blended and aged together and the Highland and Islay malts are blended and aged together.

Stage 3: The Speyside and Highland/Islay malts are blended and aged together.

Stage 4: The Speyside and Highland/Islay malts are finished in rich Madeira Casks.



## M1nd-set: Gifting falls as a duty free driver in all regions but North America

The latest m1nd-set research shows the impact of the pandemic on gift shopping, by region and category, with North America the only region where purchases for gifting increased during 2021.

In a five-year analysis, from 2017 to 2021, the Swiss research agency reports that the share of purchases made for gifting in North America hovered around the 38% level between 2017 and 2020, then increased to 47% in 2021.

This finding is contrary to all other world regions, said m1nd-set. While the global tendency to purchase gifts in duty free gradually increased until the pandemic, (increasing from 38% in 2017 to 43% in 2019,) the share of purchase for gifting fell to 42% in 2020 and more sharply in 2021 fell to 31%. Similar increases and subsequent declines can be observed across all other regions; a sharp decline in 2021 was experienced in Asia Pacific, Europe, the Middle East and Africa, where the steep decline in gift purchases occurred already in 2020.

### Category analysis

Research shows differences by category.

Gifting in the **Confectionery** category was stagnant between 2017 and 2020 with just over one quarter of shoppers purchasing confectionery for gifting. In 2021 however, one third – 34% – of shoppers purchased confectionery for gifting. The **Souvenirs** category shows the highest proportion of products purchased for gifting; more than seven out of ten shoppers purchased the category for gifting between 2017 and 2020, but less than two-thirds of shoppers (64%) purchased Souvenirs as gifts in 2021.

Sharp declines can be seen across all other categories, reports m1nd-set.

Gift shopping in **Fashion & Accessories** fell 13% in 2021, from 43% to 30% and 6% in **Electronics**, from 23% to 17%. The percentage of shoppers buying **Tobacco** as a gift has fallen steadily



since 2018 with 30% of shoppers buying the category for gifting in 2018, falling to 21% in 2021.

Gifting of **Alcohol** products fell from the high 30s to 31% in 2020 and 2021. In **Beauty** the percentage of purchases made for gifting fell less steeply, from 34% to 30% between 2020 and 2021.

In **Jewellery & Watches** 38% of shoppers purchased the category for gifting in 2021, down from 40% in 2019 and 2020.

### More staff interaction

One noteworthy trend emerging from the research is the increase in staff interaction since international travel has resumed this year.

The tendency to interact with sales staff fluctuated between 38% and 40% over the four years from 2017 and 2020, but spiked in 2021 as 69% of shoppers interacted with staff instore this year. More than eight out of ten shoppers said the interaction with staff encouraged them to purchase a product they would not have otherwise purchased in 2021, a significant increase on previous years when the number of shoppers reporting positive influence of sales staff fell from 55% to 49% between 2017 and 2020.

m1nd-set owner and CEO Dr. Peter Mohn commented: “There are a number of challenges currently which are impacting gift shopping. We have already well documented over the past couple of years since the pandemic the significant increases in online shopping compared to pre-pandemic levels in 2019. This trend has continued throughout 2021, albeit to a lesser extent than in 2020. However, it is still significantly higher than pre-pandemic levels.”

### TR exclusives shine

Mohn points out that consumers seem to be more intrigued by exclusives they can find only in travel retail. The tendency to purchase travel retail exclusives for gifting more than doubled to 76% in 2021 compared to 2020 when 36% of shoppers purchased travel retail exclusives as gifts; he said.

“Brands and retailers will need to be more creative and proactive in meeting shopper needs and demands to entice the shopper into stores, communicating well ahead of their arrival at the airport about the travel retail exclusives and new product launches.” Mohn concluded.

For more information on the regional analysis or other aspects of m1nd-set’s post-Covid recovery research, please contact m1nd-set: [info@m1nd-set.com](mailto:info@m1nd-set.com).

**TMI will present more end of year research from m1nd-set in the next issue .**

## Puig captures festive spirit with Dufry for Carolina Herrera Frozen campaign in TRA

Puig Travel Retail Americas has teamed up with Dufry to celebrate the festive season with a series of striking Carolina Herrera Christmas-themed animations. Part of the 'Herrera Frozen' campaign, the animations are taking place at twelve airports and 27 doors, including Ezeiza International in Buenos Aires, Jorge Chávez International in Lima and São Paulo-Guarulhos International.

A key highlight of the Herrera Frozen campaign is an impressive 9-meter-tall Christmas tree located in the main check-in hall at Ezeiza International Airport. Adorned with two large polar bears in Carolina Herrera uniforms, the Carolina Herrera branded tree is edged with the brand's iconic red gift boxes and offers travelers a festive photo opportunity.

The Herrera Frozen campaign is complemented by animations decorated in the signature Carolina Herrera red, featuring elements synonymous with winter. The campaign invites travelers into a Carolina Herrera winter wonderland where they can discover the brand's bestselling lines including Bad Boy, Good Girl, 212 Heroes, 212 VIP Black and Rosé, and CH via sampling and by playing a 'spin the wheel' retailtainment game for a chance to win a GWP.

Felipe Grant, Puig Travel Retail Americas General Manager, commented: "It's a pleasure to partner with Dufry this holiday season to launch the Herrera Frozen campaign at key locations in the Americas. We hope the Christmas tree and festive animations will put a smile on travelers' faces and inspire them to embrace Carolina Herrera's 'alegría de vivir' as they reunite with loved ones this Christmas."



*Carolina Herrera's Christmas-themed animations are taking place at twelve airports and 27 Dufry doors, including Ezeiza International in Buenos Aires, Jorge Chávez International in Lima and Uruguay.*

## Drunk Elephant takes off with Shiseido Travel Retail

Shiseido Travel Retail has strengthened its skin beauty business with the launch in global travel retail of cult U.S. prestige skincare brand, Drunk Elephant, which the company acquired in late 2019. Drunk Elephant's effective and biocompatible products, unique brand voice, and strong community engagement have garnered a loyal following worldwide, setting the stage for its timely expansion into the travel retail channel.

Capitalizing on this momentum, Shiseido Travel Retail has hailed a succession of debut door openings for Drunk Elephant across Asia and EMEA travel retail in the fourth quarter of 2021.

The strategic roll-out, which began end September, includes key downtown and airport duty free locations in Hong Kong and Macau, South Korea, France and the Middle East.

The brand looks to further expand its reach in travel retail in 2022, with additional locations to open in Thailand, Germany and the United States.

The introduction into travel retail is a major milestone that marks the first time that the Drunk Elephant range – along with new travel-exclusive sets – will be available to global travelers.

Drunk Elephant is set to further develop in strategic duty free markets where it has a strong domestic presence, leveraging Shiseido Travel Retail's expertise and partnerships to connect with diverse traveler audiences around the world.

**Philippe Lesné, President & CEO, Shiseido Travel Retail,** commented: "I am delighted to welcome Drunk Elephant into our prestige portfolio. The opening of

the brand's first travel retail counters is an important achievement that underpins Shiseido Group's goal to become a global leader in skin beauty by 2030.

"With the launch, Shiseido Travel Retail is bringing Tiffany

Masterson's unique skincare philosophy to travelers worldwide for the first time – an opportune development with huge potential, as consumers increasingly seek out functional skincare and simpler routines."



*Bringing to life the vibrant 'House of Drunk' concept, the Drunk Elephant counters create bold, inclusive and irreverent shopping spaces through the use of bright neon colors and playful patterns. Pictured: Lotte Duty Free Main Store, South Korea*