



BAA USA wins Cleveland development contract

Airport retail developer and operator BAA USA has been awarded a ten-year contract to be the master developer of airport retail, food and beverage concessions at Cleveland Hopkins International Airport (CLE). This is an important new contract for the company, which also operates the Airmalls at Pittsburgh International Airport (PIT), Baltimore/ Washington International Thurgood Marshall Airport (BWI) and Boston Logan International Airport (BOS).

The City of Cleveland awarded the contract to BAA USA following a year-long selection process

among three respondents. BAA USA will officially assume control of retail operations at CLE on April 1, 2008.

"We chose BAA USA because we believe they have the experience and the vision to create retail concessions at CLE that will consistently offer quality goods and services to the airline passenger," said Ricky D. Smith, Sr., Director of the Department of Port Control and CLE airport director.

According to Mark Knight, President of BAA USA, the company will establish its Airmall concept at CLE, which BAA says "has become the gold standard of

airport concessions over the past two decades and boasts the highest per-passenger spend in the nation."

Cleveland Hopkins International Airport is the 35th largest airport in the US, and served more than 11.4 million passengers in 2007. International service of 275,000 in 2007 is expected to rise significantly with new destinations and carriers in development, says airport spokesperson Pat Smith.

BAA USA is not involved in the current sale of World Duty Free underway in the UK by BAA's parent company Ferrovial.

The passenger traffic at CLE is projected to grow dramatically in 08 and 09, BAA USA's Mark Knight tells Insider: "Cleveland is a hub for Continental and they announced in 07 that they would be increasing their hub by 50% in the next two years. Since they now account for over 50% of the [CLE] traffic, the impact could be quite significant."

Brendan O'Regan - RIP

Dr Brendan O'Regan, "the father of the duty free industry," died Saturday, Feb. 2 at the age of 90, surrounded by his family. Dr. O'Regan, who created the first airport duty free shop, in Shannon, Ireland, in 1947, will be laid to rest in his native Ireland on Monday. For funeral details and a reporting of accolades from friends and colleagues who knew him personally, please log on to *The Moodie Report*. *Insider* adds its condolences to those of the industry for the passing of this most-inspiring man.

PEOPLE

Maite Castaneda recently joined Miami-based duty free company **Actium** as brand manager for **L'Occitane** and **Bond no.9**.

Castaneda was formerly with L'Oreal Luxury Division in Chile as a product manager for Helena Rubinstein and has experience in market research with Kimberly Clark and Unilever Consumer Goods.

Luciana Thomas, formerly with the **Richemont Group (Cartier)** and **Technomarine Watches**, joins Actium as brand manager for **L'Oreal Paris**, effective Feb. 18. Thomas replaces **Jennifer Giachino**, who has left the company.

Michael Schriver has been named President, Worldwide Store Operations, of **DFS Group**, effective immediately, reports the company. In his new position, Schriver will oversee daily operations of all DFS retail locations around the world. He succeeds **Mark Daley**, who is leaving DFS after 22 years to become CEO of specialty gourmet retailer **Dean & DeLuca** in the US. Schriver will also remain in his current role as President, Merchandising until a successor for that role is named.

Tiger roars again in Dubai



Record results for Tiger Woods and Dubai Duty Free. Following his historic win at the Dubai Desert Classic this month, US golfer Tiger Woods, shown here with Dubai Duty Free Managing Director Colm McLoughlin, conducts one of the famous Dubai Duty Free Finest Surprise car draws... The lucky winner of a BMW 750Li was American national Udayan C. Patel, demonstrating the global reach of Dubai Duty Free. In related news, DDF ended 2007 with record-breaking sales of US\$880 million, up 24% over last year's record sales. DDF recorded an average of 52,000 sales transactions per day, up 18% on 2006. Perfumes was the #1 category, accounting for \$122m, or 14% of sales. Liquor was #2 with sales of \$115m, and Gold was #3 at \$97m. McLoughlin is forecasting sales of US\$1 billion in 2008.

Canada's airports push for arrivals duty free

The Canadian Airports Council is urging the Ottawa government to adopt legal changes allowing for the introduction of Arrivals Duty Free (ADF) in Canada. The changes have been recommended by The Standing Committee on Finance of Canada.

"Arrivals Duty Free represents a unique win-win opportunity for the federal government to help Canadian duty-free operators and their airport hosts while also increasing the federal tax revenue, said CAC President and CEO Jim Facette.

Continued on page 2.

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**BY THE NUMBERS****IATA: Good year for traffic growth, but slowdown coming**

The International Air Transport Association (IATA) reports that international passenger traffic demand grew 7.4% for the full-year 2007, considerably higher than the 5.9% increase recorded in 2006. But December passenger traffic demand rose 6.7%, down from the 9.3% jump recorded in November.

IATA says this step down reflects the impact of rising prices and economic uncertainty that grew more acute in December.

Average international passenger load factors reached an

industry record 77% in 2007, up from 76% in 2006 and 75.1% in 2005. This trend will likely end in 2008 as demand growth is forecast to slow to 5% while capacity rises 5.2%.

By region: **Latin American** airlines recorded 8.4% demand growth, a sharp recovery compared with the 2.4% fall in 2006; **North America** recorded 5.5% growth in 2007, following 5.7% growth in 2006, as the region's carriers transfer capacity to more

lucrative international markets. **European** demand rose 6% in 2007, compared to 5.3% in 2006; the **Middle East** was up 18%; **African** passenger growth was 8% and **Asia Pacific** passenger growth was up 7.3%

While 2007 was the best year in recent history, Giovanni Bisignani, IATA's Director General and CEO warns that the slower growth for passenger demand in December sets the trend for the coming months.

S. Florida airports enjoy banner year

South Florida's two largest airports also reported traffic growth during 2007.

Passenger numbers at Miami International grew 3.7% to 33.7 million in 2007; international passengers were up 5.5% to 15.5 million, with domestic numbers up 2.2% to 18.2 million. International traffic accounted for 46% of total passengers handled for the year, up one percentage point over 2006. MIA also had a record year in cargo volume:

"MIA has had nothing short of a banner year," noted Miami-Dade Aviation Department (MDAD) Director José Abreu.

Ft. Lauderdale-Hollywood International Airport also had an excellent year, reporting total passenger traffic up 6.1% to 22.7 million. International traffic skyrocketed by 20.4% to 2.9 million, with domestic growth up 4.4% to 19.8 million.

Airport officials expect more growth in the coming year, as low-cost carriers continue to expand. In May, Zoom Airlines will start non-stop service to London, the first regular London service from FLL since Laker Airways more than 10 years ago.

Diageo buys into Ketel One vodka

Drinks giant Diageo last week announced that it has made a deal with the Nolet family of the Netherlands to acquire 50% of ultra-premium Ketel One vodka for US\$900 million. The deal makes Diageo the worldwide distributor and marketer for the brand, under a new company which is owned 50/50 by Diageo and the Nolets. The family will continue to own the brand rights for Ketel One and the 317-year-old distillery in Holland where Ketel One is made. The deal is scheduled to close on March 31.

Ketel One is distributed in duty free in the region by Chase International in the US and parts of the Caribbean and Monarq Duty Free in Mexico, Spanish Caribbean and South America.

BEAM HITS 11 MILLION

Jim Beam Bourbon celebrated an historic milestone last week, filling its eleven millionth barrel of Jim Beam on Feb. 1. This marked the first time Jim Beam has filled one million barrels in less than three years, which the company says is evidence of the sustained growth in international and domestic demand for "America's Native Spirit."

Jim Beam, the flagship brand of Fortune Brands' Beam Global Spirits & Wine division, reports that revenue grew at a double-digit rate in its key markets in 2007, with worldwide consumption surpassing six million cases in the last 12 months. The United States remains the world's largest market for Jim Beam followed by Australia and Germany.

Beam's DeKuyper brand, which includes liqueurs, puckers, crèmes and flavored brandies, will be updating its packaging, with new labels and some new names being introduced as old labels are exhausted. Most of the changes will begin with February/ March shipments. The new look will allow DeKuyper to "pop" visually onshelf, and give enhanced identity to the products. The whole range will be on display at the IAADFS show in Ft Lauderdale.

Canada's airports push for arrivals duty free

Continued from page 1. Airport duty free is a C\$174 million industry in Canada, with duty free sales restricted to travelers departing the country. CAC estimates that the introduction of ADF would repatriate some \$161 million a year in foreign retail sales. They argue that this would result in 400 new Canadian retail jobs and about \$7.2 million in additional tax revenue.

Arrival Duty Free is currently in place in more than 45 countries. In the 20 years since ADF was introduced in Australia, duty free revenue increased more than 30% and is considered an invaluable service for travelers, says CAC.

CAC, its members and partners in the airport duty free sector also presented The Standing Committee on Finance with requests to eliminate airport rent; and supported calls for the elimination of the Air Travellers' Security Charge, contending that aviation security is a matter of national security for which costs should be borne out of general tax revenues.

CAC's 49 members represent more than 180 airports in Canada, which handle virtually all the international traffic and 95% of domestic passenger traffic.



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World Tourism reaches a record 900m in 2007 The Americas rebounds; Caribbean flat

World Tourism exceeded expectations in 2007, increasing at a 6% growth rate to a record 898 million international tourist arrivals, according to the latest UNWTO World Tourism Barometer released late last month.

This is 52 million more international arrivals than in 2006, and confirms both the sustained growth of the past years and the resilience of the sector regarding external factors, says UNWTO.

The 52 million new worldwide arrivals were divided among Europe, which received some 19 million (+4%), Asia & the Pacific with 17 million (+10%), the Americas with 6 million (+5%), Africa with 3 million (+8%) and the Middle East with 5 million (+13%).

Although not growing at the rate of many newer destinations, the Americas region more than doubled its growth rate after the 2% growth of 2006. Growth was backed by the rebound of the US inbound market (+10%) and the strong performance of Central and South American destinations, up approximately 10% and 8% respectively, both of which were favored by the strong euro and a steady tourism flow from the USA. Travel to the Caribbean was flat, however, registering a decline of nearly one percent, the only negative growth recorded in the current barometer.

2008 outlook

World Gross Domestic Product (GDP) has experienced its longest period of sustained growth for 25 years, with figures around or above 5% since 2004.

For 2008, confidence remains high, although this perception might de-

teriorate. Uncertainty about the subprime mortgage crises and economic prospects in the US, global imbalances and high oil prices are increasing volatility and weakening confidence. International tourism might be affected by this global context. But based on past experience, the sector's proven resilience and given the current parameters, UNWTO does not expect that growth will come to a halt.

Shiseido Travel Retail Americas

Recruits 2 newly created positions:

Areas Sales Manager Travel Retail North America (US, Canada, Mexico)

Candidate will be responsible for the commercial development of the Shiseido brand in the region looking after all aspects in sales, promotions, merchandising, P&L management.

Training/Merchandiser Manager Travel Retail North America (US, Canada, Mexico)

Candidate will be responsible for the hiring, training, motivation of our Beauty Consultants including point of sales management in the region.

All resumes for both positions should be sent to

cdiaz@sic.shiseido.com

accompanied by a motivation letter. The position desired should be clearly specified in the message title (Sales or Training).

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ISPY honors top inflight sales people

Several Americas air carriers were recognized during the 2008 Inflight Sales Person of the Year awards held in London on Feb. 1. The annual event, created by Christine and Ray Martin of inflight training company TRT, attracted crew and airline management from around the world, for a training program and conference, culminating in a awards event honoring outstanding flight crew involved with duty free onboard their respective airlines.

Winners from the Western Hemisphere include Imani Klaveren, of South America's Surinam Airways, who won in the category of Product Knowledge; and Joana Tenente of Canada's Air Transat, for Effective use of the PA. Two regional carriers were also awarded Highly Commended recognition: Jody Park of Northwest Airlines for Product Merchandising; and Yan De Thieulloy of Air Canada for Selling with emotional intelligence.

The big winner of the Overall Global Inflight Sales Person of the Year went to Anjali Righton of Gulf Air.

The **Supplier of the Year**, voted by the airlines, was **Scorpio Distributors**, with Premier Portfolio, Alexander Bottega, and Mars winning Highly Commended recognition. **The Inflight Retailer of the Year**, which is voted by the suppliers, was European charter **First Choice Airways**, with Aer Lingus, Jet2.com, Thomas Cook Airlines, Singapore Airlines winning highly commended status.

For a full list of the winning airlines, please go to www.trtuk.com

Beauty 2 Market expands portfolio

New York-based Beauty2Market has signed an agency agreement to represent the Selective Beauty fragrance portfolio in North America travel retail, reports B2M co-owner David Tillman.

Selective Beauty is distributed in the Caribbean by Miami-based Philippe Gerard Enterprises (PGE).

As its first efforts for the Selective Beauty portfolio, B2M will focus on the company's Fifi-winning *Agent Provocateur* brand, says Tillman. Paris-based Selective Beauty, which has opened operations in New York to support its aggressive global growth, has acquired a wide portfolio of classic and trendy brands and recently signed licenses with such fashion icons as Jimmy Choo and John Galiano.

B2M is now also representing Fusion Beauty in North America travel retail and global airlines, and jet-lag supplement FlyRight, in addition to its work with Colorful Licenses. The company will be launching CL's Betseyville fragrance from Betsey Johnson in the spring.

B2M is working with Michael Gray's Mann Sales Associates in Canada for the Betsey Johnson and Selective Beauty fragrances, as well as with Fusion Beauty and FlyRight.