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Interview with FDFA's Laurie Karson:

Can Olympics and Chinese tourists help Canada's border stores counteract WHTI deadline and recession threat? By Michael Pasternak

Frontier Duty Free Association Executive Director Laurie Karson knows these are challenging times for Canadian duty free. Karson discussed the biggest challenges and opportunities she sees ahead for the Canadian border business with *Travel Markets Insider* at FDFA's annual conference in Vancouver in January.

"The short term challenge right now in Canada and the U.S. is a potential recession," noted Karson. "All retailers, and especially those in duty free, are feeling it. The Western Hemisphere Travel Initiative passport issue is also critical. It is currently the most important issue because there is a specific timeline attached to it. The deadline for cross-border travelers to have a passport is June 1, 2009, and that is quickly approaching."

Karson points out that the

Canadian border shops tend to have a higher percentage of customers that have passports than normal, since many of them travel often: "Based on the last survey we did, in which our stores poll the customers to assess their passport possession, we are usually 10% higher in passport possession rates than the national averages."

The FDFA combines these surveys with efforts to increase awareness about duty free shopping. "We've done awareness campaigns throughout the last few years. We'll be doing another awareness campaign shortly," explains Karson.

"The FDFA will be in contact with Passport Canada and the US passport offices to collect more communication material to give to our store owners – which will allow them to create more aware-

Ness for their customers. We most likely will be conducting another survey amongst our stores as well."

The enhanced driver's license is an alternative option to using a passport that is getting attention in some locations along the border. Karson is not convinced this option is the way to go, however: "I'm a little disappointed with the enhanced driver's license," she comments. "In my opinion there has to be a huge amount of funding to get the technology to operate this option up and running."

The enhanced driver's license, which has an RFID chip embedded in it that transmits a unique reference number to help speed processing, can be used to expedite crossing the U.S. borders with Canada and Mexico.

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PEOPLE

Marketing Changes at Pernod Ricard. Pernod Ricard has appointed **Martin Riley**, currently Marketing Director of Chivas Brothers, as the group's new vice president of global marketing, with the title of Chief Marketing Officer, Pernod Ricard, effective Feb. 1. Riley will replace **Jean-Paul Richard** who is retiring after 35 years at Pernod Ricard. Martin will be based in Paris, reporting to **Thierry Billot**, Pernod Ricard Deputy Managing Director in charge of Brands.

Eric Benoist, currently Marketing Director Martell Mumm Perrier-Jouët, is appointed as Marketing Director, Chivas Brothers, replacing Riley. Benoist will report to Christian Porta, Chairman & CEO of Chivas Brothers, and will be a member of the Management Committee.

Anne-Claire Rodary, currently Senior Marketing Category Director at Pernod Ricard will replace Benoist as Marketing Director Martell Mumm Perrier-Jouët. Rodary will report to Lionel Breton, Chairman & CEO of Martell Mumm Perrier-Jouët and will be a member of the Management Committee.

Doron Friedman has been named Area Director Americas – Global Travel Retail for **The ABSOLUT Company**, Pernod Ricard USA. His new email is doron.friedman@pernod-ricard-usa.com

IN MEMORIAM

Sylvie Fiers 2/21/1959 – 1/4/2009

It is with extreme sadness that we report the passing of Sylvie Fiers on January 4. The news of her passing was reported on Jan. 22 by *The Moodie Report*, whose publisher, Martin Moodie, accurately wrote that Sylvie was "one of the kindest, best and most respected executives in the travel retail industry."

"Sylvie left Godiva in January 2007 after 12 years with the Belgian chocolatier, initially as Duty Free Manager and later as Business Director. She then relocated to Geneva to head Japan Tobacco International's travel retail business but fell ill soon afterwards," wrote Moodie.

When she left Godiva, Sylvie noted: "I am proud of my legacy and will leave behind a strong team and a powerful global brand awareness."

"Those words ring true today with immense poignancy. In fact her legacy to the whole travel retail industry, forged through Godiva, her short time at Japan Tobacco International and her fine and voluntary contribution to TFWA, will be long remembered. All those who knew Sylvie will mourn her deeply."

Source: **The Moodie Report**

Comments Insider publisher Lois Pasternak: What a tragedy that such a dynamic, talented and kind person has been taken at such a young age. All of us who had the chance of working with Sylvie have been privileged. *Insider* adds our personal condolences to those of the industry to her husband and family.



Sylvie Fiers



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IN MEMORIAM**Patricia Turck-Paquelier, L'Oréal Produits de Luxe International Prestige and Collections***Patricia Turck-Paquelier*

With great sadness, L'Oréal announced on January 20, 2009 the passing away of Patricia Turck-Paquelier, Managing Director of International Prestige and Collections within the Luxury Division.

Turck-Paquelier joined the L'Oréal Group in 1996, where L'Oréal said that "her extraordinary commitment and her great talent" had an enormous influence on the success of the history of the Luxury Division of L'Oréal.

"Her visionary ideas of luxury and her entrepreneurial spirit allowed her to push back creative frontiers as well as to identify the brand potential of Viktor & Rolf, Diesel or Martin Margiela, with whom she built particularly privileged ties. Also, thanks to

her tremendous relationship with Giorgio Armani, the brand has become one of the premium luxury beauty brands on the planet," said the company in a statement.

"Alongside these designer brands, Patricia managed to integrate the Helena Rubinstein and Biotherm brands as integral and dynamic parts of the International Prestige & Collections department, which she had been leading since 2000.

"Patricia never ceased to transmit to a whole generation of young talent, her immense know-how of luxury. She will be sorely missed as she was a role model for all of us at L'Oréal and in particular for the women in the Group who admired her ability to successfully combine and achieve a perfect balance between professional success and family life."

"Our thoughts are with her family at this difficult time."

KARSON: "Any country that has the Olympics will have a huge increase in visitors. And now that our dollar is not as strong as it has been over the past few months, I think we'll see more American travelers."

An influx of Chinese tourists, which would result from Canada receiving Approved Destination Status, should also be boon to the duty free stores in the region. Approved Destination Status is a bilateral agreement on tourism that allows the destination country to open a tourist office in China, market to tourists and organize group tours.

Despite reaching an agreement in principle with the Canadian government in January 2005, China has not yet granted Approved Destination Status (ADS) to Canada. Without this status Chinese citizens can only obtain an exit visa to visit Canada for business or to visit friends and relatives, but not for strictly leisure trips and Canada cannot be marketed as a destination directly to consumers by Chinese media, and Chinese travel agents cannot advertise trips to Canada or organize tour groups.

"I think there is a lot of opportunity for our border stores if the Chinese Approved Destination Status is approved for Canada, which many people think can happen this year. We could get a [potential market of a] billion people and they love to travel. It could be a huge market. I suspect the Chinese tourists would want to go to key landmarks in Canada."

For the immediate future, Karson and the FDFA members are keenly aware that it is trying times for everyone. "We just need to keep ourselves on the ball. Now we need to stick together more than ever," she concludes.

FDFA's Karson assesses future for Canada's duty free border stores*Continued from page 1.*

It costs \$15 to \$30 more than a regular license and is being developed in the border states of Arizona, California, Michigan, Texas, Vermont and Washington as well as in five Canadian provinces: British Columbia, Quebec, Manitoba, Ontario and Nova Scotia.

The NEXUS Program is another challenge facing cross border travelers. NEXUS is designed to expedite the border clearance process for low-risk, pre-approved travelers into Canada and the United States. It is a joint venture between the Canadian Border Services Agency and the United States Custom and Border Protection.

"NEXUS needs to be fixed," says Karson. "The NEXUS lines in Canada are only open at certain hours. But I think the Passport Canada and the U.S. Passport Services are doing a good job. I'd like to see NEXUS promoted more. Once that happens, hopefully the traffic, the congestion, will be alleviated when the deadline comes."

Despite the current economic crisis, Karson believes that travelers will continue to buy duty free in the border stores: "There will always be travel retail. We just need to make sure that processes are put into place to make it as easy as possible for customers to cross the border and shop at duty free," she emphasizes. "I think people will still want to have nice things. You can get luxury products for affordable prices in duty free."

On the bright side, Karson says the 2010 Winter Olympics taking place in Vancouver could be an important boost for Canadian duty free.

Continued below



NORTH AMERICA AIRLINE & AIRPORT NEWS

ATL remains world's busiest airport, Delta extends branding to Northwest; UAL-Aer Lingus announce Open Skies partnership

For the fourth consecutive year, Atlanta's Hartsfield-Jackson International Airport retains its title as the country's busiest airport in terms of takeoffs and landings, according to the Federal Aviation Administration (FAA). ATL came in ahead of Chicago O'Hare even though business was down slightly from last year.

Preliminary estimates for international airports from Airports Council International confirm that Hartsfield-Jackson will also be the world's busiest airport in terms of operations for 2008 as well as in the numbers of passengers flown.

The FAA's Airport Operations Ranking Report details Hartsfield-Jackson as completing 978,084 operations for 2008, a slight decrease of 1.3 percent from 2007.

"It's an honor that Hartsfield-Jackson is recognized as the world's busiest airport again, and we will continue to work to become the world's best by exceeding our customers' expectations," said Aviation General Manager Ben DeCosta. "In 2008, we completed a major security checkpoint expansion and our current *Retail Renaissance* program will add more than 70 new shops to accommodate approximately 250,000 passengers who pass through the Airport each day."

In October 2008, the Airport added 10 new security lanes to improve service and efficiency for passenger travel, for a total of 32 lanes through three separate checkpoints. The opening of the new lanes coincided with the Transportation Security Administration's launch of its *Diamond Self-Select* program in Atlanta, adding to customers' choice of where to enter security checkpoints based on their travel needs and expertise (*Insider 12-1*).

Hartsfield-Jackson dedicated the latter part of 2008 to its *Retail Renaissance* program, which will add more than 70 new shops and restaurants by this summer, designed to improve customers' travel experience. The first-of-its-kind program will offer luxury apparel, fine dining and convenient retail stores through stores such as Z-Market, *Atlanta Magazine's* HOME Store, L'Occitane, Lather, Simply Books and the One Flew South fine-dining restaurant. Future openings include the Georgia Aquarium store, Drugs and More, NY Times store, CNN News, BlackBerry, Buckhead Books, Sean John, Lacoste, Brooks Brothers, Mori Luggage and more.

Aldeasa also officially opened its new duty free store at ATL in May 2008.

Delta Air Lines is expanding the Delta brand across more than 200 airports worldwide as part of the airline's efforts to seamlessly integrate Delta and Northwest following their merger in October. Late last year, Delta began consolidating and rebranding Delta and Northwest airport facilities to consistently display the distinctive red, white and blue Delta brand, installing Delta's corporate and brand identity markings at Northwest-branded gates, ticket counters, check-in, loading bridges and curbside areas, as well as baggage claim service offices and other in-airport signage worldwide.

Delta expects to complete rebranding in all airports throughout the United States by the end of 2009. Rebranding in international locations is expected to be complete in 2010.

In related news, **Delta Air Lines is threatening to move from Atlanta if airport costs rise**, reports the Air Transport Association, quoting *The Wall Street Journal* and *The Atlanta Journal-Constitution*. Delta says it could shift a portion of its operations to a different hub if a new lease in Atlanta results in sharply higher costs. The company estimates its cost-per-passenger could increase from \$5 to \$10 as Atlanta tries to recoup its investment in the new, \$1.6 bn Maynard Holbrook Jackson Jr. Terminal at Hartsfield-Jackson International Airport, according to the ATA.

DFASS has retained its Delta Airlines inflight retail concession and been awarded the concession onboard Delta's subsidiary Northwest Airlines, according to The Moodie Report. Quoting sources in the vendor community, Moodie says that the Northwest contract will begin on April 1.

Capitalizing on the growth opportunities presented by the Open Skies agreement between the European Union and the US, **Irish airlines Aer Lingus and US-based United Airlines have announced an extension of their transatlantic partnership** on select long haul services between Europe and North America.

The airlines will launch service between Washington Dulles and Madrid, which will be available for sale from April 2009, and will commence daily operations from March 2010. Additional routes may be made available for sale during 2010 to commence operation in Summer 2011.

Aer Lingus will manage the operational aspects of the new partnership and UAL is responsible for managing revenue generation. The Partnership route structure will be operated and sold under both Aer Lingus and United Airlines codes and will leverage both parties' network capabilities.



EMPLOYMENT OPPORTUNITIES**Marketing Manager**

Island Companies Ltd (ICL) is a dynamic duty-free and travel-retail company with a 30-year history with 27 locations on the prestigious western Caribbean island of Grand Cayman. Strongly focused on jewelry and watches, ICL specializes in designer branded jewelry from fashion to luxury and non-branded jewelry heavily focused on diamonds and colored stones. Our watch business is strongly represented with top brands from fashion to sport, prestige, and connoisseur categories. ICL also features designer sunglasses, accessories, soft goods and travel-retail driven souvenir businesses. The company has over 40 head office employees and over 150 management and associate staff at retail. We are part of the Active Capital Ltd. group of companies, a division of Dart Enterprises and strongly positioned for continued future growth in the Cayman Islands and throughout the region.

We are looking for a
Marketing Manager to join our team.

Reporting directly to the Chief Executive Officer, this is a senior level executive position. Post holder will be responsible for all aspects of marketing, advertising, promotion, public relations and visual merchandising for the company. Primary responsibilities include strategic planning, marketing strategies, budgeting, co-op management, merchandising, corporate identity, concept development, contracts, vendor relationships, and community involvement with a focus on the key retail categories of branded and non-branded jewelry and watches, sunglasses, soft goods, travel retail and destination significant goods.

Qualifications and Experience:

Applicants must possess a Bachelors degree with a minimum of 8 years marketing experience at management, senior management and executive level in the specific areas of jewelry, watch, and/or travel retail and duty-free merchandise. Prior success in the Caribbean region and/or the cruise travel retail industry will be looked at favorably. In addition to above requirements, further career experience in merchandising and/or planning and/or retail operations and prior success in the Caribbean region and/or the cruise travel retail and/or duty free industry will be looked at favorably.

Total compensation package is commensurate with work experience and job performance. We offer a comprehensive benefits package including contributory pension plan, medical, dental and vision insurance.

Applications will be treated in the strictest of confidence and should be made in writing to:

aclcareers@activecapitaltd.com

or

Active Capital Ltd., PO Box 31135
Grand Cayman KY1-1205, Cayman Islands

To see other duties associated with this role, please go to: <http://travelmarketsinsider.net/AdvertisingTMI/advert-ICLMarketingManager.doc>

**General Merchandise Manager**

Island Companies Ltd (ICL) is a dynamic duty-free and travel-retail company with a 30-year history with 27 locations on the prestigious western Caribbean island of Grand Cayman. Strongly focused on jewelry and watches, ICL specializes in designer branded jewelry from fashion to luxury and non-branded jewelry heavily focused on diamonds and colored stones. Our watch business is strongly represented with top brands from fashion to sport, prestige, and connoisseur categories. ICL also features designer sunglasses, accessories, soft goods and travel-retail driven souvenir businesses. The company has over 40 head office employees and over 150 management and associate staff at retail. We are part of the Active Capital Ltd. group of companies, a division of Dart Enterprises and strongly positioned for continued future growth in the Cayman Islands and throughout the region.

We are looking for a
General Merchandise Manager to join our team.

Reporting directly to the Chief Executive Officer, this is a senior level executive position and post holder will be responsible for planning, directing and controlling the selection and buying of all merchandise with a primary and majority focus on the categories of branded and non branded fine and fashion jewelry, loose diamond and bridal, colored stones, gold, silver and watches, and a secondary focus on sunglasses, accessory, soft good and travel-retail/destination souvenir.

Qualifications and Experience:

Applicants must possess a Bachelors degree with a minimum of 10 years merchandising experience at management, senior management and executive level in the specific area of jewelry, watch, and/or travel retail and duty-free merchandise. Prior success in the Caribbean region and/or the cruise travel retail industry will be looked at favorably. In addition to above requirements, further career experience in retail marketing, merchandising and/or retail operations and prior success in the Caribbean region and/or the cruise travel retail and/or duty free industry will be looked at favorably.

Total compensation package is commensurate with work experience and job performance. We offer a comprehensive benefits package including contributory pension plan, medical, dental and vision insurance.

Applications will be treated in the strictest of confidence and should be made in writing to:

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