

Get out your passports, folks!  
Global travel retail is expanding,  
along with our tastes



BVLGARI



By ERIN M. LOEWE

# Globe



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International travelers are flocking to airport and duty-free shops in a quest for luxury items and creature comforts, and retailers are offering more options than ever before to meet the demand. The most recent "Top 10 Airports Report" noted that in 2012, consumers increased their spending between 3 percent and 12 percent at the top global airports, with those travel hubs taking in a combined \$9.2 billion, or 20 percent of the \$49.4 billion total business.

"The single biggest factor has been the emergence of Asia and the Middle East as driving forces for the travel retail business," says Doug Newhouse, editorial director of *Travel Retail Business Magazine*, which publishes the "Top 10 Airports Report" annually. "As part of this, the continued strength of overseas Chinese visitor spending has also disproportionately bolstered some parts of the industry."

Despite a downturn during the recession years, travel retail is now peaking and is stronger than ever. "However, it is important to remember that the duty-free and travel retail industry is sometimes

a little insulated from recession—as long as air travel numbers remain positive," Newhouse notes.

One reason for this resilience could be the psychology involved with traveling. Steve Collis, managing director of London-based JHP Design, has a long history of working on travel retail projects, including recently with World Duty Free a few years ago in London Heathrow Airport's Terminal 5. "Initially, there's stress as you pass through security, they're searching your bag, it's a hassle to remove your shoes," he explains. "But once past, it changes into almost a level of adventure.

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← [Opening spread] Los Angeles International's TBIT Terminal has upped its luxury offer.

→ Coach brought high-end appeal to "luxury island" at the Tom Bradley International (TBIT) Terminal at LAX.





↑ The new Bvlgari shop at  
← TBIT in LAX ups the  
luxury factor for  
international travelers.

→ Fast, fresh food concepts are popping up in abundance in travel retail, such as this Pret A Manger in Guildford, U.K.



If there's something curious and new, people are more likely to try it than if they were just walking down their own street on a Saturday morning. Big brands recognize this is a good place to launch and test products."

Laura Samuels, vice president of corporate communications for East Rutherford, N.J.-based Hudson Group, says one of the unexpected consequences of Sept. 11 was that people had to get to the airport earlier for security. "There are a lot more people behind the security gate now with nothing else to do besides eat and shop," she says.

Since Hudson was acquired by Basel, Switzerland-based Dufry AG in 2008, the former newsstand operator now boasts partnerships with specialty retailers that appeal to both general shoppers and those looking for high-end goods as well. Samuels says that some of Hudson's greatest recent successes were shops at Los Angeles International Airport (LAX).

"It all came out of an RFP from the airport, since LAX had issues of not being as well thought of as an international airport as some others," Samuels explains. "The airport wanted it to really have a local, LA-feel at takeoff and landing, so we worked with many brands that spoke to the entertainment industry and other stores that reflected the LA vibe." In Terminal 5, some of the specialty stores that fit

that aim are surf shop Rip Curl, Magic Johnson Sports and the Mattel Experience (since the toy behemoth was founded in an LA-area garage).

However, when tapped to do the facelift on LAX's Tom Bradley International Terminal (TBIT), luxury was the order of the day. Stores awarded to Hudson include Bulgari, Tumi, Michael Kors and Coach, among others. "If you see the stores in LAX/TBIT, they really are glorious," Samuels says. "They could be on Rodeo Drive or Fifth Avenue. This is new for the airport world. We deliver what airports want, and people come. People are going back to their home countries with high-end products, trusting they are getting the real deal with the right tag on it."

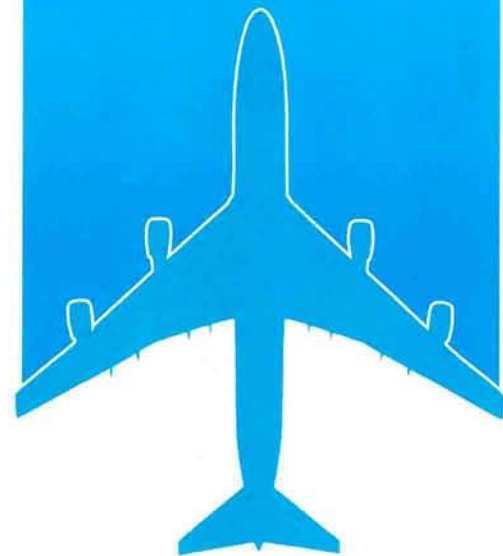
LAX's approach of appealing to shoppers on both ends of the spectrum is probably a wise one, Newhouse says. "I do expect this (luxury) trend to accelerate, but I also believe it is in a cycle in some locations," he remarks. "Consumers with much less disposable income than others may find the travel retail industry inaccessible or even irrelevant in some locations if airports and retailers fail to address all price entry levels. This has happened to some degree in certain airports already, and it should be of particular concern in those airports that have very affluent consumers on one hand and more challenged spending power among others."

# Top 10

## Grossing Airports Worldwide

- 1 Incheon International  
Seoul
- 2 Dubai International  
Dubai
- 3 Heathrow Airport  
London
- 4 Hong Kong International  
Hong Kong
- 5 Changi Airport  
Singapore
- 6 Suvarnabhumi International  
Bangkok
- 7 Charles de Gaulle Airport  
Paris
- 8 Frankfurt Airport  
Frankfurt, Germany
- 9 Amsterdam Airport Schiphol  
Amsterdam
- 10 Guarulhos International  
São Paulo

Source: Travel Retail Business Magazine





“There are a lot more people behind the security gate now with nothing else to do besides eat and shop.”

- LAURA SAMUELS, HUDSON GROUP

↑ Austrian bread company Der Bäcker Ruetz has opened a drive-thru shop on the way to the airport in Innsbruck.

→ Luxurious, international products abound in travel retail, from handbags to wallets, scarves and accessories.





← Located within Heathrow's World Duty Free is Bar 5, a luxurious cocktail bar illuminated with a mood-changing chandelier.

↳ World Duty Free effortlessly merges diverse goods and price points for the global traveler.



That said, travel retail is not just limited to duty-free and shops in airports. Cruise lines have long been in on the business, and even ferries are expanding their retail offerings to take advantage of captive audiences. Marleny Almonte is sales manager for New York-based Retail Access USA, a subsidiary of Open D Group, which recently designed the Rio de la Plata duty-free concept for Buquebus ferry on its newest boat, the Papa Francisco. The ultra-fast ferry shuttles between Buenos Aires and Montevideo, Uruguay, in just over two hours.

"This was the first retail ferry design Retail Access USA worked on, but it was unique as we did not envision it as just a store, but an area that would have passengers lingering for a while until they got to their destination," Almonte says. "So, we created areas like the degustation and a kids' play area that offered entertainment as well. The duty-free store in Buquebus also has the best in fragrance, wines and other products."

With ever-expanding options for dining and shopping, travel retailers are filling a niche like never before. So if you ever find yourself stuck in an airport or on a boat, just take a stroll to see what you can find. It looks like your options will only continue to improve. d:f