

**WELCOME** to The Moodie Report.

This week's edition comes to you from Dubai, home of the world's third most successful duty free retail location, Dubai Duty Free. Dubai Duty Free Managing Director Colm McLoughlin knows plenty about net profits; but this week's recognition is for the company's event skills rather than its retail acumen. The Dubai Duty Free Men's Open 2006 was voted the Tennis 'Tournament of the Year' by the ATP players and officials – an accolade that yet again reflects the company's sheer marketing savvy as well as its all-round professionalism at whatever it turns its collective hand to.

The retail story of the week, however, comes from Macau where the gloriously extravagant Venetian Macao Resort Hotel opened its doors (and its canals). Pause a moment to consider the following. The Venetian, built at a cost of US\$2.4 billion, is the world's second-largest building. It includes a 3,000-room hotel. It features 350 stores, a host of luxury and designer names and has 968,000sq ft of retail space across three floors. It boasts over 1,000,000sq ft of convention, exhibition and meeting facilities, 30 world-class restaurants and a 15,000-seat 'Venetian Arena'.

"It's absolutely unbelievable," King Power Managing Director Duty Free & Travel Retail Sunil Tuli told The Moodie Report shortly after the grand opening. "It really is an amazing sight. I have never seen or imagined anything like it," Duty Free Americas CEO Jerome Falic told our colleagues at Travel Markets Insider. Both retailers are opening stores at the Venetian, and a third industry player, Nuance-Watson (HK), has unveiled The Atrium, embracing six themed zones ranging from beauty to bling (full report next week).

We close with a delightful story courtesy of European industry lobbyist John Hume. Passengers onboard the Vatican's first flight to Lourdes this week may have been pilgrims in search of spiritual healing but they still ran foul of the aviation security restrictions – resulting in several having their holy water confiscated.

The Vatican's new service, a Boeing 737 painted in papal livery, took off from Rome on Monday. All went well until the return leg when the French authorities said "Non" to bottles in excess of 100ml. The fact that the bottles contained holy water from Lourdes rather than liquid explosives held no sway with the officials. Most handed in their water but one man drank his, presumably ensuring he was the most virtuous passenger on the return leg.

The spring at the Lourdes sanctuary, where the Virgin Mary is said to have appeared in 1858, is famed for its miraculous healing powers. But even they could not assist the modern day pilgrims' progress.

## QUOTES OF THE WEEK

"It is already a success. The conviction is unequivocal, it is unquestionable, it is irreversible, it is absolutely certain." In case you're in any doubt, **Sheldon Adelson**, owner of Sands, parent of retail-to-gaming extravaganza The Venetian Macao, which opened this week, thinks his US\$2.4 billion gamble is a winner.



"We will not be making any comment on the matter, and are following the due legal process in respect of the protection of our business in Thailand." With his company fighting for its commercial life at Suvarnabhumi Airport, King Power Group Deputy Chairman **Chulchit Bunyaketu** was understandably keen to let the legal process – through which King Power is confident of vindication – take its due course (page 6).



"I am overwhelmed by the support we have received from our industry colleagues. I am sure we will raise substantial funds for the children and bring back many smiles to their faces." **Nadine Heubel**, Head of Travel Retail at Hugo Boss, co-organiser of October 5's fund-raising dinner on behalf of The Smile Train.



## Image of the Week

Who said that retailers aren't welcoming to suppliers? Gebr Heinemann came up with a novel way of evaluating its beauty houses – a 'supplier cockpit' by which it ranks all its brand partners. Pictured (holding the sign) is Gebr Heinemann Management Executive Kay Spanger welcoming André de Bausset (centre), International Director Travel Retailing of the winning house, Parfums Christian Dior, and his team to Hamburg – 'Heinemann country'.

## THE MOODIE REPORT

## DATA ROOM - TRAVEL &amp; TOURISM NEWS

## Selected traffic numbers reported in the past two weeks

Country	Airline/airport	July '07 vs July '06 (%)
Australia	Virgin Blue	+3.0 (total pax)
Brazil	TAM	+55.0 (internat. RPK)
Czech Republic	CSA Czech Airlines	-6.8 (total pax)
Czech Republic	Prague Ruzyně Airport	+2.8 (total pax)
Greece	Olympic Airlines	+5.5 (total pax)
Hungary	Malev Hungarian Airlines	+0.8 (total pax)
Italy	Bergamo Airport	+7.3 (international)
Italy	Milan Linate Airport	-0.1 (international)
Italy	Milan Malpensa Airport	+8.2 (international)
Italy	Naples Airport	+10.4 (international)
Italy	Rome Ciampino Airport	+10.6 (international)
Italy	Rome Fiumicino Airport	+11.3 (international)
Italy	Venice Marco Polo Airport	+13.2 (international)
Japan	Tokyo Narita Airport	+1.0 (international)
Malaysia	Malaysia Airlines	+2.7 (international)
Netherlands	Amsterdam Airport Schiphol	+3.7 (total pax)
Poland	LOT Polish Airlines	+14.9 (total pax)
Portugal	TAP Air Portugal	+18.6 (total pax)
Spain	Madrid Barajas Airport	+21.3 (international)
Slovenia	Adria Airways	+6.0 (total pax)
Switzerland	Geneva Airport	+14.5 (total pax)
Turkey	Turkish Airlines	+9.6 (total pax)
UK	British Midland Airways	-2.9 (total pax)
UK	London City Airport	+26.6 (total pax)
UK	Virgin Atlantic Airways	+15.3 (total pax)
US	Austin-Bergstrom Int. Airport	+12.1 (total pax)
US	Miami International Airport	+3.2 (international)

Source: ©The Moodie Report

continued on page 3

Sky Tours revealed double-digit gains so far, while those for the Holiday, Mach/Best Tours and ANA Hallo brands remain sluggish with declines ranging between -10% and -20%. Bookings for October tours are slow, prompting tour wholesalers to introduce low-priced products to offset the slowdown.

Bookings for Hawaii in August and September at five wholesalers are favourable. But all are facing an uphill climb in October, TJI said, with year-on-year drops of -22% at LOOK JTB, -15% at Holiday, -44% at Mach/Best Tours and -39% at ANA Hallow Tours. The sluggish bookings for Hawaii are attributed mainly to the ailing western Japan market. That has been prompted by the downsizing of aircraft and scheduled flight reductions on the Honolulu flights at Kansai Airport. Bookings for North America at I'll/AVA and three brands at R&C Tours surpassed the levels of a year earlier. LOOK JTB is the only brand where bookings for Europe exceed those of a year ago. Bookings for Guam/Saipan, Asia and China are fairly good, TJI said. Booking levels for Guam are affected by reductions in All Nippon Airways' Haneda charter flights.

**UAE/CHINA.** Fast-growing UAE carrier Emirates will launch its second daily service to Shanghai on 1 February 2008. Emirates opened the Shanghai route in April 2004 and demand has grown steadily with seat load factors consistently above 90%.

**ARGENTINA.** The number of foreign tourists arriving in Argentina during the first half of 2007 increased +17.4% to 1,037,226, according to the Argentine Tourism Secretariat. The information is based on the number of foreign tourists who arrived into the country through Ezeiza, the country's main international airport. June arrivals rose +24.1% to 157,841.

The foreign visitor league was led by Brazil with 45,432 followed by the US with 21,284, Chile (17,674), Peru (9,542) and Spain (8,541). Tourism Secretary Enrique Meyer described the figures as "highly positive and reflect growth in all fields linked to the tourism sector: more arrivals, higher hotel occupancy and increased income for the country".

**JAPAN.** Japanese wholesalers have painted a mixed picture of prospects for the key August–October outbound travel period, according to Travel Journal International (TJI) Online. Five of eight major tour wholesalers are posting increases from a year ago for each of the three months, TJI reported.

Bookings for LOOK JTB, I'll/AVA, Club21, R&C Tours' three brands and

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## Selected traffic numbers reported in the past two weeks (continued)

Country	Airline/airport	Jun '07 vs Jun '06 (%)
Brazil	Rio de Janeiro Airport	+6.9 (total pax)
India	Mumbai Chhatrapati Shivaji Int. Apt.	+16.7 (total pax)
Japan	JAL Group	-1.9 (international)
Maldives	Male International Airport	+22.3 (international)
Thailand	Thai Airways International	+0.8 (total pax)
UAE	Sharjah International Airport	+29.2 (total pax)
UK	Luton Airport	+6.3 (total pax)

Source: ©The Moodie Report

*Gulf News*. The airline will operate out of the emirate of Fujairah from October. Initially it will serve the Philippines, Bangladesh, India and Sri Lanka. Kang Pacific also plans to operate flights to the UK.

The airline will operate as a hybrid between a budget and a full service carrier. It is the brainchild of Paul Kang, an Indian businessman who has worked in aviation catering and duty free shop supply.

## THE MOODIE REPORT DATA ROOM - TRAFFIC NEWS

**CHILE/LATIN AMERICA.** LAN Airlines and its related companies posted a +25.2% year-on-year passenger traffic increase in July on a capacity gain of +20.8%. International passengers represented around 88% of total traffic. International passenger traffic for July rose +24.7%. Long-haul capacity grew driven by increased operations to the US, the South Pacific and the Caribbean. Short-haul capacity rose through expansion in regional operations, as well as expansions in the Argentine and Peruvian domestic markets. LAN includes LAN Airlines, LAN Express, LAN Peru, LAN Ecuador, and LAN Argentina.

**JAPAN.** Airlines of the Japan Airlines and All Nippon Airways groups transported 304,428 passengers on international flights from Japanese airports during the 10-19 August holiday period. That represented a +1.2% rise year-on-year according to Travel Journal International (TJI) Online.

Japan Airlines carriers carried 225,249 passengers on international flights, down -1.7%, while its All Nippon Airways counterparts transported 79,179 passengers, up +10.4% (marking its highest figure for the summer holiday season).

By destination, favourable sectors for Japan Airlines carriers included Southeast Asia (105,540 passengers, up +6.9%), Guam (17,693, up +40.2%), South Korea (64,804, up +9.8%) and China (64,961, up +9.6%). This was offset by sluggish traffic for long-haul destinations, including Oceania (15,709, down -29.0%), Hawaii (54,340, down -4.8%) and the US (41,449, down -24.7%).

At All Nippon, favourable sectors included North America (22,128, up +25.9%), China (62,229, up +11.4%) and Asia (35,631, up +15.7%). Declines were seen in Europe (15,722, down -3.8%) and 'Resorts' (9,884, down -3.3%).

## THE MOODIE REPORT

## DATA ROOM - RETAIL &amp; COMMERCIAL SALES RESULTS

**AUSTRALIA.** Australia Pacific Airports Corporation (APAC), the operator of Melbourne and Launceston Airports, has posted a robust commercial revenues and retail performance for the year ended 30 June. Retail revenue grew strongly, outstripping passenger growth to increase +12% to A\$137.8 million. Passenger numbers at Melbourne Airport rose +3.1% overall to 21.43 million with international

Trade and tourism ties between Dubai and China have increased significantly in the past few years. Since Emirates' launch to Shanghai, the number of Chinese hotel visitors to Dubai has more than doubled from 32,265 in 2004 to 68,504 in 2006.

**UAE.** An Indian businessman is launching Kang Pacific Airlines, the fifth airline based in the UAE (alongside Emirates airline, Etihad Airways, Air Arabia, and RAK Airways), according to



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**Australia Pacific Airports Corporation  
Revenue for year ended 30 June 2006**

	2006 A\$ million	2005 A\$ million	2004 A\$ million	Change 2005/06
Aeronautical	132	126	112	+5%
Retail	138	123	106	+12%
Property	46	44	40	+4%
Security & other	32	30	28	+7%
<b>Total</b>	<b>348</b>	<b>323</b>	<b>286</b>	<b>+8%</b>

Source: Airports Company South Africa

true to the airport's philosophy of providing choice, value and quality in its retail offer, APAC said. The airport introduced a range of new stores including the first Virgin News and Books in Australia, Siricco leather and fashion accessory store Diva. Melbourne Airport also welcomed Australia's first Bijoux Ternier outlet, with the US jewellery and accessory retailer opening stores in Terminals Two and Three.

Currency exchange and banking services performed strongly in the first full year since ANZ joined Travelex as an airport currency exchange provider. "Passengers have responded positively to on-site competition, driving up transaction numbers and stimulating growth in the business," APAC said.

A new contract signed with Eye Corp to manage in-terminal advertising will expand promotional opportunities and improve technology to maximise impact for advertisers at Melbourne Airport. The airport also concluded negotiations with Nuance-owned Downtown Duty Free (now FIRST Tax and Duty Free) on new contract arrangements that provide a solid foundation for future growth in the duty free business, APAC said.

A commitment to delivering the right products at the right price stimulated patronage and revenue growth in the car parking businesses, APAC said. Melbourne Airport expanded its overall parking capacity by around +30% this year to more than 16,000 spaces in total. Chris Barlow, who is retiring as CEO and Managing Director of APAC (to be replaced by former BAA executive Chris Woodruff) said the company's retail revenue continued its strong performance, delivered through a simple mantra: deliver a good product and the right price. For full story see [www.TheMoodieReport.com](http://www.TheMoodieReport.com)

**CHINA.** Rental revenues from commercial and food & beverage operations at Shanghai Pudong and Hongqiao airports grew +14% year-on-year to reach CNY221.17 million (US\$30.07 million) for the first half of 2007.

The Shanghai Airport Authority noted in its interim report that thanks to the increase in passenger traffic and flight frequencies, aeronautical, resource supply and commercial operations all saw a boost in revenues. Aeronautical revenues grew +8% to reach CNY994.95 million (US\$131.69 million) for the period, while resource supply revenues shot up +55% to CNY42.20 million (US\$5.59 million). Pudong airport handled 13.65 million passengers over the period, up +6.5% year-on-year.

**CHINA.** First-half revenues from retail licences at Beijing Capital International Airport grew by +41.2% year-on-year. The airport company noted the strong increase in revenues from special operating licences, up +36.0% year-on-year to CNY282.53 million (US\$37.37 million). Within this category retail contributed CNY128.32 million (US\$16.97 million), advertising CNY112.16 million (US\$14.84 million); food & beverage CNY27.41 million (US\$3.63 million); ground services CNY10.96 million (US\$1.45 million); catering CNY2.49 million (US\$329,364); and others CNY1.20 million (US\$158,730).

"Due to the rapid increase in passenger traffic, the remodelling of shop fronts, reorganisation of brands and development of retail activities, retail licences generated revenues worth CNY128.32 million," said the company.

Total income from non-aeronautical revenues reached CNY436.95

traffic up by 1.9% to 4.4 million. Aeronautical revenues rose +5% to A\$132.2 million.

APAC's operating profit increased by +10% to A\$270 million. Overall revenue was up +10% to A\$384 million, driven by a strong performance from Australian domestic air travel, good growth in the company's property developments, and decent showings from APAC's long term car parks at Melbourne and Launceston Airports. Post-tax profit rose +1% year-on-year to A\$158 million.

New concessions at Melbourne Airport remained true to the airport's philosophy of providing choice, value and quality in its retail offer, APAC said. The airport introduced a range of new stores including the first Virgin News and Books in Australia, Siricco leather and fashion accessory store Diva. Melbourne Airport also welcomed Australia's first Bijoux Ternier outlet, with the US jewellery and accessory retailer opening stores in Terminals Two and Three.

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million (US\$57.80 million), up +24.9% year-on-year. But this was dwarfed by aeronautical revenues which totalled CNY1.23 billion (US\$162.7 million), up +13.1%. The company said that the recent restrictions imposed on the number of flights out of Beijing would not have a major impact on results. With safety a concern, China's aviation regulator ordered a cut of over 300 flights at Beijing Airport earlier this month. Beijing Capital handled 25.97 million passengers during the half year, up +15.6% year-on-year. This number included 20 million flying on domestic routes, and just under 6 million on international, Hong Kong and Macau routes.

## THE MOODIE REPORT

## LANDLORD & CONCESSIONAIRE NEWS

**AUSTRALIA.** HDS Retail Asia Pacific and Adelaide Airport Ltd last week opened a new destination merchandise store called Icons South Australia. The outlet is intended as a showcase of the best gourmet food and wine from South Australia – an area famous for its wine-making industry.

Icons South Australia is located in Adelaide Airport's new multi-user terminal. HDS Retail Asia Pacific said that the store features "beautiful graphic imagery and iconic colour palettes icons and depicts South Australia's rich history, vibrant present and exciting future". The store also includes an integrated tasting bar where customers can enjoy a taste of South Australia before boarding their flights.

Icons South Australia was created by HDS Retail Asia Pacific with input and support from Adelaide Airport Ltd as well as Food SA, the South Australian Tourism Commission, and the region's leading food and wine producers.

**MACAU.** "It's spectacular. It's absolutely unbelievable." That was the reaction of King Power Group Managing Director Duty Free & Travel Retail Sunil Tuli on Tuesday after attending the grand opening of the Venetian Macao Resort Hotel. King Power opened one store – called Chocolate Shop – and will soon open a boutique for upscale mobile phone brand Vertu.

The Venetian features 350 stores, including a host of luxury and designer names. It offers 968,000sq feet of retail space across three floors. A baroque themed mall is inspired by the architecture and history of Venice. Other travel retailers to have established stores there include Duty Free Americas (DFA) and Nuance-Watson (HK). Both also opened for business on Tuesday.

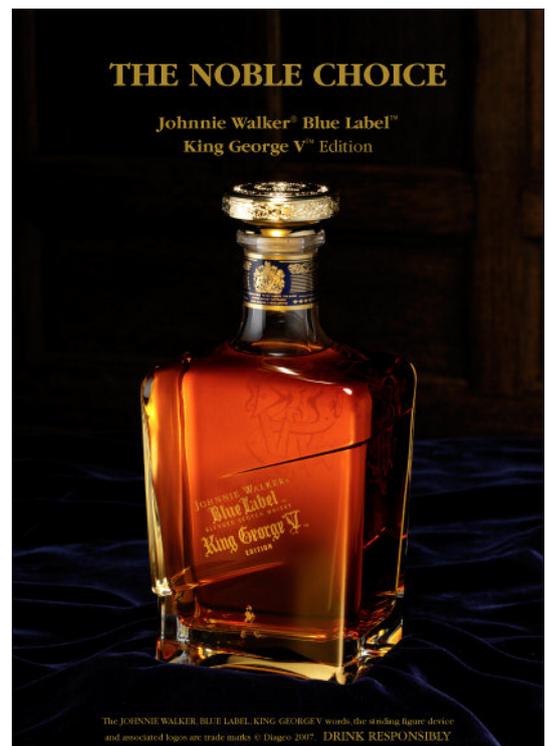
DFA is operating 16,359sq ft of retail space. Our colleagues at *Travel Markets Insider* reported that DFA unveiled one shop of approximately 4,000sq ft this week that carries fragrances, cosmetics, sunglasses and electronics. It also opened a store of similar size carrying liquor, tobacco and confectionary.

"Our shops are in an excellent position near the casino," DFA Chief Executive Officer Jerome Falic told *Insider*. "They are located at the entrance where the buses drop off the people and where most visitors to the hotel will be coming through. The hotel is expecting about 50,000 people a day to come through those doors." DFA will open a further 8,000sq ft-plus store in November. It will feature an 850sq ft Lancôme shop, an 800sq ft Cartier corner and an 800sq ft Bulgari corner, in addition to other luxury brands, Falic said.

Nuance-Watson's The Atrium features a wide range of premium, fashion and luxury brands in the Grand Canal Shoppes area on level three. The retailer's offer embraces six themed zones – Beauty & Fragrance; Fashion & Style; Fine Food & Wine; Gifting Delight; Luxury Watch & Jewellery; and Technology.

King Power's Tuli said: "We were delighted with the amount of business we did on opening day. The crowds were just pouring into the Venetian and our store was busy throughout – we are very pleased." The Chocolate Shop is around 1,300sq ft and offers a range of upscale confectionery.

The Venetian, built at a cost of US\$2.4 billion, is reputed to be the world's second-largest building. It includes a 3,000-room hotel. "It is



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already a success," Sheldon Adelson, owner of the Venetian's parent company Sands told reporters. "There is no doubt in my mind whatsoever. The conviction is unequivocal, it is unquestionable, it is irreversible, it is absolutely certain."

**SINGAPORE.** Nuance-Watson (Singapore) has been awarded the concession to operate an Amazing Grace destination concept at Singapore Changi Airport Terminal 2. Amazing Grace is a unique speciality store that was established in 1973 in Hong Kong's Harbour City shopping mall by NBC News journalist Robert Green and his wife Grace. It became a popular shopping port for shoppers from both Hong Kong and overseas and for those who love to explore unique ethnic Asian merchandise such as handicrafts, giftware, clothing, jewellery and decorative items.

The first Amazing Grace airport store was opened in 2004 at Hong Kong International Airport (HKIA) by Nuance-Watson (Hong Kong), which followed up with a second store in January this year at HKIA's new Terminal 2 SkyPlaza. The 46sq m Changi store will replace the existing jewellery concept brand Tiara. It will be managed by Nuance-Watson (Singapore). The concession is valid for three years, beginning from 29 October.

Nuance-Watson (Singapore) Executive General Manager Ken Tse commented: "We are delighted to have this opportunity to work closely with the Civil Aviation Authority of Singapore further and expand our portfolio of concessions at Changi Airport, especially with a high quality format such as Amazing Grace."

**SWITZERLAND.** CC Trust Group has unveiled an innovative automated sales terminal at Zürich Airport. At the heart of the system is the boxIN sales dispenser, which allows travellers to purchase items such as Swatch watches, Swarovski jewellery, mobile phones, digital cameras and accessories at any time of day.

The dispenser is designed to encourage last-minute purchases of souvenirs and gifts before passengers leave the airport, even when the stores are closed. "The boxIN sales dispenser is a fundamentally new and cost-efficient sales system for buying luxury and high-tech products, without cash, and around the clock," said CC Trust Group Board President Claudio Cisullo. "We are very happy about the world premiere at Zürich Airport."

"This sales terminal extends the shopping experience by another dimension," added Zürich Airport Head Marketing Retail Patrick Graf. "It gives us the chance to sell hi-tech products in areas where it wouldn't be possible from an economic point of view if our retail partners had to operate with sales staff. Zürich Airport is the first boxIN location after the Jungfrauoch [a popular tourist location in the Swiss Alps]." For full story and pictures see [www.TheMoodieReport.com](http://www.TheMoodieReport.com)

**THAILAND.** The long-running dispute between Airports of Thailand (AOT) and Suvarnabhumi Airport duty free and master commercial concessionaire King Power International escalated last week. On 24 August Airports of Thailand (AoT) published a board resolution reached a day earlier pertaining to the fate of King Power's contracts.

Echoing the initial justification for terminating both contracts earlier this year, AoT said the duty free contract should have been approved by state agencies under the Public-Private Joint Venture Act because it was worth more than THB1 billion.

But its published resolution makes no mention of the master commercial contract. Here is the full text of AoT's notice to the Stock Exchange of Thailand:

*At the Meeting No 25/2007, on Thursday 23rd of August 2007, the Board of Directors of the Airports of Thailand Public Company Limited (AOT) acknowledged the investigation report on the contract acquisition by King Power Duty Free Co., Ltd., in operating duty-free shops at the Suvarnabhumi Airport and other regional airports, from Pol. Gen. Pratin Santipraphop, the leader of the Fact-Finding Committee of the Suvarnabhumi Airport.*

*The report concluded that the directive, as issued by AOT to grant approval for King Power Duty Free Co., Ltd. to operate duty-free shops at the Suvarnabhumi Airport, is deemed unlawful, given the project value in excess of Bah One Billion. However, the process of selecting private firms to run the above business was not conducted in accordance with the Public-Private*

**JONATHAN HOLLAND  
& ASSOCIATES**  
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*Joint Venture Act. AOT's Board of Directors, therefore, resolved to assign AOT President to proceed four following actions:*

- 1. AOT shall rescind the above unlawful directive. In addition, there shall be a notification to King Power Duty Free Co., Ltd., to remove all its assets out of the Airport in due time, as specified by AOT. Should the company neglect to act in accordance with the time period, as specified, AOT will claim for compensation for any damage in its operations.*
- 2. AOT shall submit the investigation results to the Minister of Transport for further submission to the Cabinet.*
- 3. AOT shall submit the above investigation results to the National Counter-Corruption Commission for further action.*
- 4. AOT shall institute legal proceedings according to the Civil Code, and take disciplinary actions against all involved parties, as identified under the Investigation Report.*

*However, these actions should not have any impacts on AOT's operations because AOT has not recognised any revenues and expenses from the King Power Group since the beginning.*

King Power International will fight any eviction. In March it filed a lawsuit against AOT, seeking THB68 billion in compensation after the airport company's board had announced the termination of the contracts. King Power Group Deputy Chairman Chulchit Bunyaketu told The Moodie Report in June: "We are simply fighting for justice. We have done nothing wrong, and everything by the book and by the law of our land. We cannot stand by and allow our business, our vision and our reputation to be damaged – and we will not."

Chulchit issued the following brief statement last week: "I am aware of the press reports of apparent comments made by the Chairman of the Airport Authority of Thailand that the airport board have decided to request King Power to vacate the duty free shops at Suvarnabhumi Airport. In fact, the Board had already issued us with a letter on May 4th 2007, informing us of an opinion of the Council of State that under the regulations of the Public Private Joint Venture act of 2002 that our contracts to operate the duty free shops, and our master concession to operate and manage all commercial areas at Suvarnabhumi Airport, never existed.

"In response to this letter from the airport we filed two lawsuits with the Civil Court, on behalf of King Power Suvarnabhumi Company Limited and King Power Duty Free Company Limited.

"Under Thai law, parties involved in a legal dispute are prohibited from making any public comments, or decisions, in relation to the matter under dispute. We will not be making any comment on the matter, and are following the due legal process in respect of the protection of our business in Thailand."

King Power is still operating its businesses as normal at Suvarnabhumi.

**UAE.** The ATP Tour, the official body for men's professional tennis, has again named the Dubai Duty Free Men's Open 2006 as the 'Tournament of the Year'. The award, which reflects the feedback from both the players and the officials of the ATP Tour, comes just months after the 2006 men's week won the prestigious ATP Tour "International Series Gold Tournament of the Year" for the fourth consecutive year at the 'Stars for Stars' Tennis Excellence Awards in Miami.

Commenting on the recent accolade, H.H. Sheikh Ahmed bin Saeed Al Maktoum, President of the Department of Civil Aviation and Chairman and Chief Executive, Emirates Airline and Group said: "Winning both 'Tournament of the Year' titles for the same tournament in the tennis world's major awards is a remarkable achievement and one that highlights the hard work and dedication of those working behind the scenes of the tournament."

Dubai Duty Free Managing Director Colm McLoughlin said: "The Dubai Duty Free Tennis Championships consistently win praise from both the ATP the WTA (Women's Tennis Association) and from the players. As the owners and organizers of the event, we are delighted that our tournament has been once again recognized at such a high level."

**UK.** BAA has reiterated that it has made no decision regarding the fate of wholly owned travel retail subsidiary World Duty Free. The Ferrovial-owned company was prompted to reply to a speculative, unattributed story in Italian daily La Repubblica on Tuesday which said that Autogrill – the Spanish owner of HMSHost, Alpha Airports Group and co-owner of Aldeasa – was the "front-runner" in the race to buy World Duty Free.

But a BAA spokesman told Reuters that no sale of World Duty Free has started. Contacted by The Moodie Report, BAA restated its earlier line that "no decision has been made regarding a possible sale of World Duty Free". The

company declined to comment further.

As previously stated, The Moodie Report understands reliably that Ferrovial has appointed financial management and consultancy house Merrill Lynch to advise on its strategic options regarding World Duty Free. A sale is clearly a strong option for Ferrovial, which has never made any secret of its desire to focus on “core” business since acquiring BAA last year. But – and it is critical to separate speculation from fact – it is not a fait accompli and no-one yet is a front-runner, as no race has begun.

**Comment:** Because of World Duty Free’s sheer level of business and high quality reputation in the industry (if only the rest of Heathrow Airport was as good as its retail offer) its destiny is of enormous interest. We’re bound to report on and evaluate its likely fate. But we and others have a duty to report responsibly on developments that by their very nature remain highly confidential.

In our view a sale of World Duty Free remains highly likely. That is the belief of the majority of sources in the investment community we have spoken to and of World Duty Free’s leading rivals. But ultimately there is only one view that counts – Ferrovial’s. Packaged right in terms of guaranteed airport contracts and tenures World Duty Free represents one of the biggest prizes in the business. Ferrovial and its advisors know that. They also know the value of the current World Duty Free cash flow to the business. A decision either way is imminent and we’ll bring you what details we can, when we can.

**UK.** DSGi, which operates 25 Dixons Tax Free stores in airports around the UK, has announced plans to open four new stores at London Heathrow Terminal Five, which is scheduled to open next March. In addition to three newly designed Dixons Tax Free stores at the main and satellite terminals, DSGi will open its first PC World store in an airport environment.

The first store passengers will encounter is the flagship Dixons Tax Free store in the main terminal. The retailer said it would offer customers a full range of the latest technology products and services in a spacious and fresh environment. “There will be more ‘theatre’ allowing customers to interact and engage with all the products.” Nearby a last-minute Dixons Tax Free accessories store will offer passengers the chance to buy electronic essentials and accessories quickly and easily.

The PC World airport store will offer greater depth in computing and business-orientated products, said the retailer, and provide technical support to business passengers with the introduction of The TechGuys.

DSGi Airport Retail Managing Director Andrew Milliken said: “T5 will house the largest concentration of passengers in Europe – all under one roof. This provides us with a unique opportunity to make a significant step forward in our customer proposition and to segment our store offering to better serve the specific passenger needs in this single airline terminal.”

**US.** Miami International Airport opened the first phase of its new South Terminal this week. The US\$1.1 billion international terminal covers 1.7m sq ft, and will serve around 25% – or 8.1 million – of the airport’s passengers in year one. The new facility adds around 50,000sq ft of concession space to the airport and will include 61 new retail, duty free and food & beverage units. Many of the stores will open after the terminal begins operations, over the next three to four months.

The South Terminal will serve 19 airlines across concourses J and H. Beginning tomorrow with flights from Delta Air Lines and on Friday from Air France, other carriers will gradually move in until all are in place by the end of October. Other major carriers will include United, Lufthansa, Alitalia, LAN Airlines, Aerolineas Argentinas, El Al, SWISS, Aeromexico, Air Canada and Continental Airlines.



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## THE MOODIE REPORT

## TENDER &amp; CONTRACT NEWS

**INDIA.** GMR Hyderabad International Airport Limited (GHIAL) has awarded its Advertisement Services Management contract to Laqshya Media Pvt Ltd for the new greenfield airport at Shamshabad which opens in early 2008. The contract is for a seven-year period. Laqshya was the selected bidder from among several renowned international names. GHIAL commented: "The company has been selected on the technical and financial criteria, including experience, expertise, capability and know-how in advertising business."

In the pre-operation term Laqshya Media will be preparing a master plan that includes in-terminal advertising and outdoor advertising with concept designs, themes and location planning. GHIAL will be involved with the preparation of the master plan. GHIAL Chief Operating Officer T Srinagesh said: "Advertising is a key component of an airport look and feel and enhances the passenger experience along with others such as retail, food & beverage etc. We have chosen Laqshya and are confident that they will come out and deliver with designs and themes that give the airport the 'wow' factor along the lines of other international airports."

Laqshya Media Managing Director Alok Jalan expressed his delight at the award, commenting: "We are delighted to be associated with GHIAL and the new Hyderabad International Airport. We are going to spare no effort to deliver best-in-class ambient solutions both in terms of aesthetics as well as functionality. This project is going to be a showcase for the world to admire in terms of its quality deliverables and will be a final stamp on the global stage which says 'India has arrived.'"

**US.** The City of Atlanta has issued 11 separate requests for proposals for retail contracts at Hartsfield-Jackson Atlanta International Airport. The various packages cover the retail operations in the Atrium and Concourses T, A, B, C and D at the airport. Proposals for packages one to five (which offer 14, 16, 11, 10 and 9 retail concessions respectively) must be received no later than 1.59pm on 19 November. The deadline for packages six to 11 (each offering one concession) is 1.59pm on 8 November.

A pre-proposal conference will be held on Thursday 13 September at the Georgia International Convention Center, 2000 Convention Center Concourse, College Park, Georgia 30337. The purpose of the conference is to provide proponents with detailed information regarding the packages and to address questions and concerns. The airport will also conduct an airport tour for all interested parties on Friday, 14 September at 10.00am. For further details contact Contracting Officer Carla M. Cail at ccail@atlantaga.gov

**SINGAPORE.** Focus Network Agencies has been awarded a chocolate/candy/delicatessen concession at Singapore Changi Airport Terminal Three, Check-In Hall Central. The company was the sole bidder for the business, offering (for gross sales up to S\$40,000) 15% of sales or a minimum monthly guarantee of S\$5,000, whichever is higher. For sales above S\$40,000 it offered 18% of monthly sales or a monthly guarantee of S\$7,500. The contract begins on 9 January, the date the new terminal opens.

Changi Airport has also issued a tender for car rental and limousine service concessions in the Arrivals Hall at T3. Bids are due by 14 September and the three-year contracts begin on 9 January.

## THE MOODIE REPORT

## FOOD &amp; BEVERAGE AND OTHER COMMERCIAL REVENUES

**SINGAPORE.** SSP (Singapore) has captured one of the prized food & beverage concessions at Singapore Changi Airport Terminal Two – for a brand-name Western-style bar & grill outlet. The outlet is located in Departure/Transit Lounge North.

The company beat competition from Nuance-Watson (Singapore) and Palms Food International for the contract. SSP offered 26% of total monthly gross sales for total monthly gross sales up to S\$142,000 per month; plus 35% of

**INCREDIBLE INDIA**

The emerging duty free market

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incremental monthly gross sales for total monthly gross sales above S\$142,000 per month; OR a Minimum Monthly Guaranteed payment of S\$26,000, whichever is higher. The contract runs for three years from 8 October.

In other news Select Catering Services has won the tender for a new food kiosk operation at Changi. And five companies have won brand-name speciality food & beverage kiosk concessions at T3, following a hard-fought tender which 22 bidders lined up to contest. The winners were Kopitiam Investment, Breadtalk, The Cookie Company, Beard Papa and Y2G Holdings.

## THE MOODIE REPORT AIRPORT DEVELOPMENT NEWS

**AUSTRALIA.** Melbourne Airport is preparing for the largest upgrade of its international terminal (T2). The airport was built in the late 1960s. Consisting of a number of individual projects, the expansions will add 25,000sq m of new space. They will be rolled out over the next five years at a combined total cost of over A\$330 million (US\$275 million).

The first of these key projects will be completed in 2010, with the construction of a new outbound international passenger security and Customs processing zone. Creating a new outbound passenger screening area, this will increase security stations from six to ten, and increase the number of Customs desks from 18 to 24. Security will also now be located before Customs – reversing the current sequence, and improving passenger flows into the international passenger area.

A completely new 7,000sq m passenger concourse will be added to T2, providing five new aircraft parking bays – including three gates with dual-level aerobridges, which will each be able to accommodate one A380 or two smaller aircraft.

An entire new international passenger precinct will be created by 2011, which – along with a major redevelopment of existing facilities – will add more than 5,000sq m of commercial and consumer space. This will include a new passenger lounge, a café, duty free and speciality shop space. The new precinct will feature 10m high windows providing spectacular views into the airfield, and has been designed to incorporate signature elements and design features of Melbourne architecture.



### CURRENCY EXCHANGE and ATM RETAIL OPPORTUNITY

Expressions of Interest are invited for parties wishing to operate currency exchange and ATM facilities at:

Glasgow Prestwick Airport (Scotland) and Lübeck Airport (Germany)

Up to 4 units are available from January 2008 for concessions at both airports servicing a combined passenger throughput of approximately 3.1m per annum.

Expressions of Interest should be sent to:

Ms. Kate Thrupp  
Group General Manager, Commercial and Property  
Infratil Airports Europe Ltd, Prestwick Airport  
Aviation House, Prestwick, SCOTLAND, KA9 2PL  
or email: [kthripp@infratilairports.com](mailto:kthripp@infratilairports.com)

CLOSING DATE 5PM FRIDAY 14<sup>TH</sup> SEPTEMBER 2007.



The incoming Melbourne Airport CEO, respected former BAA executive Chris Woodruff, said that the expansion plans for T2 would set a new benchmark for airports in Australia. "These developments are set to revolutionise the international passenger experience at Melbourne Airport," said Woodruff. "By late 2011 passengers will have unrivalled views of the Melbourne airfield, and an international terminal that is above and beyond anything seen in this country."

**LIBYA/CANADA.** Toronto-based SNC-Lavalin Nexacor has won a €400 million bid to build an airport in Libya's Mediterranean city of Benghazi, according to the official Libyan news agency JANA. The airport will be able to handle five million passengers a year. It will open in two years.

Benghazi is 1,000km east of the capital Tripoli, where work has just begun on an airport that will be able to serve 20 million people annually. Transport Minister Mohammed Abu Ajila said the new Tripoli airport would begin a "radical change" in the country's air transport sector, with a further €2 billion set aside to modernise other airports.

## THE MOODIE REPORT

## PEOPLE NEWS, JOBS, EVENTS & NOTICES

**HONG KONG.** Travel retail industry support for October's big charity dinner in Hong Kong, 'Turning Tears into Smiles', continues to pour in. The dinner, co-organised by The Moodie Report and Hugo Boss, is raising funds for The Smile Train, the world's leading cleft programme. The Smile Train ([www.smiletrain.org](http://www.smiletrain.org)) specialises in high-quality, accredited cleft surgeries and awareness programmes in developing countries, with a particular focus on children. On 12 January 2007 it funded its 200,000th free cleft surgery worldwide.

Last year The Smile Train offered free cleft surgery to 42,000 children in over 60 countries. It costs just US\$250 and takes only 45 minutes to change a child's life – and that of their families – beyond comprehension. The dinner will be held at the Regal Airport Hotel, which is offering highly attractive room rates for guests visiting Hong Kong for the dinner (please contact the organisers for details).

Over 270 dinner guests are now booked with several weeks still left to the big night. Additionally, nearly US\$70,000 has been pledged or donated to the fund-raising effort by companies, associations and individuals in the industry. This week saw Korean Air, the world's leading inflight retailer, book a table, make a US\$2,000 cash donation and offer three high value items for auction. Other generous recent cash pledges have come in from DFNI publisher Raven Fox, Andrew Ford (personal) and the Australian Duty Free Association. Additionally a number of high value prizes have been donated for the silent and live auctions on the evening. Well-known industry executive David Spillane of Travel Retail Sales in Ireland has kindly volunteered his services as auctioneer.

Malt whisky collectors will be in their element during the auctions. The Edrington Group has donated a hugely valuable bottle of The Macallan 50yo single malt whisky – one of only 460 bottles drawn from cask 627. Maintaining the vintage spirit, Ian Macleod Distillers has donated a bottle of Glengoyne Vintage 1972 single malt whisky, resplendent in a gold spirit safe with gold bottle label and black neck tag. And The Moodie Report is offering a rare bottle of 'The Grand Slam Dram' from Glenmorangie, a real collector's item as it is signed by all the members of the last Scottish rugby team to win rugby's 'Grand Slam' (in 1990).

Hugo Boss Head of Travel Retail Nadine Heubel commented: "I am really overwhelmed by the support we have received so far from our industry colleagues. "It is wonderful to see how many people are supporting such a good cause. I am sure we will raise substantial funds for the children and will bring back many smiles to their faces."

To date full tables have been booked by Asia Pacific Travel Retail Association (APTRA), Bacardi, Diageo, DFS Group, Emirates, Hugo Boss (2), ISG Hong Kong, Jonathan Holland & Associates, Li Fung Trinity Management, King Power Group Hong Kong (3), Korean Air, Maxxium Asia, MCM (2), Revlon, Scental – Travel Retail Asia Pacific, Sky Connection, SSP Asia, The Moodie Report (2) and The Patrón Spirits Company with individual seats being booked by many other retailers (including Nuance-Watson HK and Dubai Duty Free) and suppliers.

How can you help? By booking seats or full tables at the 5 October charity dinner (HK\$2,000 a seat or HK\$20,000 a table) or by pledging donations via e-mail to Martin Moodie at [Martin@TheMoodieReport.com](mailto:Martin@TheMoodieReport.com) or Nadine Heubel at [Nadine\\_Heubel@hugoboss.com](mailto:Nadine_Heubel@hugoboss.com) Pledges can be made at all levels to suit company and individual budgets.

**Thank you for your readership and support of The Moodie Report.**

**Martin Moodie, Editor and Publisher**