

# News & Notes

TRAVEL • MANUFACTURER • RETAIL

TRAVEL

## New FAA Funding Act Impacts Air Travelers



The U.S. Congress passed a new five-year FAA Reauthorization Act in October aimed at improving airport infrastructure and addressing many common traveler complaints. The bill continues airport improvement

funding at 2012 levels and creates a new program authorizing discretionary grants of more than \$1 billion to small- or medium-sized airports located outside of metropolitan areas.

The bill also aims to regulate drones used for delivery, to study noise produced by aircraft and, perhaps of most interest to travelers, the FAA will be required to establish minimum standards for airline seat sizes and legroom, prohibit the practice of “bumping” a boarded passenger and prohibit the use of cell phones for voice calling in flight. Other issues addressed include in-cabin smoking bans encompassing e-cigarettes and new standards for service animals onboard.

SOURCES: CONDÉ NAST TRAVELER, NATIONAL CONFERENCE OF STATE LEGISLATURES

### USTA Travel Outlook

According to the U.S. Travel Association’s October 2018 travel outlook, the U.S. economy is strong, “performing outstandingly,” and the challenges are those of a thriving, mature economy. GDP growth is expected to post a very solid third quarter, consumer and business confidence remain very high (the former at an 18-year high) even though negative impacts from trade tariffs could cool this sentiment in coming months, and inflation is modest while wage growth has not accelerated significantly.

With 134,000 new jobs added in September, unemployment is near post-war lows at 3.7% and the Federal Reserve is considering its fourth interest rate increase this year. “Our economy is strong,” Jerome Powell, Federal Reserve

chair, said at a recent press conference. “These rates remain low and my colleagues and I believe that this gradual returning to normal is helping to sustain this strong economy.”

Travel to and within the U.S. grew by 3.8% compared to the same month in 2017, and the travel industry posted its 104th straight month of overall growth. International travel is growing slower than domestic travel, and there is reason to believe that domestic travel will soften soon as overall economic growth slows through the end of the year. The lodging industry reported its first slowdown in revenue per room available since 2009, a result of the demand surge created by 2017 hurricanes.

SOURCE: U.S. TRAVEL ASSOCIATION



### Canadian Discount Airline Delays U.S. Debut

Canadian budget airline Swoop planned to begin flying routes to the United States in October, but due to regulatory clearance delays more than two dozen of the airline’s first U.S. flights were canceled, forcing ticket holders to find last minute accommodations. “We apologize to our travelers affected by the cancellations,” Swoop spokesperson Karen McIsaac told CBC News, “for the inconvenience and for their disappointment.”

Swoop is a wholly owned subsidiary of WestJet, Canada’s second largest airline. When the airline does eventually reach U.S. destinations including Las Vegas, Fort Lauderdale, Tampa, Orlando and Phoenix it will be the first Canadian ultra low-cost carrier to begin service in the U.S.

SOURCE: USA TODAY

### Is Travel Insurance Worth It?

Massachusetts Senator Edward J. Markey completed his investigation into the travel insurance industry and released a report that reveals air travelers are under heavy pressure to purchase travel insurance that promises a lot but actually offers minimal coverage. After reviewing the websites of nine major airlines and seven popular online travel agencies, Senator Markey found that travel insurance is aggressively sold to customers but that it fails to provide the promised coverage and that the airline industry is exploiting travel insurance for easy profits.

The Senator’s report is titled, “Flyer Beware: Is Travel Insurance Worth It?” and it makes clear that, in his estimation, it is not. According to the report,

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travelers spent nearly \$3 billion on travel protection in 2016, more than double what they spent in 2004, and only two travel insurance companies are responsible for 93% of the policies offered on airline and OTA websites.

Airlines and online travel agencies earn undisclosed fees for every travel policy sold, and most policies offer only barebones coverage with an extensive list of exclusions, though the policies' flexibility is often exaggerated. "The only thing skimpier than airplane legroom are these travel insurance plans," said Senator Markey. "Consumers are pressured to buy plans that promise extensive or even total coverage, but in reality offer very little, leaving them without the security they thought they bought and oftentimes without their money." SOURCE: SENATOR EDWARD J. MARKEY

### The Best Trackers for Finding Lost Luggage

Instances of lost luggage decline every year, but unfortunately it does still happen. One way to get your luggage back faster is to use a smart luggage tracker – a GPS enabled compact device that is placed in checked baggage and can be accessed via a smartphone app.

*Travel + Leisure* recently rounded up a few devices it says work best for finding lost luggage. Included are:

The LugLoc, which turns on automatically when the plane is stopped and is available with a one-month, six-month, or one-year subscription plan.

The Tile Mate is a Bluetooth tracker so it doesn't have the range of a GPS device but it does have the ability to easily move to daily use devices such as purses, phones or keys.

The Trakdot is a bit of a hybrid, using both Bluetooth and GPS. It's especially compact and sports a two-day battery life.

The Smart Unit Waldo is a GPS device that self-activates when the plane lands and connects automatically to your smartphone, alerting you when someone has picked up or opened your bag.

Lastly is the DynoTag, which uses a QR code on every tag so that, when scanned, it will email its location data.

SOURCE: TRAVEL + LEISURE

### Current Trends in Cruising

In its October 2018 CruiseTrends report, online cruise retailer CruiseCompete provides a picture of the current trends in the cruising industry. According to the report, the most popular premium cruise line is Royal Caribbean, and its Anthem of the Seas is the most popular premium cruise ship. The most popular luxury cruise ship is the Queen Mary 2, which offers transatlantic crossings, Caribbean itineraries and passage to destinations in the Middle East and Far East as well.

The most popular cruise region in the world is the Caribbean, though Europe is most popular among luxury and river cruisers. Fort Lauderdale and Miami are the two most popular ports of departure, while the most popular ports of call are Cozumel, Mexico and Havana, Cuba, followed by Nassau,



Royal Caribbean's Anthem of the Seas is rated the most popular premium cruise ship according to CruiseCompete's October 2018 CruiseTrends report.

Bahamas and St. John, U.S. Virgin Islands.

The report also reveals that the most popular length for both luxury and premium cruises is seven days, the most popular sailing month is December and passengers universally prefer cabins with balconies. SOURCE: CRUISECOMPETE

### Is Amtrak Becoming More Like an Airline?

Writing for *USA Today*, travel expert Bill McGee posits that the nation's train line is beginning to behave a lot like a low-cost airline. Amtrak, McGee says, is being shaped in policy and procedure by former airline executives currently at the helm. Customers are certainly thankful for innovations in train travel that are de rigueur for airline passengers – pleasantries such as upgraded Wi-Fi and Dunkin' Donuts coffee service onboard – but other directional shifts have frequent train travelers concerned.

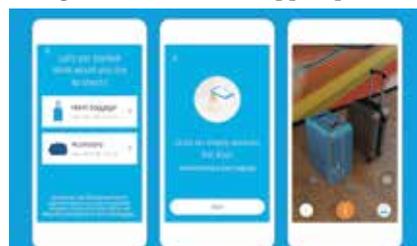
McGee says most worries are found in pricing, as the company has eliminated veteran, student and AAA discounts, as well as an older age limit for the senior discount (up to 65 from 62) and the reduction of that discount from

15% to 10%. Restrictive ticketing and seating policies have also curbed some of the past freedoms that allowed travelers to easily make last-minute changes without penalty or switch seats at will during a trip.

There's also the threat of "creative" seating that would eliminate one of the major benefits to rail travel: comfort. With passenger loads up from 50% to 58% in recent years, there's little reason to expect space restrictions from shrunken seating on half-full trains. McGee suggests watching for Amtrak to begin enforcing baggage weight restrictions that are currently in place but which go largely unenforced. A change to this policy could signal coming baggage fees and tighter restrictions in the future. SOURCE: USA TODAY

### Augmented Reality Baggage Check

Passengers flying KLM Royal Dutch Airlines may now use their smartphone cameras to see whether carry-on baggage fits within sizing limits. The KLM App is powered



Screenshots of KLM's smartphone app which uses augmented reality to check carry-on baggage sizing.

by Apple's augmented reality (AR) technology to display a virtual, transparent KLM suitcase to indicate the permitted dimensions of carry-on luggage. The goal is to make it easier for travelers to determine at home whether luggage is of the permissible size.

The KLM App is available for iOS phones in Apple's App Store. Having already been downloaded millions of times, the app has more than 100,000 active users each day. The app's purpose is to enhance overall passenger comfort before, during and after a trip.

SOURCE: KLM ROYAL DUTCH AIRLINES

## The Most Exciting New Airports in the World

Cities worldwide seem to have gotten the message that air travel doesn't need to be unpleasant, and they're building airports (or adding terminals to existing airports) that can handle millions of passengers while making travel more fun. According to CNN's Matt Falcus, there are 16 new airport developments that travelers should be eager to visit. Here are just some of the upgrades travelers can look forward to:

Istanbul's new mega airport will be capable of handling 150 million passengers per year, making it a major regional hub rivaling Dubai's Al Maktoum International - which opened in 2010 and is still being developed. It will eventually have five runways and three terminals while delivering shorter walking distances for passengers at one of the largest and busiest airports in the world.

Singapore Changi, a favorite among travelers, is opening a fifth terminal in the next few years, as well as completing its "Jewel," a glass-sheathed multi-use area connecting existing terminals with shopping, dining and entertainment (including the world's tallest indoor waterfall) set to open next year.

New York's LaGuardia is being revamped to create a unified terminal structure with more gates and more space. Low ceilings and cramped corridors are being replaced with light and airy amenity-filled spaces.

Beijing's Daxing International also has aims to become the largest and busiest in the world. When it opens next year it will feature one of the largest passenger terminals in the world, also managing to reduce the amount of walking time for passengers.

Sydney is getting a new airport that will avoid the nighttime curfews that hamper the city's existing Kingsford Smith airport.

Other notable new remodels are planned for Berlin, Newark, Pittsburgh, New Orleans and Manchester (U.K.), with all new airports planned for Murcia (Spain), Warsaw (Poland), Ho Chi Minh City (Vietnam), Mexico City and England's Lake District.

SOURCE: CNN

## TripAdvisor Unveils New Site

TripAdvisor has announced it will be launching a revamped website and mobile experience focused on social-assisted travel, enabling members to get relevant recommendations and inspiration from friends and trusted travel experts.

With more than 500 launch partners including National Geographic, the Travel Channel, Business Insider, The Knot, Giada De Laurentiis and TravelBabbo included in the new site's beta testing, TripAdvisor aims to become the most personalized and connected travel community, assisting travelers with relevant advice and information to help plan and book their trips. With more than 661 million reviews and opinions already on the site, it's clear why TripAdvisor claims to be "the world's largest travel site."

When a member logs on to the app

or website, the homepage displays a personalized feed of information. When searching a particular destination, the feed automatically narrows the scope of the information displayed to that particular geographic location. For instance, when planning a trip to Paris users may see a food critic's article on the best restaurants there, an influencer's travel guide and a friend's review of a hotel near the Eiffel Tower.

"TripAdvisor is poised to disrupt the travel industry once again as we create a more personalized and connected community," said Stephen Kaufer, CEO and co-founder of TripAdvisor. "The new TripAdvisor is the one travel site that brings together social-assistive tools, amazing content and our existing booking capabilities to merge the joy of planning and discovery together into a single experience." SOURCE: TRIPADVISOR

## Facial Recognition Coming Soon to an Airport Near You

According to a new proposal from the Transportation Security Administration (TSA), biometric technology may replace government issued identification at airport security checkpoints. That means it may not be long before facial recognition is used in lieu of passports. The proposed changes are currently being tested on international travelers at Los Angeles International Airport.

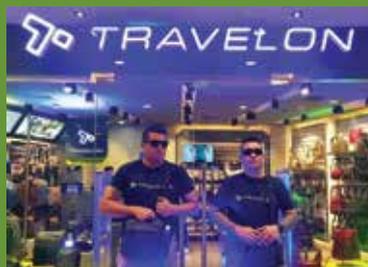
In 2017 TSA tested fingerprint tech-

nology in PreCheck lanes at Atlanta and Denver airports. In each case, traveler data is matched to government databases containing photographs from passports and visas and fingerprint scans provided during PreCheck enrollment. Delta Air Lines is building a dedicated biometric terminal in Atlanta as well. TSA says facial recognition should speed up security lines and help cut down on identification fraud.

SOURCE: THE NEW YORK TIMES

MANUFACTURER

## Travelon® Opens First Standalone Store



Chicago-based Travelon® has opened its first standalone retail store. Located in Mandaluyong City's SM Megamall in Manila, Philippines, the store opened in August and features a wide range of products that showcase the brand's mission of making travel easier and safer. Travelon founder

Don Godshaw was in Manila to oversee the opening of the store. "We felt there was a market here for Travelon products," he said. "With traffic here forcing a lot of people to commute to go to their destinations, it is very reassuring to know that your valuables are safe inside secured bags like we offer."

SOURCE: BUSINESSWORLD

**Freeheart Drinkware Acquires Signature Tumblers**

Freeheart Drinkware has acquired the Signature Tumblers brand of innovative double-walled drink containers in an effort to offer an increasingly broad portfolio of products to specialty gift stores, travel retailers, home and kitchen stores, collegiate and sporting goods retailers, golf resort pro shops and more.

Signature Tumblers products have been available throughout U.S. and Canadian markets for more than 20 years, and the brand is strong in the collegiate licensed drinkware market with hundreds of universities in its portfolio.

SOURCE: FREEHEART DRINKWARE

**LODIS Featured in Us Weekly**

LODIS had one of its laptop cross-body bags featured in a glowing review in *Us Weekly* this fall. The LODIS Los Angeles Audrey Under Lock & Key Brera RFID Leather Briefcase was touted for its “stylish, roomy design” and commended as “too fashionable and helpful for our daily needs to pass up.” *Us Weekly* also praised the bag for being “classy” and “incredibly spacious and beautiful,” but it was the built-in RFID shielding that really impressed the editors.

SOURCE: US WEEKLY



The LODIS Los Angeles Audrey Under Lock & Key Brera RFID Leather Briefcase recently received a glowing review in *Us Weekly*.

**BAGSMART Featured on Prime Day**

Amazon Prime Day is an annual special sale, typically held on a Tuesday in July, when online retailer Amazon offers deep discounts to customers of its Prime subscription service in hopes of not only increasing sales but also growing the ranks of Prime subscribers. The annual sale has garnered increased attention since it began three years ago, especially on social media where popular items are discussed and shared.

For this year’s Prime Day, luggage maker BAGSMART had its small travel electronics cable organizer featured at a deep discount, and AOL writer Tatiana Pile ranked it as one of the 25 best Prime Day deals for items under \$25.

SOURCE: AOL

**Retail Analysts Expect Strong Holiday Sales**



Even in the face of an escalating trade war with China, the National Retail Federation forecasts a 4.3% to 4.8% increase in holiday sales compared to last year. NRF chief executive Matthew Shay cited the healthy economy and strong consumer confidence as reasons for continued retail growth through the biggest shopping quarter of the year.

It’s expected that U.S. retailers will sell between \$717.5 billion and \$721 billion this holiday season. Last year’s increase of 5.3% over 2016 holiday sales was the largest one-year jump since 2010 at the end of the Great Recession. Major retailers such as Target and Best Buy posted record growth in the second quarter of the year, while Walmart, Kohl’s and TJX also experienced big gains heading into busy back-to-school and holiday shopping seasons.

SOURCE: MINNEAPOLIS STAR TRIBUNE

**Retailers Address Serial Returners**

In May Amazon announced that it would enforce a lifetime ban on customers who abuse its return policy, which is now having a trickle down effect for other retailers struggling to craft return policies that are fair for customers while protecting stores. Returns are on the rise across the board, says a report from omnichannel retail management firm Brightpearl, with 40% of retailers saying they’ve seen significant increases in “intentional returns” in the last year, and nearly two thirds of U.S. retailers say they would ban “serial returners” as well.

The challenge, however, is that 20% of respondents age 18 to 24 say they would never shop with a retailer that imposed such a penalty. Retailers therefore are struggling with how to create and enforce effective return policies that offer transparency and meet consumer expectations about the ease and affordability of e-commerce returns. More than half of retailers surveyed say they don’t have technology in place to identify serial returners or are unsure of their systems’ capabilities in that regard.

Retailers, including Amazon, will have to determine first how they will gauge what constitutes a “serial returner,” and then what to do once they’re identified. Serious brand damage could occur if consumers see tough return policies as draconian.

SOURCE: RETAIL DIVE

## How Tariffs Impact Small Business

As retailers of Chinese-made imported products, luggage retailers are bracing for the impact of recently implemented Trump administration tariffs on Chinese-made goods. Tiffany Williams, owner of The Luggage Shop of Lubbock, spoke to the National Retail Federation about the impact tariffs will have on her business, saying the extent of the damage is hard to plan for.

A third-generation family-owned business in its 68th year, the Luggage Shop of Lubbock has to rely largely on imported goods; more than 85% of the products in the store come from China. “The threat of these tariffs and the impact they’ll have is a huge unknown,” Williams said. “It’s hard to imagine a consumer being willing to pay 25% more for a suitcase.” NRF believes small business owners such as Williams are the most vulnerable to damage from a tariff-fueled trade war, as rising costs directly impact prices and the ability to hire new employees. SOURCE: NATIONAL RETAIL FEDERATION

## Trump Targets Cheap Chinese Shipping

The Trump administration has announced plans to withdraw from an 1874 international postal treaty that allows for deeply discounted shipping of Chinese goods direct to American consumers. Cheap shipping is cited by small business owners and American manufacturers as one reason Chinese products – including knockoffs of trademark- and copyright-protected American-made products – are dominant in the U.S. A 4.4 lb package ships to the U.S. from China for about \$5, well less than half the cost to ship that same package from New York to Los Angeles, thanks to the Universal Postal Union treaty that assesses poor and developing countries – including China – lower rates than wealthier countries in Europe and North America.

Administration officials say Chinese deliveries constitute about 60% of packages shipped into the U.S. and many websites now offer free shipping from China due to the low postal rates. The move is expected to further elevate tensions between the U.S. and China, which the Trump administration has accused of unfair trade practices. Already more than \$250 billion of Chinese goods have received tariffs. SOURCE: THE NEW YORK TIMES

## Combatting Retail Fraud with Nanoparticle Technology

Retail crime isn’t just committed by shoplifters, it’s also carried out by those who make fraudulent returns. Such retail return abuse totaled an estimated \$23 billion in 2017, with high-end brands taking the brunt with losses estimated at 20% to 30% higher than the retail average. To that end, some luxury brands have been testing nanoparticle technology to monitor and reduce shrink.

Arylla, a developer of nanoparticle technology systems, declined to name the pair of companies it has been working with for two years of testing, but has explained how the process works to provide a record of authenticity and a chain of custody from sale and delivery through return. Nanoparticles can be inkjet printed or dyed onto thread and sewn into logos or labels in order to convert incident light from a camera flash into invisible yet trackable fluorescent light.

When an item is sold, the embedded



nanoparticle code is scanned at checkout, and upon return a sales associate can use a smartphone with flash along with the Arylla app to verify that the item is authentic and in fact purchased from one of the retailer’s channels. The code can also be used to indicate if a product was stolen or purchased from another retailer.

Arylla anticipates that by the end of this year it will have the capacity to produce and deploy the nanoparticle codes at full scale for the two brands currently testing the system. The company estimates its nanoparticle technology tracking system can eliminate as much as 30% to 60% of return fraud and abuse.

SOURCE: NATIONAL RETAIL FEDERATION

## Amazon’s \$15 Minimum Wage Will Pressure Other Retailers to Follow Suit

As if Amazon isn’t already disrupting the retail sector enough, its recent move to increase the minimum wage of its U.S. workers to \$15 per hour is sure to put added pressure on large retailers to follow suit. This is particularly challenging amid the tightest labor market in 18 years, with more job openings than applicants. Retailers in areas where Amazon operates warehouses and fulfillment centers will feel the strongest push to raise wages in order to attract and retain workers.

The move makes Amazon one of the base pay leaders in the retail space, surpassing Target’s recently upgraded \$12 base pay and Walmart’s \$11. Costco raised its base wage to \$14 per hour in May as well. “Amazon’s announcement shows large, profitable retailers can pay a \$15 minimum wage,” says Paul Sonn, state policy director of the National Employment Law Project. “It puts pressure on other chains.” Approximately 35% of workers in retail, hospitality, warehousing and service jobs earn less than \$15 per hour.

SOURCE: BALTIMORE SUN

## Sears Files for Bankruptcy Protection

The Illinois-based department store chain Sears announced this fall that after 132 years in business it would be filing for Chapter 11 bankruptcy, leaving the future of the company in doubt. Liquidation sales are planned for 142 unprofitable stores by the end of the year, including several Kmart stores owned by Sears Holdings as well.

Several Chicago-area landlords and suppliers to the chain raised objections in bankruptcy court over the company’s plans for its liquidations, hoping to prevent advertising the sales with “neon-colored signs, balloons, inflatables, sandwich boards, flashing lights, bullhorns or leaflets.” Concerns were also expressed regarding limits to the number and size of signs placed in store windows, asking the judge to prevent signs that read “going out of business” and “everything must go” for fear of a negative impact on traffic to malls and shopping centers nearby.

The company arranged \$300 million in financing to permit it to continue operating during restructuring, and is working toward another \$300 million in financing from the hedge fund run by Sears chairman and former CEO Edward Lampert.

SOURCE: CHICAGO TRIBUNE