

MIA's new shops lure crowds with luxury and local flavor

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Al Diaz / Miami Herald Staff

Café Versailles employees Cosette Proana Delate, from left, Osleidy Florit and Dayana Padron, work in Miami International Airport's North Terminal. Neda Serrano, a sales coordinator fluent in English and Spanish, is polishing her Portuguese to woo the big-spending Brazilian travelers who are streaming through the Emporio Armani duty-free boutique in the new North Terminal of Miami International Airport.

"They love to spend, and they love that our prices are much lower than Brazil," Serrano said on a recent evening at the luxury airport concession, which opened last year, flanked by Coach and Thomas Pink shops on one side and Mont Blanc on the other.

A few minutes later, Serrano was tapping an iPhone app in a bid to translate a message into Mandarin for a

perplexed Chinese customer: His Miami-Los Angeles flight was a domestic one, making him ineligible to buy in the duty-free store. He nodded in understanding and moved on. "He wanted to buy, but today he can't," she explained.

Concessions at the North Terminal are booming, buoyed in part by strong growth in international travelers drawn to its expanded selection of trendy, new shops. The wider selection of high-end stores puts Miami among the front-runners in a global trend of vastly expanding retail and food offerings at airports.

If Miami is the favorite shopping haven for Latin Americans, the North Terminal is emerging as a glittering last-chance mall on their way out of town.

"The concessions have really been exceeding everyone's expectations in terms of sales," said [Miguel Southwell](#), deputy director for business with the Miami-Dade Aviation Department, which runs the county-owned airport.

MIA logged the largest increase in the number of passengers of any large U.S. airport last year, with international traffic climbing 9 percent and domestic up 5.8 percent. That boost in traffic combined with more alluring stores opening along the 1.4-mile terminal and a growing flow of visitors from booming Latin America has lifted results for concessions.

The airport's share of retail and merchandise sales jumped 30 percent to \$17 million for the year ending Sept. 30, 2011, from \$13 million a year earlier. The airport's cut of separate duty-free sales, fueled by the opening of four luxury stores, soared 66 percent to \$24 million from \$14 million the prior year.

"All the stores [at MIA] are really performing well," said Simon Falic, chairman of Duty Free Americas, a Hollywood-based concessions company that operates at a variety of airports. "Last year, we surpassed \$100 million" in total duty-free sales at MIA.

With a heavy burden of \$6.3 billion in debt, the airport is pushing hard to find non-aviation revenue to help hold down the fees it charges airlines. Concessions are playing a pivotal role. Operating revenue rose 16 percent to \$649 million in the latest fiscal year from \$562 million a year earlier, with concessions credited for most of the improved results.

Southwell said the selection of concessionaires entails a hunt for the right mix of shops and restaurants with a couple of key considerations. Among them: Travelers, especially international travelers, are drawn to well-known brands.

"Recognizable brands are important," said Stephen Freibrun, a principal at the aviation consulting practice of ICF SH&E, which helped MIA with its concession plans. "Brands are shorthand for quality if not consistency. You know what you're getting at Wendy's."

Also at the heart of MIA's concession strategy: creating a sense of the destination by including a variety of shops and restaurants that look and feel like Miami and shout out, "You're not in Kansas anymore." In January, MIA opened the Shoppes at Ocean Drive, a 10,000-square-foot, über-hip specialty retailer in the North Terminal, marking an expansion of its namesake glossy magazine's franchise. The Ocean Drive department store carries brands like Hugo Boss Sport, Puma, Adidas and Nike plus fresh stone crabs and Key lime cupcakes. Among the shops within a shop: a Solstice Sunglass Boutique with \$300-plus sunglasses.

"We spent \$400,000 on video walls and software," said Chris Korge, chairman of NewsLink, a fast-growing Miami-based concessionaire that built and operates the glitzy Ocean Drive store and various other airport shops.

The North Terminal terrazzo floor is embedded with bronze sea shells and aquatic creatures by South Florida artist Michele Oka Doner, part of the county's art-in-public-places program.

Restaurants and bars include distinctively Miami spots like Kuva Cuban restaurant, Corona Beach House sports bar and Shula's Bar & Grill, a venture opened last year by NFL coaching legend Don Shula and HMS Host, the airport-concessions giant. Another local shop that is proving popular for gifts and souvenirs: Miami to Go.

Shop Britto features gifts designed by Romero Britto, a Miami-based Brazilian artist especially popular with Brazilian, Argentine and Venezuelan travelers.

"For passengers who are arriving and connecting, we hope they will see all this architecture, this food, and next time instead of connecting they'll be compelled to come back and visit based on the sounds they hear, the music or smells," Southwell said.

The airport's star performer is La Carreta, the iconic Cuban restaurant, which posted \$3.3 million in sales at MIA between October 2011 and the end of January.

"Tourists look for local food," said Felipe Valls, owner and president of Global Concessions, which owns and operates La Carreta, Versailles and a variety of other food spots at the airport. "We do well because we represent the local flavor."

Valls, whose father opened Versailles on Southwest Eighth Street 40 years ago, is known for devoting attention to every detail of the business, from the design of restaurants to the menu choices.

Airport concessions are coveted and highly competitive. Companies bid to open stores, typically paying for a guaranteed annual minimum amount of sales and a percentage of any revenue over that benchmark.

Determining what kind of shops will work and where to put them in an airport is tricky, based on a host of factors, including passenger psychology, demographics and the average time spent in a terminal. Miami has a strong demographic, with a lot of well-heeled international travelers. That has made it a magnet for high-end duty-free merchandise, including Hermes, Bulgari and Cartier.

A Tumi luggage shop is slated to open soon, as is a Desigual store, a trendy Spanish outfit.

Southwell said concessionaires have to be flexible to adapt to changing trends. For instance, NewsLink ditched plans to open a golf accessory shop because sales in that sector were sagging. Instead, it opened Air Essentials, a convenience travel and sundries store that is a fast success.

Since the 9/11 terror attacks, the trend has been to relocate the bulk of concessions to post-security spots, since passengers cannot carry liquids and other items through security and they want to get to

their gates. "To a large degree, purchases are made at the gates," Southwell said. "We do have minimal offerings in the terminal for the people who are meeters and greeters."

Because the North Terminal spans 1.4 miles, shops are also clustered near gates, so passengers don't have to roam too far from their boarding area.

While the North Terminal, after years of delays and cost overruns, is nearing completion, one more grouping of shops and restaurants is planned near the Federal Inspection Service center. That international processing facility is expected to begin some operations this year, followed by the opening of four more gates for wide-body planes.

The area will be dubbed the Miami Marketplace and feature distinctly South Florida food and merchandise.

MIA is seeking to bring in a stone crab restaurant (Joe's Stone Crab has declined) and it is wooing The Forge to open a fancy, formal restaurant. It is also soliciting proposals for a restaurant offering healthy Mediterranean-style food.

The airport is soliciting proposals for a cigar shop for the Miami Marketplace area and is negotiating to bring in shops with Marlins and Dolphins merchandise. (In a separate location, the airport has plans for a Miami Heat outlet.) "We're looking for an empanada shop and Caribbean and Mediterranean cuisine, again to give the flavor of the destination," Southwell said.

The strong growth in passenger traffic shows no signs of easing at MIA, according to airport Director José Abreu. January and February traffic jumped 9 percent over a year earlier.

Gol, a low-fare Brazilian airline, expects to begin service to Miami in July with Boeing 737-800s, and other carriers are expected to boost their service to Miami soon, too. "No other airport has been growing like this," Abreu said.

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