

# CENTRAL EUROPEAN OFFICE

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## MARKET INTELLIGENCE / TRENDS

### Trend: Upturn in Summer 2010 Sales for December

Summer holiday bookings grew slightly last month according to the latest GfK monthly survey of 1,200 tourism-focused travel agencies. Winter holiday sales rose 1% in December compared to 12 months earlier, GfK said. But this was only a slight improvement following the massive drop in bookings in previous months. As a result, holidays taken in December slumped 25% and sales for January show a 7.5% fall to date. Overall, the winter 2009/10 season had a 9.8% fall in revenues as of end-December 2009, and it now appears unlikely that revenues can achieve last year's levels, GfK commented. With a stable sales split between summer (61%) and winter (39%), there was no sign of a late bookings trend for winter holidays.

More positively, sales for holidays between May and October 2010 rose 2% in December as more consumers started to book their summer holidays. As a result, the summer 2010 season now has a cumulative revenue drop of only 2.7%. Demand for August and October is higher than 12 months ago, but June and July are well behind last year at present, according to the GfK survey.

The latest monthly survey of 2,600 agencies by the TATS organization showed a slight 0.7% drop in German travel agency revenues in December. This meant a 10.4% decline for 2009 as a whole. Tourism sales improved by 2.5% last month, reducing the full-year decline to 5.6%. Advance sales for the November 2009 – October 2010 tourism year in December showed a small 0.5% rise in bookings and a fractional 0.1% increase in revenues. Flight ticket sales were 0.8% down in December, and ended 2009 with an overall 14.9% decline, according to the TATS survey.

### Outlook 2010: German Market Faces Ups and Downs

The outlook for the German tourism market this year remains very unclear with a mix of optimism and pessimism in the latest surveys and expert opinions. After a booking increase in November, TUI believes the recovery has started and is cautiously optimistic for this year. "I'm not at all dissatisfied with the start to the new decade," declared Germany managing director Volker Böttcher at the CMT travel fair in Stuttgart. Demand for long-haul holidays had picked up strongly, with a 34% rise to date for summer 2010 compared to last year. Among short-haul destinations, demand was higher for Turkey and Greece, he said.

Tourism researcher Martin Lohmann, presenting the initial results of the FUR annual survey, said the number of Germans planning to take a holiday in 2010 was stable at 77%, according to a survey of 7,500 people in November. 57% planned to travel as much as last year, and 21% wanted to undertake more trips, he said. The main trends this year would again be late bookings, more individual holidays and growth for niche products.

Market researchers GfK, however, are more pessimistic and forecast a 3.7% fall in the number of holidays in the 2009/10 tourism year. A survey of 20,000 German households found that travel planning for this year remains uncertain and rising unemployment is putting a brake on travel demand. Only 25% of holidays planned for 2010 have so far been booked, which is 7.7% fewer than last year.

GfK sees good potential among senior citizens (who plan 10% more holidays this year) and among the more affluent (who plan 6% more trips). The cruise market is again likely to show double-digit growth this year and demand for domestic holidays in Germany is also rising, according to the survey.

### **Electronic System for Travel Authorization Compliance Now Required**

On the one-year anniversary of implementing the Electronic System for Travel Authorization (ESTA), the Department of Homeland Security's (DHS) U.S. Customs and Border Protection (CBP) reminds U.S.-bound travelers from Visa Waiver Program (VWP) countries of the ESTA requirement. Beginning January 20, 2010 CBP initiated a 60-day transition to enforce ESTA compliance for air carriers. VWP travelers without an approved ESTA may not be allowed to board a U.S.-bound plane.

### **U.S.: International Visitation Up 1% in October 2009**

The U.S. Department of Commerce announced that 4 million international visitors traveled to the United States in October 2009, an increase of 1% over October 2008. This is the first increase in arrivals since April 2009 and the first non-Easter increase since August 2008. However, for the first ten months of 2009, visitation was down 7% compared to the same period in 2008. International visitors spent \$10.3 billion in October 2009, 13% less than in October 2008. In the first ten months of 2009, visitors spent \$100.9 billion, down nearly 16% from the same period in 2008.

#### *October 2009 International Arrivals to the United States*

- **Overseas** arrivals (excluding Canada and Mexico) totaled 2.2 million for the month, up 1% over October 2008, and totaled 19.8 million YTD, down 8% over 2008
- U.S. visits from **Western Europe** decreased 5% in October and 11% year-to-date.
- From the **United Kingdom**, visits were down 8% for the month and down 15% year-to-date.
- U.S. visits from **Germany** were up 4% for the month, but down 6% year-to-date.
- Visitation from the **Netherlands** was down 8% for the month and down 11% year-to-date.
- From **Switzerland**, visitation was up 7% for the month and up 3% year-to-date.
- **Eastern European** arrivals decreased 7% for the month and 2% year-to-date.

## SALES ACTIVITIES

### **Vakantiebeurs in Utrecht, Netherlands (January 12<sup>th</sup> – 17<sup>th</sup>, 2010):**

We attended the Netherlands' largest travel fair again this year. The fair attracted 117,335 visitors from throughout the country, which represented an 11% decrease from 2009. We also participated in a **tour operator luncheon** coordinated by Visit Florida. The luncheon was attended by approximately 25 important Dutch tour operators, media and airline representatives. We are grateful to our industry for the donation of several stay certificates for the raffle during the tour operator's luncheon.

Across the board, Dutch tour operators reported business to the USA being down for summer 2010 by as much as 15-20%. While consumer interest in the USA is still strong, tour operators reported the aftereffects of the financial crisis coupled with a flailing economy and a general apprehension related to job security are all factors affecting leisure travel adversely.

### **CMT in Stuttgart, Germany (January 16<sup>th</sup> – 24<sup>th</sup>, 2010):**

We participated in one of Germany's largest and important consumer shows this month, which attracted 205,000 visitors (up 2.5% over 2009). In addition to our joining forces with the **Visit USA Committee Germany** in promoting our product via **brochure distribution** to consumers, we again co-sponsored the popular **CMT Super Sweepstakes** at this important fair. The sweepstakes was published in a 12-page, 4-color visitor brochure (circulation 350,000) which was distributed at 1,800 outlets throughout the State of Baden Württemberg prior to the show and distributed among consumers visiting the fair. The sweepstakes was also advertised in the fair catalog (circulation 10,000) and promoted to the media. A special sweepstakes flyer was distributed, which included our logo (circ. 26,000). Furthermore, our logo was placed on the official CMT Super Sweepstakes homepage with a link to our website. A total of 100 prizes were raffled, the first 17 of which were travel prizes. A seven-night stay was sponsored by a St. Petersburg/Clearwater area property along with a one-week car rental from Holiday Autos. These comprised the fabulous 3<sup>rd</sup> prize in this Super Sweepstakes promotion! A total of 14,000 consumers participated in the sweepstakes. Of the 100 prize winners, 60% were female and 40% were male.

We cooperated with Karawane Reisen, a German tour operator, who produced a special Florida flyer for the show promoting a two-week travel offer, which included a three-night stay in VSPC. In addition, Karawane produced an eye-catching poster which described our sweepstakes prize exclusively.

### **Pre-Huddle Tour Operator Familiarization Tour (January 21<sup>st</sup> – 24<sup>th</sup>, 2010):**

With Florida Huddle taking place in Clearwater Jan. 24-26, we utilized the opportunity to invite our most influential tour operators to experience our area prior to the show. During past visits to our area, most operators have focused solely on conducting site inspections leaving little time to experience the area from a customer's point of view. With this in mind, we developed an itinerary which gave our invitees time on their own for site inspections during the forenoon and provided for group experience activities during the afternoon and evening. This concept was extremely well received by our tour operators, which included Katja Wagner of Dertour, Heike Pleuter of Meier's Weltreisen, Yvonne Schmidt of Thomas Cook/Neckermann Reisen as well as Stefanie Akbar and Monika Proctor of FTI Germany/Meeting Point North America. We received the highest praise from our guests for a well-organized and informative tour as well as the warm welcome exuded by our industry partners, making the group feel exceptional at every turn.

Our gratitude goes out to all our generous industry partners for making this important Fam such a success! Equally, we appreciate our Leisure Travel Department's efforts in putting this unique itinerary together.

**Visit USA Workshop Belgium in Brussels (March 8<sup>th</sup>, 2010):**

Initial preparations were tended to for our presence at Belgium's most important USA seminar. In the absence of any registration information from Visit Florida, we registered directly with the Visit USA Committee Belgium for both the workshop and the seminar training sessions, during which will we partner with SeaWorld Parks & Entertainment. This workshop event caters to the Belgian and Luxembourgian travel trade and has developed an outstanding reputation over the past several years as one of the best U.S. product platforms. A total of 150 travel agents are expected to attend.

**ITB in Berlin, Germany (March 10<sup>th</sup> – 14<sup>th</sup>, 2010):**

Registration for the world's largest and most important travel fair was completed last month. We will again occupy a 12m<sup>2</sup> booth positioned next to the Orlando CVB and SeaWorld Parks & Entertainment within the Visit Florida Pavilion. The first few hotel reservations have been received; the room block release date is 2/15. The first phase of the intensive appointment scheduling process was launched to our tour operators, airline and marketing partners. Updates to follow next month ...

**FTI Familiarization Tour (May 5<sup>th</sup> – 11<sup>th</sup>, 2010):**

FTI, one of Germany's top five tour operators and among the most influential in bringing business to the U.S., has selected our area for an exclusive FAM trip next year. The group will comprise 12 hand-picked travel agents who are among the top sellers. Our co-sponsoring carrier will be United Airlines – seats have been secured. We are in the process of securing accommodations and making preliminary itinerary plans. Busch Entertainment Corp. will be tied in. We have followed up with our Leisure Travel Department regarding itinerary development and have stayed in close touch with FTI regarding their specific wishes and needs. FTI has notified us that they will begin the travel agent invitation process by mid-February 2010. Hosting this important group is an excellent opportunity for us to build on the many cooperative promotions we've conducted with FTI this year.

Of note: We were given the directive this month that effective immediately, the responsibility of familiarization tour itinerary development will lie with the international offices, whereby our Leisure Travel Department will secure and organize ground transportation locally.

**Willy Scharnow Foundation Familiarization Tour (October 20<sup>th</sup> – 23<sup>rd</sup>, 2010):**

Initial plans are underway for an exclusive VSPC Willy Scharnow Fam scheduled to be held next fiscal year. This will mark the 17<sup>th</sup> annual tour in cooperation with the Willy Scharnow Foundation. We will partner with United Airlines in securing 17 seats (16 agents + 1 Willy Scharnow escort). As the tour is planned for 6 nights/7days, a co-sponsoring Florida destination will be included. For this year's tour, Lee County was approached and has agreed to co-sponsorship.

**Seeheim Seminar 2010 (October 30<sup>th</sup> – 31<sup>st</sup>, 2010):**

As members of the Visit USA Committee Germany, we have volunteered to contribute our time in assisting with the organization of an extraordinary weekend travel agent training program for approximately 300 agents to be held at the Lufthansa Training and Conference Center in Seeheim, Germany. Slated for the end of October 2010, a Halloween theme will accompany the numerous training seminars and educational workshop sessions culminating in

a haunted house extravaganza during the evening. We held our fifth subcommittee meeting this month, worked out the final calculation based on Lufthansa Training Center's third and final event offer and developed a finalized solicitation document to the members.

A final presentation was made to our committee members during this month's meeting on January 11<sup>th</sup>, which was very well received. Following this, a registration document was circulated among the members the end of the month with a response deadline of June 30<sup>th</sup>. A minimum of 30 Visit USA Members will be needed to successfully conduct the event.

In addition, the Visit USA Committee Germany launched advertising and registration initiatives for the event this month, which were captured by various travel trade online news portals.

#### **Meier's Weltreisen Go West 2010 (November 15<sup>th</sup> – 23<sup>rd</sup>, 2010):**

We are most pleased to report that Meier's has selected Central Florida as the destination of choice for their annual Go West event. We plan to host 100 of the tour operator's most important travel agents, who will be selected based on revenue to the USA. High revenue agencies which have potential for Florida, but are not currently booking, will also be given consideration. The program foresees 4 nights in Orlando followed by 4 nights in our area with a visit to Busch Gardens in between. A travel mart for local industry members will be included in both destinations. VSPC was host to a Meier's "Top 100" event in December 2004. The 2010 event now provides an excellent opportunity to showcase the exciting developments in our area since then.

This month, Meier's confirmed flight dates; our co-sponsoring carrier will be Lufthansa. Whilst at Florida Huddle, the Meier's USA Product Manager introduced the event to a number of our industry members. Our office will develop a lead for this important event for distribution to our industry partner next month.

## **PUBLIC RELATIONS / ADVERTISING**

Our efforts continued again this month in developing and completing marketing promotions and advertising programs, which included:

### *Tour Operators:*

- CANUSA (Germany)
  - **Online iMagazine Promotion – May 2010**

iMag is an online platform visible on Canusa's homepage. It is designed to stimulate interactive communication focusing on the generation of inquiries for travel quotes. We will pool resources with Orlando to develop a 'Central Florida' iMag feature, which will be online for 6-8 weeks. During the online promotion, 2 eNews blasts will go to 510,000 customers. A sweepstakes will also be included and teased accordingly. After the online promotion, our iMag will be archived on Canusa's website indefinitely, allowing the tour operator to draw attention to our destination time and time again over the course of a year or more.

As production will take the better part of four months, we supplied the operator with additional material and comprehensive area information in augmentation to our destination video previously supplied.

- DERTOOUR (Germany)
  - **Geo Saison Magazine USA Supplement** – Feb/Mar 2010, circ. 165,300
 

Dertour will produced a 12-page supplement piece for insertion in this high end travel magazine. While originally planned as a strictly Florida-centric supplement for launch in January, the piece was revised to portray a number of USA destinations/products for insertion in the Feb/Mar issue. One full editorial page including images and logo was be dedicated to VSPC. Furthermore, we are most proud to report that our destination was be featured FIRST, followed by Orlando, SeaWorld Orlando, Walt Disney World Resort Orlando, California, North Carolina and TAJ Hotels. The final layout was received this month and approved by our Advertising Department. The supplement was launched in market on 1/20/2010 for the Feb/Mar issue.
  - **Winter Catalog 2010/11 Supplement** – July/August 2010
 

A big project in the works is an exclusive, 6-page VSPC supplement which will be inserted in Dertour's upcoming Winter 2010/11 catalog (circ. 500k) due out in the marketplace in July/August 2010. As we will be required to deliver the completed document as an open PDF file, our Advertising Department was alerted as to timelines, specs and content request so that we can begin with the initial development.
  
- FTI Touristik (Germany)
  - **Poster Campaign** – March 2010
 

Targeting travel agencies and consumers alike, we will pool resources with Orlando in this high quality destination image campaign. Posters will be distributed to 1,000 selected FTI travel agencies across Germany. We supplied the tour operator with our imagery and logo and are awaiting final layout.
  
- KNECHT REISEN (Switzerland)
  - **2010 Catalog Editorial** – January 2010, circ. 40,000
 

The tour operator finalized production of their 2010 annual catalog this month for the in-market launch mid-January. The catalog has a validity timeframe of March 2010-April 2011. Two pages of the catalog were dedicated to VSPC and will contained both editorial and images. This is very unique exposure for us and a first for Knecht in terms of including such extensive destination copy. We submitted the final layout to HQ for approval, which was received promptly.
  
- MEIER'S WELTREISEN (Germany)
  - **Column Poster** – January 2010
 

Developments were finalized for an exciting column poster we produced with Meier's, which depicted our area imagery, logo as well as travel offers compiled by the tour operator. The poster was distributed to 11,000 German travel agencies on 1/22.
  - **America Journal Coop Advertisement**– Feb/Mar 2010, circ. 40,000
 

We will again join forces with Meier's on a coop advertisement on the rear cover of the ITB issue of this publication. Americal Journal is a consumer pub focusing exclusively on the USA and enjoys a readership of 150,000. We have provided the operator with our imagery and logo and received a final layout, which was forwarded to HQ for approval. This is the second of two advertising promotions we will conduct with Meier's this FY.

- THOMAS COOK/NECKERMANN REISEN (Germany)
  - **Consumer Mailing** – February 2010
 

We will participate in Neckermann’s Florida-themed mailing to 20,000 customers. Our partners for this advertising promotion are Orlando, SeaWorld Parks & Entertainment, Alamo and Lufthansa. The 8 page piece will contain general area product information including text, images and our logo, special travel and hotel offers developed by the tour operator as well as a sweepstakes. An opportunity was distributed among our industry members for latter. Currently, we are awaiting final layout from Neckermann.

Neckermann Reisen belongs to Thomas Cook Group PLC, one of the world’s leading leisure travel groups. Neckermann Reisen is considered one of the best-known travel trademarks and is among Germany’s top five tour operators.
  
- THOMAS COOK REISEN (Germany)
  - An **eCommerce promotion** scheduled to launch the first two weeks of February 2010. This unique promotion consists of a ‘teaser’ – VSPC image and brief text – on the tour operator’s home page with link to a sub-page containing editorial on our area along with hotel product offers. In addition, an eNewsletter containing VSPC information will be blasted to 90,000 consumers. We provided the tour operator with all the necessary materials for promotion layout last month, receiving approval from HQ on the final layout this month.

*Trade/Consumer Publications:*

- Arts & Culture / Dali Museum Berlin (Germany) – circ. 45,000
  - **1/1 Page Ad – Museum Pocket Guide** – December 2009, circ. 40,000
 

With Berlin’s new Dali Museum making headlines, we have been offered a valuable exposure opportunity by placing our Dali Ambassador ad in the German pocket guide. We liaised with our Advertising Department to produce a German version of the Ambassador ad, which turned out beautifully. As an added bonus, we were also offered placement in the English version pocket guide at no additional cost! Both guides went into production last month and were distributed this month December.
  - **1/1 Page Ad – Museum Catalog** – January 2010, circ. 5,000
 

In conjunction with the above initiative, we will also place our German version Dali Ambassador ad in the brand new museum catalog, due to launch in January 2010. The ad required resizing, which we supplied accordingly.

This is a truly exciting opportunity for us and lays the groundwork for possible future synergetic promotions with this new museum in Berlin.

Pursuant to placement of our ads in Berlin’s Dali Museum Pocket Guide and Catalog, we opened discussed for further joint projects with the museum’s executive director and will continue to pursue this excellent opportunity for promotions of mutual interest and benefit.
  
- America Journal (Germany) – Feb/Mar 2010, circ. 40,000
  - **½ page, 4c ad** in the 2/10 issue due out 2/27 which is the ITB issue
 

This German high-gloss consumer publication is dedicated exclusively to the USA providing in-depth coverage on American travel, culture and customs as well as insider tips and helpful hints. We provided the publisher with the necessary materials for ad development.

Pub frequency: 6x/yr

*Trade/Consumer Publications:*

- FVW International (Germany) – circ. 30,900
  - ¼ **page, 4c advertorial** in the 2/10 issue of 1/22
  - ¼ **page, 4c advertorial** in the 3/10 issue of 2/05
  - ¼ **page, 4c advertorial** in the 4/10 issue of 2/19
  - ¼ **page, 4c advertorial** in the 5/10 issue of 3/04 (ITB special edition)
  - ¼ **page, 4c advertorial** in the 6/10 issue of 3/17
  - ¼ **page, 4c advertorial** in the 11/10 issue of 5/28 (Pow Wow special edition)

After the very successful “5 Good Reasons” campaign with FVW last year, we have launched a new one this year entitled “Pure Vacation Pleasure” in Visit St. Pete/Clearwater. In five consecutive issues plus the Pow Wow issue, we will highlight a new pleasure (Best Weather, Best Beaches, Pure Nature, Cultural Capital, Best Location and Advantages for customers). We supplied the publisher with text, logo and images and the ad campaign was approved promptly by HQ.

FVW International is Germany’s leading travel trade publication providing independent and objective information about the latest trends and current developments in the market. FVW is known as a synonym for reliable and objective journalism providing in-depth information on a diversity of topics. Last but not least, FVW also offers practical support in day-to-day business while a modern magazine-style design ensures reading fun. Surveys show that anyone who wants to keep their fingers on the pulse of industry news reads the FVW.

Pub frequency: 26x/yr
  
- Gayfriendly Magazine (Germany) – circ. 60,000
  - **2/1 page, 4c advertorial**

Together with the editor, we worked on development of the two-paged insertion for this special guide. One page will contain general information about Visit St. Pete/Clearwater, whilst the second page will focus on the glbt target group.

Published annually in January, the “Tom on Tour” travel guide is a 72-page, full-sized magazine featuring various gay friendly destinations throughout the USA including gay hot spots, web links, events and tourism information. The magazine is distributed free of charge at selected European gay locations, events and consumer shows and can also be ordered online.

Pub frequency: 1x/yr
  
- TIP – Travel Industry Professional (Austria) – circ. 10,500
  - ¼ **page, 4c advertorial** in the 1/11/2010 issue
  - ½ **page 4c advertorial** in the USA supplement of issue 2/01/2010
  - ½ **page, 4c advertorial sweepstakes** in the 3/08/2010 issue

Austria’s leading travel agent and tourism industry publication targets travel agency decision makers and counter staff alike and is known for its precise reporting of current events, insider tips and background information. We provided the publisher with all materials need for layout development. New this year is a special USA supplement in the February issue which will be in-market in concert with the Visit USA Seminar in Austria on February 1<sup>st</sup>. All insertions have been approved by HQ.

Pub frequency: Weekly, 50x/yr

- Touristik Aktuell (Germany) – circ. 30,800
  - ½ page, 4c sweepstakes advertorial in two consecutive issues 2/16 and 2/23
    - We provided the publisher with all necessary materials for advertorial development as well as circulating an opportunity among our industry members for the sweepstakes. A donation was secured and final layouts were approved by HQ this month.
    - Known for its concise information on relevant travel industry topics, this publication targets travel agency decision makers and counter staff alike. It is also read by tourism firms, tour operators, airline executives, hoteliers and car rental staff.
    - Pub frequency: Weekly, 51x/yr

All activities, projects and programs described herein have been duly completed.