

UK OFFICE

MAY 2009 REPORT

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TOUR OPERATORS

Lastminute.com

Meeting held with Emma Mitchell, Product Manager for USA & Canada and Scott Humble, Sales Manager Tourist Boards at Lastminute.com. We discussed all product updates within our area and also provided them with recommendations of additional 4 & 5 star hotel properties that they were keen to include within their hotel section on their website. Emma advised us that all contracts are through their head office at Travelocity in the US so they will be contacting them for the contracted rates to see if they are able to include these. We also provided them with the most up to date information with regards to logo's, images, copy etc as well as all the new visitor's guides and area maps. We discussed the possibility of training for their call centre staff based in Woking with other Florida Beach Destinations which we are working on at present.

Meetings held with the following tour operators at Pow Wow

Virgin Holidays

They report that bookings for this summer are steady. Room night stats for VSPC are looking good. For Summer 09, Clearwater is up 24% and St Petes is down 3%. They are looking to expand their Travel City Direct product for 2010 and have asked us to submit a list of hotels within the county that they do not currently work with who provide good value product for families.

Virgin Atlantic

Seats to Orlando this summer are more or less sold out for Virgin and they are also reporting good sales for the Christmas period. Spoke about a possible joint fam whereby they would provide seats for a pre or post Huddle fam trip. Discussions ongoing. They are also keen to work with us on consumer direct promotions and are willing to offer airline seats as sweepstakes prizes.

Jetlife

They are completely changing how they do business and will not produce another main brochure. Instead their programme will go online with specific destination brochures being produced and mailed to their top selling agents and consumer database. All properties that they currently feature in the area will remain in the brochure.

Reed Exhibitions

Discussed WTM 09 and sponsorship of the coat check areas including the possibility of using video screens for a moving image. Waiting for Reed to come back to us.

Ebookers

Discussed the possibility of a consumer promotion as Ebookers are one of the largest online tour operators in the UK and Europe. Awaiting proposal.

Aventuria

A French tour operator currently featuring Orlando but want to add St Petersburg/Clearwater to their programme. She was unfamiliar with the area so provided full overview and update.

Travel 2 (Stella Travel)

After a slow start to the year, business to the US is really picking up and April bookings were up on April 2007. St Petersburg/Clearwater is their biggest selling Florida beach destination.

Sunway Holidays – Ireland

This is the second year that the area has been featured in the brochure and bookings are up 12% over last year. Spoke about a possible co-op promotion in August/September and awaiting a proposal.

BilletKontoret – Denmark

One of the biggest tour operators in Denmark selling through 200 travel agencies. They produce a specific Florida brochure which features St Petersburg/Clearwater. Overall they are 35% down to the US for 2008 with Florida 10% down. Asked for updated copy and images which have been forwarded.

American Holidays

Business to Florida is approximately 25% down over 2008. To end of April they had booked 851 room nights in Clearwater and 512 to St Pete. Booking window has dropped to 6 weeks prior to departure. Our area will have 5 pages in the 2010 brochure which is an increase over 2009.

British Airways

Direct flight from Gatwick to Tampa is doing very well and is 17% up over the same period last year. Flight loads for November and December 2009 are also looking good being 8% and 7% up respectively which is bucking the trend as many operators are reporting Winter 09 as very poor. Discussed some possibilities for joint activity.

Bon Voyage

Bookings for Summer 09 are looking very good and are approximately 32% up over 2008. They are producing a dedicated Florida destination brochure in 2010 and have asked us to participate in a co-op programme to market the brochure. Tentatively agreed subject to further information.

Thomas Cook – Charter Operations

Meeting to discuss 2010 programme and the need for lead-in properties in both St Pete and Clearwater. Their summer 2010 programme will operate from April – November 2010 with 14 flights per week during the summer months.

Cosmos

Overall they are down 34% for Florida but St Petersburg/Clearwater bookings are level to last year. They will be operating 3 charters per week for Summer 09 but are considering using Virgin and BA to start a scheduled holiday programme in 2010

Florida Vacations

Bookings for Summer 09 are slow but despite this they have added extra inventory in the area and are also considering adding the Vinoy. Requested contact for the Vinoy which has been forwarded as well as new copy and images

Guldkustens, Sweden

95% of their business is to the US with their best selling destinations being Florida and California. They currently feature Orlando and Miami but will be adding Clearwater to their programme later this year. Requested images and copy for their brochure which have been forwarded.

Tour America, Ireland

Bookings to Florida are very good and further to attendance on last November's fam trip, Tour America have added product in the area. Discussions taking place regarding co-op marketing campaign to include 4 e-bulletins to a database of 42,000 consumers as well as press ads and website homepage banners. Activity due to take place in June.

Premier Holidays

Bookings to the US are up 56% over Summer 08 and although Orlando is down, St Petersburg/Clearwater is up. Currently running a co-op retail agent in-store campaign with Premier due to finish at the end of June.

Swanson's, Sweden

Swanson's are the biggest operator to the US in Sweden selling 75% through the trade and 25% direct. They feature St Petersburg/Clearwater and booked approximately 500 room nights to the area in 2008. They will be adding 2 or 3 area hotels to the programme for 2010. Requested copy and images which have been forwarded.

TRADE LIAISON

- Sales Mission is scheduled for week of 19th October. Solicitation for industry participation has been sent out. Sales Mission will involve training for reservations staff at major UK and Irish tour operators.
- Discussions have taken place with Tampa Bay & Co regarding hospitality at the Bucs game at Wembley, UK on 25th October. Prices for hospitality have been secured with Wembley and further discussions are taking place.
- The VIP tour operator event will take place at Amberley Castle on 11th June. The event is now full with the following tour operators attending:
 - Virgin Holidays
 - Funway Holidays
 - Thomas Cook
 - TUI
 - Travel City Direct
 - Cosmos

- Bon Voyage
 - First Choice
 - Jetlife
 - British Airways
 - BA Holidays
 - Attraction Tickets Direct
- Meeting held with Florida's Beaches partners at Pow Wow to discuss participation in Scandinavian and Irish consumer shows for 2010. Scheduled shows will remain the same as 2009 with extra staffing being required at a couple of these shows. The Florida's Beaches partnership remains an extremely effective way of reaching the Scandinavian and Irish consumer markets at a low price.
 - Training is scheduled at Gold Medal Travel's call centre in Preston on the 18th June 2009.
 - Training was held at Holiday Genie in London in conjunction with Tampa Bay & Co after initial discussions at Florida Huddle this year. A total of 15 staff members were trained on all aspects of our area and we also provided them with the most up to date Visitor's Guides and Area Maps.
 - Renewal of Selling Long Haul / Short Breaks and Holidays / Travel Uni A-Z Travel Directory has been confirmed. Updates and new logo have also been forwarded to Selling Long Haul.
 - Joint co-op trade & consumer marketing campaign commenced with Premier Holidays in May and will continue into June 2009.

Trade activity includes: A dedicated retail in-store campaign with Premier Travel Agencies (25 branches) for the month of June and a dedicated trade e-newsletter which is being sent to 5000 travel agent partners. VSPC will be appearing as the sole destination partner within this newsletter which will offer a selection of hotel special offers and the chance for the agencies to request a poster to display in store, 6,500 dedicated full colour a4 flyers for use within the trade to promote offers and a booking incentive to win a holiday for two (based on sales performance) and website advertisements on their trade site promoting the booking incentive.

Consumer activity includes a dedicated consumer newsletter sent to their direct database of 20,000 consumers. This again will be solely promoting VSPC showcasing a wide range of offers and heavily pushing the added value offers Premier Holidays have secured from their airline and hotel partners for this campaign specifically, website advertisements on their consumer site and inclusion of offers on their co branded Sky site for the month of June.

- Sirin Huffam Site Visit – Sirin Huffam from the UK office visited the St. Petersburg/Clearwater area on a personal familiarization trip during the month of May to explore additional attractions and area's within Pinellas County that she had not visited in the past. Area's/Island's explored included Fort De Soto State Park, Caladesi Island State Park, Sand Key, Redington Beach, Treasure Island, Pass-a-Grille and Gulfport as well as the Tampa Bay area. Attractions visited included Pier

60 at Clearwater Beach, The Pier & The Pier Aquarium, Beach Gameland at John's Pass Boardwalk and Busch Gardens Tampa Bay.

- Discussions held at Pow Wow with Orlando Tourism Bureau regarding possible joint ventures to maximize budget. Orlando have asked us to contact them with any opportunities which they will review.

ENQUIRIES:

Telephone/website enquiries for information and/or literature

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MARKET INTELLIGENCE:

Virgin Alamo deal:

VIRGIN Holidays has signed an exclusive agreement with Alamo Rent A Car to become Virgin's preferred car rental supplier in North America. The deal is effective 01 Jan and will integrate technology so that Virgin Holidays customers will be able to bypass the car rental counter and go straight to Alamo self-service kiosks to retrieve their rental agreements.

18th May 2009 – Source Travel Daily

TUI hit by currency slide:

TUI Travel PLC says it's encouraged by current trading patterns and consumer sentiment, despite this morning reporting a £455m pre-tax loss for the six months to 31 Mar. The underlying loss was £289m, 15% worse than the figure for the same period last year, with the result hit by an adverse £30m foreign exchange translation effect due to the devaluation of the pound Sterling. Other factors cited included the timing of Easter, which this year fell in the second half, as well as weaker trading in Canada and "destination specific issues in France and Nordics" which increased the loss by £35m. CEO Peter Long said the result was in line with expectations "while continuing to deliver our key strategic goals and synergy targets." He said other developments in the half included the new joint venture in Russia and Ukraine as well as the strategic cooperation between TUIfly and Air Berlin. The result included an incremental £52m in "synergy benefits" with the firm on track to achieve its full year target of £115m in savings. TUI said that trading for Summer 2009 has continued to strengthen, with cumulative bookings in line with anticipated demand and capacity cuts across all key markets, with fewer holidays left to sell across all regions due to capacity reduction.

19th May 2009 – Source Travel Daily

Next year will be even tougher, warns Thomas Cook:

Thomas Cook chief executive Manny Fontenla-Novoa predicted 2010 will be tougher than this year as a result of rising unemployment and a weak currency. The retail group recently posted an increase of almost 20% in pre-tax losses to £280 million in the six months to March and said the underlying performance from the UK for this summer was strong. However, Fontenla-Novoa said the real test for travel companies would come next year. "We've bought our Euros for this year and we're covered," he said. "but next year will be really tough because of the currency change and the increase in unemployment, which will be much higher." Prices next year would have to rise by up to 4.5% just to cover currency fluctuations, but Fontenla-Novoa said it would negotiate with hoteliers to

ensure price rises of only 2-3%. However, he said Thomas Cook would emerge from the recession in a stronger position and said people were continuing to buy holidays. "Those in work have more money and holiday demand is robust," he said. The average price of a holiday is up 9% to £536, because the company is selling more five-star, all-inclusive and medium-haul holidays. Fontenla-Novoa said high street travel agents were vitally important to Thomas Cook, because they delivered high margin bookings. He claimed companies like Kuoni had been affected by a lack of distribution. "The Internet takes around 35% of our bookings, but only about 15% of the top end bookings. Travel agents make the most profitable brochure bookings because when people are spending around £4,000 on a holiday they want some advice.

19th May 2009 – Source Travelmole

BA dives to record loss:

SHARES in British Airways have lost almost 8% in trading this morning after the carrier reported its worst ever result, a pre-tax loss of £401m for the year to 31 Mar. The figure is more than £1.3b less than last year's £922m profit, with ceo Willie Walsh saying the results are a reflection of the global economic slowdown. "The prolonged nature of the global downturn makes this the harshest environment we have ever faced and, with no immediate improvement visible, market conditions remain challenging. "It is vital, therefore, that we remain absolutely committed to our plans to establish British Airways as a high-performing, market-focused, global premium airline," he said. Walsh said in the fourth quarter the carrier had changed its focus to securing volume as customers became more price sensitive. He said that despite the fall in premium travel the carrier's market share is growing "and we must maintain this momentum." BA will continue to reduce capacity by parking up to 16 aircraft this year, he said, adding that while the immediate focus is cost reduction "investing in improved customer service is vital...we need to guarantee our future competitiveness by ensuring that we offer customers excellent service throughout their journey."

Passenger revenue was up 3.1% to £7.8b on a 0.7% capacity reduction, with a 2.1 point fall in seat factor to 77%. Yields rose 6.7% as a result of currency impacts. BA traffic for the year was down 4.3% to 33.1m passengers. The carrier also blasted the government's decision to double Air Passenger Duty from 2010, which along with the EU's Emissions Tradings Scheme "will distort our competitive position in the industry."

22nd May 2009 – Source Travel Daily

More late bookings indentified in long haul sector

Hayes & Jarvis reports bookings up by more than 50% to countries that have experienced recent troubles such as Thailand and Sri Lanka. But the biggest gains are coming from late bookings, with people taking advantage of heavy discounts on packages for travel within the next 12 weeks. While sterling may have slid by more than 23% against the US dollar in the past year, the long haul operator claims that early transatlantic bookings have never been so buoyant.

Head of commercial Niel Alobaidi said the sluggishness of the forward booking market was a concern but this is beginning to come back as the economy shows signs of green shoots and confidence returns to the holiday market.

Talking about the US, he added: "People are booking really early to secure the best deals in the USA and this applies not just to New York but to Las Vegas and Orlando as well. "Despite the lower exchange rate for the pound from this time last year, the US dollar still represents great value and clients appear determined to make those traditional pre-Christmas shopping breaks to New York. "As a result we are almost 60% up year on year on winter bookings."

22nd May 2009 – Source Travel Daily

Virgin nearly doubles profit:

Virgin Atlantic has managed to nearly double its pre-tax profits in the toughest trading environment of its 25-year history. The airline grew profits from £34.8 million last year to £68.4 million for the year from March 2008 to February 2009. It said the growth was down to a rise in premium travellers and "prudent management decisions".

Group sales, including its tour operator business Virgin Holidays, rose 8.4% from £2.380 billion to £2.579 billion. The total number of passengers carried during 2008 increased to 5.77 million. Virgin employees will benefit from a bonus payout, as 10% of the group's profits is shared among staff. President Sir Richard Branson said: "The last financial year has proven to be the most volatile yet in our 25-year history. To increase profits against a backdrop of such a severe recession is an excellent achievement by all of our staff." The results are in stark contrast to other airlines, including rival British Airways which reported an annual loss before tax of £401m last week. BA said premium traffic had fallen by 13% in the second half of its financial year. Virgin chief executive Steve Ridgway added: "We are winning market share from our competitors during the toughest trading environment ever."

26th may 2009 – Source Travelmole

All America ceases trading:

PASSENGERS with bookings through US, Canada and Latin America specialist All America Holidays will not be able to travel effective immediately after the firm stopped trading yesterday. All America is an ATOL holder meaning that affected travellers with all-inclusive packages may be able to claim refunds from the CAA, while passengers already overseas should be able to return home but have been advised to confirm with airlines. Getabed.co.uk says it's already been contacted by "hundreds of hotels and agents" affected by the collapse and had "successfully re-protected all their bookings."

27th May 2009 – Source Travel Daily

Hitwise figures show decline of travel sector online:

Travel companies are sliding down the Hitwise list of the top 100 performing websites in the UK, with Thomson the exception. According to May figures, based on the number of visits to a company's website, travel companies all came lower in the list than they did three years ago. Hitwise research director Robin Goad said Thomson was the only travel company to increase its position. Budget hotel chain Travelodge and rail booking website, The Trainline, have also moved up the list. "The one thing that we are seeing in search behaviour is that people are a lot more price price conscious and are looking for package holidays, rather than putting together the components themselves," he said. Goad said travel companies are also

performing worse in the list because they are being overtaken by other sectors. “The travel sector was an early adopter of the internet and for a while travel companies were punching above their weight, but now other retailers, particularly high street retailers, are overtaking them,” he explained. British Airways fell most most dramatically in the latest list, falling from 11th position in 2007, to 19th in 2008 and then to 43rd in 2009. Gould said, in general, airlines have seen visits drop by 20% while coach and train companies are up 4%. Budget airlines are holding up the best, with Easyjet and Ryanair hovering around the same levels as in previous years. Easyjet has moved from 8th to 10th then to 11th in the last three years, while Ryanair has gone from 9th to 14th to 12th this year. Thomas Cook has also dropped down the list, from 18th three years ago to 30th today.

28th May 2009 – Source Travel Daily

Kuoni discounts to boost sales:

Long haul operator Kuoni is discounting holidays by up to 35 per cent from tomorrow as it attempts to improve sales for summer 2009. The operator said it had renegotiated hotel and air fares to be able to pass on the price reductions to customers. In March, Kuoni announced a drop in profit for its UK arm of 28% to CHF 31.5 million, with turnover down by more than 14%. At the time, a company spokesman said: “The UK is the first Kuoni country suffering particularly deep recession, which is severely dampening consumer mood.” Thomas Cook chief executive Manny Fontenla-Novoa recently said Kuoni had suffered partly because it did not have a high street retail presence.

29th May 2009 – Source Travelmole

Thomson prepares for launch of most expensive summer ad campaign:

Thomson is launching its most expensive summer advertising campaign next month. Based on its 2008 campaign 'Holidays Built With You in Mind', it will have a secondary focus on the late booking market. A new 30-second commercial will premiere on June 8 and will continue throughout the summer. The spot will still feature the same beach scene used in 2008, but the new version will see day become night. "We'll be spending as much as we did during our January campaign and significantly more than we have ever spent during the summer booking period." The TV advertising campaign will be supported online, and by regional print and radio activity in association with key partner tourist boards. This will promote a range of late deals and some of the key destinations served by Thomson's 23 UK departure airports. In its shops, Thomson said it will create a “cleaner, less cluttered window space” to give customers a better view in and out of the shop, and provide a platform for regularly-updated late deals. The latest campaign will also be supported with a tactical mini-brochure featuring the latest prices and availability for summer 2009 holidays, which are being sent to a number of later booking customers. Thomson's most loyal, early booking customers will be sent personalised recommendations for their summer 2010 holiday with built-in incentives for those looking to book sooner rather than later.

29th May 2009 – Source Travelmole