CENTRAL EUROPEAN OFFICE

N O V E M B E R 2009

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MARKET INTELLIGENCE / TRENDS

Winter Sales Gradually Improve

The German tourism industry ended the 2008/09 year with only a slight decline and sales of winter holidays continued to improve in October after a terrible start, according to the latest GfK survey of 1,200 tourism-focused travel agencies.

The tourism year ended in October with an overall drop of only 0.5% thanks to strong winter 2008/09 bookings and good late sales, the GfK figures showed. After a miserable start, bookings for winter 2009/2010 have picked up in recent weeks and the current decline has been reduced to 13.5%, according to the survey. The late bookings boom started to fade away last month with just 26% of booked revenues for departure in October or November. By comparison, September's figure was 42% for departures the same month or one month later.

Based on January-October 2009 bookings for departures between November 2009 and April 2010, this month has a 5.7% decline, December is down by a massive 27.1% and January is showing a 14.6% fall. February has a fractional 1% rise. Bookings for March 2010 are up 12.2% and April is 38.1% down, even though Easter falls in the first week of April next year compared to mid-April this year.

REWE: Stable Revenues for Specialist Tour Operators

Rewe's individual and specialist tour operators have bucked the market trend this year with stable revenues and virtually normal booking patterns. They, too, are cutting prices for next summer.
In July, Michael Frese, head of Dertour, Meier's Weltreisen and ADAC Reisen, predicted that his tour operators would also experience a trend to late bookings this year like the rest of the German tourism industry. But at this week's summer brochure presentation, he declared: "Everyone is talking about a last-minute year. Looking back, I cannot confirm this for Dertour, Meier's Weltreisen and ADAC Reisen." Despite many late bookings in the summer, the overall average advance booking period was unchanged for last winter and only 2.8 days shorter for this summer, he said.

Frese said it was a success that the group had maintained its revenues stable at about €1.5 billion this year. The number of booked holidays increased by 6.7% but the average holiday price dropped by the same amount, he noted. Demand was particularly good for Germany and Mediterranean destinations. "We benefitted from the fact that other tour operators reduced their capacity for short- and medium-haul destinations," he stated.

For summer 2010, the three tour operators will reduce prices by 6% on average. Among long-haul destinations, there are sizeable cuts of up to 15% for the Indian Ocean, Russia and charter flights, while Dubai and East Africa will be 10% cheaper. In Europe and North Africa, there are high reductions of 30% for Bulgaria and Romania as well as for Morocco (-15%) and Egypt (-10%).

Frese said he is confident of maintaining this year's revenue level again in 2010, or even achieving slight growth. Dertour has 34 brochures, Meier's six and ADAC Reisen five. Dertour has added Tunisia as a new Mediterranean destination while Meier's has added more tours in Asia, North America and Africa.

TUI: Lower Prices and More Capacities for Summer 2010

TUI Germany has unveiled lower prices, more exclusive offers and higher capacity for summer 2010 in a bid to grow while protecting its profit margins. Winter bookings are now recovering from a poor start.
In light of Rewe's market offensive with aggressive pricing, TUI Germany CEO Volker Böttcher declared at the summer 2010 program presentation on Jamaica this week: "We are following a clear expansion path and will expand our product offering significantly." This is also a reaction to a bookings decline this year after travel agents were unable to book TUI holidays due to capacity cuts and were forced to book competitor products instead.

Like other major tour operators, TUI will also reduce prices for next summer. The German market leader is cutting average prices for short- and medium-haul holidays by 5% (Majorca -6%, Canary Islands -7%, Greece and Egypt -6.5%, Tunisia -7% and Turkey -5.5%). Long-haul holidays will be 6% cheaper on average (USA -5%, Dominican Republic -5%, Mexico -7%, Asia -9%, Thailand -13%, Sri Lanka -14%). Böttcher stressed that the price reductions had been financed through better contracting prices and ruled out any "ruinous price wars".
Winter bookings have improved in recent weeks after a 22% drop as of the end of September, Böttcher said. In terms of summer 2009, Böttcher said this year's targets had been achieved thanks to capacity cuts and stable pricing despite a 10% drop in customer volumes.

U.S.: International Visitation Down 4% in August 2009

The U.S. Department of Commerce announces that 5.4 million international visitors traveled to the United States in August 2009, a decrease of 4% compared to August 2008. Total visitation in the first eight months of 2009 was down 9% compared to the same period in 2008. International visitors spent $10.0 billion during the month, nearly 21% less than visitors spent in August 2008. August 2009 marks the tenth straight month of decreases in international visitor spending. In the first eight months of 2009, visitors spent $79.5 billion, down 17% from the same period in 2008.

August 2009 International Arrivals to the United States

- **Overseas** visitation (excluding Canada and Mexico) decreased 6% in August 2009 and dropped 9% year-to date.
- U.S. visitation from the 27 European Union countries declined 11% in August 2009 and also dropped 11% from the first eight months of 2008.

- U.S. visits from **Western Europe,** 1.1 million visitors, were down 11% in August 2009. Year-to-date, arrivals (7.2 million) also decreased 11%. For the month and year-to-date, visitors from Western Europe accounted for 47% of all overseas visitors.
- U.S. visits from the **United Kingdom,** 385,000 visitors**,** were down 13% in August 2009, accounting for 34% of all Western European arrivals. Year-to-date, visitation from the United Kingdom dropped 16% and accounted for 35% of all Western European visitors.
- **German** visits were up 1% for the month and down 6% year-to-date.
- Visitors from the **Netherlands** were down 2% for the month and down 11% for the year.
- Visitors from **Switzerland** were up 1% for the month. In the first eight months, visits from Switzerland increased 2%.
- **Eastern European** visits were down 7% for the month, and flat for the year.

SALES ACTIVITIES

Dertour Evening Get-Together in Frankfurt (November 4th, 2009):
We had the great privilege of welcoming Russ Kimball to Frankfurt this month! A special dinner was hosted by Russ for Dertour's top management, Günter Rücker – Vice President Intercontinental Travel and Per Illian – Director Division North America. We were joined by Enrica Ahrend – Dertour's Director of Deluxe Product. Topics discussed included the current business status as well as developing trends in German travel behavior. The gratitude expressed by Russ for Dertour's continued support and excellent productivity was most appreciated. The VSPC Central European Office echoed this sentiment thanking Dertour for their outstanding cooperation.

Martinair Customer-Evening in Hannover (November 5th, 2009):
We participated in a special customer evening event with Martinair on the occasion of the carrier's reintroduction of their Amsterdam-Orlando route in October. Our effective relationship with the carrier's key account management allowed us to participate in combination with Orlando at no charge. The event took place at a Hannover travel agency and attracted over 65 top clients. Our PowerPoint presentation including our destination video was shown and all guests received our brochures. We also participated in a raffle donating a VSPC beach bag filled with small giveaways. The evening was a great success, visitors were very interested and Martinair appreciated our support.

Hamburg Airport Website Promotion (November 23rd – December 18th, 2009):
Germany's Hamburg Airport is ranked 5th in passenger numbers. Recently, a new website designed especially for travel agents was launched (www.agents.ham.airport.de) and already boasts 5,000 registered German travel agents. The new site has quickly become popular for its Holiday Park Ticket, which agents may download and pass on to clients for a 15€ discount on airport parking. The site also offers PEP (discounted) travel rates for agents and a sweepstakes platform. We developed 2 two-week travel agent sweepstakes promotions in cooperation with Orlando Tourism and Busch Entertainment Corp. For each of these promotions, our area and product information along with images, logo and sweepstakes questions will be available for travel agents to download as a PDF file. Thanks to our very generous industry, two 7-night stay donations will be raffled off at the conclusion of this unique promotion.

Meier's Weltreisen Breakfast Seminar in Freiburg, Germany (November 24th, 2009):
This month we partnered with Meier's Weltreisen at a breakfast seminar focused on introducing their new North America summer 2010 catalog to 40 top producing travel agents. Only four other partners besides St. Petersburg/Clearwater had the opportunity to showcase their products: Air Canada, Oregon, Worlds of Discovery and Meier's Weltreisen itself. During this three hour seminar, agents received intensive product training in a roundtable format. Interaction was lively as agents eagerly absorbed and posed questions related to VSPC's unique selling points. The seminar culminated in a prize drawing, the first prize comprising a 5-night stay in our area together with complimentary tickets for Busch Gardens or Sea World from Worlds of Discovery. The event was highly appreciated by the participating agents and we received very positive feedback.

Pre-Huddle Tour Operator Familiarization Tour (January 21st – 24th, 2010):
With Florida Huddle taking place in Clearwater Jan. 24-26, we will utilize this opportunity to invite our important 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 have developed an itinerary which will allow tour operators time on their own for site inspections during the forenoon and group experience activities during the afternoon and evening. This concept has been extremely well received by tour operators we have contacted so far. Our gratitude goes out to our Leisure Travel Department for the effective contribution in putting this unique itinerary together. Accommodations for this important group have been secured and a preliminary program has been finalized. Official invitations were distributed to select operators this month with a response deadline of December 10th. This presents us with an invaluable opportunity to showcase the many features and benefits our area has to offer!

ITB in Berlin, Germany (March 10th – 14th, 2010):
Registration materials were received the end of this month from Visit Florida. Due to their very tight registration deadline, we immediately put pencil to paper in an effort to calculate the most attractively priced package possible for our industry. Subsequently, a participation opportunity was distributed among our industry partners with a response deadline of December 4th. Meanwhile, a hotel room block was secured; hotel reservation form was developed and distributed to CVB staff members accordingly. Updates to follow …

FTI Familiarization Tour (May 5-11, 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. This month we followed up with our Leisure Travel Department regarding itinerary development and have stayed in close touch with FTI regarding their specific wishes and needs. Hosting this important group is an excellent opportunity for us to build on the many cooperative promotions we've conducted with FTI this year.

Seeheim Seminar 2010 (October 30th – 31st, 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 fourth subcommittee meeting this month combining this with a site inspection in Seeheim together with an event management agency. Further details related to conceptualization were worked out; Seeheim was presented with criteria for development of a final offer. In addition, our committee members were polled regarding their interest/commitment level, which resulted in 7 yes's, 10 maybe's and 5 no's. A minimum of 30 Visit USA Members will be needed to successfully conduct the event. Our next subcommittee meeting will be scheduled upon receipt of Seeheim's final offer.

Meier's Weltreisen Go West 2010 (November/December 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, currently slated for Nov/Dec 2010. 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. We are currently awaiting Meier's input on flights upon which exact dates can be locked in. 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.
In conjunction with this, we were invited to *promote our destinations at this year's Go West Seminar in Las Vegas*. We coordinated efforts with Orlando in developing a taped video message for presentation during the Travel Mart on November 10th. Upon receipt of the joint video, Meier's expressed their enthusiasm and deep gratitude for the excellent and professional video production. We also arranged for our German language literature and area maps to be sent to the Mirage in Las Vegas, where this year's event took place November 9th – 12th.

We supported **Tauchen & Reisen Kriz** in **Ingolstadt, Germany** with giveaways and VSPC brochures. The travel agency is in the process of organizing a pre-Christmas customer event on December 5th and will feature our area as a preferred travel destination. Mr. Kriz, owner of the agency, was one of the lucky winners of a former FVW International sweepstakes and has since become a VSPC enthusiast.

For the **Visit USA Committee Germany** monthly eNewsletter, which reaches 36,000 travel agent contacts plus 2,500 press contacts in Germany, Austria and Switzerland, we contributed our latest top news, our logo, images and link to our website. As a member of the Visit USA Committee, inclusion of our contribution is free of charge.

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 a number of requested materials this month including our destination video.

- DERTOUR (Germany)
  - **Window Display Campaign** – December 2009
    Pursuant to our excellent relationship with Dertour, we have been offered a fabulous opportunity to participate in a window display campaign during one of the prime retail sales months of the year. The window display will be visible in 1,000 travel agency store fronts across Germany for a period of 4 weeks. We were given first right of refusal on this prime opportunity and will pool our resources with Orlando CVB and Busch Entertainment Corp. in this effort. After having provided Dertour's graphics team with our images and logo last month, we finalized the display in concert with our partners this month. The campaign will launch December 1st. This exciting project is a valuable augmentation to our other efforts with Dertour.
  - **Geo Saison Magazine USA Supplement** – Feb/Mar 2010, circ. 165,300
    Dertour will produce 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 will now portray a number of USA destinations/products and will be inserted in the Feb/Mar issue. One full editorial page including images and logo will be dedicated to VSPC. Furthermore, we are most proud to report that our destination will be featured FIRST, followed by Orlando, SeaWorld Orlando, Walt Disney World Resort Orlando, California, North Carolina and TAJ Hotels. We are awaiting receipt of final layout.

- EXPLORER FERNREISEN (Germany)
  - **Online Promotion** – Dec-Feb
    In conjunction with previously launched initiatives, VSPC will be featured on a sub site of explorer.de with an editorial entry and various travel offers to the area. The promotion will run for three months beginning in December 2009. We supplied our text and logo in preparation for layout development.

- KNECHT REISEN (Switzerland)
  - **Online eNews Blast (B2B)** – December 2009
    We will conduct two eNews blasts to the tour operator's database of approximately 1,000 Swiss travel agents. These will feature our destination information as well as a travel offer to our area. We provided the tour operator with comprehensive area information in preparation for promotion development.

Trade/Consumer Publications:

- Travelution Magazine (Netherlands) – circ. 7,450
  - **1/1 Advertorial and 1/1 Advertisement** – December 2009
    VSPC will be featured in the December issue of the Travelution Magazine. In preparation for layout development, we provided the publisher with our top news text, images and logo and expect to receive the final layout the first week of December.
    With a readership of 10,000, the magazine is distributed among Dutch decision makers at tourism boards and airlines, group travel specialists and incentive organizers (SITE members) as well as travel managers and corporate planners. The focus of Travelution Magazine is to provide comprehensive industry news, trends and developments as well as forecasts combined with interviews and with tourism professionals.
    Pub frequency: 14x/yr

- 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 this month for distribution in 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.

We stayed in close touch with our Advertising Department and submitted two media plan updates for headquarters' records.

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