

UK OFFICE

JULY 2010 REPORT

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TOUR OPERATORS

Virgin Holidays and Travel City Direct

Meeting held with Andy Reekie and Carol Williams to discuss spend of additional \$50,000 received from emergency oil funding. Plan has been finalised and will include a mixture of online advertising, national press advertising, email blasts and direct mail.

Opodo

A meeting was held with Daniel Rowe at Opodo to discuss area updates etc. Opodo have advised us that sales for the USA (flights, hotels and car hire) are currently up YOY although they could not provide us with specific figures. They currently use a number of receptive operators for their hotel product and as such feature over 125 hotels in the St. Pete/Clearwater area. Provided Daniel with our most up to date copy, how to obtain images, key selling points etc for them to utilise in the future. Room night stats to follow and will be advised once received.

STA Travel

A meeting was held with Paul Celaschi, Contracting Manager North America at STA Travel. STA Travel provide worldwide travel arrangements for their core market, which is student travel and aimed at 18-30 year olds. They also have over fifteen retail travel agencies in and around the UK. We were advised that sales for the USA are currently up by 17% YOY and that they book around 150,000 room nights per annum to the US but that their core destinations are New York, San Francisco, Los Angeles, Las Vegas, Miami and Orlando. They only book around 300 room nights in our area but are looking to expand and promote Florida a little more in 2011. Provided Paul with all of the up to date information regarding copy, imagery etc. Also discussed training their call centre agents in the near future and these discussions are on-going.

TRADE LIAISON

- Ongoing discussions with Orlando Tourism on a series of joint co-ops to be launched in September. Negotiations and final proposals have been received from Jetsave, Barrhead Travel, Bon Voyage, Funway Holidays and THG holidays. All co-ops will emphasise twin centre holidays and proximity of St Pete/Clearwater to Orlando.
- Ongoing discussions with Orlando Tourism re hosting a joint lunch for tour operators at WTM. Due to costs involved, we are seeking a third partner from one of the main theme parks.

- Latest room night stats have been secured from a number of operators to try and gauge how the market is doing from the UK. Virgin Holidays are reporting that they are 27% down to the area, however this is in line with all other Florida coastal resorts. Orlando is also down but not to such a high degree. They feel that the current economic climate means that UK visitors are going for the cheaper option of staying in Orlando for the duration of their holiday, where the rooms are on average 45% cheaper than on the coasts.

Other operators such as Funway Holidays, Premier, Trailfinders and Jetsave are showing substantial increases in room nights to the destination.

- The national consumer promotion with Debenhams is launching on 1st August. The promotion includes a mailing to 1.3 million Debenhams customers, an email to 500,000 cardholders and exposure on their website.
- National consumer promotion launching with Firebox on 1st September to run for 6 weeks. This will include a home page banner, email blast to 655,000 customers and a landing page on their website which received 1.2 million unique visitors per month.
- Results from our activity with Expedia have been received and are as follows:
 - Room nights decreased by 26% over the same period the previous year, however length of stay increased by 6% over the same period the previous year.

Unfortunately this promotion launched just as the volcanic ash cloud closed down UK airspace which will have undoubtedly have had an impact on the results. In addition we did a comparison with other Florida destinations and Expedia provided the following information:

On Expedia UK: St Petersburg/Clearwater increased share from 4.22% to 4.30% over the campaign period

On YoY growth: On Expedia UK, Fort Myers and Miami had stronger YoY declines than St Petersburg/Clearwater.

- Travel Counsellors – Discussions took place with Simon Ward at Travel Counsellors regard co-op marketing opportunities and we have confirmed a full page editorial in the next edition of the Travel Counsellors News which is due to land with approximately 60,000 customers on 6th September. As part of the agreement we also have the opportunity to train the Travel Counsellors on TCTV free of charge.
- TUI Specialist (Jetsave Florida) – Jetsave Florida have extended and are continuing to promote the co-op marketing activity we have scheduled with them free of charge during the month of July. Results to follow shortly.
- Results from our activity with Trailfinders have been received and are as follows:

St Petersburg

Room nights for stays in 2010 up 40% on same time 2009
New bookings made in May up 358% on those made in May 2009
New room nights made in May = 51

Clearwater

Room nights for stays in 2010 up 9% on same time in 2009
New bookings made in May up 11% on bookings made in May 2009
New rooms made in May = 65

4 May - 25 May 2010: Total unique web visitors to the dedicated latest offer page on trailfinders.com: **3184**

Of this total, **1989** came clicked directly to the latest offer page from the email newsletter which was sent on 7 May

- Results from our recent activity with Premier Holidays have been received and are as follows:
 - Consumer newsletter sent to 20,000 received 963 click throughs to the dedicated website page
 - Trade newsletter sent to 5000 retail travel received 112 click throughs to the dedicated website page
 - Dedicated A2 full colour travel agent window display
Poster sent to all 25 Premier Travel stores
A total of 89 posters were sent out to agents (in addition to Premier Travel) based on direct orders from these stores
 - Consumer mailing to 1079 previous bookers - received 139 calls as a direct result from this mailing (tracked by the phone number), 89 quotes were issued and 11 bookings received
 - Overall Booking Results. The campaign to date has generated 28 bookings (66 passengers)
- Selling Long-Haul Update – Adverts for the July/August/September editions have been finalised. Selling Long Haul have also given a full page in the September edition free of charge. The article will feature new attractions and hotels in the area as well as information on the best way to sell St Petersburg/Clearwater.
- Travel Uni Update – The VSPC and the recent prize winners from the Travel Uni Training Programme competition were listed in the monthly Travel Uni e-newsletter that is distributed to their nationwide trade database of over 17,000 unique users.
- Funway Holidays – VSPC featured in a general e-newsletter that Funway distributed to their consumer database promoting holidays to Florida. The newsletter featured an image of Caladesi Island and was promoting a 7 night stay package at the Doubletree Beach Resort, North Redington Beach.

ENQUIRIES:

Telephone/website enquiries for information and/or literature

56

MARKET INTELLIGENCE:

02 July 2010 – Source Travolution

Thomson tops May search charts with focus on specific terms

Thomson has stepped up its natural search efforts during May, with rival Thomas Cook also performing strongly in the key shoulder season month, according to research from Greenlight. The search agency's latest look at natural and paid Google results for the travel vertical found that 10.8m searches were carried out in May, up from 8.6m in April. Brands are ranked for natural search according to how often they appear on the first page of Google. The top five, by percentage of returned results on which they appear, are:

Thomson.co.uk - 70%

Holidayhypermarket.co.uk - 55%

Thomascook.com - 53%

Travelsupermarket.com - 47%

First Choice - 46%

The analysis is based on results from the most popular 3200 keywords and is broken down further into generic, short and long haul rankings. Travelsupermarket is the most visible for generic search terms, of which "holidays" is the most common, accounting for 2.2m searches alone. Thomson and Thomas Cook have above 60% visibility in natural search, but Thomson in particular appears more focused on specific terms. More than 3.8m searches were carried out for short-haul destinations, with Thomson appearing on the first page of Google 86% of the time, compared with Thomas Cook's 43% and First Choice's 45%. "Turkey holidays" was the most popular short haul term, accounting for 673,000 searches. For long haul, "Sharm El Sheikh holidays", "holidays Egypt" and "Egypt holidays" combined accounted for more than one in five of the 2.3m long haul searches. Again, Thomson is the most visible at 62%. The report also looks at paid search visibility, concentrating on the top 90 keywords. It reveals that First Choice's "share of voice" has declined significantly since the last report in February, losing 30% visibility in the overall findings. By category, it was 30% down for generic terms, 36% down for short haul and at least 25% down for long-haul. The brand with the biggest visibility in paid search is icelolly.com with 46%, followed by onthebeach.com (39%) and lowcostholidays (39%). Greenlight points out that in terms of buying traffic, seven of the top ten are aggregators. Lastminute.com is the most visible OTA brand in the natural search chart, with Expedia.co.uk leading the way for paid search, although both brands' rankings – 30% and 9% - are significantly behind the top ranked brands. Elsewhere, the report looks at the copy used in the paid adverts, and found that price- and savings-led messaging was prevalent. Thomas Cook incorporates its "Don't Just Book It, Thomas Cook it" strapline.

05 July 2010 – Source Travelmole

Google is a huge threat, warns online expert

Travel intermediaries like Travelsupermarket and Expedia are being warned to rethink their

business models now Google seems poised to move into the UK travel market. Andreas Poulos, a search marketing specialist who advises companies on ways to improve their online presence, said Google's acquisition of travel technology company ITA Software was a clear threat to UK-based travel comparison websites. ITA's data, which includes up-to-the-minute flight availability and fares, will allow Google to show users where to find the best deals. "Travel intermediaries should be very concerned as Google moves towards becoming central to consumers' travel purchasing behaviour," said Poulos. "It is only a little over seven months ago since Google made a similar move with property intermediaries." Just as Google now features houses for sale or to let on Google Maps by allowing property portals to load their listings free of charge, it will be able to use ITA's data to tell users where to find the best flights. While initially Google is likely to use the data to drive traffic to travel websites, there is a danger that ultimately it will start to sell seats direct to the consumer. "Travel intermediaries should at the very least be determining how they should operate in the next few years," added Poulos, chief operating officer of Greenlight, an independent search marketing agency.

06 July 2010 – Source Travelmole

BA unveils impact of June strike action

Strike action contributed towards an 11% drop in traffic for British Airways in June. The airline said the first nine days of the month were hit by industrial disputes with cabin crew and led to an 11.1% fall in revenue passenger kilometres. The decrease comprised a 9.2% drop in premium traffic and an 11.4% fall in non-premium traffic. In its June statement, BA said underlying market conditions continue to show improvement. It also said online holiday bookings were up 56% compared to last year, due to the introduction of dynamic packaging on ba.com.

06 July 2010 – Source Travelmole

Brass-necked Brits top bartering poll

Brits are more likely to haggle for a good holiday deal and better prices whilst away than the French, Germans and Spanish, according to a survey by holiday deals finder Travelzoo. The survey, which was conducted as part of Travelzoo's Britain's Savviest Traveller competition, also found that British people were less likely to boast about the bargains they had found than our continental cousins – only 41% said they would reveal their discovery of cheap deals at a dinner party compared to 80% of German travellers. Some 2,000 people across the UK, France, Germany and Spain were polled to find out how good they were at bartering travel providers down. Travelzoo said the results showed that six out of ten travellers are now more likely to negotiate than in 2008. The same amount said they spent more time looking for deal now than they did two years ago. Just under three quarters of British travellers said they were more likely to barter with travel companies than they used to compared with 39% of Germans. Once abroad, 70% of Brits said they would carry on bartering for the best deals. Only 40% of Spaniards and Germans had the brass neck to follow suit. Some 72% of the French respondents said they searched longer for a holiday deal than in 2008. Managing director of Travelzoo UK Joel Brandon-Bravo said: "Our survey reveals that the desire to find a great travel deal is at an all-time high across Europe, and that people are prepared to go to some length to find the best deal. "As part of our search for Britain's Savviest Traveller, we have come across people who will fly their family to far-flung destinations on a tiny budget by being creative with how they book their travel, and our results from the survey mirror this trend towards thinking outside the box

when planning a holiday.”

13 July 2010 – Source Travelmole

Fastest drop in Brits travelling abroad recorded since 1970s

The number of trips made by Brits to foreign countries fell at the fastest rate since the 1970s in 2009, according to the Office for National Statistics. It recorded 58.6 million trips, compared to 69 million in 2008, and says the fall was mirrored by foreign visitors coming to Britain too, although not by as much (a drop from 31.1 million to 29.9 million). ONS says the plummeting figures follows years of steady growth both into and out of the UK. Visits abroad have grown by 4% on average per year in the past 25 years and visits to the UK have grown at 3.2% on average. But business travel really suffered in 2009. A whopping 23% less visits were made by UK residents abroad for business purposes in 2009 compared to the previous year while 19% less visits were made into the UK from abroad. Meanwhile, there was a drop of 15% in visits made from the UK abroad for holiday reasons and a drop of 6.5% for visiting friends and relatives. However, holiday-specific trips to the UK by overseas visitors rose in 2009, by 0.5 million from 10.9m in 2008 to 11.4m in 2009. Little surprise, then, that Brits spent less abroad in 2009. We spent £5.1 billion less in 2009 despite the fact that a Brit’s average length of stay abroad has extended from 9.9 nights in 2007 to 10.5 nights in 2009. Earnings from money spent by visitors from abroad coming to the UK rose, however, from £16.3 billion to £16.6 billion. The ONS says London remains the most popular city to visit by foreigners, followed by Edinburgh, Manchester, Birmingham, Glasgow, Liverpool, Bristol, Oxford and Cambridge. The other way, not many countries saw a rise in visits from Brits. Mexico suffered a 41% fall in visits but Egypt, Jamaica and Lithuania saw rises. That said, the combined visits to France and Spain, although they did not grow, still amount to 21.3 million of the total 58.6 million visits abroad that Brits made.

14 July 2010 – Source Travelmole

Strikers and management clash again at BA AGM

British Airways shareholders were left confused at the airline’s AGM yesterday after strikers accused management of a culture of fear and loathing whilst chief executive Willie Walsh insisted permanent change was needed within the airline. The three-hour meeting saw Walsh show weariness at being depicted as Hitler and the devil by union members, telling the audience that cabin crew costs were the most out of line cost base, doubling that of Emirates. Cabin crew, who have struck intermittently since spring, were out in force at the meeting and one shareholder said that after talking to a crew member who reiterated BA’s culture of management by fear, they didn’t know who to believe. However, many investors backed Walsh, applauding at his view that after a downturn in which global revenues fell by £53 billion, there was a need for structural change. BA chairman Martin Broughton also met with approval after telling the meeting that only a small section within the British Airlines Stewards and Stewardesses (BASSA) were responsible for the strike culture that prevailed currently. He said the board’s patience with this section was now “exhausted”.

15 July 2010 – Source Travelmole

BA merger gets thumbs up from Europe

British Airways has had the thumbs up from the European Union for its merger with Iberia.

The two airlines have been given final regulatory approval along with American Airlines by the European Commission on a joint business agreement on transatlantic flights. No conditions have been applied to the merger, which is expected to take place at the end of the year. With the agreement, the three airlines expect a final decision on anti-trust immunity from the US Department of Transportation imminently. British Airways chief executive Willie Walsh said: "We await the DOT's final decision but welcome this important and vital step forward. The high number of new services on London to US routes since the Open Skies agreement demonstrates that Heathrow is open. "Between us, we have agreed to make available Heathrow slot pairs for our competitors to use on services to the US. "This is a pragmatic decision so that we can get the joint business up and running as soon as possible. "The slot commitments provide a further guarantee that there will be no possible loss of competition as a result of our joint business". The slots will be available if competitor airlines can't acquire them through the normal means. The London-New York slots will only have to be made available if the amount of services on the route falls below currently announced levels. The airlines plan to launch the transatlantic joint business this autumn. Cheapflights Media, the international flight deals publisher, welcomed the deal. CEO Chris Cuddy said: "Cheapflights applauds the EU's decision to open transatlantic routes to the One World alliance and to allow the BA/Iberia merger. This move helps keep the EU airline industry competitive for travellers which is good for everyone." Bob Atkinson, travel expert at www.travelsupermarket.com, agreed the move was good news for travellers, but warned: "The airline claims the merger and alliance will help cut costs, however, forcing through company changes and efficiency savings are exactly the challenges that have brought BA head-to-head with its cabin crew and Unite in the current dispute. And of course, the situation has the potential to be just as difficult for American Airlines and Iberia, who aren't without their own industrial difficulties. The news, however, was not greeted with enthusiasm from BA's rival Virgin Atlantic. Boss Sir Richard Branson said: "We have fought this monster monopoly for the past 13 years and are still resolute in our belief that this decision is shameful and consumers will suffer greatly as a result. "The European Commission has let consumers down by agreeing to paltry remedies which are wholly inadequate."

20th July 2010 – Source Travelmole

More failures to come, warn travel experts

Travel experts are predicting further travel company failures in light of the Goldtrail collapse. Caroline Bremner, global travel and tourism manager for Euromonitor International, said: "The significance of Goldtrail's failure is not down to its size as its customers represent less than one per cent of UK outbound departures. Instead, its demise is a warning sign to other travel companies that the industry is not out of the woods yet. "The company's failure comes at a time when [Euromonitor believes] the UK outbound volumes will decline further by 6% this year to reach 55 million and positive growth will not return until 2012."

Nick Harris, head of Holiday and Travel Law at Simpson Millar LLP in Manchester, believes Goldtrail won't be the only company to go under this year. "Although a growing number of small holiday firms have gone belly up, the peak of the holiday season usually goes some way in postponing these failures," he said. "It is usually in the autumn when travel firms go bust. The timing of the Goldtrail failure is concerning but I doubt it will be

the only travel business to face closure in 2010.” He also believes the company’s demise heralds the end of the dynamic package. “The collapse of holiday firm Goldtrail will almost certainly put a nail in the coffin of the ‘dynamic packaging’ concept,” he said. “Dynamic packaging was created to feed the hunger for cheap, no frills travel. However, many customers are unaware that some of these cheap providers are not accredited by ATOL, ABTA or the CAA which can have disastrous results if the company fails, as happened with XL last year. “My advice to travellers is to avoid dynamic packaging where possible, or make sure that providers are accredited and have a solid reputation. “Saving a few pounds can be a false economy in the long run and that cheap getaway can quickly turn into a holiday from hell.”

27th July 2010 – Source Travelmole

Lords to quiz handling of ash crisis today

The Government will today be quizzed by a House of Lords committee over the decision to close European airspace during the ash crisis and whether EU regulations on compensation place an unfair burden on airlines. The debate, chaired by Baroness O’Cathain, will consider if the six-day flight ban was an overreaction and whether a standardised limit for ‘safe’ ash concentration levels should be established by the European Aviation Safety Agency.

Airlines including British Airways, Virgin Atlantic and Ryanair have been critical of the handling of the crisis which cost them millions. The committee will consider if the current EU regulations regarding compensation to passengers in the event of disruption to air travel place is an unfair financial burden on airlines. It will also look at efforts to ensure an integrated transport network to provide an alternative in the event of a similar scenario.