

CENTRAL EUROPEAN OFFICE

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MARKET INTELLIGENCE / TRENDS

Autumnal Slowdown in September

Germans booked fewer holidays in September than the same month last year, according to market surveys, but the underlying conditions for the tourism business remain good. Holiday revenues in travel agencies and at online travel retailers dropped by back 1.6% last month, the latest monthly survey of 1,200 retail outlets by market researchers GfK showed. This was the first monthly decline this year and left the cumulative growth figure for summer 2012 at 9.6%, down from more than 11% in July.

Demand was weaker in particular for last-minute holidays, but winter holiday bookings and early summer 2013 reservations were also lower. Bookings for departures in September fell by 3.8%, leaving the month down by 10.7% for the year to date. Winter sales revenues were also down in September, according to GfK, although the forthcoming season is still up by a strong 10.2% due to good earlier bookings. The winter trend was confirmed by Thomas Bösl, head of the RTK travel agency consortium, which has a 6% rise for summer 2012, but is feeling a chilly start to the winter. “We are still behind last year for the winter 2012-13 season,” he commented.

The initial trend for summer 2013 is also disappointing, although it is still very early in the booking cycle and only portions of the tour operator programs have been released for bookings. The proportion of customers booking holidays from May 2013 onwards was 8.8%, 1.2 percentage points behind last year.

The GfK figures were confirmed by the September survey of travel agents by services provider TATS. This revealed a 4% drop in leisure travel sales last month, in terms of revenues of holidays taken, leaving a 3.6% increase for the first nine months of 2012.

However, in contrast to the weakening booking figures, the underlying outlook for the German tourism market in 2013 remains very positive, according to GfK CEO Matthias Hartmann. “The conditions for leisure as a growth motor could hardly be better at present,” he told the recent German Tourism Summit in Berlin. The consumption climate in Germany actually went up slightly in September despite the Euro crisis and weakening economic conditions, he said. Consumers were saving less due to low interest rates but buying fewer new cars, thus leaving disposable income free for travel and other activities, he explained. This was underlined by the historic trend for domestic holidays to grow faster than GDP.

Hartmann said German travel agencies and tour operators were showing an overall 3% rise for the 2012-13 tourism year, as of end-September. “Germany is developing better at the

moment than Great Britain or the Netherlands, where bookings for the new tourism year are lower than last year,” he commented.

REWE: Portal to Drive Individual Holiday Sales

The Rewe group has bought a 43% stake in a leading German holiday accommodation portal to expand its individual holiday sales, while package operator Rewe Touristik is broadening its offers for next summer. Through Dertour, its main brand for individual holidays, the Cologne-based group has acquired a 43% stake in German holiday accommodation portal HolidayInsider, which offers 190,000 apartments, hotels and other holiday accommodations in German-speaking countries. It claims some 250,000 “satisfied customers”.

Rewe described the stake as a “breakthrough” for the group in the €13 billion market for self-organized holidays comprising individual tourists who do not book packages or via travel agents, and said it aims to develop the website into “the market-leading portal for holidays in Germany”.

Tourism CEO Norbert Fiebig explained: “We are targeting growth markets. More than every second German goes on holiday in a German-speaking destination. But most of them make time consuming individual searches for the ideal accommodation and there was no overview of the entire offering. Holidayinsider closes this gap and fits our concept for the future ideally.”

Dertour managing director Michael Frese said HolidayInsider profited from innovative technology, product orientation and diversity, and complemented Dertour’s broad offering of holiday offers worldwide. “As the market leader in Germany and Austria for individual holidays, we are investing in the future of our offers with the stake in HolidayInsider.”

Meanwhile, Rewe Touristik, the group’s package holiday tour operator, will broaden its offers for different target groups and segments in summer 2013 after moderate growth this year. The group, comprising ITS, Jahn Reisen and Tjaereborg, increased revenues by 4% and had stable customer volumes after extreme booking fluctuations during the year. “We are once again well ahead of last year thanks to a strong summer in which we achieved a revenue rise of 6%,” said managing director Sören Hartmann. The group increased bookings for Spain and Turkey while Tunisia made a strong 40% recovery but is still about 15% below pre-revolution levels. “I hope we will regain the former level again in 2013,” Hartmann said. For next summer, Rewe Touristik is increasing prices for holidays in Spain and Turkey by 2%, but prices for Greece, Egypt and Tunisia will be stable.

TUI: Products Sorted in Seven ‘Holiday Worlds’

TUI Germany will reorganize most of its exclusive hotel products into seven different ‘holiday worlds’ in its summer 2013 brochures in a further step related to product differentiation. The German market leader has positioned about 900 hotels, including its own brands, and tours into one of the seven categories ready for its summer 2013 brochure presentation next month. However, TUI will still retain destination-based brochures unlike budget brand 1-2-Fly, which has completely dropped traditional country-based brochures in favor of segments and target groups. TUI Germany described the shake-up as “the start of a new era for tour operator holidays”, claiming that the new approach reflects the more individual wishes and needs of modern consumers and will also make it easier for travel

agents to find the right products for their customers. At the same time, the products are not available in “Bistro”, German travel agency’s main price comparison system, and can thus help both tour operator and travel agents escape price-based sales.

In strategic terms, TUI hopes the move will help it to achieve its goal of having 80% of customers booking exclusive products by 2015 compared to 60% at present. This will in turn enable it to achieve higher prices and profit margins. The seven ‘holiday worlds’, which all carry English-language names, are: Classic, Beach, Lifestyle, Nature, Scene, Premium and Vital.

TUI Classic properties target traditional German holidaymakers, mostly couples and singles, who value quality, personal service and safety & security. Hotels in this category, for example, have to offer German-language customer care and medical care either at or near the property.

Hotels in the TUI Beach category have to be located directly at the beachfront and offer sunshades and sun-loungers, sports and entertainment while TUI Lifestyle hotels are more international and offer facilities for relaxation or activities. TUI Scene hotels are for outgoing holidaymakers, lie in close proximity to bars, restaurants and shops, and feature services such as late breakfasts.

The mostly small TUI Nature hotels are located in attractive natural settings, offer typical local food and national or regional cultural flair. Premium hotels are by definition up-market or luxury resorts, while Vital hotels focus on wellness and quality food.

SALES ACTIVITIES

VSPC Sales Visit (October 8th – 12th, 2012):

This month saw us conducting our annual visit to St. Petersburg/Clearwater. We conducted several site inspections, held various meetings with industry members, visited a number of county attractions, met with CVB colleagues and presented highlights of last fiscal year’s accomplishments to our TDC on October 10th. A particular treat was having the opportunity to attend this year’s Marketing Kickoff event, during which we reconnected with several industry members.

Willy Scharnow Foundation Fam (October 17th – 20th, 2012):

This month saw us finalizing all details and executing the Willy Scharnow Foundation Fam tour. This year marked the 19th annual tour in cooperation with the Willy Scharnow Foundation. Similar to ASTA in the U.S., the German institute for travel education known as “The Willy Scharnow Foundation” was founded in 1953 to grant better professional opportunities in tourism to German travel agents. They do this through several means, one of which is educational Fam trips and seminars.

Our destination partner was Naples with United Airlines being our co-sponsoring carrier, providing 13 seats (12 agents + 1 WSF escort).

The Fam group was comprised of handpicked agents from travel agencies affiliated with the following tour operators specifically: Dertour, Explorer Fernreisen, FTI, Meier’s Weltreisen, Neckermann Reisen, Thomas Cook Reisen and TUI – all of which feature our area’s accommodations products. We received very positive feedback from the agents, many of whom commented on the warm welcome received, professional site inspections, generous hospitality and excellently developed itinerary highlighting the diversity of our area.

Orlando will be our partner destination in 2013, which will mark the 20th annual Willy Scharnow Foundation fam tour to our area.

Visit USA Germany Halloween Event 2012 (October 26th – 28th, 2012):

For the third consecutive year, we participated in the annual Visit USA Germany Halloween Event. After two very successful events in Seeheim and Düsseldorf/Neuss the last two years, this year's seminar weekend took place at the Hilton Hotel Frankfurt Airport with a record turnout of 150 travel agents!

VSPC shared the seminar training session with Visit Orlando, SeaWorld Parks & Entertainment and Thomas Cook, one of Germany's important tour operators. Together we conducted 10 comprehensive training sessions throughout the course of the day which was followed by an evening Halloween extravaganza. Here VSPC enjoyed further exposure by being among the top prizes raffled off during the evening. We are most grateful to our industry for their generous support!

German Sales Mission (October 29th – November 1st, 2012):

Visit St. Pete/Clearwater, Visit Orlando, Disney Destinations, SeaWorld Parks & Entertainment and Universal Orlando Resort joined forces in conducting a German Sales Mission to three German cities (Düsseldorf, Stuttgart and Frankfurt). The program comprised three evening events, each in cooperation with a major tour operator partner (Dertour, Meier's Weltreisen and Thomas Cook), as well as product management meetings and in-house reservations agent training. Three VSPC accommodations partners joined us for this sales mission.

We conducted a refreshingly new presentation format for the evening events, i.e. a 'news cast' show entitled "CFN" or "Central Florida News". This format was very well received by our tour operator partners and, most importantly, the attending agents, who conveyed their appreciation of the creative and lively product training. The sales mission proved successful once again with our having trained 250 agents.

America Tage (November 9th – 11th, 2012):

The J. Latka Verlag, publisher of the German language destination magazine America Journal, has organized the first-ever "America Tage" (America Days) travel fair in Hamburg. America Journal, Germany's quality magazine for travel, lifestyle and business in the USA, Canada and the Caribbean invites its readers, the regional travel trade and related industries to participate in this upscale product and services show, which will include lectures, presentations and a variety of networking opportunities with both industry partners and upmarket consumers. The city of Hamburg and its greater urban area is home to a large concentration of opinion leaders with high levels of disposable income and strong interest in North America, in high-quality travel and exclusive products and services.

Starting with one day dedicated exclusively to the travel trade and media, the event continues with a two-day exhibition for prequalified consumers (frequent travelers to North America), enhanced by speeches, presentations, food and entertainment. We will participate as a silver partner, which includes a table at the exhibition as well as a consumer presentation during the public days. This month all necessary travel arrangements were made, material was sent and the presentation was created.

Wereldcontact Reizen Travel Market (November 10th, 2012):

ITG/Wereldcontact will again organize the Wereldcontact Travel Market. During this one-day event, past travelers, commercial partners (suppliers and tourism boards) and Wereldcontact staff share their travel experiences with other Wereldcontact travelers. Last year over 3,500 potential travelers visited the event. This annual travel market has proven to be one of the most important tools for this important Dutch tour operator to promote itself and

their exciting destination and product offers. We are registered to participate in this unique opportunity in cooperation with Visit Orlando and Visit Florida.

See America Workshop Netherlands (November 13th, 2012):

Preparation is underway for this important Dutch travel trade event, which is now in its 5th year. The workshop will be held in Den Bosch at the Orangerie, a beautiful historical building and popular business venue. Included are a table top marketplace followed by intensive agent training sessions, culminating in an exciting travel prize raffle. 100 retail travel agents are expected to attend.

An industry opportunity was distributed for this event this month and our industry has graciously donated stay and attractions certificates (most appreciated!). The organizing committee was informed accordingly and the sponsors' visuals have been included in our training presentation.

DRV Annual Convention (November 14th – 18th, 2012):

We will again attend this year's convention of the German Association of Tour Operators and Travel Agents. It is a platform during which highly reputable speakers and panel participants address market barometers and trendsetting topics moving the German travel industry. German industry executives present the latest information and current challenges during various plenary sessions and panel discussions. Our participation in the convention presents a valuable networking opportunity, giving us one-on-one face time with industry decision makers.

Dertour Academy (December 10th – 18th, 2012):

The Dertour Academy is a training and incentive event for the tour operator's top travel agents. It provides a training platform for 576 agents and serves as the framework for presentation of the new Dertour summer programs including its new products. The Dertour Academy is very well known within the industry and is considered an invaluable training event for travel agency staff.

With a view toward imparting product knowledge and generating a subsequent increase in sales by providing an opportunity for those attending to familiarize themselves with the destinations and tourism partners, workshops and roundtable sessions provide the agents with in-depth product insight and the skills they need to operate effectively at the counter.

This month we provided final elements requested by Dertour including our interactive training presentation concept, approved the layout containing our destination information for the travel agents' on-site workbook and completed all shipping arrangements.

A sweepstakes will also be included in this mega event for which we are eligible to present two accommodations prizes. Our industry has graciously donated stay certificates (which is most appreciated!) and have sent us their visuals for inclusion in our training presentation. The Dertour Academy will be held in Dubai this year.

Brussels Travel Expo (December 12th – 13th, 2012):

As the first Visit USA Workshop at BTEXpo was such a success in 2011, the Visit USA Committee BeLux (Belgium & Luxembourg) has decided to pursue its cooperation with BTEXpo for this year's travel agent training workshop. Special conditions were again negotiated exclusively for Visit USA members for greater exposure and a wider range of services in an innovative travel platform. BTEXpo is known as one of Belgium's most successful travel trade fairs attracting some 3,950 travel trade professionals, meeting planners and media. All necessary registration forms were filled out for this event including our participation in a networking lunch on Dec. 13th.

Vakantiebeurs (January 8th – 13th, 2013):

We will again participate in the Visit Florida stand at this important Dutch travel fair which attracts over 125,000 visitors from throughout the Netherlands. Registration formalities were completed this month.

Of note is that Visit Florida will not be organizing a tour operator luncheon next year citing reports of reluctance by the operators to dedicated the time to attend the traditional luncheon. Visit Florida has advised they will plan a separate in-country event for the Dutch tour operators at a later date.

CMT Stuttgart Super Sweepstakes (January 12th – 20th, 2013):

Known as one of Germany's largest and most important consumer shows, CMT Stuttgart attracted over 225,000 visitors this year. In addition to our joining forces with the Visit USA Committee Germany in promoting our product via brochure distribution to consumers, we will again co-sponsor the popular CMT Super Sweepstakes.

The sweepstakes will be published in a 12-page, 4-color visitor brochure (circulation 350,000) which will be distributed at 1,800 outlets throughout the State of Baden Württemberg prior to the show and among consumers visiting the fair. The sweepstakes will also be advertised in the fair catalog (circulation 10,000) and promoted to the media. Active promotion of the CMT Super Sweepstakes will start in November 2012 when the official sweepstakes website goes live.

More good news ...

- With Delta Air Lines sponsoring flights to our area for four (STR-TPA-STR), Holiday Autos sponsoring a rental car and two 7-night stays plus a dinner cruise in St. Pete/Clearwater, our sweepstakes prize package will be positioned as #2 of 124 behind the featured destination Australia. Our industry sponsors have also agreed to extend their donations to four pax. The organizer has been sent all relevant materials (VSPC logo, destination description, sweepstakes questions, hotel sponsor logos) for inclusion in printed materials.
- In order maximize the publicity for our industry, 1,000 flyers will be created by Karawane Reisen, the tour operator involved with the sweepstakes, promoting a travel package containing elements similar to the sweepstakes travel prize. The package will be bookable via Karawane Reisen. We contacted our industry asking they communicate with the tour operator directly concerning their net rate offers.

Visit USA Seminar Switzerland (January 30th, 2013):

Registration has been completed for our attendance at this important Swiss trade event. Next year, we will join forces with Edelweiss Air in sharing our exhibit space at Switzerland's premier travel agent training seminar to be held in Zurich. The seminar's main goal is to provide the local trade with more insider knowledge as well as the needed contacts and sources of information. An estimated 400 travel agents are expected to attend this important Swiss event. Over the course of an entire day, we will participate in the seminar workshop distributing material and engaging in sales discussions with top tour operators, airlines and travel agency decision makers.

Visit USA Seminar Austria (January 31st, 2013):

Known as Austria's premier travel trade event, the Visit USA Seminar Austria will be held in Vienna and is expected to attract up to 150 agents. The format comprises an afternoon seminar with an ensuing evening event. The seminar program will include a table top marketplace and an on-stage "interview" session with each exhibitor. The Visit USA Committee Austria will again organize a post-seminar "evaluation breakfast" the following morning during which we will have the opportunity to provide feedback and discuss future

planning. Registration has been completed early in order to take advantage of a discounted 'early-bird' participation fee.

ITB (March 6th – 10th, 2013):

While registration material has not yet been received from Visit Florida, we are moving forward with initial planning for the "world's largest tourism fair" held annually in Berlin, Germany. A hotel room block was secured this month and an applicable reservations form for the VSPC delegation was developed in concert with the chosen hotel. Updates to be forthcoming.

We assisted Sandra Melzer of **FTI** in Munich with her own plans to visit our area November 19th-24th. Sandra was part of the team who helped organize the "Highlight of the Year" travel agent Fam which was hosted in our area in May 2012. Upon receiving such fabulous feedback from the attending agents, she now feels compelled to explore our area together with a few travel agent friends. Together with our Leisure Sales Department, arrangements were made for visits to several attractions. Feedback received from Sandra upon her return to Germany was most positive and she expressed her gratitude to us for our support.

CANUSA Touristik in Hamburg contacted us wanting to utilize our beach imagery for their 2013 catalog. While this type of inclusion normally comes at a premium charge, VSPC will now have additional exposure free of charge.

Our participation at the **24th ADAC Württemberg Reisemarkt** in Sindelfingen on Dec. 2nd was requested by the organizer. We gratefully accepted their offer of distributing our brochures free of charge and sent the respective material accordingly.

We assisted Pamela Gambert of TUI Travel Star in Bobingen with her own trip to our area. She will be travelling in November and we sent her tips to set up an interesting program.

Meetings were confirmed this month in preparation for Russ Kimball's visit to Frankfurt in November.

2014: DERTOUR Country Special Mega Fam

After several months of negotiation, we are very pleased to report that we have firmly secured another DERTOUR Country Special Mega Fam for our area in combination with Orlando for May of 2014! Last hosted in 2008, we will again have the opportunity to showcase our area to 100 of DERTOUR's top travel agents, which promises to generate additional visitation increases to St. Petersburg/Clearwater in the future.

MARKETING INITIATIVES

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

Tour Operators:

- CANUSA (Germany)
 - **Online “Insider Community” Campaign** – July thru December 2012
VSPC will be a participant in the tour operator’s innovative “Insider Community” initiative together with a number of Florida partners. Focused on attracting the attention of repeat customers and new travelers to a destination, this platform offers a modern and versatile stage for travelers and potential customers to communicate actively about a destination, whereby emotional experiences motivate the desire to visit the destination.
An introductory sequence explains contents of the platform. This includes map orientation and the selection of various topics, e.g. accommodations, attractions, activities dining and shopping. “Insider Tips” are a key tool and are marked on the map. By mouse-over, a superscription provides information on the tip which can be clicked to view details (in text, images or videos). Insider Tips are rated by the community. Ratings are the key to winning a raffle at the conclusion of the 6-month campaign (a two-week stay in Florida). Call-to-action offers developed by Canusa will be included in the platform.
At the beginning of the campaign, a special eNewsletter will be distributed to Canusa’s database of 520,000 customers with follow-up newsletters during the course of the 6-month campaign in an effort to reinforce the promotional message. Website marketing (homepage and subpage banners), social media, affiliate and search engine marketing will round out the communication tools. The tour operator estimates 20,000 site visits per month. We have requested a status update and are awaiting response.

- DERTOUR (Germany)
 - **2012 Summer Catalog Value-Added Promotion** – July thru October 2012
Spring of this year, we negotiated another value-added offer for the summer 2012 catalog (circ. 1 million) to serve as a booking incentive. One gasoline gift card with a face value of \$25 will be given to each booking for travel to VSPC from July thru the end of October 2012 (five-night minimum stay). The offer is prominently teased on the summer catalog’s *Florida’s West Coast* introductory page with a special VSPC description (top of the column) and key visual. VSPC was selected as the exclusive west coast partner for this value-added element!

- FTI (Germany)
 - **“Highlight of the Year 2012” Campaign** – November 2011 - October 2012
St. Petersburg/Clearwater and Orlando have been selected as the featured destinations for this coveted program. The “Highlight of the Year” is an extensive campaign targeting FTI’s present and potential customers via several B2C and B2B platforms such as catalog cover page placement, extended destination features and specially designed, prominent product placement (circ. 500,000). Online marketing, eNews blasts to both consumers and the trade, storefront window displays, point-of-sale flyers, consumer press advertorials, travel agent training and two fam trips (1 media, 1 agents) round out the program.
Various campaign elements have been launched as follows:

- HotY catalog cover page (circ. 500,000)
- HotY travel agent storefront window display element (to 1,000 agencies)
- HotY B2B eNews to 10,000 agencies (1st launch)
- HotY B2C online marketing on fti.de (3.5 million PIs)
- HotY B2C advertorial in a consumer travel pub Urlaub Perfekt (circ. 107k)
- HotY B2B eNews to 10,000 agencies (2nd launch)

In addition, two FAM trips were conducted: one for 19 travel agents and one for 7 journalists (both in May 2012).

As per the end of August month, the campaign has produced the following results:

+70% Pax / +55% Room Nights / +53% Turnover

Final campaign results are expected in December.

- JAN DOETS (Netherlands)
 - **Telegraaf Online Network Promotion** – November 2012
Holland's "Daily Telegraph" newspaper is an important Jan Doets partner with 2-3 million readers per day. Over the years the Telegraph has added online companies to its network, which currently comprises 29 very powerful websites boasting 5 million page views per month. VSPC will be included in banner advertising to be placed on all 29 Telegraaf network websites for four weeks and will include our logo, imagery, travel offer and dedicated landing page. Layouts were forwarded and approved by HQ this month. Launch date is scheduled for 11/1.

Travel Trade/Consumer Publications:

- FVW's "Fit for USA" eLearning Program (Germany)– circ. 30,860 *Trade*
 - **Online travel agent training campaign** from October 2012 – September 2013
"Fit for USA" is an eLearning course developed by the FVW Mediengruppe (publishers of travel trade magazines) and is endorsed by the Visit USA Committee Germany and Brand USA.
The 2012 program produced excellent results: 3,003 registered users, over 19,000 unique visitors and close to 1.2 million page impressions.
Now in its second year, "Fit for USA" is an independent, online training program designed to increase tourism arrivals to the USA and includes individual course units covering 6 to 8 pages of subject matter for travel agents to read at their leisure. Each course unit ends with a knowledge test. Agents who successfully complete all course units and tests receive a "Fit for USA Specialist" diploma.
The program will again be promoted frequently through advertisements in the travel trade magazines FVW (circ. 32,000 biweekly) and Travel Talk (circ. 31,000 biweekly) as well as on the respective websites: fvw.de (150,000 PIs/mth) and traveltalk.de (200,000 PIs/mth). The eLearning program will be online for 12 months with sweepstakes included at regular intervals. Special prizes such as hotel stays or flight tickets will be promoted additionally with images, logos and descriptive content.
Having supplied the editor with comprehensive information in preparation for the development of our VSPC training course including texts, imagery and logo last month, we approved all content and layouts this month. The VSPC eLearning course was launched the end of this month.

Online Aggregators:

- Travelzoo Europe – 1.3 million German subscribers *Consumer*
 - **eNews Blast** – November/December 2012
November 14th we will launch an eNews blast to 1.3 million German Travelzoo subscribers. The eNews will contain our imagery and logo along with several travel teasers to our area. In addition, special buttons for topics such as arts & culture, beaches & nature will be included and linked to applicable comprehensive content which will remain online for four weeks. Layouts have been received and approved. Due to Travelzoo Germany's special agreement with Brand USA, we will be able to leverage Brand USA monies for this campaign – long before Germany is officially phased into Brand USA funding.

The final Central European market advertising plan update for FY 11/12 was forwarded to BVK this month. We are currently negotiating further elements in preparation for submission of our FY 2012/13 advertising plan.

Public Relations:

Kaus Media Services - VSPC's German PR Agency

This month saw us assisting the agency with the following projects:

- **Press release October:** Provided content ideas, proofread and corrected.
- Supported the new PR project for the current “**Mr. Switzerland**”, Sandro Cavegn with Edelweiss Air – October 19-26,2012.
- Facilitated communication between KMS and Edelweiss Air regarding **Edelweiss Air German Press Fam** – November 30-December 7, 2012.
- Coordinated Edelweiss Air flight arrangements for the upcoming **press trip** of journalist Peggy Bien (**Senses Magazine**) – December 7-14, 2012.
- Liaised regarding status of German Facebook activity including posting plans and input for increasing Likes.

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