

CENTRAL EUROPEAN OFFICE

M A Y 2013

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MARKET INTELLIGENCE / TRENDS

Double-Digit Sales Increase in April

Travel agents in Germany were showered with bookings last month as sales grew at a double-digit rate, according to the latest market survey by researchers GfK. Sales revenues rose by 12% in April, the representative survey of 1,200 agencies showed. This was a minor boom after relatively slow bookings during the previous two months and partly due to the early Easter holidays this year.

The bulk of bookings were for the summer season, which is now 7% ahead of last year on a cumulative basis. Demand was strong for October, when most of Germany has autumn half-term school holidays, leaving cumulative sales for the month up by 17%. July also recovered somewhat to an overall drop of 3.3%.

The winter 2012/13 season closed with a 4% increase after last-minute sales in April failed to materialize on a large scale. This was the third year in a row with overall growth for the winter season. Early bookings for next winter were also healthy, and the season already has a 9% share of overall sales.

The latest figures from the TATS services company, however, told a different story. Its monthly survey showed a 4.4% decline in leisure travel sales compared to one year ago, leaving the cumulative growth rate this year at 2.6%. More positively, airline ticket sales recovered last month with a 3.6% rise in revenues, the TATS survey found.

Consumer Watchdogs Warn Six Carriers

Six airlines in Germany have been warned by a consumer protection organization for demanding full payment of airfares upon booking. The North Rhine Westphalia consumer protection organization has sent warning letters to Air Berlin, Condor, Germania, Germanwings, Lufthansa and TUIfly over the practice. According to the organization, early full payment of airfares, i.e. more than 30 days before the flight are not realistic and airlines could only demand a partial advance payment, if they were insured against insolvency. The consumer representatives also claimed that passengers bore the potential risk of losing their money, if an airline declared insolvency. In addition, early full payment of airfares effectively provides airlines with interest-free loans, according to German media.

But airlines defended themselves by saying that early payment enabled them to offer early booking discounts and low prices. The carriers now face the choice of agreeing to change their payment systems or potential legal action.

TUI AG: Targeting Higher Profits and Closer Cooperation

TUI chief executive Fritz Jousen has unveiled a new 'One TUI' action plan designed to improve profitability by reducing head office jobs, achieving much better results in the hotel and cruises businesses, and stepping up cooperation between TUI Travel and the other TUI businesses to intensify vertical integration.

Jousen, who replaced Michael Frenzel as CEO three months ago, said the overall purpose was to increase the group's value and make a dividend payment possible again from 2015. He aims to double operating profits from last year's €19 million to about €1 billion by the end of the 2014/15 business year. In addition, the present negative cash balance should turn into a positive €100 million by 2015, with half coming from the hotel and cruise businesses.

The plans were unveiled this month as TUI presented its results for the half-year ending March 31, 2013. TUI increased group turnover by 2% to €6.8 billion and the seasonal underlying operating loss was reduced by 9% to €39 million from last year's €72 million. Net results were weaker due to financial provisions for restructuring measures at head office and in the hotels and cruises sectors.

The bulk of the cost reductions will effect the group's head office in Hannover where more than 80 of the 183 jobs will go, largely through non-replacements, in order to cut costs from the present €73 million to €45 million in the medium term.

Jousen is putting a strong focus on improving internal cooperation and indicated that TUI's tour operators will be expected to cooperate much more closely with the hotel brands in the future to improve room utilization and increase internal synergies. The overall goal, according to TUI, is to transform the business model from a tour operator dominated one towards content and brand oriented value creation based around the group's hotels and cruise ships. "Content combined with a strong brand leads to differentiation. Differentiated, exclusive products guarantee higher average prices and improved margins," Jousen stated.

SALES ACTIVITIES

Alamo Travel Trade Fam Tour (May 11th – 13th, 2013):

We were approached by Alamo Germany, with whom we work very closely, regarding an opportunity to showcase our area to a group of product and sales managers from Lastminute.com/Holiday Autos in May. Lastminute.com/Holiday Autos is Alamo's largest European customer for travel to the USA generating 30,000 bookings annually.

The group of 7 pax will be on a whirlwind tour through Florida arriving in Miami on 5/09, staying for two nights, departing MIA on 5/11, driving to Orlando to visit the Alamo station, continuing straight on to our area on 5/11 and departing from MIA on 5/13.

We received accolades this month from Alamo for the very warm welcome to our area, the professionally developed itinerary and the fine support by each and every industry member

encountered. The group was particularly impressed with our area's diversity and our fabulous beaches, of course!

SeaWorld Parks & Entertainment Media Fam Tour (May 17th – 21st, 2013):

In conjunction with the opening of "Antarctica - Empire of the Penguins" at SeaWorld Orlando, Sea World Parks & Entertainment Germany has invited a group of five journalists to participate in the grand opening festivities (May 22nd-24th). Edelweiss Air was the co-sponsoring carrier. Costs for required Swiss feeder flights to Zurich were generously borne by SeaWorld Parks & Entertainment. Due to our excellent working relationship with SeaWorld Parks & Entertainment Germany, we have been offered an opportunity to showcase our area on this occasion. We continued to facilitate communication and coordination between SeaWorld Parks & Entertainment and KMS related to itinerary development and pertinent details. SeaWorld Parks & Entertainment's German PR agency will be forwarding coverage generated as it becomes available.

International Pow Wow (June 8th – 12th, 2013):

Preparations are underway for our attendance at this important international trade show. With the appointment scheduled released the middle of this month, we compiled the staff schedule making adjustments as necessary (related to double bookings or adding appointments). We also contacted several industry members to ensure they'd received the invitation to our White Party event, forwarding the eVite where necessary.

Travel Agent Roundtables (September 24th – 26th, 2013):

Preparations are underway for the Travel Agent Roundtables 2013 in Berlin, Leipzig and Dresden in cooperation with Visit Orlando and SeaWorld Parks & Entertainment. This month venues were defined and accommodation rates negotiated.

Additional Activity:

Cooperation with SEA LIFE Germany

SEA LIFE Centers are a chain of sea life themed attractions. By the end of 2013 there will be 51 centers located around the world. The centers provide fascinating insight into the wealth and diversity of marine life, plays an active role in conservation and inspires others to lend their support, too.

With 10 centers in Germany from Berlin to Munich, we have taken up contact with several centers regarding possible future non-traditional promotions with a focus on tying in our very own Clearwater Marine Aquarium. More details will be forthcoming as planning takes shape.

MARKETING INITIATIVES

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

Tour Operators:

- CANUSA (Germany)
 - **Online "Florida Vacation Builder" Campaign** – May thru September 2013
- Following last year's successful "Florida Insider Community" campaign, the "Florida Vacation Builder" (VB) will combine an online marketing campaign with an exclusive

long-term travel planning tool aimed at attracting the attention of repeat customers and new travelers to Florida. Center point of the VB is a map and a list of predefined highlights (POIs = points of interest). Picking the POIs by clicks, users can build their dream vacation in the destination on the map.

The VB uses the viral potential of the social web as the users may share their dream routes with their friends and family by mail or on social media platforms. Additionally, users can send a booking request for their dream vacation including the map and dream route to Canusa within a few clicks.

Furthermore, users can register for a raffle to win their dream vacation. This way the participants are highly involved in familiarizing themselves with the destination, awareness is generated as are bookings via an integrated contact form. The tool is placed on a landing page within the canusa.de homepage. This landing page - individually built for the destination - contains all information on the VB (instructions, registration form), the tool itself, further multimedia information on our destination (text and video gallery) and will link to product pages on canusa.de and the request form.

Communication platforms will include:

Website Marketing:

A special banner will be designed to promote the VB on the Canusa homepage (more than 2.5 million visitors yearly) for two weeks. Various smaller banners will be featured on related subpages throughout the whole six-week campaign period.

Email Marketing:

An eNews blast will be distributed to Canusa's database of 520k subscribers at the onset of the campaign.

Social Media Marketing:

The VB will be promoted continuously on Canusa's Facebook site (currently over 22k highly active fans) and to Canusa Twitter followers. In addition, Facebook ads will be used to reach new sociodemographically related target groups.

Search Engine Marketing:

Search engine optimized realization of the VB improves the visibility of the Canusa VB via organic search results. In addition, the Canusa VB will be advertised on Google Adwords.

The program launch this month on May 7th.

- FTI Touristik (Germany)
 - **Sonnenklar TV** – September
 - After having completed a successful consumer campaign in cooperation with Visit Orlando, Visit Florida and Brand USA, our own VSPC-exclusive marketing initiative with FTI was finalized this month:
 - We'll run a multi-channel promotion on "Sonnenklar TV", which is a 24-hour travel shopping channel (owned by FTI) with an average viewership of 550,000 persons per day. Direct sales of FTI product to consumers generate annual net revenues of over EUR 165 million.
 - Our placements will be launched starting September 14th focused on two platforms
 - 1) *Sonnenklar TV*
 - a. Product Specials
 - b. TV Spots / Image Trailers
 - 2) *Online (sonneklar.de)*
 - a. Skyscraper placement
 - b. Exclusive VSPC landing page
 - c. Placement on Sonnenklar's Facebook fan page

This month we conferred with FTI and Sonnenklar TV to develop general messaging direction and content strategy.

- HOTELPLAN SUISSE (Switzerland)
 - Two brands “Hotelplan” and “Travelhouse/Skytours”
 - TRAVELHOUSE / SKYTOURS
 - ◆ **Consumer eNews Blasts** – May & September
 - eNews blast to 65,000 consumers in German-speaking Switzerland to include VSPC imagery, logo, destination description and travel teasers.
 - The May eNews was distributed on 5/03; the September eNews will launch on 9/06.

- KNECHT REISEN (Switzerland)
 - **Website Promotion** – January-May
 - VSPC imagery with travel teaser placement on the North America page of the knecht-reisen.ch website with link to a VSPC dedicated landing page.
 - Originally due to run through April, the tour operator agreed to extend the promotional period to the end of this month free of charge!

- KUONI (Netherlands)
 - **B2C Newsletter** – May
 - To 80,000 subscribers with VSPC image banner and text hook with link to Kuoni’s website platform containing VSPC hotel offers.
 - **B2B Newsletter** – May
 - To 1,200 subscribers with VSPC image banner and text hook with link to Kuoni’s website platform containing VSPC hotel offers.
 - **Social Media Activation** – May
 - In addition to the eNewsletters, three posts will be placed on Kuoni’s social media network, i.e. Kuoni Netherlands Facebook page and the Kuoni blog INOUK.
 - Having provided the tour operator will all elements required for layout and content development last month, newsletters and posts were distributed / went online this month.

- KUONI (Switzerland)
 - **B2B eNews Blast Series / Sweepstakes** – May-July
 - A series of 4 dedicated eNews blasts will go out to 750 agencies, the first three of which will contain comprehensive destination content, imagery and logo with the final eNews containing a quiz. Launch was on 5/29 with ensuing distributions on 6/12, 6/26 and 7/10. Edelweiss Air will also be featured commensurately. The travel prize will consist of an Edelweiss Air flight ticket to Tampa, a 7-night stay in our area and a one-week car rental.
 - We developed a content strategy for each of the newsletters submitting the first phase to the operator including comprehensive PDF document which will be downloadable from the website. Efforts were coordinated with Edelweiss Air. An industry opportunity was also distributed this month resulting in securing an accommodations sponsor for the sweepstakes – many thanks to our generous industry partners!
 - The first eNews blast went out this month.

- OAD Reizen (Netherlands)
 - **Online Dedicated Landing Page** – April/May
For four weeks, our destination was featured along with special travel offers on oad.nl/stpetersburg-clearwater. The initiative was launched on 4/10.
 - **Travel Agency Window Flyer** – April/May
A special flyer containing travel offers to our area will be featured in the window sleeves of 180 Globe travel agencies for one week (4/26-5/03).
 - **B2C eNews Blast** – April
VSPC received placement in the OAD Reizen eNewsletter going to the tour operator's database of 550,000 contacts. The blast was distributed 4/29.
 - **Online "Top 5" Promotion** – May
From 5/01-14, VSPC will be featured as one of 5 top destinations within the 'Florida Trips' platform of OAD's intercontinental destinations website (www.oad.nl/verre-reizen). In addition, a specific topic with offers to our area will be published on the Florida page of Oad Reizen (www.oad.nl/florida).
We provided OAD will all necessary input such as text, logos and images. Final layout was corrected and approved by us.

- TUI (Germany)
 - **3/1 pg Advertorial in TUIfly and Welcome! Magazines** – March-June
Magazine distribution on board TUIfly fleet of 22 aircraft with 450k passengers/month and via direct mail to TUI customers. Welcome! Magazine is a publication for 'World of TUI' credit card holders, i.e. affluent customers who travel more than average. Readership for both publications combined is 1.8-2 million. Both are produced 4x/year. Insertion was launched March 21st and will run for three months until June 21st. VSPC will be the only U.S. destination featured which gives us very unique exposure. Others include Croatia, Gran Canaria, Greece, Indonesia, Rome and Turkey.

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.
Dates have been secured for placement of our two sweepstakes contributions during this promotion. Our prizes will be featured in March/April and June/July.

- COMMUNIGAYTE (GLBT) (Germany) *Consumer*

- **“Rainbow Reporter“ Promotion**

Communigayte is a GLBT marketing agency in Germany with whom we have worked very successfully in the past, conducting various marketing initiatives in cooperation with Visit Orlando. This year, we’ll be working on the “Rainbow Reporter” project again in cooperation with Visit Orlando.

Program Overview:

1. **Acquisition/Application Phase** – January-March

Placement on queer.de and will build excitement/hype for the destination.

Coverage will include:

- 1 article per destination - reach 10,000 contacts
- 3 months of banners - reach 250,000 contacts
- 1 eNewsletter to 18,000 contacts

Plus 2 months of banners via Publigayte (Inqueery, Hinner, Leo) - reach 125,000 contacts

- 1 eNewsletter to 10,000 contacts and
- 2 months of banners on Schwulissimo – reach 200,000 contacts
- plus 1 eNewsletter to 30,000 contacts

2. **Announcement of Winner** – May

Will include ‘winner announcement’ article - reach 10,000 contacts

3. **Depth of Reporting Phase** – September

Daily blog written by the Rainbow Reporter during his sojourn in the destination.

- Blog reach 400,000 contacts

Total reach for the project: 1,053,000 contacts.

Accommodations for the Rainbow Reporter have been secured in our area September 15-19, 2013. We are most grateful to our accommodations partners for sponsoring housing! Airline and car rental partners have also been secured.

Great news this month: There have never been so many high quality applicants for the Rainbow Reporter! After thorough review and deliberation, the Rainbow Reporter 2013 has been selected by Communigayte and queer.de in cooperation with ourselves and Visit Orlando. His name is Timm Kayser. He is professional, bright, personable, articulate, has excellent English skills, i.e. meets all the participation criteria and is very motivated to do this ‘job’ with demonstrated blogging and photography skills.

- NATIONAL GEOGRAPHIC (Germany) – circ. 99,250 *Consumer*

- **“Das Erbe Unserer Welt” Special Collector’s Salvador Dalí Edition** – May

5-pg editorial + 1-pg ad in the special collector’s edition of “Das Erbe unserer Welt” (Heritage of our World). Produced twice a year (May & November), the publication focuses on the world’s history and heritage, with arts, culture and travel the main topics. The May 2013 edition will be known as the Dalí special collector’s edition, with the great artist depicted on the cover. The editorial feature will contain descriptions of his works and talents. The special collector’s edition is a gift to National Geographic Germany subscribers and is poly bagged alongside the regular magazine.

We provided applicable content for the development of both the print editorial and online feature. The 1-page ad was approved by our office and HQ.

Online Aggregators:

- Expedia (Germany) – 1.4 million German subscribers *Consumer*
 - **Placement Campaign** – May 13-July 7, 2013
- With 2.09 million monthly unique visitors, Expedia Germany is the leading online travel provider in the country. VSPC will be featured on the Expedia Germany website and partner websites in different ways: core offers on the Expedia home page, boxes on the run of site as well as skyscrapers and boxes on the flight+hotel and click&mix site. The placement of this campaign is timed to make a push for additional summer 2013 bookings.
- Layouts were approved this month and the campaign went online.

Public Relations:

Kaus Media Services - VSPC's German PR Agency

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

- **Press Release May:** Discussed featured subject, proofread and corrected.
- **“Radio Group” travel broadcast including sweepstakes Feb. 2012:** We assisted the winner with extending his gift certificate and booking his room at the sponsoring hotel property.
- **German Consumer Press Fam:** Kindly reference the entry in the ‘Sales Activities’ section of this report (SeaWorld Parks & Entertainment Media Fam Tour).

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