

# CENTRAL EUROPEAN OFFICE

A P R I L 2016

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## MARKET INTELLIGENCE / TRENDS

### Bookings Slump Continues in March

Hopes of a post-ITB upturn in the German tourism market have been dashed by figures showing an 11% decline in package holiday bookings last month. After a 9% bookings drop in January, but a decline of just 2% in February, the German tourism industry was hoping that a record ITB in early March would stimulate a long-awaited boost to business. However, travel agents in Germany suffered a sharp 11% decline in overall sales revenues last month with poor summer bookings and low late winter sales, the latest monthly representative survey by market researchers GfK found.

Bookings for summer 2016 holidays were down by 7% last month, leaving the cumulative decline to date also at 7%. This is a fractional improvement on the 8% decline as of end-February. Apart from July, which has a 1.8% rise, all other months are down, with the main holiday month of August showing a dramatic fall of nearly 20%. In volume terms, only 57% of last year's volumes had been sold as per the end of March, compared to 65% of the previous year's volume at the same time last year, when bookings were showing a cumulative 6% rise.

Meanwhile, winter 2015/16 sales were 1% higher as of end-March, with the strong early growth seen last autumn further swallowed up by low sales and weak last-minute demand in recent months. In March, late winter bookings were 11% lower than the same month last year. This current weak demand was underscored by a representative survey of more than 1,000 online consumers by online travel community Travelzoo which found that 63% of Germans have not yet booked their summer holiday.

Every tenth person explained this by fear of another terror attack in a holiday destination, and nearly one person in three wants to avoid "endangered European cities" in the foreseeable future. More than half (53%) of those who have not yet booked said they wanted to book spontaneously, while one quarter plans to book their summer holiday in March or April. In terms of favored destinations, safety will play a major role in the choice of destination, with 35% planning to select their destination based on security issues.

### Crisis is Opportunity for Travel Agents

The current bookings slump is an opportunity for German travel agents to profit from their expertise and secure business with active sales and marketing measures, according to experts.

Many Germans, especially families, are currently holding back with bookings due to fears about safety in destinations. Summer package holiday sales were down by 7.5% as of end-February, according to market researchers GfK, and about one million fewer bookings than last year have been made to date.

Alltours and FTI have extended their offers of free re-bookings of holidays in the three main impacted destinations - Turkey, Egypt and Tunisia - for the entire summer season in an effort to stimulate bookings. The two tour operators originally had a cut-off date of March 31 for the option of changing bookings to other destinations up to 30 days before departure, but this option now covers all new bookings through to the end of the summer season. One problem, however, is that these three countries are all relatively cheap destinations that cannot be easily replaced by more expensive alternatives, such as Spain, Portugal, Italy and Greece, even though these destinations are all benefiting strongly from switch bookings at present.

A price comparison by researchers GfK for fvw shows that the annualized average price per person of a 7-day package (including flight) rose in Portugal by 23% (to €740), in Spain by 17% (€702), Italy by 15% (€694), Croatia by 9% (€654) and Greece by 8% (€649), as of March 12. In comparison, the average price for Turkey was €602 and for Egypt was €605. The only comparable cheap destinations are Bulgaria, where the average price dropped 12% to €530, and Tunisia, with an average price fall of 18% to €492. But Bulgaria simply does not have anything like the capacity to cope with a large-scale switch from Turkey, which welcomed 5.7 million German visitors last year. Some 330,000 Germans holidayed on the Bulgarian Black Sea coast last year, which represented a 90% hotel room utilization rate.

In response, experts are urging travel agents to take advantage of their position as trusted advisors and to step up proactive sales and marketing measures to encourage customers to make bookings, either for the impacted destinations or alternatives. “The current phase heavily favors travel agents,” claimed Thomas Bösl, head of the large RTK travel agency consortium. “Customers come to us, ask questions and want to talk about security in holiday destinations.” Trainer and coach Roman Hohaus agreed: “It’s a chance for travel agents to profile themselves in dealing with customers. They should be more curious about people, more relaxed about different opinions, and show more empathy and openness.” Instead of countering customer concerns with “Yes, but...” responses, agents should openly discuss people’s fears and provide factual information about the distance of holiday destinations from the sites of terror attacks, or, where appropriate, suggest alternatives instead, he recommended.

In terms of alternative destinations for families and price-sensitive customers, this could be the Spanish mainland instead of the more expensive Balearics or Canaries, for example, or cheaper accommodation such as apartments, holiday homes and campsites in countries such as Italy, Austria or Croatia, commented Uwe Wenglikowski, head of Kozica Reisen.

For travelers with a larger budget there are plenty of alternatives, according to Aquilin Schömig, managing director of the Derpart chain. “For individuals, Scandinavia is interesting as are long-haul trips, particularly North America.

### **Kuoni Deal Drives DER Touristik’s 2015 Growth**

The Rewe Group’s travel and tourism segment, which operates under the DER Touristik umbrella brand, increased revenues by 10.4% to €5.43 billion in 2015, the German retail group announced. This increase was largely the result of consolidation of the former Kuoni

tour operator and travel agency businesses in Switzerland, the Nordic region, the UK and Benelux which were taken over last September. The figures, announced this month as part of Rewe Group's annual results, did not include any further breakdown, such as by geographical market. Rewe noted, though, that in the first two months of this year, DER Touristik revenues grew by a nominal 60% due to consolidation of the acquired Kuoni businesses.

In Germany, according to fvw's 2015 dossier on German tour operators, DER Touristik only increased revenues by a low 0.7% to €3.2 billion in the tourism year ending October 2015, while customer numbers stagnated at 6.4 million. The Frankfurt-based individual holidays unit increased revenues thanks to long-haul growth, while the Cologne-based package holidays unit saw a drop in revenues, although customer numbers increased. DER Touristik is expected to have revenues of about €7 billion this year, based on 2014 turnover of €4.9 billion and approximately €2 billion worth of revenues from the former Kuoni subsidiaries.

The Rewe Group as a whole increased revenues by 3.7% to €52.4 billion last year and improved its operating profits (EBITA) by 12% to €587 million, which was a record level. The retail and tourism group is ready and open for further acquisitions both in Germany and abroad, according to CFO Christian Mielsch. He pointed out that the group's "low debts, record equity capital and unused credits open up immense room for action by us".

## **SALES ACTIVITIES**

### **Thomas Cook Roundtable Workshops (April 26<sup>th</sup> – 28<sup>th</sup>, 2016):**

We are pleased to have secured one of the coveted presentation slots at Thomas Cook's brand new North America workshops. A series of roundtable training sessions were held in three German cities (Leipzig, Hamburg and Düsseldorf). After ½ day of comprehensive training presentations, agents moved on to a special workshop session during which engaging one-on-one sales discussions served to impart in-depth destination knowledge and provide insider tips. The VSPC table was particularly coveted during this workshop session. The training day culminated in a knowledge test and ensuing high-quality giveaway raffle. A total of 111 qualified agents attended.

### **Visit Florida Road Show (May 9<sup>th</sup> – 13<sup>th</sup>, 2016):**

For the fourth consecutive year, we will participate in the Visit Florida Road Show which is being co-sponsored by German tour operator DER Touristik this year. Four German cities are targeted (Bielefeld, Trier, Baden Baden and Konstanz) where we expect to train over 200 agents cumulatively. Training sessions and workshops will be held during the day ensuring active and engaging dialog with all agents. Daytime sessions will culminate in evening events in each city.

As the evening events will culminate in a prize raffle, we put out an applicable opportunity blast to our industry this month and are grateful, once again, for the generous support!!

A training tool 'workshop booklet' will be produced by Visit Florida for which we provided applicable material (content, imagery, logo) and proofed / approved the layout this month. Several other logistics were handled including submission of our PPT presentation, shipping and travel arrangements.

The following Florida partners will also participate:

Bradenton, Florida Keys, Fort Myers, Naples, Orlando, Tampa and SeaWorld Parks & Entertainment.

### **Generaltour Belgium – Florida Travel Agent Training (May 24<sup>th</sup>, 2016):**

We were sought out by the Product Manager USA & Canada of Generaltour in Belgium to participate in their first-ever, special Florida information and training event to be held at Liege's airport facility. The tour operator will invite up to 60 top travel agents specialized in selling the USA to introduce and present highlights of a newly developed Florida program.

Both a tabletop workshop platform and comprehensive training sessions will give us the opportunity to intensify agents' VSPC destination knowledge. Several Florida partners will be among the presenters, in addition to airline and car rental supporters.

### **IPW (June 18<sup>th</sup> – 22<sup>nd</sup>, 2016):**

Preparations are underway for our attendance at this year's IPW to be held in New Orleans. We continued to liaise closely with HQ in reviewing invitation lists and providing further input for our "Twice the Party" event to be held in cooperation with The Beaches of Fort Myers & Sanibel.

The online appointment scheduling opened this month giving us the opportunity to pre-select customers with whom we would like to meet. Online appointment scheduling will close on 5/09 with final appointment schedule accessible as of 5/25. Our office is again pleased to be the monitor and keeper of the master schedule for our delegation.

#### *Additional Activity:*

- The **Visit USA Committee Netherlands** was provided with input for their next newsletter to 1,500 consumers including details on our new accommodations products already open and those slated to open through 2017.
- We assisted Ms. Simon of **First Reisebüro Ludwigshafen** with her own travel plans to our area.
- Various winners of last year's **Lufthansa 360° Travel Agent Training Series** contacted us for assistance in making their reservations at the sponsor hotels and for provision of further detailed information for their upcoming visits to our area.

## **MARKETING INITIATIVES**

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

#### *Airlines:*

- **British Airways (Germany)**
    - **B2B Speedbird Club Promotion** – June 1-July 4, 2016
- Together with British Airways, Germany we have developed a unique travel agent promotion for their "Speedbird Club" communications channel. Designed as an informative online platform specifically for the travel trade, British Airways' *Speedbird Club Germany* currently boasts 8,700 travel agent members. Members are kept up-to-date on the latest developments and promotions by means of regular eNews blasts.
- Messaging on VSPC (including content, imagery and logo) will be combined with twin-center destination Visit Orlando and will include a sweepstakes element. This month we secured an accommodations sponsor for the travel prize and we are again most grateful to our industry for their generous donations! All relevant materials such as logos, text content and imagery were forwarded to the airline partner.

- Lufthansa German Airlines (Germany)
  - **B2B2C Direct Mail Promotion** – June 2016
 

Ms. Heike Schmitt, Key Account Manager of Deutsche Lufthansa North Rhine-Westphalia, whom we met at the Lufthansa training sessions last year, is planning a special promotion in cooperation with several regional Lufthansa City Center travel agencies to push Lufthansa's service to Tampa Bay. These agencies will identify 2,500 top leisure customers to be targeted with a direct mail piece, which will include VSPC content highlights along with a small VSPC giveaway. VSPC will be featured as an exclusive destination partner on a free-of-charge basis!

*Tour Operators:*

- America Unlimited (Germany)
  - **B2C Multi-Channel Ambient Campaign** – December 2015-August 2016
 

This exciting campaign will target customers aged 30-55 (couples, families and affluent clientele). Using various channels the campaign is focused on raising awareness and boosting sales on several platforms such as out-of-home, print (flyers), online (eNewsletters) and social media inclusion.

**a) Inner Tubing Promotion** – March/April & July/August

Big tubing events will be launched in both winter and summer months to engage and motivate thousands of beach hungry customers to embark on an emotional journey to VSPC. For these events 10,000 large, colorful inner tubes will be produced depicting VSPC logo and image to be presented to consumers for exciting slides down the slopes (winter) and refreshing splashes in lakes (summer).

Winter locations: Southern German, Austrian and Swiss Alps (Achensee, Saalbach-Hinterglemm, Serfaus, Davos, Engelberg)

Examples of summer locations: North Sea and several lakes surrounding Berlin, Hamburg, Hannover and Frankfurt

**b) Point-of-Sale Special Offers Flyer** – March/April & July/August

Supporting the tubing promotion, 10,000 flyers depicting VSPC logo and special travel offers will be produced and distributed in our VSPC snappy orange eco tote bags during the tubing events.

**c) Facebook Integration**

To increase awareness to the tubing promotion as well as the special offers flyer the initiative will be promoted on tour operator's Facebook page (currently over 60,000 followers) by means of ...

FB Theme: branding of FB cover image and inclusion of VSPC imagery,

FB Ads: outreach and promotion via targeted adverts and inclusion of posts, imagery and video. The tour operator's FB platform enjoys a high interaction rate of likes, comments and shares per post.

**d) eNewsletter Blast**

Supporting A, B & C above, an eNews blast will be deployed to the tour operator's database of 140,000 subscribers with above-average income, academic backgrounds and high interest in travel. The eNews will feature VSPC content, logo, imagery and special travel offers linking to booking engine.

Co-op Partners: SeaWorld Parks & Entertainment and Visit Florida

The winter tubing event concluded this month; final evaluation report to be forthcoming.

- Explorer Fernreisen (Germany)
  - **B2C Florida Online Campaign** – June 2016
 

Together with Visit Florida, VSPC will be part of a comprehensive B2C online campaign with Explorer Fernreisen to be launched in June to push fall season 2016/17 business.

The campaign will comprise:

    - a) Dedicated **landing page** and **rotating banner** on explorer.de
    - b) 1 slot in the Explorer Fernreisen **B2C newsletter** deployed to over 30,000 consumer addresses
    - c) Placement of three **Facebook ads** within the campaign period linked to special travel package/product
    - d) A rotating **image banner** on the tour operator's homepage will link to a dedicated Florida landing page ([www.explorer.de/kampagnen/florida.html](http://www.explorer.de/kampagnen/florida.html)) promoting participating partner's products and specially developed travel package teasers
    - e) Placement of **wallpaper banners** on various other travel-oriented platforms such as LonelyPlanet.de, DumontReisen.de, MarcoPolo.de and Baedeker.de

This month we provided the tour operator with our respective input.  
Co-op Florida Partners: Bradenton, Florida Keys, Ft. Myers, Naples and Tampa
  
- FTI Touristik (Germany)
  - **B2C & B2B Multi-Channel, Cross Marketing Campaign** – February-May 2016
 

Together with FTI, we will develop and launch a non-traditional, cross marketing campaign in cooperation with Crumpler, a very popular bag/luggage brand known initially for the creation of the 'messenger bag'. Crumpler strives to offer the perfect bag for every type of urban species - from street photographer to traveler to tech-savvy commuter. Focused on raising awareness, generating buzz and boosting bookings to St. Pete/Clearwater, the campaign will run for several months with a major sweepstakes promotion at its core (10-day trip to VSPC for 2). Campaign elements include multi-channel platforms such as print, online, social media and out-of-home / in-store initiatives.

    - a) **Print** – February - June
 

Over 10,000 flyers plus posters and displays will be printed featuring the joint sweepstakes. Distribution via Crumpler stores, at fairs and in FTI retail travel agencies.
    - b) **B2C FTI Landing Page** – February - May
 

VSPC dedicated landing page on FTI's website platform including comprehensive destination content, logo, the 'live amplified' video, special travel offers as well as a link to the Crumpler sweepstakes.
    - c) **B2C FTI Newsletter** - February & March
 

The sweepstakes banner was positioned within FTI's eNewsletter to 140,000 clients. It included a link to the VSPC landing page with jump to the sweepstakes.
    - d) **B2B FTI Newsletter** - February
 

The sweepstakes banner was also be placed in FTI's eNewsletter to 14,000 agents. It included a link to the VSPC landing page with jump to the sweepstakes.
    - e) **B2C FTI Facebook Posts** - February - May
 

The sweepstakes will be posted several times on the tour operator's Facebook site.
    - f) **B2C Crumpler Homepage Banner** – February - May
 

Crumpler created a special intro on their homepage reaching a minimum of 80,000 impressions per month to feature our joint sweepstakes with links to dedicated landing pages.

- g) **B2C Crumpler Landing Page** – February - May  
This specially designed microsite contains not only sweepstakes description with enter-to-win option, but also prominently showcases VSPC with our ‘live amplified’ video as well as eye-catching imagery for 8 destination highlights each linking to the applicable VSPC webpages.
- h) **B2C Crumpler Newsletter** - February - May  
The sweepstakes promotion will be announced in Crumpler’s own eNewsletter to their client base of subscribers (8,000 +) several times during the campaign.
- i) **B2C Crumpler Social Media Posts** - February - May  
The sweepstakes will be posted several times on Crumpler’s various social media platforms such as: Facebook, Twitter, Google+, Instagram, Pinterest, Vimeo and YouTube with a reach of an estimated 50,000 consumers.  
This month several elements were tweaked in preparation for the final month of the campaign.
- **B2B2C Direct Mailing** – August 2016  
A 6-page direct mail piece will be produced containing VSPC logo, imagery, destination content and special travel offers to push fall business. 10,000 pieces will be distributed to top travel agencies for use in their own distribution channels to their customers.
- FTI Touristik (Switzerland)
  - **B2C eNewsletter & Webpage Teaser** – September 2016  
This eNews blast to 4,000 Swiss subscribers will be linked to a direct booking engine with special VSPC travel offers. In addition, a VSPC teaser will be position on the FTI website [www.fti.ch](http://www.fti.ch) which boasts 280,000 page views per month. The teaser will also link to the booking page and will be online for 4 weeks.
  - **B2B Online Banner on travelnews.ch** – September 2016  
Travelnews.ch is a very popular online trade platform with 120,000 page views per month. VSPC will be featured on the landing page of this agent platform for 4 weeks with special destination information and flyer to download (German & French version).
  - **B2B2C Special Offers Flyer** – September 2016  
4,000 flyers containing VSPC logo, imagery and special travel offers will be distributed to 650 travel agencies for use in point-of-sale.
- Jan Doets America Tours (Netherlands)
  - **B2C Glossy Magazine** – August 2016  
Rather than producing a catalog, Jan Doets has taken to producing a high-end travel magazine containing enticing imagery and snippets of content related to the U.S. destinations the tour operator is strong in selling. It is distributed to consumers via direct mail and at fairs. Annual circ. is 15,000.  
We were offered free placement of meaningful VSPC imagery for the next issue on a free-of-charge basis. A selection of appealing images was supplied this month.
- Kuoni (Switzerland)
  - **B2B2C Exclusive Destination Storefront Illuminated Display** – June/July 2016  
Kuoni Switzerland highlights a different destination every month in 120 dedicated travel agency illuminated storefront window displays. We are exceedingly pleased to have secured an exclusive placement for VSPC in June to push fall business. VSPC will be featured together with Edelweiss Air with logo, key visual and content

snapshot. We provided the applicable material this month; layout to be forthcoming next month.

- Meier's Weltreisen (Germany)
  - **B2C Meier's Welt Magazin** – July 2016  
Published twice a year in conjunction with the launch of new winter and summer season catalogues, MEIER'S WELT is a 40-paged magazine exclusively for VIP customers. The magazine's content focuses on highlighting the next catalog's new products and special offers. Distribution to 8,500 VIP clients.  
For the upcoming July issue (7/15/2016) two advertorial pages will feature VSPC within the North America section.
  - **B2B2C Lufthansa City Center Travel Agency Promotion** – June-July 2016
    - a) **Storefront "TV" Spot:** 215 Lufthansa City Center travel agencies will feature VSPC with a 25-second destination portrayal and 20-second special travel offer teasers 80x/day between 9am & 10pm for 4 weeks (mid-June thru mid-July) on storefront 'TV' monitors.
    - b) **B2B2C Promotional Folder:** A 6-page print piece featuring VSPC content, logo, imagery and travel teasers will be distributed to aforementioned LCC travel agencies for use in point-of-sale. Print run of 21,000 pieces.
    - c) **B2B Newsletter** will be deployed to the LCC agencies alerting them to VSPC being the 4-week featured destination along with details on the VSPC dedicated travel offers.
    - d) **B2C Newsletter** will be deployed by the LCC agencies to their customer databases promoting the destination and specially developed travel offers (mirroring the promotional folder content).Respective input for the magazine as well as for the LCC Travel Agency Promotion was provided this month.
- Thomas Cook AG (Germany)
  - Thomas Cook Reisen*
    - **B2B2C Poster Strip** – May 2016  
Featuring VSPC exclusively with key visual, logo and travel teasers, this oversized poster strip will be deployed to 9,000 travel agencies for a two-week in-store and storefront display. All necessary elements were provided this month and layout has been approved.
  - Neckermann Reisen*
    - **B2B2C Florida POS Folder** – June 2016  
VSPC will be featured on 2 pages of this 6-page piece with destination copy, logo and several travel offers. What's more, our destination will be the key visual for the folder cover! A print run of 12,500 will be deployed to Neckermann Reisen travel agencies for use in point-of-sale. All applicable material was provided this month; layout to be forthcoming.  
Coop Partners: SeaWorld Parks & Entertainment, Visit Tampa Bay and Lufthansa

*Travel Trade/Consumer Publications & Portals:*

- LuxusInsider Digital Magazine (Germany)
  - **B2B2C Interactive Destination Imagery & Content Placement** – April 2016  
LuxusInsider is a brand new digital magazine speaking specifically to the travel trade focused on selling to the luxury market niche. Emphasis is placed on provision of detailed product, sales and destination tips for the luxury and ‘unique experiences’ travel segments as well as information on important industry developments in this segment. The features and articles are entertaining and emotional, making reading a pleasure vs. a strain. The responsive web technology allows for a perfect display on all devices and can be read online or offline.  
The first issue included 11 different topics. VSPC was featured in the “Gallery & Videos” segment with logo, 15 emotional images (including thumbnail content) and expressive destination video for four weeks. Initial reporting showed the following results:  
5,266 page impressions  
28 % of the readers clicked through all of the 15 images  
17 % of the readers continued on [visitspteteclearwater.com/de](http://visitspteteclearwater.com/de)  
The VSPC feature will remain online in the archives indefinitely.
  
- Touristik Aktuell (Germany) – circ. 30,854 *Trade*
  - **eLearning ‘expiPROFI’** – February 2016 - January 2017  
Touristik Aktuell, one of Germany’s leading travel trade magazines, has launched a brand new eLearning program for the travel trade: [expiPROFI \(www.expi-profi.de\)](http://www.expi-profi.de) in cooperation with ‘meinpep.de’, founded by TUI4U GmbH in 2012 and focused on promoting attractive pricing exclusively to the travel trade.  
Touristik Aktuell and meinpep.de reach the great majority of Germany’s 10,000+ agencies. The Touristik Aktuell web portal generates approx. 240,000 page impressions per month. meinpep.de currently generates 450,000 page impressions per month.  
In this new eLearning program, VSPC is featured with a company portrait, 5 study pages and a test with 10 questions.  
This month, Visit Florida announced plans to add a sweepstakes to the platform to win a spot on an exclusive Florida fam trip in 2017. To be eligible, agents must have completed all course elements. Update to be forthcoming.

*Public Relations:*

**Kaus Media Services - VSPC’s German PR Agency**

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

- **Press Release April:** Proofread and corrected.

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