

CENTRAL EUROPEAN OFFICE

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MARKET INTELLIGENCE / TRENDS

Senior Travelers Will Become More Important for Tourism Industry

Senior citizens are becoming a more important customer segment for the German tourism industry, according to new market research. The number of older Germans going on holidays and other leisure trips will rise significantly in the coming years, making them more important to the travel industry than ever before, figures from the annual FUR Reiseanalyse market survey show. Germans aged between 65 and 74 went on 8.65 million trips last year, the Reiseanalyse showed. In comparison, working people aged 55 to 64 undertook 7.1 million vacation trips last year. By 2025, 60-69 year-olds will account for 17% (versus 14% at present) and people aged over 70 for 19% (versus 16% now) of all holiday trips, according to FUR forecasts. In other words, older travelers will comprise well over one third of the German travel market.

Martin Lohmann, Managing Director of the Institute for Tourism and Spa Research in Northern Europe (NIT), and FUR's lead researcher, said: "The importance of pensioners will increase in the coming years due to demographic trends." He explained: "Older people today are more flexible, fitter and more accustomed to traveling than they used to be." In terms of other age groups, the FUR experts predict a decline in the share of all other age groups, apart from 30-39 year-olds whose share could rise slightly to 14%.

However, working people and pensioners often have very different travelling motives, according to Lohmann. Workers are generally more interested in relaxation. For senior travelers, on the other hand, social contacts, variety, entertainment and getting to know other people are more important. The two categories also differ in the choice of holiday destinations. Older people have a higher share of domestic holidays, although most of their holidays are taken abroad.

German Tour Operators Seek Replacement Flights after Niki Grounding

German tour operators and airlines are urgently working on alternative flight plans after leisure airline Niki dramatically declared insolvency and stopped all flights, leaving 40,000 passengers stranded abroad. The collapse came after Lufthansa pulled out of a takeover deal due to European Commission objections.

The sudden collapse of the Austrian-based Air Berlin subsidiary, which mostly operated former Air Berlin routes from Germany to Mediterranean holiday destinations, has stranded

some 40,000 passengers abroad. In total, about 800,000 tickets are now effectively worthless, according to Air Berlin's insolvency administrator Lucas Flöther. About 410,000 tickets were booked through tour operators and 350,000 were bought directly from the airline as seat-only tickets.

Top priority for tour operators in Germany and Austria is to quickly organize alternative flights home for about 25,500 Niki package holiday passengers currently holidaying in Spain or other Mediterranean destinations. In parallel, they need to contract carriers to transport hundreds of thousands of passengers already booked on Niki flights in the coming weeks and months, above all for the forthcoming Christmas and New Year holiday period, to and from their destinations.

Niki was operating a fleet of 28 jets stationed at 12 different airports on more than 100 routes to Spain, Egypt and Morocco this winter. Lufthansa had financed these winter season flights by contracting most of the capacity for a double-digit million Euro sum to provide a sufficient cash-flow to keep Niki in the air while its takeover bid was being reviewed by Brussels. The insolvency declaration capped two days of dramatic developments in the German aviation market. On Tuesday (December 12th), Easyjet gained unconditional approval from the European Commission for its €40 million acquisition of 25 planes, including staff, associated slots and other assets, from Air Berlin. The British budget airline will launch flights from Berlin-Tegel to domestic and European destinations in January.

The European Commission also confirmed that its separate investigation into Lufthansa's agreed takeover of Niki and LGW from Air Berlin was continuing, with a decision due by December 21. However, Brussels had already made clear its serious concerns that Lufthansa would strengthen its "dominant" position on the German aviation market by taking over Niki and integrating it into budget subsidiary Eurowings. This forced Lufthansa to offer wide-ranging concessions, including relinquishing a large number of slots held by Niki.

Air Berlin announced that at the request of the European Commission general manager Frank Kebekus had held talks with British Airways parent IAG and Condor parent Thomas Cook Group over possible new offers for Niki, but these had proven fruitless. Lufthansa therefore remained the only candidate to take over the airline, he emphasized.

On financial issues, Lufthansa said it had already paid part of the agreed purchase price for Niki (estimated by German media at €192 million) to the company "as bridge financing" (to finance ongoing flight operations). It would now use the remainder of this sum instead to finance organic expansion of Eurowings capacity "in Niki's markets". This means that Eurowings is likely to gain more planes to fly on ex-Niki routes.

Following Lufthansa's decision, Air Berlin announced that Niki had filed for insolvency since no other purchaser could be found on short notice and would stop flight operations. About 1,000 jobs are now at risk. The company also said that Lufthansa would pay €18 million for the takeover of LGW. Lufthansa originally offered €10 million for Niki and LGW.

In response, Air Berlin's general manager Frank Kebekus declared that the failure of the Niki sale and its insolvency "could have been avoided" and criticized the position of the European Commission as "not understandable". Lufthansa was the only bidder with a complete solution and the Commission "knew that there was no alternative to the sale of Niki to Lufthansa".

“With the uncontrolled collapse of Niki, the Commission has achieved the exact opposite of what it wanted. With Niki further capacity has disappeared from the market overnight. There will be less competition instead of more,” he declared.

SALES ACTIVITIES

DER Touristik Campus LIVE 2017 (December 5th – 8th, 2017):

The “Campus LIVE” tour is among the most important events DER Touristik orchestrates annually for its top travel agents. While the main event was held in Orlando from December 8th-12th, 2017 for 90 top-selling German travel agents, DER Touristik was keen to give agents the opportunity to experience different regions of Florida during 5 Pre-Tours consisting of 18 agents each. The focus of the pre-tours was to convey in-depth product knowledge and experiential takeaways from each region’s attractions and unique selling points.

We received very positive feedback from the tour operator this month praising our team for the excellently developed program. Heartfelt words of appreciation were also expressed for the very gracious hospitality extended by each and every industry partner on site. Several agents commented on the impressive diversity our area has to offer.

Alamo/ADAC Familiarization Tour (December 6th – 7th, 2017):

Our strongly dedicated rental car partner Alamo brought a small group on a whirlwind tour through Florida again this year. Mike Luetke, Senior Sales Manager at Enterprise Holdings (Alamo) based in Germany invited 11 of his top-selling ADAC agents to experience select Florida destinations – with St. Pete/Clearwater being among them!

ADAC is a German tour operator with several travel agency offices in Germany. The company belongs to the REWE Group, which includes DER Touristik and Meier’s Weltreisen. Qualification for participation in the tour includes a per agency sales increase of at least 10% in Florida product within a 6-month period this year, which equates to an estimated 10 million Euros in revenue. The selected agents are thus all top sellers of Florida product and are coming to us from the German State of North Rhine-Westphalia, one of Germany’s most populous regions.

While the group’s sojourn was rather brief, the participants were impressed with what they had the opportunity to experience. Particular accolades went to Jennifer Carlisle for her demonstrated dedication, professional and knowledgeable presentation peppered with energetic enthusiasm.

CANUSA Touristik “Pow Wow” (December 6th – 7th, 2017):

German tour operator CANUSA Touristik staged their very own “Pow Wow” event at their headquarters in Hamburg this month with an event theme dedicated to Florida. As supplier spots were limited, we eagerly registered promptly guaranteeing an opportunity to train over 80 agents coming from CANUSA’s seven German retail offices. Agents were keen to engage in one-on-one sales meetings and absorb in-depth product knowledge during a series of comprehensive training sessions over the course of two days. The “Pow Wow” event culminated in an evening extravaganza at a ‘beach’ venue, during which our area was highlighted anew as a contributing co-sponsor.

Visit USA Seminar Austria (January 24th – 25th, 2018):

Known as Austria’s premier travel trade event, the Visit USA Seminar Austria will be held in Linz on 1/24 with an additional seminar in Graz on 1/25. Up to 200 agents are expected to attend cumulatively. The format in Linz will comprise 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. In Graz, a unique ‘speed-dating’ workshop is planned, which has proven most effective in past years. Our ‘early-bird’ registration has been submitted thereby securing a discounted participation fee. This month we finalized all necessary preparation for our participation (e.g. shipment of collateral, travel arrangements, etc.).

Visit USA Seminar Switzerland (January 30th – 31st, 2018):

This program is Switzerland’s premier travel agent training seminar held annually in Zurich. The seminar platform provides 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. Our ‘early-bird’ registration has been submitted thereby securing a discounted participation fee.

Delivery of requested assets including destination-oriented questions for an online knowledge test, a catalog of contributions to a questionnaire to be distributed during the event, imagery for development of new stand backdrops, etc. have been completed. This month we finalized all necessary preparation for our participation (e.g. shipment of collateral, travel arrangements, etc.).

Consumer Shows (January & February 2018):

Our area will be presented at several important consumer shows in Germany, the Netherlands and Belgium in cooperation with the Visit USA Committees in Germany, the Netherlands and Belgium as well as a selection of tour operator partners. Registrations have been completed for the following tourism fairs attracting 652,000 consumers cumulatively:

- Vakantiebeurs (NL) January 10-14, 2018)
- CMT Stuttgart (DE) January 13-21, 2018
- Reismarkt Dresden (DE) January 26-28, 2018)
- ABF Hannover (DE) January 31-February 4, 2018
- Salon des Vacances (BE) February 1-4, 2018
- Reisen Hamburg February 7-11, 2018
- f.r.e.e Munich February 21-25, 2018

ITB (March 7th – 11th, 2018):

Known as the “world’s largest tourism fair” held annually in Berlin, Germany, we again plan to exhibit within the Visit Florida Pavilion. Registration has been completed and we are pleased that we will be joined by one VSPC accommodations partner. Strategic planning and logistics management are underway. Appointment scheduling and all further organizational logistics will be initiated next month.

Swiss Tour Operator Appreciation Event (March 12th, 2018):

We will again orchestrate an upscale appreciation event for Switzerland’s most influential and productive tour operators, with 2018 marking our 6th consecutive year. We are pleased to report that Visit Tampa Bay will again co-host this event.

With the venue having been identified and secured, tasks in the works next month include menu selection, guest list identification, invitation creative, function room needs, hotel room block, reservations form development, hospitality gift selection, etc.

Additional Activity:

- The Visit USA Germany publishes a **USA Travel Guide** annually in January with a circulation of 20,000. The guide is distributed at tourism shows, U.S. Consulate waiting areas and at the Visit USA travel agent and media events. In addition, German travel agents have the possibility to order the guide free of charge for their customers. The Visit St. Pete/Clearwater entry was received, proofed and approved this month.
- We assisted with translation for the annual VSPC ad in the **Visit Florida International Travel Guide**, which is published in English, German and French.

MARKETING INITIATIVES

Our efforts continued this month in conducting marketing initiatives and advertising programs, which included ...

Tour Operators:

- AMERICA UNLIMITED (Germany)
 - **B2C eNews Blast** – January
Our destination will be prominently teased with enticing imagery and attractive travel offer in the tour operator’s eNews blast to 140,000 customers. The blast will be deployed on January 3rd. Layout received and approved this month.
 - **B2C Video Promotion with German TV Celebrity** – February-March
Targeting a broad audience from millennials to best agers, this campaign is focused on increasing brand awareness, driving traffic, boosting sales and media coverage. An exclusive St. Pete/Clearwater destination video will be produced featuring German TV celebrity Fernanda Brandao with a German-version Angelina Jolie voiceover. The video will be launched on YouTube (including placement of ‘beside video’ ads) and is expected to attract up to 350,000 views. Simultaneous placement on the tour operator’s social media platforms is expected to generate up to 150,000 impressions as well as considerable engagement activity. A Facebook boost of the video will add to the anticipated reach. In addition, a public video viewing and autograph event will be staged with Fernanda Brandao, which is expected to generate significant media coverage.
Thanks to our Film Commissioner’s kind support, several key destination locations were secured for a German film crew to include during a video shoot conducted on location last month together with Fernanda Brandao. Our office provided German-language content in preparation for development of the voiceover. We expect to receive a preview of the stunning video toward the end of January.
- Fairflight (Germany)
 - **Dedicated Destination Blogs** – December 15th & 22nd, 2017
Our destination was featured in two articles on the tour operator’s online travel blog platform, which serves to inform, inspire and convey the “must-see’s and do’s”. Blog articles were published in the ‘Travel Recommendations’ section of the site and linked directly to St. Pete/Clearwater travel packages. Specific topics included our Craft Beer Trail and our mural arts scene. Applicable content was provided and layouts approved.

- FTI Touristik (Germany)

- **B2B2C Traveling Trailer / Multi-Channel Campaign** – February-March

We successfully secured an exciting campaign with FTI comprised of a highly-coveted out-of-home element, i.e. a ‘mobile travel agency’ trailer, which will be staged at inner city locations as well as several important consumer shows throughout Germany (including ITB) for a period of two months. Total consumer show reach alone is approx. 600,000. Several digital initiatives will be included in the campaign with FTI’s franchise of 300 TVG travel agencies being tied into the sales distribution chain. A subsidiary of FTI Touristik, TVG (Touristik Vertriebsgesellschaft GmbH) unites various travel agency franchise models under its roof with the brands sonnenklar.TV travel agency, Flugbörse and 5vorFlug. Secondary partners on this campaign are the Florida Keys & Key West, AF/KL/DL and Brand USA.

The Trailer:

The interior design of the oversized trailer – with a supersized glass slideout and stair steps access point – mirrors the look and feel of the TVG travel agencies, known for their lounge-style atmosphere, LCD product walls and storefront window display components. The trailer will be manned by travel agents who are technologically equipped to process bookings on the spot. VSPC’s trailer real estate will include exterior and interior branding, such as:

- 1) **Oversized Posters** (150 x 265 cm / 60 x 104 inches)
will be affixed to the exterior trailer walls depicting our imagery and logo.
- 2) **Beach Chairs**
depicting our logo will be placed outside the trailer next to the slideout.
- 3) **Interior 43” LCD (Product Wall) Screens & “Storefront” Window Display**
will feature continuous loop VSPC accommodations product teasers along with VSPC imagery, logo and destination video – 75-100 repetitions for 10 hours/day. Same will run in the static TVG travel agencies throughout Germany.

In addition ...

- **Tactical Offer Flyers** including VSPC imagery, logo and destination information will be produced for distribution from the trailer.
- **Post Cards** will be produced for a sweepstakes raffle depicting VSPC imagery, logo and prize description (5 nights in our area + 2 nights in the Keys and flights for 2 with AF/KL/DL).
- **VR Glasses** will be available to showcase **VSPC 360° video footage**.

Digital Integration:

A comprehensive package of online initiatives will run throughout the campaign period including:

- 1) **Dedicated Landing Page** with imagery, logo, destination content and travel offers within the fti.de website
- 2) **Blog Article** including imagery and inspirational destination video on ferienwelten.de
- 3) **B2B & B2C eNews Blasts** including imagery, logo, USP content and video to over 80,000 recipients
- 4) **Social Media Placements** by TVG agencies focused on announcements and postings directly from the trailer tour

- Hotelplan (Switzerland)
 - **B2C Travel Blog**– January

VSPC will be featured in the tour operator’s travel blog during the busy booking month of January. The Hotelplan blog (23,000 readers) is available in German and French and will link to the VSPC destination and accommodations page on the Hotelplan website. Story ideas have been transmitted to the tour operator. Awaiting layout for proofing and final approval.

- Jan Doets (Netherlands)
 - **B2C eNewsletter** – December

In addition to the online banner campaign with De Persgroep completed last month, VSPC was featured together with SeaWorld Parks & Entertainment in an exclusive eNewsletter blast deployed to 17,000 subscribers. An embedded link led to a VSPC dedicated landing page featuring a selection of tactical travel offers.

- Knecht Reisen (Switzerland)
 - **Cover Page Placement for 2018/19 Catalog** – circ. 50,000

Due to our excellent relationship with this active Swiss tour operator, we were offered exclusive placement of a VSPC image on the cover of the tour operator’s next annual USA catalog (valid April 2018 thru March 2019) – including special photo credit within the brochure – free of charge!

Thanks to the amazing talent of our Creative Manager at HQ, we were able to provide an enticing key visual in the applicable resolution. Final layout has been received and approved.
 - **B2B2C Catalog Editorial 2018/19**

In addition to the cover page placement, VSPC will receive prime exposure comprised of two full pages of dedicated editorial content plus imagery positioned as lead-in to Florida’s Gulf Coast region. Layout has been received, corrected and approved. The catalog will launch in-market next month.

- TUI Suisse (Switzerland)
 - **Catalog Advertorial Page** – circ. 95,000

We were offered placement of a full-page dedicated destination advertorial in the tour operator’s new annual catalog which will be valid April 2018-March 2019 with a print run of 95,000. This comes to us on a complimentary basis, which is largely due to our excellent relationship with the tour operator. Page layout has been approved. The catalog will be in-market come January 2018.

Travel Trade/Consumer Publications & Portals:

- IMAGINE Magazine (Switzerland) – circ. 35,000 *Consumer/Trade*
 - **1/1 page, 4c advertorial** in Winter Issue 2017/8 – December-February

VSPC is featured in this high-class magazine for the winter edition due in-market 12/19. Placement timing is ideal, creating awareness for the destination as the winter booking season is in full swing and customers spend the winter months looking for inspiration and gathering initial ideas for the following summer’s travel plans.

The high-end travel magazine defines traveling in extraordinary ways, capturing moments and experiences for its readers making them personal and inspiring. The publication offers a wealth of fascinating travel reports, interviews and photo spreads on and about the most beautiful places in our world, from the Arctic to Australia.

With a quarterly circulation of 35,000, the pub is sold at press and book shops, distributed to over 110 five and four-star superior hotels throughout the country, available at tour operator and travel agent offices, at prime venues such as medical practices, attorney's offices, high-end watch retailers, golf and tennis clubs, as well as at all gates at Switzerland's major airports. In addition, publication can be read online at: <http://www.prestigelibrary.com/>

- TRAVEL INSIDE (Switzerland) – circ. 8,750 *Trade*
 - **1/2 page, 4c advertorial** in the USA Counter Inside 2018 – January

We secured placement of a half page advertorial for VSPC in the “Counter Inside” supplement to Travel Inside. The “Counter Inside” supplement is produced specifically in conjunction with the annual Visit USA Seminar, held on January 31st this year. Creative layout was received and approved this month.

Known as Switzerland's leading travel trade magazine, TI is tailored to the needs of travel professionals combining competent reporting on relevant tourism industry subjects with trend and development reports, analyses and comments from the experts.

Pub frequency: Weekly

Online Aggregators:

- ASNM New Media AG Newsletter (Germany) – 900,000 subscribers *Consumer*
 - **Florida Newsletter Campaign** – December 2017 and February 2018

St. Pete/Clearwater is part of a Florida eNewsletter campaign consisting of eNews blasts on 6 online travel portals with a total of 900,000 subscribers. This initiative is being conducted in cooperation with SeaWorld Parks & Entertainment, Tampa Bay, Sarasota and Fort Lauderdale.

Assets were provided for the creative development of the December eNewsletter last month. Creative layout was received and approved early this month. The initiative was deployed on December 14th.
- Travelzoo Europe (Germany) – 2.5 million subscribers *Consumer*
 - **Destination Microsite** – December-January

After a very successful campaign with Travelzoo last year, we initiated a new campaign with them this year consisting of:

 - **Destination microsite with travel offers:** An exclusive page created for VSPC containing editorial write-ups, videos, images, branding opportunities, links to the VSPC website and 10 compelling travel deals.
 - **“Destination of the Week” within TOP 20:** This will reach up to 2.5 million Travelzoo readers and will directly link to our destination profile within the Travelzoo platform.
 - **Alternating weekly website placements on Travelzoo:** Duration will be 4 weeks with 1.3 million unique visitors per month including imagery, text & direct link.
 - **Alternating weekly social media posts:** Duration will also be 4 weeks with posts on Facebook, Instagram, Pinterest and Twitter with more than 600,000 pan-European social media fans.
 - **“Special Website Collection”:** VSPC will be featured for 4 weeks with large scale website placements of researched travel offers to the area on Travelzoo's German homepage serving to increase destination awareness, drive traffic and generate direct bookings among over 1.3 million unique visitors per month.

Creative was received, adjusted as necessary and approved this month.

Public Relations:

Kaus Media Services - VSPC's German PR Agency

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

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

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