

CENTRAL EUROPEAN OFFICE

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MARKET INTELLIGENCE / TRENDS

Trends: Egypt peaks, Med Shines and Turkey Warms Up

Strong bookings for beach holidays at the Red Sea and Mediterranean coasts and a late comeback by Turkey are the main destination trends this summer, according to two new surveys. The latest trend surveys by the German Travel Association (DRV) and the internet travel retail association VIR (Verband Internet Reisevertrieb) at the start of the summer holidays across most of Germany confirm recent comments by tour operators about sales trends as well as destination airport booking figures over the last few months. “Mediterranean countries remain the top holiday destinations for Germans,” declared DRV president Norbert Fiebig. Many Germans have booked their summer holidays much earlier than usual this year to secure their preferred destinations and profit from attractive early booking discounts, he pointed out.

Spain, and Majorca in particular, is the clear number one foreign destination, while Greece, Bulgaria, Croatia, Cyprus and Malta also all have good growth, according to market researchers GfK. Morocco, Tunisia and Egypt are all making comebacks, with the latter showing the highest increase in bookings. Turkey still has an overall sales decline on last year, but is currently seeing “much stronger last-minute demand” thanks to good flight and hotel capacity availability and “extremely competitive prices”, according to the DRV. However, Fiebig confirmed: “Like last year we are seeing a partial switch of visitor flows this year as well.” Domestic holidays also remain popular with Bavaria and Mecklenburg-Vorpommern as the two top holiday regions.

Among long-haul destinations, the USA “remains by far the most popular destination for Germans”, while Canada is enjoying strong demand this year, the DRV said. Other popular destinations this year include Asia, Australia, Africa and the Indian Ocean.

Slight Increase for Summer Bookings, Double-Digit Growth for Winter

Germans booked more summer holidays last month compared to the poor previous year’s figures and are rushing to snap up winter package offers, according to new travel agency sales figures. Travel agencies in Germany increased their overall holiday sales by 2% in June, the latest representative sales analysis of 1,500 agencies by market researchers GfK found. This followed a 4% increase in May. Bookings for summer 2017 remain 3% higher than last year on a cumulative basis. Sales last month were driven by a 20% rise in last-minute sales for departures in June.

Demand for winter 2017/18 holidays remains high, the GfK analysis showed. Bookings increased by 11% last month, following a 21% rise in May. Nearly a third of total travel agency revenues were generated by winter 2017/18 sales or very early bookings for summer 2018.

“DER Touristik is Back” says Germany CEO René Herzog

Germany’s third-largest tourism group is targeting strong growth with major capacity expansion in 2017/18 after IT problems hit revenues and profits this year. DER Touristik is set for a major comeback next year after diverse problems in the last few months, Central Europe and Germany CEO René Herzog told fvw in an exclusive interview. He admitted the group had suffered from major technical problems with the introduction of the Phoenix Unlimited reservations system last winter, which affected bookings adversely, but emphasized that these had now been solved. “In 2017 we will have a revenue decline of about 1.5% and therefore a dip in our results, that’s for sure. We still expect to deliver a double-digit Ebita (profit), but not as high as in the previous years,” he said.

Herzog said Swiss subsidiary Kuoni had also suffered from these technical problems along with the repeated headlines created by the Kuoni Group (“who we have nothing to do with”) as it sold off various businesses. “A lot of detailed work is necessary now to build up everything again. That will take some time.” He confirmed that Kuoni would remain in the red this year, but hoped it could either reduce this loss significantly next year or even return to profit.

Looking ahead, however, the 46-year-old executive emphasized: “The system functions, the call centers are reachable and the products can easily be booked. We’re definitely back again. It will be much more difficult for our competitors next winter than now.” He added: “We will definitely get back the lost revenue. Perhaps we were a soft target for some competitors in some destinations. That’s over now.” In 2018, DER Touristik will have “a high single-digit” revenue increase compared to 2015, he predicted.

Outlining the comeback plans, Herzog said: “In procurement we have made a lot of volume and guarantee agreements with our suppliers. So I’m very optimistic about winter 2017/18 on the product side. For summer 2018 we have invested a lot in flights and hotels and contracted very deeply. It will be the biggest investment in the size and depth of our products that we have ever made as DER Touristik.” However, he declined to disclose just how big the capacity expansion will be ahead of the summer 2018 program presentation in the fall.

On Turkey, Herzog said he was “holding back” as there was enough available flight and hotel capacity. “However, in Turkey I’m concerned about the guest mix, for example with the Russian market and the product experience of our guests,” he added.

Berlin Airport: Ryanair Calls for Additional Hub

While Germany’s capital continues to struggle to complete its long-awaited new airport, Ryanair’s Kenny Jacobs has suggested that Berlin needs yet another hub for air travel. Ryanair Chief Marketing Officer Kenny Jacobs told the newspaper Tagesspiegel this month that the Irish low-cost airline assumes that by the year 2050, Berlin’s passenger volume will rise to more than 90 million air travelers.

“The [Berlin] Senate should contemplate building a third airport,” Jacobs said. This would be in addition to the BER airport at Schönefeld, which is still under construction after years of setbacks and scandals.

Meanwhile, Berlin’s mayor Michael Müller suggested that the new Berlin Airport will most likely not be finished before early 2019. Construction began more than eleven years ago in 2006. Much of the scandal is caused by cost overruns during construction and by costly fixes for problems such as cracks in the tile floors and an insufficient fire safety system. Berlin and Brandenburg have been planning to make BER the only operating airport in Berlin, once it eventually opens, but now locals will be able vote on whether to keep Tegel open on the same day as the national election on September 24th.

German Consumers Still in a Positive Mood **Findings of the GfK Consumer Climate Study for July 2017**

The very positive mood among German consumers continues into July. Both economic and income expectations increased again, while propensity to buy dropped somewhat from its previously excellent level. GfK predicts an increase in consumer climate of 0.2 points to 10.8 points for the month of August compared to the previous month. Consumers are expecting that the domestic economy could even pick it up a notch over the course of the remaining year. Economic expectation continues to rise, and income expectation has surpassed its post-reunification high of last month.

- **Economic expectation still on the rise:** Based on the estimations of German consumers, the German economy will develop positively over the further course of the remaining year. Economic outlook climbs in July for the fifth time in a row. The indicator rose by 3.3 points to reach 44.6 points. With that increase, the economic outlook reaches a new three-year-high. The last time a higher value was measured, was 45.9 points in July 2014.

In consumers’, the German economy is now firing on all cylinders. Unemployment is reaching new lows month by month and employment continues to rise. This is supported by an expansive monetary policy from the European Central Bank (ECB) and moderate oil prices.

And up until now, consumers have not been intimidated by a number of global economic risks. The start of the Brexit negotiations, the threat of trade tariffs from the American government and the increasingly difficult relationship between Germany and Turkey all represent risks to the economic climate.

- **Income expectation reaches a new high for post-reunification Germany:** The bright economic outlook is also having a positive effect on income expectation. The income indicator was even able to surpass its record value from the previous month just barely. The indicator increased by 0.7 points, reaching a figure of 60.9 points. No better level has been recorded since reunification.

This income euphoria is based on the excellent state of the employment market in Germany, and remains so. According to the Federal Employment Agency, the figures for employment and employment subject to social insurance contributions are continuing to increase. Thus, the number of people employed is expected to increase again this year by more than half a million. Fewer than 2.5 million people are registered as unemployed at the moment. This is the lowest value since 1991.

- **Minor setbacks in propensity to buy:** German citizens still have superb consumer confidence. The minor setback in propensity to buy will hardly change that going forward. After a fall of 3.1 points, the indicator is currently at 54.8 points. And German consumer confidence continues unabated.
The very good level of consumer mood is mostly based on the excellent employment situation in Germany. The threat of losing their jobs is very low for most employees. This assurance offers private households planning security for purchases, especially if they are associated with great financial risk.
The propensity to buy is also supported by a very weak propensity to save, which is currently still falling after a significant loss. Saving is and remains a less attractive alternative to consuming due to the low-interest policy of the ECB.
- **Consumer climate continues to climb:** Following the 10.6 points in July, GfK forecasts an increase to 10.8 points in August. This puts consumer mood in Germany on a continued rise. GfK confirms its forecast made at the start of the year, whereby real private consumption will increase by about 1.5% this year. This will make domestic demand a crucial pillar of support for the German economy in 2017.
Even though the signals for consumption in Germany – such as employment, income and interest rates – are clearly green, further development is not risk-free, especially abroad. The recently started Brexit negotiations, the unclear policy of the American government in terms of trade, and the worsening crisis in the relationship between Germany and Turkey have not yet had a measurable impact on consumer mood in Germany. If that does happen, it could put the brakes on the currently favorable consumer climate.

SALES ACTIVITIES

Visit USA Germany Seminar & Halloween Event 2017 (October 27th – 29th, 2017):

For the eighth consecutive year, we will participate in the annual Visit USA Germany Seminar & Halloween Event. This year's seminar weekend will take place at the Hilton Garden Inn Frankfurt Airport.

VSPC will share a seminar training session with Visit Orlando and SeaWorld Parks & Entertainment, jointly conducting ten intensive training sessions throughout the course of a full day. An evening Halloween extravaganza is planned as the highlight of the weekend.

We registered early for this event in order to secure one of the coveted presentation slots and contacted Visit Orlando and SeaWorld Parks & Entertainment accordingly to initiate coordination of our joint training session.

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 will be held in Orlando from December 8th-12th, 2017 for 90 top-selling German travel agents, DER Touristik is keen to give agents the opportunity to experience different regions of Florida during 5 Pre-Tours consisting of 18-20 persons each. These are intended to convey additional product knowledge on each region's attractions and unique selling points.

We liaised with our Leisure Travel department regarding itinerary development and further program arrangements including providing DER Touristik with destination input for development of their agent informational folder.

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.

MARKETING INITIATIVES

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

Tour Operators:

- DER Touristik (Germany)
 - **B2B "Florida News" Newspaper Advertorial** – July 14th, 2017
Published monthly, the "USA News" is an 8-paged piece distributed to all of Dertour's 10,000+ travel agencies in Germany and Austria. It is also available on Dertour's travel agent portal 'Come Closer' and is announced in the weekly B2B 'Counter Mail' blast. The July issue was dedicated to Florida exclusively. VSPC was featured with a full page, 4c advertorial including comprehensive destination information, images and logo as well as special travel packages developed by the tour operator.

- Jan Doets (Netherlands)
 - **B2C Inspirational Sensory Events** – October 1st & November 19th
VSPC is partnering with tour operator Jan Doets on two unique B2C inspirational "sensory" promotional events being held at Jan Doets' offices in Heerhugoward. Beyond comprehensive presentations on several U.S. and Canadian vacation destinations, the full-day events will include several games stations, musical 'discovery' stations for kids, a dance floor with DJ for adults, American beverage tastings and even a Thanksgiving turkey grilled in an authentic Green Egg in November. Last, but not least, a treasure hunt/digging contest in a beachy Florida sand garden for young and old. We've provided the tour operator with our popular Reef Safe sunscreen as a giveaway for the 'treasure digging' as well as collateral material. Over 1,000 customers are expected at each of these events, where travel can be booked on the spot.
We provided the tour operator with all necessary material for their October/November events this month.

- Thomas Cook – Neckermann Reisen (Germany)
 - **Cover Page Placement for 2018/19 Catalog** – circ. 650,000
We were most pleased to have secured premier exposure for VSPC on the cover page of Neckermann Reisen's annual 2018/19 North America catalog, which will be in-market come October 2017 with a validity of April 2018-March 2019! To put the importance of this placement into perspective:

The decision as to which image adorns a catalog cover is a lengthy process and subject to scrutiny by various management levels, with Executive Management ultimately making the final call. Neckermann Reisen offers over 30,000 vacation products, several thousand of which are in the United States. In Florida alone, Neckermann Reisen offers over 200 supplier products. Considering the tremendous competition, the tour operator's management team is clearly confident that Visit St. Pete/Clearwater is ranked first class! It is therefore a great privilege and huge exposure opportunity for us.

The tour operator was provided with the applicable imagery selection this month. Layout to be forthcoming.

Travel Trade/Consumer Publications & Portals:

- **IMAGINE Magazine (Switzerland) – circ. 35,000** *Consumer/Trade*
 - **Cover Story** in Fall Issue 2017 – September-December
 - We are excited to have secured a coveted cover story comprised of cover placement and a 7-page editorial spread in this high-class magazine for the fall edition due in-market 9/28. Placement timing is ideal, creating awareness for the destination as the winter booking season approaches and as customers spend the fall months (when it's cold and dreary) gathering initial ideas for the following summer's travel plans.
 - The exclusive 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/>
 - We liaised closely with our PR team at HQ and Germany in developing the editorial content: a "thrill and chill" approach in concert with our 'Beaches of Orlando' messaging which plays well with Edelweiss Air's service to Tampa and new service to Orlando. All materials including imagery and logo were submitted to the publisher this month.

- **Männer (Germany, Austria, Switzerland)** *Consumer*

Männer Magazin (men's magazine) has recently moved to a purely electronic publication. It belongs to the Bruno Gmünder Publishing House, which is a well-established and among the strongest LGBT publishers on the German market, with a loyal readership. The publishing house is also known for their Spartacus Traveler Magazine. Both titles are published quarterly.

We secured a great coverage opportunity for VSPC on various platforms for the entire month of July:

 - **Slider Photo Banner on m-männer.de** – July
 - This banner was online for 2 weeks and linked to the LGBT platform of our German website.

- **Brunos eNewsletter** – July
The VSPC banner was also featured in Bruno’s weekly eNews to 12,000 subscribers.
- **Advertorials on m-männer.de and spartacustraveler.de** – July
Two comprehensive advertorials were placed on both prominent websites including insider tips and several images.
- TRAVEL INSIDE (Switzerland) – circ. 5,500 *Trade*
 - **B2B2C 12 page Beaches Supplement** in the Destination Report USA Issue – July
A special VSPC supplement was included in the July 27th issue of Travel Inside in conjunction with a special USA Destination Report. Making use of the 12-page beaches guide in our current Gulf to Bay magazine (Issue No. 5), the piece was translated into German and resized to specs. We received excellent feedback from Switzerland’s travel trade including several requests for additional pieces to utilize in point-of-sale with customers.
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
- TRAVEL INSIDE (Switzerland) – circ. 7,500 *Trade*
 - **B2B eNewsletter Teaser with TUI Suisse** – September 4th-8th
In addition to the Travel Inside magazine, TI is active online as well, issuing a high-quality eNews bulletin to 7,500 subscribers daily Monday-Friday. VSPC will be featured for a full week with imagery, text and logo in cooperation with TUI Suisse, a special VSPC travel offer by TUI Suisse in a text ad plus 4c image. The ad will link to our dedicated landing page on TUI’s website.
- Queer.de (Germany, Austria, Switzerland) *Consumer*
Queer.de is Germany’s leading LGBT news and information website. In fact, queer.de is one of the leading LGBT websites worldwide with 12,132,000 page views, 2,955,000 visits and 897,000 unique users monthly. We secured several initiatives over the course of several months:
 - **4c Advertorial** – July
A comprehensive advertorial including five 4c images, a map as well as a video of LGBT hotspots was created and approved last month.
 - **Flash Banner Placement** – July-September
Above initiatives will be augmented by an animated VSPC flash banner for the duration of three months. Banner was created and approved last month.
- Vista Point Travel Guide Book “Florida” (Germany, Austria, Switzerland) *Consumer*
 - **Front Cover and 1/1 page, 4c advertorial** – 2017/18
The Vista Point publishing house produces several travel guide books, with a Florida dedicated edition being among them. The guide books are utilized by tour operators for distribution to customers and are available for purchase in supermarkets and book stores.
VSPC is featured on the front cover of the newly adapted Florida book with an enticing image and map reference. In addition, our area is highlighted on a full page within the book, is included within the route log and is shown as a side trip from the day route on the map.

With final layouts of the VSPC related pages having been received, proofed, corrected and approved last month, the guide book deployed in-market this month. VSPC is superbly featured on 22 pages total!
Pub frequency: 1x/yr. circ. 25,000

Public Relations:

Kaus Media Services - VSPC's German PR Agency

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

- **Press Release July:** Proofread and corrected.
- **Newsletter July:** Proofread and corrected.

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