

UK OFFICE

MARCH 2009 REPORT

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GENERAL MEETINGS & EVENTS

Visit USA Association

Attended the recent Visit USA Annual General Meeting where we were updated on all administration and financial issues, new board members, website updates, PR updates etc. We were advised that UK – USA Passenger arrivals for 2008 saw a growth of 6.1% for the first 9 months of 2008 and a -9% decline for the last quarter of 2008. A total of 4,564,895 UK passengers visited the US in 2008, which totals a 1.5% growth year on year. Industry partners including a tour operator, an airline, a travel agent and a hotelier also gave us a viewpoint from their section of the industry and the general consensus is that consumers are being very wary of booking any holidays months in advance, as they have done previously, due to the economic climate and that the booking window has reduced to approximately 4 – 8 weeks prior to departure. They also advised that their figures are down YOY overall by between 10% - 20%.

Virgin Holidays

Training held at Virgin Holidays call centre in Crawley. A total of 15 Virgin Holidays call centre staff were trained on all aspects of our area. We also provided the staff members with up to date visitor's guides and maps. We also provided Virgin Holidays with the prizes for the winners of the recent staff incentive.

Travel Uni

Attended a recent TravelUni update event where we were advised that Travel Uni will be 'going global' and will be able to offer our Travel Uni Training Programme to other countries outside the UK at an additional cost. Ireland will be the first additional country to be added from May 2009 and further details are to follow.

TRADE SHOWS

TUR TRADE & CONSUMER SHOW

GOTHENBURG, 19-22 MARCH 2009

The "Florida's Beaches" booth exhibited as part of the "Discover America" Pavilion organised by B-For. The Pavilion is the same format as at WTM with a central area for the exhibitors to hold private meetings with a refreshment bar. The "trade days" were disappointing as very few travel agents make the effort to attend the show however we were reasonably busy with consumers who must have had some sort of privilege entry.

Only Swansons Tours, as part of the Discover America Pavilion, My Planet and TUI/Fritidsresor were exhibiting at TUR. Damian has already reported on the Swansons Florida product which is much enlarged as they are targeting Florida as the growth destination for their clients. My Planet product consists of a suggested fly/drive itineraries which include Miami, Ft.Myers, St.Pete and Ft.Lauderdale/ TUI did not have their winter 2009/10 Florida brochure available.

The annual client dinner, held on Thursday was also less well attended than in past years. As already advised neither Delta Air Lines or Alamo were able to co-host the event this year, which meant we lacked the local touch in trying to get good quality decision makers. However it is unlikely that we would have had much more success as a number of the operators we invited were returning directly to Stockholm on Thursday evening due to cuts in travel expenses.

The market in Sweden has been increasing at a fast rate for the past couple of years however they too have suffered a big drop in the value of the Swedish Kroner against the Dollar in the past six months (50%). This has made the first quarter a lot slower than in 2008 however there are signs that the Kroner is recovering slightly. Overall visitors to the USA from Sweden increased in 2008 by 18% to just under 400,000.

Fortunately the interest level from the consumers was still very high with very few even mentioning the change in the exchange rate. Considerable interest in the Gulf Coast but in most cases the travellers were visiting a number of areas during their Florida visit.

Swanson's Tours Consumer Show

The Floridas Beaches Consortium attended the recent Swanson's Tours consumer show in Sweden. Swanson's is one of the largest USA Tour Operators from Sweden to the USA. 750 consumers attended the show and 50 attended the Florida seminar in which Michael from Swanson's talked about the 4 areas in a detailed presentation in Swedish. All 4 areas are featured in the new Swanson's guide and the hotels featured within our area are as follows:

St. Pete's/Clearwater – Barefoot Beach Resort Indian Shores, Sand Dollar, Sheraton Sand Key, Tradewinds Sandpiper and the Tradewinds Island Grande

The big topic with consumers was the rate of exchange as the Swedish Krona is now worth 50% less to the \$dollar than this time last year, so they were hoping to see if the ROE changes soon to a more favourable rate.

TRADE LIAISON

- Co-op marketing activity has launched with Virgin Holidays. Activity includes a feature on the Frequent Virgin Website, (these are customers that have travelled three times or more with Virgin Holidays and there are currently 65,000 Frequent Virgins), a brochure insert inserted in 5000 copies of the Florida brochure, co-op advertorial in Daily Mail, distribution 2.2 million. Activity also includes a full page advertorial in the megadeals brochure which has a print run of 150,000 distributed through Co-op Travel Group, two adverts in Travel Trade Gazette and a full page advertorial in Virgin Holidays customer magazine, distributed to 75,000 customers.
- Co-op marketing activity with Travel City Direct will be launching in April with direct mail and e-mail pieces to the Travel City Direct database as well as purchased third party lists. Co-op activity will also include press activity.
- National consumer promotion launching with Dorothy Perkins retail in late April and May. Dorothy Perkins is a leading ladies clothing retailer. The promotion revolves around a main event held on 7th May at 30 of their biggest stores throughout the UK. Dorothy Perkins will distribute Vacation Guides at these events. We will also receive brand exposure within 30 of Dorothy Perkins biggest stores throughout the UK via point of sale collateral including images, logo and copy. Point of sale material will also include Virgin Holidays logo and copy as they are providing a vacation giveaway as well as discounted holidays to Dorothy Perkins customers. Images and logo will also be used on 90,000 prize draw flyers distributed at the events. Logos will be used on fitting room doors as well as on posters in-store prior to the event. Prior to the event an e-newsletter will be sent out to 600,000 contacts linking to a campaign microsite with information on VSPC and Virgin Holidays offer. In addition the events will be promoted on www.dorothyperkins.com which averages 1 million unique visitors per month. Data capture opportunities will be added to the prize draw flyer and the e-mail. In addition we are investigating PR opportunities via Dorothy Perkins and Fleishmann Hillard.
- The Travel Uni training programme was launched at the end of February with the announcement of our new training programme via an e-newsletter and within the March edition of Selling-Long-Haul. There are 4 modules within the Travel Uni training programme that cover an overview of the area, neighbourhoods, things to do and niche markets. Within the first two weeks of the programme being launched, we have had 30 UK travel agents sign up to complete the training programme. We are in the process of arranging a prize giveaway to encourage further sign up from travel agents in the UK.
- Co-op marketing activity with Funway Holidays launched in March. Trade and consumer activity includes 3 x e-newsletters to both their trade and consumer databases as well as a homepage banner ad on their agent website. We shall also be participating in online media activity with The Telegraph e-bulletins. Two of each of the trade and consumer e-newsletters have already been sent with the third of each to follow in the first week of April, the banner ad and landing page are already on their website (www.funwayholidays.co.uk) and the Telegraph activity is due to commence at the end of March. Results will follow once the activity has finished.

- Participated in week long promotion with Bon Voyage Travel & Tours at Gunwharf Quays in Portsmouth. Bon Voyage and Visit St. Petersburg/Clearwater manned a stand at the newest upscale outdoor factory outlet in Portsmouth (a very affluent area) on the central south coast of England. The shopping venue saw a footfall from Friday to Sunday of 55,000 consumers per day and saw much interest from these consumers with regards to visiting the US and in particular Florida for their vacation. Visit St. Petersburg/Clearwater Visitor's Guides and Area Maps as well as giveaways were available on the stand as well as the Bon Voyage Florida Brochure and their main US & Canada Brochure. The week long promotion at Gun Wharf Quay ran from 21st – 27th March 2009... The 1st April will see the launch of special offers to our area on the Bon Voyage website www.goamerica.co.uk (hotel section) as well as a direct e-newsletter to the consumers who visited us at Gun Wharf Quay.
- Co-op activity with American Holidays, Ireland took place in March. Activity included radio advertisements, press advertisements, an e-newsletter to their consumer database, specials on their website www.americanholidays.ie and an in-store flyer which will be distributed to customers visiting their retail agency in Dublin city centre. We have been advised that American Holidays have seen a substantial amount of twin centre bookings including St. Pete's/Clearwater over the past few weeks and that the e-newsletter had a very successful open rate of 25%. Full results to follow next month once all activity has taken place.
- Joint co-op activity with Trailfinders took place in March. Activity included inclusion in one marketing e-mail which has been sent to their UK database of 500,000 names. The e-mail clicked through to a dedicated landing page on www.trailfinders.com Offers were also featured on their plasma screens in 22 travel centres. We have been advised that the St. Pete's/Clearwater landing page generated a total of 2538 unique click throughs of which 2183 were directly from the e-mail blast. Full results to follow in the next report.
- Premier Holidays – A joint trade and consumer marketing proposal has been received from Premier Holidays. The proposal includes trade activity (retail in-store promotion, e-newsletters, A4 flyers, website advertisements, holiday prizes etc) and consumer direct activity (dedicated consumer e-newsletters, website advertisements etc). The proposal is being reviewed at present and further details will follow in due course.
- ABTA Travel Industry Partner Scheme – We provided ABTA with a banner advertisement to be posted for the month of March on the ABTA Travel Industry Partners website as part of our recent sign up to this scheme.
- Co-op marketing activity with Cosmos was launched in March. The first part of this co-op includes a page in their dedicated Florida mailer which is being mailed to 40,000 of their customers.
- Selling Long-Haul - Final preparations were made for the first of four forthcoming advertisements to be featured in Selling Long-Haul, a monthly travel trade publication distributed to the UK travel trade including travel agents, tour operators, call centre staff and retail homeworkers. The first ad will be featured in the April edition of Selling Long-Haul.

- VSPC information has been included in the March edition of the Visit USA Committee Sweden monthly newsletter.
- Discussions are taking place with Trailfinders, Funway Holidays and British Airways holidays regarding the possibility of joint familiarisation trips to the St. Petersburg/Clearwater area for the remainder of 2009. TBA
- Preparations have begun (in conjunction with Busch Gardens) for the forthcoming Amberley Castle event to be held on the 11th June 2009. An invitation list as well as the invitations are being worked on at present. A total of 15 Key tour operators including Virgin Holidays, Travel City Direct, Funway Holidays will be invited to this event.
- We provided the Visit USA Association in Ireland with a banner advertisement to be posted for the month of March and April on the VUSA Ireland website as part of our recent sign up to this partner association.
- Submitted appointment requests for UK, Irish and Scandinavian tour operators at Pow Wow.
- Gold Medal Training – Training has been secured for the 18th June 2009 at the Gold Medal Travel call centre in Preston.
- Posters – work has commenced on producing posters for use here in the UK specifically the UK travel industry.
- Holiday Genie Meeting /Training – Discussions taking place with Holiday Genie to schedule a meeting and to arrange training for their call centre staff in the coming weeks. TBA
- We received notice that CanAmerica Holidays based in Dublin Ireland have ceased trading. The Commission for Aviation Regulation in Dublin have agreed that American Holidays will take assignment of all future bookings for CanAmerica.
- Advised Fleishman Hillard of all activity taking place in the coming month in order to generate PR opportunities where possible.
- Provided Barrhead Travel in Glasgow with brochures (visitor's guides and area maps) for their annual Worldwide Holiday Show that took place in their retail outlet on the 7th March 2009.

ENQUIRIES:

Telephone/website enquiries for information and/or literature

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MARKET INTELLIGENCE:

Travel firms gaining from email promotion:

A wide-ranging survey to understand how consumers behave when they receive email promotions from travel brands has indicated a strong desire to purchase from loyal customers. The study of 1,500 consumers found that a massive 80% had purchased an air ticket as a result of receiving an email from a travel company. A further 70% snapped up a hotel room, 60% booked car hire, 35% bought a package holiday and 20% opted for a cruise product.

Other key results included:

- * 86% of respondents who opt to receive email from travel companies do so to learn about sales, discounts and special offers;
- * 51% subscribe to learn about existing packages and destinations;
- * 48% subscribe to receive coupons;
- * 46% subscribe to hear about new packages, routes and destinations;
- * 69% want to receive personalised content based on their website activity and past purchases, rather than generic content;
- * 48% of respondents who receive permission-based email from a travel company said the email has a direct impact on offline purchases.

Brand loyalty has also benefited from strong email campaigns, the study found. Over half (55%) said they have a more favourable opinion of companies as a direct result of communications. A similar number said they felt more loyal towards a company and their brands. Ian Hitt, managing director of [Epsilon International](#), which carried out the study, said: "Our research demonstrates the many online and offline, measurable and immeasurable benefits of email marketing campaigns. "Those benefits start with direct online airline ticket and hotel reservation transactions and extend to brand loyalty in multiple channels."

24th February 2009 – Source Travolution

TUI to shake up retail network

TUI is to restructure the management system for its 850 retail shops next month in a bid to make it more efficient. Rather than having separate regional sales managers for Thomson and for First Choice shops, it will reshuffle its regions so that managers will be responsible for both brands. From March, each region will contain both Thomson and First Choice retail shops. "Across both brands we had 29 regional sales managers managing separate Thomson and First Choice regions," said a spokeswoman. "We basically mixed them together and recounted them. We have also harmonised the size of the regions to give an average of 27 shops.

24th February 2009 - Source Travelmole

British Airways drops 28 places in brand survey

Virgin Atlantic has been named the strongest brand in the Travel & Leisure sector of Business Superbrands 2009, while British Airways fell 28 places in the survey. Virgin moved up from 28th place in 2008 to 25th place overall, while BA plummeted from 8th to 36th. Stephen Cheliotis, chairman of the expert council & CEO, The Centre for Brand Analysis, said: “British Airways has had some high profile problems and certainly its fair share of negative publicity. “Nevertheless the strength of its brands – built up over many years - has meant that the flying public have given the airline the benefit of the doubt and continued to trust it, rating its brand highly. “However, our research suggests that the more discerning business professionals might have had enough. After another turbulent year, including the T5 debacle, the airline has for the first time fallen out of the Business Superbrands Top Ten. “This is a worrying sign for an airline that is heavily reliant on its business customers, and with competition for flyers at an all time high, and pressure on airlines so intense, clearly a reduction in the brand value of BA could in financial terms be significant “If advocates become critics, and flyers that might have chosen BA by default consider exploring alternatives, BA could experience even more headaches in the coming year.”

The nine highest rating airline brands are as follows. Their ranking in the overall survey is in brackets.

1. VIRGIN ATLANTIC (25)
2. BRITISH AIRWAYS (36)
3. EMIRATES (68)
4. SINGAPORE AIRLINES (78)
5. EASYJET (308)
6. QATAR AIRWAYS (318)
7. BMI (413)
8. SWISS (430)
9. FLYBE (454)

Internet giant Google secured top ranking overall for the second year in a row.

24th February 2009 – Source Travelmole

PwC tells travel industry to hold its nerve on pricing:

Travel companies should hold their nerve and not panic into cutting prices too soon.

That’s the advice from PricewaterhouseCoopers LLP, based on the results of a poll of 2,000 British consumers. “For a few years we have seen booking patterns getting closer to departure date,” said Malcolm Preston, the company’s head of travel. “The industry was doing its best to reverse this trend with exclusive deals, reduced capacity and more differentiated product. “However, despite these efforts, the pattern that is starting to emerge in 2009 is that people are prepared to wait for the late deals (which are doing well) - still determined to take a holiday but not willing to commit six months ahead.

“It is vital that companies hold their nerve, do not panic into cutting prices too soon and remain flexible in what they offer consumers. “As the UK acclimatizes to the recession and their potential change in discretionary spend, every household is adapting their

approach to preserving the holiday. “The businesses that can meet this spectrum of coping mechanisms will see out the recession.” According to the PricewaterhouseCoopers research, over two thirds of those polled will trade down from their usual level of holiday, but only 16% will stop going on holiday altogether. Aside from cutting back, 25% of the 2,000 polled will take a cheaper holiday in the same location by:

- Staying in a cheaper hotel
- Opting for self-catering
- Taking cheaper transportation / airline
- Waiting for a last minute deal
- Cutting 14 nights to 10

However, the intention to cut back on holiday spend is less rife than it was last year. In a previous survey, 20% more respondents said they were prepared to take fewer holidays in Summer 2008 than six months later, and a fifth more were intending on cutting their holidays altogether in that previous. “Despite tough trading conditions the country’s transition from credit crunch to full-blown recession seems to have been met with some resilience in the travel sector,” said Preston. “While there is no doubt that short breaks will be hit harder than in the boom years, interest rate cuts are starting to take effect and creating more discretionary income. In turn this is being pigeonholed for travel. “The sun factor is alive. It seems holidaymakers are acclimatising to the recession and while they may be waiting for last minute deals, prioritising holiday spend remains on the agenda.” He said consumer willingness to downgrade should offer the industry some hope, as people look forward to escaping the recession. But he said due to the late cyclical nature of the travel market, its response to the recession will not be clear until the autumn.

5th March 2009 – Source Travelmole

Holidays - a basic need for Western Europeans

Consumers throughout Western Europe still have the travel bug and are reluctant to renounce travelling all together even though the economy is pressurizing them to pull back on unnecessary spending. As a result, during the current financial and economic crisis, people with financial constraints or reduced consumer confidence are less likely to cancel their holidays and instead will choose cheaper travel options. A key difference between the current crisis and the crisis caused by the World Trade Centre terrorist attack in 2001 is consumers’ confidence in the safety of travel. In 2001, consumers were scared to travel because of the terrorist threat. However, today travellers are keen to take holidays to escape from the hard economic conditions. On the supply side, it is important to identify, create and promote travel deals in line with consumers’ expectations as this will help drive travel and tourism demand through the downturn.

Changing travel patterns

The internet and low cost carriers have had a very significant impact on travel habits in Western Europe over the last ten years, offering more choice and value for money to travellers. People are now used to travelling low cost, having transparent pricing,

customisable travel services, and the popularity of traditional package holidays is on the decline due to the lack of flexibility.

The current economic crisis is expected to have an immediate impact on travel patterns, accelerating a process that had already begun before the downturn. Industry players will have to react quickly to stay competitive. In these times of crisis, travellers are putting a premium on getting value for their money.

Holiday destinations which are less expensive, such as Egypt and Turkey, will be favoured by the crisis and are expected to record a growth in number of arrivals between 3% and 5%. Similarly, domestic tourism in countries such as Germany and the UK is expected to achieve positive performances in 2009.

Customised trips as opposed to traditional packaged holidays will also benefit by offering travellers exactly what they want without having to pay extra costs for travel services they do not need. This trend will benefit dynamic packages, tailor made trips, sale of travel components, and all travel offers allowing customers to assemble their favourite travel services enjoying a discount at the same time. On the other hand, sales of travel packages are expected to record a decline by 2%-4% in most Western European countries.

24th March 2009 – Source Travelmole

TUI Travel sees improving customer demand:

TUI Travel cut its winter losses in the three months to the end of December to just under £35 million. This compared to a deficit of £63 million in the same quarter the previous year, a 45% improvement. The underlying loss in the group's mainstream operating sector was cut by £28.3 million to £30.5 million helped by merger synergies and strong trading in central Europe. The company said trading for both this winter and summer 2009 has strengthened since its previous update in early February. TUI admitted there trading environment continued to be "challenging" although demand has improved in recent weeks. "We continue to expect a flatter booking profile as some consumers continue to delay purchases due to uncertainty around their personal circumstances," the company said. Winter programmes are almost fully sold, with strong trading in the late booking period, TUI said. For summer, bookings from the UK have picked up from being 18% down to seven per cent down. Average UK selling prices are up by 10% and the load factor is only one percentage point behind last year at 45%. Capacity reductions mean that there is 14% less content to sell for summer from the UK. Overall capacity from the UK has been cut by 17% "and scope exists to reduce this further if necessary". Bookings in the last month for Turkey are up by eight per cent, Egypt by 18% and all inclusive holidays by 13%. "Current trading for summer 2009 provides confidence that target load factors and average selling prices will be achieved," the group said.

25th March 2009 – Source Travelmole

US visa warning:

ABTA is reminding travellers that only British Citizens are eligible to travel visa-free to the US under the visa waiver program. The warning comes as a result of a passenger being denied flight boarding into the US despite having obtained an ESTA (electronic travel authorization) approval. “The problem is that the same ESTA software is used worldwide, and because Britain has the anomalies of several different categories of passport, the system doesn’t make the distinction or ask what kind of British passport an applicant may have,” said ABTA’s Manager Trade Relations, Susan Parsons. All British Subjects, British Dependent Territories Citizens, British Overseas Citizens, British National Overseas Citizens and British Protected Persons must have visas if they want to travel to the US.

27th March 2009 - Source Travel Daily