

UK OFFICE

APRIL 2009 REPORT

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TOUR OPERATORS

Holiday Genie

Meeting held with Martin Gold (after an initial meeting at Florida Huddle this year) to discuss product updates and to offer training for their call centre staff based in their office in North London. Training has been scheduled for Tuesday 12th May 2009. Holiday Genie features a wide range of holiday options including flight & accommodation only as well as packaged holidays to Florida. They currently feature many condominium properties within our area as well as hotel resorts which they currently contract through different receptive operators. We also provided Holiday Genie with up to date literature (Visitor's Guides, area maps etc), copy and details on our FTP site to obtain up to date imagery for their website.

Funway Holidays

Co-op marketing activity with Funway Holidays continued into the month of April 2009. Trade and consumer activity included 3 x e-newsletters to both their trade and consumer databases as well as a homepage banner ad on their agent website. We also participated in online media activity with The Telegraph e-bulletins. A follow up meeting has taken place with Funway Holidays to discuss the current co-op marketing campaign and the possibility of hosting a joint fam trip to our area later in 2009. Results from our recent activity and room night stats are as follows:

Room Night Stats YTD as at end of March:

2008 - 990

2009 - 687

Online Activity Results:

Times Online activity received 101 clicks

Telegraph Online activity received 98 clicks

E-Card Results:

Agent (relax on Florida's number one beach) 2 x e-cards sent to 1726 – Click Through Rate = 3.4%

Consumer (relax on Florida's number one beach) 2 x e-cards sent to 18,080 – Click Through Rate = 4.7%

Agent (family of four e-card) – sent to 1762 - Click Through Rate = 2.5%

Consumer (family of four e-card) – sent to 18,080 – Click Through Rate = 3.8%

TUI UK

A meeting was held with Kevin Ventris, Regional Product & Contracts Manager for the brands Jetsave, Thomson Worldwide and Hayes & Jarvis to discuss co-op marketing, retail and consumer opportunities for the remainder of 2009 and into 2010. Marketing proposals have been received and are being reviewed. We also discussed training of their call centre staff based in Crawley and dates are to be advised.

GENERAL MEETINGS & EVENTS

ABTA

We attended the ABTA Members & Travel Industry Partner 'ABTA Recession Toolkit and UK Market Update' event in London where PricewaterhouseCoopers gave us a brief insight into the current condition of the travel industry in the UK. Key messages were that UK consumers are saying that they will cut back on holiday spending (Source PWC & Mintel), the travel industry will feel the effect well into 2010 and probably beyond and that the UK travel market is cyclical and that growth is correlated to consumer spending. They also advised that during the last recession in the early 90's it took 8 – 9 quarters of decline before air travel figures started to increase again and feel that this will be the same, if not longer during this recession.

Amberley Castle

Meeting held to discuss final aspects of the VIP event being held on 11th June for tour operator partners. To date we have had acceptances from 10 tour operators.

TRADE LIAISON

- After their recent site visit to St. Petersburg/Clearwater, TUI UK have decided to include our area in the summer 2010 Thomson Florida Brochure (instead of the First Choice Florida Brochure). They believe our product marries better with that market/brand and also want to see how this performs for them. They have advised that this is with a view to expand the same product to the First Choice brochure/brand in the future. They will be featuring the following properties:

Holiday Inn Clearwater Beach
Pelican Point Clearwater Beach
Tradewinds Island Grand St. Pete's Beach
Sirata Beach Resort St. Pete's Beach

Their in-house brochure launch day was held on Thursday 23rd April. We provided their office with promotional items, brochures etc for them to utilise.

- Trailfinders have provided room night stats that coincide with our recent co-op marketing activity which included an e-mail blast, destination landing page and in store screen savers:

Total room nights in 2008:

Clearwater = 795
St Pete = 665

Room nights on the books for 2009 as of 1 Apr 09:

Clearwater = 345
St Pete = 223

Room nights on the books for 2008 as of 1 Apr 08:

Clearwater = 639
St Pete = 504

With the help of the email blast and additional website advertising, they made the following bookings between mid Feb to mid March;

Clearwater

Bookings = 13

Room nights = 48

St Pete

Bookings = 12

Room nights = 73

Total

Bookings = 25

Room nights = 121

This equates to approx 8-9% of their total bookings/room nights made for 2008 - a great result given the current economic climate.

- Travel Uni Training Programme – Within the month of May we shall be offering prizes of an IPOD shuffle to three travel agents who sign up and complete all four modules of our training programme. The prize offering will be advertised in the May edition of Selling Long Haul. To date we have had 60 travel agents/call centre staff members sign up to our training programme in the UK.
- Provided Fleishmann Hillard with the most up to date information regarding Travel Uni Training Programme to assist in a Trade Press Release they are planning to issue.
- Our product and update meeting that was scheduled with Mike Tyerman at Cosmos Holidays has been re-scheduled to take place at Pow Wow in Miami.
- Provided Dee Burdock, Product Manager at American Holidays in Ireland with the contact details for the Sunset Vistas Beachfront Suites as they are looking to review their 2010 product. We have been advised that Dee has already contacted the property to discuss rates etc.
- Premier Holidays – Work is due to commence on our planned retail and trade activity with Premier Holidays in the next few weeks. Up to date room night stats received (16th April 2009 YTD) are as follows:

2009 = 465 YTD

2008 = 357 as at this time last year

- Selling Long-Haul - Final preparations were made for the second of our four advertisements to be featured in Selling Long-Haul, a monthly travel trade publication distributed to the UK travel industry including travel agents, tour operators, call centre staff and retail homeworkers. The ad will be featured in the May edition of Selling Long-Haul.
- Discussions are taking place with Trailfinders and Funway Holidays regarding the possibility of joint familiarisation trips to the St. Petersburg/Clearwater area for the remainder of 2009 and into 2010. Unfortunately we have been advised by British Airways Holidays that due to implementing a new system and prior training commitments, they are not planning any familiarisation trips for the end of 2009 and into 2010, but that they will be reviewing this again in September.

- Virgin Holidays – 2010 Florida Brochure has now launched and our area features heavily within the brochure. Virgin Holidays have also increased the number of properties that they feature to include three new properties, the Holiday Inn Hotel & Suites Clearwater Beach, Hilton Clearwater Beach and Residence Inn by Marriott Treasure Island.
- A request for promotional material was received from Lee Travel in Ireland for a Florida promotion they will be holding in store in the coming weeks. Posters, brochures and giveaways have been sent to assist in their efforts to promote our destination to Irish consumers.
- Background information and successes of the UK office were submitted to form part of the presentation for National Tourism Week
- List of press contacts submitted for invitations for the Tuesday night event at Pow Wow
- UK, Ireland and Scandinavian sales plan and budgeted for FY 09/10 were submitted.
- Visit USA Association Ireland – The banner ad that we provided VUSA Ireland with will continue to be on their website for the month of May 2009 also.
- International Posters – The international posters have now been produced and are at our UK mailing house for use within the Travel Trade.
- The April Edition of Selling Long Haul this month had a special 6 page feature on Florida and included our full page advertisement ‘HEAD AND SHOULDERS ABOVE THE REST’. The feature also mentions that we have recently launched our new online training programme in conjunction with Travel Uni and included in the ‘Top Tips to sell’ section mentioned agents should ‘encouraging clients to see more of the state on fly drives and visit such areas as Clearwater etc’.
- Received a request from Virgin Holidays for a 2 day photo shoot in the area for photography for their forthcoming brochure and promotions. The VSPC PR department is putting the itinerary together.
- Further liaison with Reed regarding sponsorship of the coat check areas at WTM. A meeting is being scheduled at Pow Wow.
- The April Edition of Selling Long Haul included an article titled ‘Indigo brings colour to Miami’ and within this article mentions three additional Hotel Indigo properties opening in Florida including St. Petersburg. The other two properties were located in Miami Beach and Ft. Myers.
- Discover America Sweden Newsletter – Visit St. Petersburg/Clearwater featured within this newsletter which had general information, our logo and an image included.
- Room night stats and general market condition information was requested from some tour operators here in the UK and their responses are as follows:

Cosmos advised that the market is down considerably and have advised that they are at present looking at consolidating and cancelling some of their flights with a decision

to be made on this imminently. Cosmos are predicting that there will be a price war in the summer as so many consumers are booking at the very last minute – the booking window with Cosmos at present is around 6 weeks prior to date of travel. They have advised us that the recent Direct Mail piece dropped recently and as yet do not have any statistics to share with us. We have requested up to date room night stats and results from the recent direct mail piece and this will be provided at the Pow Wow meeting.

Bon Voyage have advised us that they are at present on a par with 2008 for sales in 2009 and that they are seeing no decline in high-end tailor-made packages being booked, which is their core market. They are however seeing consumers really trying to get the best offers available (added value) rather than looking for the cheapest holiday. They have seen an increase in bookings just after Easter with California, Florida, New England and the Rocky Mountain area all doing well. New York and Vegas are not faring as well and they are seeing regular offers coming in from hoteliers to push free night stays etc. They have just launched their new website (www.bon-voyage.co.uk). The booking window for Bon Voyage has reduced and they are at present seeing passengers booking between 6 – 8 weeks prior to date of departure. Room night stats have been requested and should be with us shortly.

Trailfinders have advised that bookings for summer 2009 versus 2008 are down by approximately 15 – 20% and that lead in times for customers booking their holidays is now very short and has reduced to approximately 6 weeks prior to date of departure. They had a slow start to 2009 but over the last few weeks have seen sales start to pick up. We were also advised that worldwide sales (not just the US) decreased over recent months, but as mentioned, this is slowly picking up again. They feel that consumers are looking for value at time of booking and that this is key. They are seeing a price war emerging for the summer months with discounts already in the market place of between 30 – 35% off as well as offers of free night stays in certain hotels. We have been advised that more up to date room night stats will be provided to us at Pow Wow.

Funway Holidays have advised us that they are -40% down YOY in sales overall to the US, with the only exceptions to this being homes in Florida (Orlando / Kissimmee / Gulf coast area's are selling well and at present sales are flat YOY, which is pleasing given the current climate) and the state of Arizona which is on a par against last year albeit on a very low base. The VSPC area is also down -29% (Clearwater & St. Pete's combined) and they feel we would also have been 40% down YOY if it were not for our recent joint co-op marketing campaign. The rest of the USA is also really suffering, in particular New York, Las Vegas and Boston. Last year Funway Holidays booked almost 20,000 room nights to Florida and they are broken down as follows:

16,000 Orlando
2,000 Miami
1,200 VSPC
500 Ft. Lauderdale

We were also advised that high end product (notably Sandals Resorts) are doing really well and they have not seen a downturn in this market as yet. They advised that with regards to co-op marketing, they have taken the decision to only work with and push the markets that traditionally work/sell for them.

ENQUIRIES:

Telephone/website enquiries for information and/or literature

90

MARKET INTELLIGENCE:

VS expects tough times

Virgin Atlantic is aiming to boost its traffic from overseas destinations, with expectations that recovery in the UK industry is going to be “long and painful”. VS CEO Steve Ridgway told a media function overnight that Britain’s reliance on the financial services industry and the collapse of the banking sector mean that the UK is likely to take a long time to recover. Ridgway also cited the weak pound Sterling, saying “we need to drive those dollar earnings,” adding that he’d been talking to the carrier’s outstations to encourage inbound traffic. He said that while underlying consumer spending in the UK was actually quite strong, premium cabin yields were down and VS has been forced to reduce costs, including making staff redundant, to reflect a 10% capacity cut. However Ridgway said the current climate meant there were a range of opportunities, with VS looking for new acquisitions. He reiterated the carrier’s interest in a possible tie-up with bmi once Lufthansa resolves the ownership of the carrier with Sir Michael Bishop. Ridgway also said the carrier continued to watch oil prices carefully, saying that although costs have fallen, “there could be a very violent spike in fuel”. He also told **TD** that the current Virgin Holidays deal with Harvey World Travel would most likely continue under the group’s new ownership, despite its rebranding as an independent agency.

31st March 2009 – Source Travel Daily

Harvey World UK sold

Stella Travel Services has sold the Harvey World Travel chain of 58 travel agencies in the UK to Stuart Arnott, owner of Vacation Travel Limited. The stores are mostly in East Anglia and the West Country, with the transaction set to see the Harvey World brand in the UK disappear, four years after the Australian company first set up operations here. Vacation Travel is a member of the Global Travel Group, which is also owned by Stella Travel, meaning the agencies will continue to source Stella product including Travel 2 programs. Stella UK MD Andrew Botterill said the sale “brings the UK business model into line with our operations across other markets.” Harvey World Travel operates as a franchised brand in Australia, South Africa and New Zealand. “It is a great opportunity for the new owners to take these stores forward with the continued support of our team here in the UK,” Botterill added. Vacation Travel will continue to operate the shops under the HWT banner “for a short time” before rebranding as a member of Global’s Independent Options arm. Stella Travel CEO Peter Lacaze told **TD** that the sale would keep the agencies “in the family.” He admitted the UK business was struggling, saying the sale was “an important first step on the road to recovery for our UK operations.”

31st March 2009 – Source Travel Daily

TC wins approval for Gold Medal deal

Thomas Cook Group’s acquisition of Gold Medal has been cleared by the European Commission under the EU Merger Regulation. In its ruling the Commission concluded that the move would not significantly impede effective competition in the European Economic Area. It said this was because the activities of Thomas Cook and Gold Medal were largely complementary. ‘Thomas Cook is predominantly active in short-haul destinations with a focus on package holidays, while Gold Medal focuses on long-haul destinations and sales of third parties’ scheduled flights,’ the Commission explained. The proposed transaction would

lead to overlaps solely on the markets for short-haul and long-haul foreign package holidays, it added. However, the Commission found that the two companies would 'continue to face several effective competitors with significant market shares' and that as a result the deal did not raise competition concerns. According to the Commission's statement, the UK market is 'currently characterised by the presence of two major vertically integrated tour operators, Thomas Cook and TUI, a large number of smaller independent tour operators for short-haul holidays and a few medium-size operators like Virgin Travel and Kuoni for long-haul package holidays'. Thomas Cook announced in December that it had acquired 50.01% of Gold Medal for £24.9m ahead of a planned full takeover.

1st April 2009 – Source e-tid.com

BA passenger figures in freefall

British Airways' traffic and capacity statistics for March 2009 make a gloomy read, with passenger numbers plummeting and a large drop in load factor. The total number of passengers carried in Mar 2009 fell by 8.2% compared to Mar 2008, from 2.84 million to 2.61 million, with the changed timing of Easter this year a contributing factor. The biggest falls were on routes to the Asia Pacific region and the Americas, down 11.9% and 9.5% respectively, while the UK/Europe also dropped by 8.7% compared to the previous year.

Measured in Revenue Passenger Kilometres, traffic fell by 7.3% across the BA network. At the same time the airline experienced a 0.9% increase in capacity, measured in Available Seat Kilometres, which coupled with the drop in passengers caused a 6.4 point decline in load factor to just 72.7%. British Airways said the results were complicated by the timing of Easter, which fell in March in 2008 but is in April this year. For the financial year from Apr 2008 to Mar 2009, total passenger numbers were still down 4.3% compared to the year before. The airline said in a statement that volume and yield are still under pressure in all markets, especially in US traffic, and as such the full year revenue outlook will be impacted by around £20-25 million. "Including the impact of weaker revenue for the year we anticipate that we will report a full year operating loss of some £150 million before total severance costs of £75 million," the airline said. Several one-off disruptions, such as those caused by the Feb snowfall, also affected the result.

6th April 2009 – Source Travel Daily

Travellers 'to cut back on holiday extras'

Cost conscious holidaymakers are opting for lower grade hotels, fewer days out and a reduced number of activities, according to a new study. More than a third of 1,500 people polled plan to downgrade their hotel this year, with almost half (49%) saying they would cut back on expensive excursions, water sports and theme parks. Almost a third (32%) intend taking just one week away this summer instead of the traditional fortnight's break. The majority (58%) said they would still be taking their normal two week holiday, with a minority (10%) saying they would be spending more time away.

Almost half (43%) said they would be sticking to their favourite European destinations despite unfavourable exchange rates, with only a slight majority (57%) saying they would be heading to non-euro countries. Although 47% of holidaymakers looking for all-inclusive holidays, and 39% aim to spend less in resort this year, 14% intend spending more when they are away over last summer. Additionally, 81% of those who normally hire a car will not be doing so this year, preferring to relax in their resort for their holiday. Simon Cooper, chief executive of online travel agency On the Beach which commissioned the survey, said: "The stress and pressure of the credit crunch, means that now more than

ever we all need time out to relax and unwind and it's great to see consumers are taking a sensible approach to holidays, spending what they can afford and carefully managing their budgets. "By cutting out these extra activities and luxuries, holidaymakers are not only making savings, they have more time to chill out and enjoy the ultimate relaxing holiday."

7th April 2009 – Source Travelmole

April numbers soar 20%

ABTA today said the 'Easter Effect' would see passenger numbers for April this year up by 20% on 2008, with strong growth in demand for both domestic and overseas holidays. About two million Brits are expected to head overseas for the Easter bank holiday, with ABTA saying its members have reported Spain, the Canary Islands, Turkey, Egypt and Tunisia as popular. There's also been increased demand for Cuba, with UK travellers keen to experience the destination before the US travel ban is lifted. ABTA said Florida was also this year's "top long haul family destination" while other popular spots have included less well known cities outside of the eurozone such as Budapest, Prague and Belgrade. "As holiday time looms, people are indeed booking," said ABTA CEO Mark Tanzer. "It appears consumer confidence is rising, and people feel they have enough money in their pocket or just simply have had enough of worrying and have made the decision to go on holiday," he said.

9th April 2009 – Source Travel Daily

Mintel: Holiday spending could take four years to recover

Spending on holidays abroad could take four years to recover to the level of 2007 as consumers take fright at the state of the economy. This prediction from market analyst Mintel follows a study suggesting more than one in three consumers have withheld booking a holiday this summer because of the recession. The Mintel British Lifestyles survey, published on Thursday, studied adult spending intentions over the next six months and found 35% saying the recession had stopped them booking a main holiday. Senior travel and tourism analyst Ian Rees said: "We asked about the things consumers had been hoping to do and had put off because of the recession, and holidays came out top." If that reflection of consumer intention is accurate it could confound industry hopes of a strong late market this summer. However, Mintel fears the impact could be long lasting, with the value of overseas holidays - once inflation is taken into account - not recovering until 2013. It estimates total UK travel spending in 2014 at £2.5 billion a year less than in 2007. This is a despite the survey finding a minority of UK adults affected by the recession so far. Seven out of ten reported cutting spending and 59% were concerned about their financial situation, but 43% reported being personally affected and 37% worried about their job. Mintel foresees this turning into a long-term decline in holiday spending. Rees said: "There are those who do not have the money [to travel]. But people not directly affected by the recession have cut back because they are afraid. That reluctance could have a long-lasting affect. We do not see confidence returning in the short term." However, the study confirms the [resilience of the traditional package holiday](#), reported exclusively by Travel Weekly last month. The British Lifestyles survey reports: "There is clear evidence the trend [in package tour decline] has reversed. Normally, packages are vulnerable to an economic recession and suffer a decline in numbers. However, consumers are increasingly looking for the reassurance and security of established brand names.

16th April 2009 – Source Travel Weekly

Kuoni reports slump in booking levels

Kuoni's UK bookings are down 30%, according to the group's latest figures. Figures for April 12, due to be revealed at an Annual General Meeting today, showed UK booking levels are down 30% in Swiss franc terms. In pound sterling, levels are down 11%. The tour operator said its booking levels remain severely depressed by negative currency movements. Booking levels for the group overall are down 23% below prior-year levels, or 12% down in local currency terms. "This is a slight improvement on the booking figures published in mid-March 2009," said a statement. "The upward trend is attributable to a growing tendency among consumers to book later and at shorter notice."

21st April 2009 – Source Travelmole

Budget to proceed with tax

There's bitter disappointment across the UK travel industry after the government's budget confirmed that the unpopular Air Passenger Duty will be imposed as previously announced. ABTA chief executive, Mark Tanzer, responded to the budget by saying "We are very disappointed that the Government has chosen to ignore the travel industry and go ahead with its plans to drastically raise Air Passenger Duty. "This unfair tax already costs air travellers from the UK £2 billion and covers its environmental costs," he said. "As one of the few successful sectors in the UK economy, the Government has targeted the travel industry to plunder, without regard to the damaging impact to jobs," Tanzer said. "We will continue to challenge the increases, and its anomalies," he added. The rises in APD will see hefty tax increases of up to 87% on a range of destinations such as the Caribbean, with the current £160 APD cost for a family of four in premium economy rising to a staggering £600 in 2010. The increase is likely to hit both inbound and outbound sectors with a recent survey by one of Britain's biggest tour operators showing that 22% of passengers travelling with them to the Caribbean had a household income of under £25,000. "The Chancellor of the Exchequer has missed the opportunity to give air passengers a much-deserved shot in the arm by refusing to ditch his planned £1bn raid on the airline industry over the next two years," said EasyJet spokesman Toby Nicol.

23rd April 2009 – Source Travel Daily

Economic recovery ahead but uncertainty abounds

Travel companies face hard times ahead of a hoped-for recovery next year, but business leaders see benefits in some firms going under. [Kuoni](#) UK managing director Nick Hughes told the Travolution Summit in London on Tuesday: "Our industry has pretty low barriers to entry and it does not do our industry any good when, in good times, a lot of players enter the market on low margins. [Travelsupermarket.com](#) managing director Graham Donoghue agreed, saying: "Recession is not necessarily bad. Strong organisations will survive." The summit heard a leading economist predict the UK recession would end in the final quarter of this year, but the outlook remains uncertain and consumer spending could be "off the agenda for a while". The recession is proving especially painful because it follows an unbroken period of growth in the UK economy from 1992 to the first quarter of last year. GDP grew 52% over those 16 years compared with growth in the euro-zone of 29%. But UK consumer spending – the single greatest element of GDP – outstripped the rise in incomes, producing "staggering levels of debt". Now discretionary spending is under pressure and unemployment rising, making consumers nervous. A recovery should begin next year, delegates were told, but there is considerable uncertainty – much of it stemming from the credit crunch which continues to hinder bank lending. There is also underlying anxiety about UK government strategy in encouraging consumers to resume borrowing and spending when that is what led

to the current situation. The summit heard: “It is not a sustainable growth path.” Hughes expressed concern about the longer term impact on consumer behaviour – a subject tackled by analyst Mintel in its recently published British Lifestyles survey. This suggested spending on holidays abroad could take four years to recover. [Opodo](#) chief executive Ignacio Martos told summit delegates: “The industry will be quite changed after the crisis.”

24th April 2009 – Source Travolution

Demand falls 11%

IATA this morning released March figures for scheduled international traffic, showing an 11.1% decrease in passenger numbers compared to Mar 2008. Capacity was cut by 4.4% giving an average load factor of 72.1% - a hefty 5.4 points lower than a year ago. IATA estimated that airline revenues for Mar had been cut by up to 20%.

28th April 2009 – Source Travel Daily