

UK OFFICE
DECEMBER 2009 REPORT
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TRADE LIAISON

- TUI – A joint in-store promotion with VSPC, the Orlando Tourism Bureau and First Choice Retail outlets has been confirmed. The promotion will run in February 2010 and will consist of an in-store Tri Tower (in 352 stores nationwide) and a staff fact sheet with Key Selling Points listed to each First Choice Retail Agent.
- Thomas Cook Signature – VSPC, Orlando Tourism Bureau and Thomas Cook Signature have confirmed joint co-op marketing activity to take place at the end of 2009 and into 2010. The activity includes the following:
 - Full Peaks - Includes a full page editorial style article in their Peaks Supplement to be distributed with either the Times or the Telegraph online, a 2 week banner ad on the Thomas Cook homepage during the Peaks Live activity, an e-mail feature in prime position during the Peaks campaign as well as a press release included on Thomascookworld.com and the Thomas Cook Retail Homepage as part of the top offers of the week, which is sent out to all Thomas Cook Retail Agents and 3,000 3rd party travel agents.
 - Grab a Signature Grand Staff Incentive – This incentive will target 800 + Thomas Cook Branches and all staff members for their chance to win cash prizes if they book holidays to any of the partner destinations taking part in the promotion. The information will be communicated on all promotional and marketing literature, e-mails, websites etc as well as at the Thomas Cook Retail Conference which took place this month.
- Attended the Travel Counsellors Conference in Manchester at the beginning of December. The conference was a very successful event with over 1,200 Travel Counsellors in attendance. The event included a welcome reception and gala dinner which offered us the chance to network with the agents, a conference day of sessions and a trade show day where we had the chance to display our literature, offer a prize draw and talk to the agents with any specific enquiries they may have had. VSPC were the only Florida destination participating at the convention and the agents showed huge interest in our area.
- Itinerary for the pre-Huddle fam has been finalised and 7 operators confirmed on the trip. Operators are:

TUI
Thomas Cook
BA Holidays

Funway Holidays
Premier Holidays
Stella Travel
American Holidays

- Prezybox Update – We have been advised that the recent VSPC/Prezybox online consumer promotion newsletter went out to 210,000 consumers and generated around 1,700 clicks. The competition itself had around 18,000 views (rounded up) over the length of time that the promotion ran and 11500 entrants.
- VSPC participated in the Visit Florida training day at Thomas Cook headquarters in Peterborough. The training was as a booth style set up with the agents coming to see us during their lunch/tea breaks. We saw a total of 80 reservations staff during the day and provided those agents with visitor's guides, area guides, key selling points, maps and giveaways.
- Lead sent out to local industry for Destination of the World, a UK wholesaler looking for 3/4/5 star properties in VSPC
- Assistance provided to Alex Law, Contractor for Miki Travel who is conducting a number of site visits prior to Huddle
- Provided ABTA with information on our training website, information on face-to-face training and what training materials we can provide agents after a request was received as part of the Travel Industry Partner Scheme to have information included on the Professional Development and Training information on ABTA.com. We were also able to provide our website address and UK telephone number for consumers to request information on our destination again via ABTA.com.
- Provided Fleishman-Hillard with details of our online training programme in conjunction with Travel Uni after a request was received from Travel Bulletin for a training feature they are planning in the near future.
- VSPC featured in the December edition of the Visit USA Ireland e-newsletter which is distributed to all committee members, Irish travel agents and consumers. The article featured details of getting married in our area.
- Provided the VUSA committee in Ireland with area information to be included in the January edition of their e-newsletter.
- Expedia Training Update – We were advised by Expedia that the recent online/virtual training session that we conducted in November covered a total of fourteen worldwide Expedia staff trainers from countries such as the UK, Scandinavia, France & Germany. These trainers are each responsible for internal training of over 600 reservations staff worldwide. We are also in the process of arranging for visitor's guides and area guides/maps to be sent to these call centres for distribution amongst the staff.
- Travel Uni – On Friday 11th December VSPC featured in the Travel Uni Great Santa Giveaway competition (as reported last month) with a chance for agents to win one of

five St. Petersburg/Clearwater goody bags. The winners have been notified and prizes have been distributed.

- The December edition of Selling Long-Haul, a UK travel trade publication featured an article on the New Hyatt Regency Resort & Spa on Clearwater Beach. The article also mentions details of Beach Walk, TripAdvisor's list of top ten beaches including Fort De Soto Park and Honeymoon Island as well as details of the new Salvador Dali Museum due to open in 2011.

ENQUIRIES:

Telephone/website enquiries for information and/or literature 54

MARKET INTELLIGENCE:

26 November 2009 – Source Travelmole

Collapse of biggest operator in Ireland

Budget Travel, Ireland's biggest operator, ceased trading yesterday. The company is to be wound up after a provisional liquidator was appointed at the high court in Dublin, RTE reported. The closure will lead to the loss of 172 jobs and the closure of 17 travel agencies. Almost 750 people are on holiday abroad with the operator. Up to 380 people were due to fly out on holidays with Budget Travel between tomorrow and Sunday from Dublin and Cork. But flights have been cancelled and people are being told they can get a refund from the Irish Commission for Aviation Regulation. Budget Travel managing director Eileen O'Sullivan was quoted by Irish media as saying: "This has been a painful and distressing time for us all and we deeply regret that this situation has arisen. "We will do everything we can to minimise the impact of this decision especially on those who are currently travelling with us." The company was established in May 1975 and had a 30% share of the market.

01 December 2009 – Source Travelmole

Main summer holiday still an 'essential expenditure'

TUI Travel has recorded a 15% rise in annual profits – beating rival Thomas Cook which yesterday reported flat profit levels. Europe's largest tour operating group saw pre-tax profits rise to £366 million for the year to September 30, up from £319 the previous 12 months. TUI said winter business continues to improve across all source markets while summer 2010 trading in the UK "remains encouraging" with average selling prices up by seven per cent year on year. CEO Peter Long said: "Our customers' behaviour has demonstrated that even against a backdrop of reduced consumer confidence, the main summer holiday is an essential expenditure." He added: "We have managed capacity carefully for the current winter season and as a result remain confident we can meet our broad's expectations for 2010." Underlying profits from the UK and Ireland rose by £51 million in the year to September, up from £133 million to £184 million as merger synergies

delivered £93 million-worth of savings, up by £64 million. The outbreak of swine flu in Mexico cost the company £9 million in repatriation and compensation costs, increased cancellations and lower load factors when flying resumed to the country in May. Booking levels in the UK have improved in recent weeks, TUI reported. Booking volumes in the past four weeks were down by four per cent compared to the cumulative position which is down 16%. Capacity cuts mean there are 13% fewer holidays to sell in the UK with averaged selling prices up by 10% but margins flat year on year. TUI is planning for capacity to be pegged for summer 2010, although the company said it retained the flexibility to adjust supply as demand develops. The group indicated that it had the capability to be keen on price for next summer as its businesses are benefiting from “significantly” lower cost pressures than summer 2009. This means that, unlike this year, TUI does not have to pass on substantial price increases to customers.

01 December 2009 – Source Travel Daily

Profits up at Thomas Cook

Thomas Cook Group Plc, Europe’s second-biggest tour operator, has reported a full-year profit rise of 46%, as the company reduced capacity and focused on higher-profit trips. The company’s net income advanced to £15.8 million, or 26.2p a share, in the year ending 30 September 2009, from £10.8 million, or 24.1p, a year earlier. Sales rose 6%.

04 December 2009 – Source Travolution

Travel companies advised not to compare economic cycles

Travel companies have been advised not to compare the past 12 months with previous economic cycles as the sector continues to battle with extreme trading conditions. At Travolution’s Advisory Board meeting, Google’s industry leader Robin Frewer said the market had changed and described what the industry has experienced this year as ‘exceptional circumstances’ in terms of rising fuel prices, fluctuating currencies and interest rates. These factors have put pressure on consumers to be careful with money and seek value and, in turn, this has increased pressure on businesses in terms of margins and overheads. “This year is all about survival for a lot of businesses,” said Frewer. He added that smart businesses have been spending time understanding the cost of each of the distribution channels, and while the cost of sale may be similar to last year average booking values have decreased. The drive for value from consumers has led to them searching around more and arming themselves with as much information as possible to ensure they are getting great value. “Consumers need to know they are getting a deal and have to have the perception that they are getting something for a great price or money off. The whole economy is built around that at the moment,” said Travelsupermarket travel expert Bob Atkinson. Google figures show query growth for travel year-on-year is about 15% up, with hotels up 17% and flights up 11%, while figures from web analytics company Compete in August show travellers visit more than 20 sites before making a purchase. Frewer also said consumers were getting more sophisticated in how they search, with searches getting more specific and there is significant growth in longer queries. Google has recognised this trend across a number of geographies and expanded the size of its search box at the beginning of September. Board members also questioned whether consumers would continue to demand the same value when the recession lifts. “A lot of the hotels have had to get any kind of

revenue in and drop yields to get business in. That expectation will hold on because people get used to paying that price,” said Atkinson.

07 December 2009 – Source Travel Daily

American Airlines load factor rises in November

American Airlines reported a November load factor of 79.6% for November 2009, an increase of 3.0 points versus the same period last year. Traffic decreased 0.5% and capacity decreased 4.2% year-on-year. International traffic decreased by 3.5% from November 2008, on a capacity decrease of 7.7%.

08 December 2009 – Source Travolution

UK outbound traffic most severely hit in Europe, says ITB report

Outbound traffic from the UK was the most severely hit in Europe during the first eight months of this year, figures from ITB’s World Travel Trends Report have revealed. Total international traffic from European markets dropped by 8% in the first eight months of 2009. The UK saw the biggest decline at 15%, followed by Russia which was 12% down and Sweden which fell by 10%. Europe’s biggest market, Germany, was 5% down. The study also quantified the extent to which the booking window has changed. During the first eight months of 2009, the number of Europeans who booked their break within one week of departure increased by 18% compared with the same period last year. The number who booked between a week and one month ahead was 5% down; between one month and three months was 12% down and more than three months ahead was 13% down. “Consumer insecurity” drove this shift towards late bookings, the report claimed, adding that confidence was still a major concern. When asked, in October, about their plans for 2010, 68% of Europeans said they would travel “at least as often” next year. When asked the same question at the same time in 2008, 80% said they would do so in 2009. Despite the negative figures, ITB said that the travel industry “has survived this period in better shape than was expected in the spring of 2009.”

10 December 2009 – Source Travelmole

Prominence of UK travel online sector to eventually wane

The UK will retain its current position as the largest online travel market in Europe for some time to come despite the recession. The forecast comes from market research specialist PhoCusWright in a new European Online Travel Overview. Growth will be driven by increased efforts by the major tour operators to drive customers to book through online channels, as well as by online travel agencies’ continued efforts to grow revenues, the report suggests. Despite the growth, the relative prominence of the UK online travel market will eventually wane as other European markets narrow the gap and increase online adoption levels. The annual report provides an in-depth look at the performance of the UK market and offers projections through 2011.

14 December 2009 – Source Travelmole

BA warns of ‘massive disruption’

British Airways faces “massive disruption” over the busy festive travel period after cabin crew voted to take strike action. Disruption is due to begin on December 22 and run until January 2. Cabin crew voted by nine to one in favour of the strike action, with more than an 80% turnout. The airline, responding to the result of THE ballot by members of the Unite union, said: “A 12-day strike would be completely unjustified and a huge over-reaction to the modest changes we have announced for cabin crew which are intended to help us recover from record financial losses.” BA added: “Unite’s cynical decision betrays a total lack of concern for our customers, our business and other employees within British Airways. The airline said it was “extremely disappointed” that Unite is planning massive disruption for hundreds of thousands of passengers over the Christmas/New Year holiday period.

14 December 2009 – Source Travel Daily

Tourism to US falls by 1%

The US Department of Commerce has announced that 4.1 million international visitors travelled to the United States in September 2009, a 1% decrease compared to September 2008. Total visitation in the first nine months of 2009 was down 8% compared to the same period last year, while visitor spending decreased by 16%.

15 December 2009 – Source Travel Daily

Visit England proves ‘staycation’ phenomenon was a reality

Figures released yesterday by Visit England have proved the ‘staycation’ phenomenon was a reality, with the number of British holidays up 22% from the previous summer. Data from the UK Tourism Survey showed that far more holidays were taken in England between June and August 2009, while spending in the UK went up 20% compared to the same period in 2008. Seaside holidays proved particularly popular, with figures rising by 24% over the summer, despite the unpredictable weather. Meanwhile there was a 33% rise in family holidays and a 25% rise in self catering holidays in Britain.

15 December 2009 – Source Travolution

Bales Worldwide acquired by Virgin Holidays

Bales Worldwide has been purchased by Virgin Holidays. Announcing the deal today, Bales managing director Mandy Nickerson said she would keep her position at the company while there would be no changes in the team. She added the operator would also keep its name. She added: “Our news puts Bales alongside a widely respected name in the world of travel and at the same time enables us to keep all the things we love about Bales. “Teaming up with Virgin opens a new chapter for us and one which I am really excited about.”

16 December 2009 – Source Travel Daily

Ebookers.com announces holiday hotspots for 2010

Long-haul holidays to make a come back.....Leading online agent, ebookers.com, has revealed the top ten destinations for British holiday makers in 2010. Despite the recession, it seems Britons are regaining their confidence in the economy and choosing far-flung destinations such as Honolulu, Orlando, Cape Town and Miami Beach. The other six most popular destinations included Dubai, Istanbul, Las Vegas, New York, Rome and Venice. According to ebookers.com, travellers were more cautious in 2009, choosing holidays in Europe, but this year customers are branching out to more exotic locations. Ben Reynolds, Head of Marketing for ebookers.com, said: "This year's list reveals that people are still visiting old favourites such as New York and Rome, but that travellers are keen to head further afield to the cultural hotspot of Istanbul and the sun kissed beaches of the States." Management at Ebookers has added that football fever has played a huge role in holiday makers' decisions. "With England making it through to the World Cup we knew there would be an increase in flights heading to South Africa, but what the current 2010 bookings data shows is that people are waiting until nearer the event to book hotel accommodation – which could leave thousands of football fans short of somewhere to sleep," adds Reynolds.

17 December 2009 – Source Travel Daily

Flyglobespan flies into administration

All flights cancelled due to financial woes.....The Globespan Group and Alba Ground Handling Ltd were placed into administration yesterday, with low-cost carrier, Flyglobespan, likely to follow today, the company has said in a statement on its website. PricewaterhouseCoopers (PwC) have been appointed as joint administrators to the Scottish travel firm, following severe liquidity issues suffered by the group. All flights operated by The Globespan Group plc or Globespan Airlines Ltd have been cancelled and the aircraft grounded. Any customers who have booked a Globespan package holiday are likely to be protected under the ATOL scheme and should visit the Civil Aviation Authority (CAA) ATOL website for further information, the statement said. However customers who have booked flights with Globespan Airways Limited are not ATOL protected. As a result, they will not be eligible for refunds from ATOL. For passengers stuck abroad, other airlines may make available special 'repatriation' fares to help Flyglobespan passengers. Easy Jet for example, is offering 'rescue fees' of £60, including tax, for customers to return home on routes served by the airline. These fares are available until 30 December 2009.

20 December 2009 – Source Travelmole

Libra Holidays Parent Collapses

Libra Holidays, Argo Holidays and Jetlife Parent Allbury Travel Group is the latest mid-range travel company to collapse in less than a week. The Civil Aviation Authority said it been called in to protect customers booked with Allbury Travel Group after the company ceased trading yesterday (Saturday). The group operated air package holidays and flights out of Gatwick, Manchester, Newcastle, Birmingham and Leeds Bradford airports to Greece, Cyprus, and Egypt and sold mainly through travel agents. There are fewer than 100 holidaymakers currently abroad and approximately 4,000 customers with forward bookings who are yet to travel. The CAA, under the ATOL scheme, is making arrangements for customers abroad to complete their holidays and return to the UK and to fully refund those with forward bookings. All future Allbury Travel Group holidays have been cancelled and travellers have been advised not go to their departure airport.

Hertfordshire-based Allbury's collapse comes hot on the heels of Globespan and its FlyGlobespan subsidiary which went into administration with 4,500 people stranded overseas and 550 staff made redundant. Administrator Begbies Traynor has been appointed to handle the Allbury failure. Meanwhile, PwC, the administrator of Edinburgh-based Globespan is questioning why around £30 million was held back from the firm by E-Clear, the company that handles its credit card transactions. E-Clear also handled credit card transactions for the Allbury Travel Group, the BBC reported.

22 December 2009 – Source Travelmole

Cook snaps up remainder of Gold Medal

Thomas Cook is paying £47.5 million for the remaining half of operator Gold Medal it does not own. The company paid almost £25 million for a 50.01% stake in the business in April from founder Ken Townsley. It is now acquiring the remaining 49.99% shareholding and expects to make annual 'synergy savings' of £10 million from the integration of Gold Medal with other Thomas Cook scheduled businesses in the UK over time. Gold Medal achieved pre-tax profit of £8.1 million on gross sales of £309.7 million in the year ending September 30 with further synergies still to be realised. Thomson Cook group chief executive Manny Fontenla-Novoa said: "Today's agreement to acquire the remaining stake in Gold Medal underlines our commitment to further strengthening our position in the growing independent travel sector. "Since we acquired a majority stake in the business almost a year ago, Gold Medal has traded exceptionally well, clearly demonstrating the strategic importance of having a strong presence in this market. "We're confident the business will continue its strong growth and to generate synergies within the Thomas Cook Group." The deal is structured so that Thomas Cook today acquires an additional 26.31% interest in Thomas Cook Investments Limited, the holding company of Gold Medal, for £25 million to be satisfied by way of a non-interest bearing loan note which is redeemable between April 2011 and October 2011. The remaining 23.68% interest in TCI is expected to be acquired through the exercise of a series of call and put options between January 2010 and October 2010 for a further £22.5 million.