

UK OFFICE
FEBRUARY 2010 REPORT
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TOUR OPERATORS

British Airways Holidays

Meeting was held with Sarah Boyett, Product Manager for Florida at British Airways Holidays to discuss area updates. We were advised that Florida on a whole is down by -35% for British Airways although the London Gatwick -Tampa route still continues to carry heavy load factors five times a week. This is in a stark contrast to other States in the USA which are faring much better and even up year on year. BA advised us that from April 1st 2009 – 31st Mar 2010, they have sold a total of just over 1,000 room nights with the average duration of stay in our area being 7 nights. Advance bookings from 1st April 2010 – 31st Mar 2010 total around 250 room nights to date. Their top 3 selling hotels last year were the Sheraton Sand Key, Hilton Clearwater and The Sandpearl Resort. This year has switched slightly and has seen the Sandpearl Resort move up to 2nd place and the Sirata into 3rd position. The Sheraton again is their top selling hotel within our area for the forthcoming holiday season.

TUI UK – Jetsave, Thomson Worldwide and Hayes & Jarvis

Meeting held with Suzanne Harvey, Product & Contracts Manager at TUI UK to discuss product updates and possible co-op marketing opportunities with either Jetsave or Thomson Worldwide Tailor-made brands. We were advised that Florida and in particular Orlando bookings are slightly up year on year. This has been achieved by having very tight margins. They are finding that the lower priced holidays are proving popular but their more high-end product is suffering and this they feel is due to the current economic climate. Since our meeting, Suzanne has provided us with a co-op marketing proposal which is under consideration. Room night stats have also been provided and are as follows:

Jetsave total 2009 room night stats = 1088

Thomson Worldwide total 2009 room night stats = 251

Cosmos Holidays

A meeting was held with Neil Garner at Cosmos Holidays after the recent departures of Mike Tyerman and Celia Gorman from the Cosmos Florida Product Brand. Neil advised us that he will be covering the Florida product as well as the other brands he currently looks after for the foreseeable future. We were advised that Cosmos/Monarch Holidays have taken the decision to utilise all of their marketing budget to raise their own brand awareness and at present have no plans to co-op with partners. Room night stats for 2010 to date total 59, which is a year on year increase of 40% with their top selling hotel at present being the Dolphin Beach Resort. Cosmos advised us that Charter Monarch Airlines this year will have a total capacity of 20k passengers over the summer months into Florida. They are also at present re-evaluating all of their Florida product but have no plans at present to stop selling the VSPC area as a perfect twin centre destination to Orlando.

Lotus Group

Meeting held with Sarah Wilson, Hotel Product Director for the Lotus Travel Group and Dial-a-flight. Provided Sarah with an update on our area and also discussed training at their call centre in Manchester, which has since been arranged and a date has been confirmed towards the end of April. Sarah advised us that Lotus had spent the first half of 2009 re-developing their website, optimising Google searches as well as their natural searches, and that this is now paying off. The group are now back up and trading at 2008 levels, which for them was a record year. New York is still their best seller followed by Las Vegas and Florida.

Trailfinders

Meeting held with Jane Poyser to discuss product/area updates and to also discuss the forthcoming co-op marketing activity which will be taking place in at the end of April. Provided the marketing department with the most up to date copy, how to obtain images, literature etc in anticipation of the co-op activity. The activity includes a marketing email to their consumer database of over 350k consumers, offers to the area promoted on trailfinders.com and also on the Trailfinders plasma screens in 22 travel centres. TBA.

Bon Voyage Travel

A meeting was held with Theresa Young and Karen Niven at Bon Voyage to discuss area updates and finalise the Florida brochure that we will be partnering with them on again this year, which is due to be launched at the beginning of March. Bon Voyage advised us that 2009 was probably their toughest year in travel since the aftermath of 9/11 with the first five months of the year being extremely difficult in terms of bookings taken. From May onwards things did pick up and in most cases Bon Voyage were able to get back what they had lost the previous months. Year end figures showed that UK visitors to the US were down about 25%, but their own results were considerably better than that. As at Pow Wow last year (May 2009), bookings were 12% down versus the same period of 2008. As the entire UK to US market was nearly 25% down at this stage Bon Voyage had managed to minimise the impact. From May, the turnaround was impressive and they were able to finish 2009 ahead of 2008 by 1%. Considering where they were just 6 months earlier, this was a huge result. Bookings for 2010 thus far are 110% up over Jan/Feb 09. Our joint activities: consumer days, dedicated brochure space in our Florida stand-alone brochure, on-going web promotion, third-party promotions (Prezzybox) and the fact that the entire Bon Voyage Sales Team visited the area last December have all had a major positive impact. Unfortunately Bon Voyage will no longer release actual room night stats to tourist boards as information has been leaked in the past to some of their competitors.

Worlds of Discovery and Tampa Bay & Co

Meeting held to discuss co-op opportunities including forthcoming joint VIP tour operator event, possible inclusion on co-op marketing with Expedia and Travel City Direct and joint training initiatives.

TRADE LIAISON

- Travel City Direct/VSPC/Orlando Tourism Activity – Direct mail and e-mail campaign to the Travel City Direct database will launch in mid-March. Training has been scheduled for TCD reservations staff based in Crawley at the beginning of March to coincide with the activity taking place.

- Online advertising launched with Virgin Holidays as part of our co-op marketing campaign. Online ads running on TripAdvisor for three weeks from the end of February linking through to a VSPC landing page on the Virgin Holidays website.
- Thomas Cook Signature Update –The advertorial (of which VSPC and Orlando received one full page in a twelve page full colour insert in the Sunday Times, Sunday Express and the Mail on Sunday) was distributed during the month of February to a total circulation of 1.6M. Along with this we were featured in the Sales Brochure which launched in February also and is racked in every Thomas Cook and Going Places Retail Travel Agency. Both e-shots promoting our destinations were sent and the screensaver on every computer terminal throughout their retail distribution again promoting the destinations is due at the beginning of March. Further details to follow in next month's report when all activity has taken place.
- TUI/First Choice/Orlando/VSPC Promotion update – The joint in-store promotion with the Orlando Tourism Bureau and First Choice Retail outlets commenced during the month of February. The promotion, as previously mentioned, consisted of an in-store Tri Tower (in 352 First Choice Retail stores nationwide) and a staff fact sheet with Key Selling Points which was distributed to each First Choice Retail Travel Agent. Final results to follow.
- National consumer promotion has been confirmed with Mumsnet which is the UK's largest online social network for parents with 1.4 million unique visitors per month. The promotion will run for a month with mention on the homepage, competition on the competition's page with link to the VSPC website and inclusion in 4 e-newsletters to 150,000 subscribers each time. Virgin Holidays are providing the sweepstakes prize.
- Funway Holidays – Co-op marketing activity has commenced with Funway Holidays which started at the end of January. Activity included a full colour, four-page A4 mini brochure which is distributed to their trade database to rack in store as well as also being distributed to their consumer database. 50,000 copies have been produced and covers both Orlando and St. Pete's/Clearwater as the perfect Florida twin centre holiday. Other activity that has already taken place as part of the co-op promo included a homepage banner ad linking to a dedicated landing page on both the trade & consumer websites. One of the e-mail postcards to both trade and consumer databases has already been sent with the second to follow mid-march. Results to follow.
- Tour America Ireland Update – co-op activity with Tour America will launch in March. Activity includes full size window displays in their store for a month, on-line advertising on yahoo, RTE Ireland and MSN Ireland, national press advertising and a series of e-shots to the Tour America database.
- Fleishman Hillard – We provided Fleishman Hillard in the UK with a recommendation for a UK tour operator who features the new Hyatt Regency Resort in Clearwater and who would be interested in partnering on a press trip to St. Petersburg/Clearwater during the Honda Grand Prix event at to be held at the end of March. Thomas Cook Signature was recommended and details passed on.

- Sunway Holidays Ireland – A co-op marketing proposal including online activity has been received from Sunway Holidays which we are currently considering for September 2010.
- Travel Uni/Selling Long Haul – Provided Travel Uni with details of a competition we will be featured within the March edition of Selling Long Haul Travel Uni pages to encourage further sign up from travel agents for our online training programme. VSPC goody bags will be the prizes on offer and a random draw will take place at the end of April.
- Visit USA Association, UK – VSPC have confirmed participation in the Visit USA consumer e-newsletter due to be distributed to their database of 30k in April. VSCP will have 50 words of copy, an area image and a link to our website. TBA.
- Thomson Florida, Charter – Discussions taking place with to arrange a meeting with Peter Gue, the new Senior Product Manager for the Thomson Charter Florida programme. TBA.
- Discover America Scandinavia – Provided Discover America in Scandinavia with our up to date contact details for their website listing.
- Premier Holidays – Meeting scheduled with Heidi Blades to discuss area updates and possible joint co-op marketing opportunities.
- Thomas Cook Signature - Meeting scheduled with Jill Townsin and Diane Lander to discuss area updates and the recent joint co-op marketing activity that has just taken place with Orlando Tourism.
- Funway Holidays & United Vacations – Meeting scheduled with Lee Burns and Viara Challier to discuss area updates and the recent joint co-op marketing activity that has just taken place.
- Visit Florida – Confirmed attendance at the quarterly Visit Florida meeting which is scheduled for 25th March 2010 in London.
- Kennedy Travel – A trade request for literature from Kennedy Travel, a USA specialist travel agent in Barnsley was received and duly sent.
- Dial-a-flight, Manchester – Training has been scheduled with Dial-a-flight in Manchester towards the end of April. Further details to follow in due course.

TRADE SHOWS

Destinations Show, London

VSPC attended the Destinations Travel Show, which was held at Earls Court in London from 4th – 7th February 2010. On the whole the show was busier than 2010 with the busiest days being Thursday and Saturday. Other US destinations exhibiting were Great Lakes, Missouri, Florida Keys and Capital Region. Total number of visitors: 36,706 (5.2% increase on 2009). Good number of general enquiries received on family travel and more specifically on eco-tourism in the area.

FERIE travel trade and consumer show in Copenhagen, Denmark 29-31 January 2010.

Attended Ferie as part of the Florida's Beaches co-op. The Florida's Beaches stand was manned by Peter Hannaford (Fort Myers & Sanibel) and was located in the US area alongside British Airways and California. The 'Real America' grouping was also at the show which includes North and South Dakota, Montana, Wyoming and Idaho as were the US Virgin Islands. The first day of the show was trade (Friday) and the second two days (Sat/Sun) were consumer .

Copenhagen experienced the worst weather conditions in the 28 years history of the fair and of course this impacted the number of visitors. Those that made it were very keen on all Florida's Beaches destinations. Indeed, there were less enquiries and interest for Orlando activity (which usually accompanies beaches enquiries) that at other shows attended. Lots of requests for specific activities and 'things to do' as well as accommodation. Having BA next to us was quite useful as people were checking availability and prices before coming to our stand and vice versa. Brochures were picked up and read but then often returned, which is not the case at other shows. This said we did get through most of the literature with only a small amount of St Petes Clearwater and Fort Myers / Sanibel material left. This was given to operators for customer use.

Show statistics were as follows:

Total Numbers	32,472 (39,595 in 2008).
Of the 2009 overall numbers	241 were journalist (no numbers for trade participation).
Friday	10,699
Saturday	12,227
Sunday	9,547 (Major snow storm in the morning)
Number of exhibitors	950 (Including 140 in Golf I Bella)
Number of Countries	45
Gross m2	41,000
Net m2	22,500 (Fewer exhibitors meant the stands were more spread out)

Overall a good show with a high quality, interested and affluent visitor which provided a good vehicle for raising awareness and interest in all of the Florida's Beaches areas. Perfectly acceptable to have one person attend and man this show.

Show dates for 2011 are January 28-30.

ENQUIRIES:

Telephone/website enquiries for information and/or literature 108

MARKET INTELLIGENCE:

01 February 2010 – Source Travelmole

Operators urged to adopt online sales – but “jury out” on selling via mobile

Customers will book elsewhere if operators fail to provide an online sales channel, the trade is warned today. Paul Richer, senior partner at travel technology consultancy Genesys, says there has been “considerable growth” in the number of technology suppliers providing e-commerce solutions. “It appears that selling online has become a 'must-do' activity for every tour operator. There are no longer any excuses,” he said. “Saying that your product is too complex, too tailor-made or too expensive to sell online simply won't wash with the consumer. “If you cannot close the deal online there and then, you run the risk of your

customer booking elsewhere.” He was speaking as the company published its latest Tour Operator Technology Review, which highlights significant trends that may affect the way tour operators do business. The review highlights several technology suppliers that can get operators selling online at very low cost. It provides details of 60 tour operator technology suppliers across 170 pages. The new entrants into the tour operator systems market are using the latest development languages to construct straightforward yet reasonably comprehensive reservation systems that are specifically designed for online tour operator sales, according to the review.

03 February 2010 – Source Travel Daily

Kuoni acquires US DMC

The Kuoni Group has acquired as US based TBA Global LLC, its American destination management division. The move enables Kuoni to further expand its own US destination management activities in the MICE field. The new acquisition will be incorporated into Kuoni Destination Management and managed by AlliedTPro in the USA.

04 February 2010 – Source Travel Daily

More than half of Brits will travel internationally in 2010 – report

Londoners most likely to head overseas...New research from First Rate Exchange Services Limited (First Rate) has revealed that 58% of British adults are planning to take a holiday abroad this year. While more than half confirmed the decision, a further 22% said they were still considering their travel options. Londoners are the most likely group to travel internationally, with some 68% saying they will be going on holiday in 2010. Meanwhile in the West Midlands, only 54% said they would be going abroad. Gordon Gourlay, Managing Director, First Rate said: “It is of course good news for the travel industry that the majority of people intend to take at least one international break this year. It appears, however, that in the early part of 2010 there may be greater demand for holidays which appeal to younger age groups, as many families are set to forgo their traditional break or intend to leave it until later in the year to decide whether finances will stretch to a holiday abroad.” Research suggested that the 18-24 age group is the most likely to embark on international travel, with 64% confirming holiday plans this year. However, the 35-44 age bracket, who are more likely to have young children, are less keen, with 10% fewer participants saying they would be travelling in 2010.

04 February 2010 – Source Travel Daily

Holidaymakers to cut spending

The latest e-Customer Service Index (eCSI) survey conducted by IMRG and eDigitalResearch has revealed that one in four people are looking to spend less on their holidays by as much as 50% this year. Meanwhile, according to the survey, 48% of people are more likely to shop online to capture online holiday best deals to save money. David Smith, Director of Operations at IMRG explained: “This marks a shift in consumer purchasing behaviour as more people are swayed by better holiday deals online and are less likely to plan so far in advance. With retailers announcing bumper sales figures over the festive season, it is clear that people preferred to spend their money on instant gratification, as opposed to planning their sunny getaways.”

04 February 2010 – Source Travel Weekly

Trade plans new lobby group to rival ABTA

A rival lobbying group to ABTA representing some of the UK's biggest travel agencies could be set up ahead of this year's general election. It is feared the move could undermine ABTA's attempts to influence government policy as it prepares to take its first manifesto to the House of Lords next month. Institute of Travel and Tourism chairman Steven Freudmann has organised a meeting at the end of February to discuss establishing a lobbying group. The Travel Trust Association, Global Travel Group and Hays Travel have been approached by Freudmann, and several of the largest online travel agencies and some politicians have also been invited. Hays Travel managing director John Hays confirmed he planned to attend the meeting, adding: "I've got an open mind and I'm happy to hear what Freudmann has to say." It is understood those due to attend believe there could be some merit in establishing a proactive lobbying group. The development follows claims last week by online travel agencies, including Holiday Discount Centre, that ABTA was being too heavily influenced by Thomas Cook and TUI over reform of the European Package Travel Directive and UK ATOL regulations. The online agents voiced concerns about ABTA's argument that travel organisers that assemble and sell holiday arrangements should fall under the expanded regulation regime. However, the formation of the proposed new group has prompted criticism from ABTA that it could jeopardise the industry's efforts to present a united front when lobbying government. ABTA chairman John McEwan said he would not feel "comfortable" about another lobbying group being set up. "One of the weaknesses of the industry in the past has been its fragmented approach; now we have an opportunity with ABTA to speak with a unified voice," he said. "ABTA has worked very closely with other associations to make sure we are as cohesive as possible. "Online travel agencies have had every opportunity to contribute their views. I would not see the value in multiple contacts on the lobbying front." ABTA has ramped up its lobbying efforts in recent months with the appointment of head of public affairs Luke Pollard. The association is also to unveil a manifesto at the House of Lords in March, a key strand of which will be a call for a designated tourism minister. Pollard said: "Not having any one person responsible for travel allows the government very legitimately to say 'this is not our responsibility'. The manifesto will form the basis of conversations the trade organisation will have with all three political parties and set out what it wants from the next government. It is widely believed Gordon Brown will call a general election for May 6, to coincide with local elections that day.

05 February 2010 – Source Travel Daily

Scheduled flights rise 4% in February – OAG

Europe to see marginal gains....This month's analysis of the OAG (Official Airline Guide) schedules database indicates that airlines Worldwide will operate 4% more flights in February 2010 as compared to February 2009. The total number of scheduled flights operating in February 2010 is 2,207,461 with an overall seat offering of 272,788,359 an increase of 5% as compared to February 2009. Flight operations within Europe have increased by just four flights to 484,146 but there is a marginal increase of 2% in the offered seats with 1,145,693 more seats compared to February 2009. Traffic to/ from Europe shows a positive growth with an increase of 6% in number of flights and 4% in offered seats. The only region that shows decline this month is within North America. Frequency and capacity within North America have reduced by 1% and 2% respectively whereas flights to/from North America have increased by 3% and offered seats by 2%. Total number of flights that will operate to/from North America is 78,059 and total offered

seats are 15,036,099. The Middle East once again saw the biggest gains, with number of flights and seat capacity within the region expected to rise by 19% and 21% respectively, while flights and seats to/from Middle East reflects an increase of 11% each.

05 February 2010 – Source Travelmole

Rise in “DIY leisure” to have negative impact on agents and operators

Traditional travel and leisure companies have been urged to adapt to a consumer desire for “individual leisure” or lose out over the next three years. The warning came from market research consultancy Finaccord with the release of findings on the future of the hospitality sector. The research shows that market recovery for travel agents and tour operators will take time and the segment is set to decline by one per cent by 2013. But the research distinguishes between businesses with a turnover below £100,000 that saw 4% growth over the past five years, and companies with a turnover between £100,000 and £5 million where numbers fell. The internet has affected travel agents and tour operators very differently depending on their size. The impact has been negative for larger travel agents and tour operators as consumers are much more likely to book travel online, cutting out the traditional travel agent. The story is different for small, specialist travel agencies that have benefited from new opportunities, the research shows. Many small hotels, guest houses and B&Bs (with a turnover below £1 million) will be “assigned to history” while the number of bigger hotels and guest houses (with a turnover between £1 million and £5 million) will grow by 19% in the next five years. After a strong growth of 10% over the past five years, the segment covering private individuals letting out holiday homes and camp sites/holiday parks is predicted to increase by six per cent by 2013 and to reach nearly 50,000 enterprises, Event organisers and venues will be one of the fastest growing SME segments over the next five years in the UK and is forecast to grow by 13% by 2013, according to the research. Company consultant David Parry said: “With the rise of the ‘do it yourself’ leisure, more and more people prefer to organise a wedding the way they want it instead of using a Registry Offices, to holiday in self-catering homes rather than stay in B&Bs, and to make their own travel bookings rather than use a tour operator. “The future lies with individual leisure, unless traditional hospitality companies can adapt to these trends.”

05 February 2010 – Source Travolution

Google sees travel searches surge 21%

Google has seen stronger growth in travel searches in January 2010 compared to January 2009, the search engine reporting a 21% increase in queries and a 7% increase in clicks. Travel queries in January 2009 saw only a 9% increase year-on-year. Cost-per-click rates on travel keywords fell in 2009 with average CPCs now 7% less than this time last year following three years of CPC inflation. Travel queries for 2009 were up 16% on the previous year with car hire showing the strongest growth of 25% followed by hotels at 19%. The search giant has also reported branded holiday queries such as ‘Thomas Cook holidays in Turkey’ are growing at double the rate of non-branded. The trend demonstrates how consumers are looking for the reassurance and security of long-standing brands when looking to spend their holiday money. Growth rates for luxury travel queries have caught up with budget travel terms in the past year, according to the figures. At the beginning of 2009, due to the economic downturn, queries for budget travel such as ‘no frills airlines’ and ‘all-inclusive holidays’ grew more quickly than searches for premium products. The average length of queries, in terms of numbers of words, is increasing with consumers becoming more sophisticated and entering long tail queries.

09 February 2010 – Source Travolution

Dynamic Packaging drives ancillary sales growth for BA

British Airways has seen a significant increase in ancillary sales since introducing dynamic packaging to the website. Last week it told the City that “other revenues” had increased by 9.2% in the October-December quarter, “largely driven by the introduction of new web-based ancillary sales and increased use of Airmiles for hotel and leisure activity bookings.” A spokesperson explained that dynamic packaging was behind this growth in other revenues. “Since we replaced the old shopping basket approach with dynamic packaging, customers have been booking more hotels, car hire and insurance,” she said. “They are comfortable using the site to build their own package holiday and like the savings.” The revenues from dynamic packaging are recorded under the “other revenues” line. The increased use of Airmiles is also being driven by web innovations, she said. BA has recently introduced a feature to the Executive Club channel on BA.com where members can find out more easily what their miles can earn and what inventory and deals are available.

11 February 2010 – Source Travelmole

Thomas Cook posts wider operating loss after reining in capacity

Thomas Cook has made a larger first quarter operating loss than the previous year because it had cut capacity but said it expected cost-cutting and summer holiday sales to right the ship. Releasing its figures for the three months to December 31, the operator said its summer programme was focused on medium haul destinations which made the company more money. Chief executive Manny Fontenla-Novoa said: “The full year results are underpinned by our strong summer programme weighted towards higher margin, medium haul destinations. As a result of this and our cost reduction plans, we are confident that the group will perform in line with board expectations.” He added: “In recent weeks, bookings for the summer 10 season have improved significantly, marking a positive response to our current marketing campaigns and highlighting the resilience of the summer holiday.” The operating loss for the period before exceptional items was £41.3 million, £13.9 million higher than the previous year. Revenue fell 5.6% to £1.7 billion from £1.8 billion the year before. Said Fontenla-Novoa: “Recent bookings for both winter and summer have recovered well following the disruption caused by poor weather conditions across Europe and particularly in the UK. We are underpinning our margins by reducing input costs across all our markets.” The operator reported that its winter programme is now 77% sold – a similar figure to last year – and average selling prices were up 6% with an 8% increase in the last four weeks. It added that booking trends were towards planned capacity. Added Fontenla-Novoa: “We have continued to rebalance capacity towards higher margin, medium haul destinations which now represent 82% of our winter programme. The proportion of customers opting for our more profitable all-inclusive holidays is up 11% and demand for 4 star and 5 star has also increased.”

25 February 2010 – Source Travel Daily

Britons stayed home in 2009

Recession kept Brits in UK...recession struck Britons stayed in the UK for holidays last year, according to figures from the Association of Leading Visitor Attractions (Alva). The Telegraph reported that the country’s leading tourist attractions saw 10.9% more visitors in 2009 than in 2008.