

# UK OFFICE

## AUGUST 2010 REPORT

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### TOUR OPERATORS

#### American Sky

Met with Alberto Boeri, Product Director. American Sky are part of Lotus Group, sending approx 4,500 pax to the USA of which 60-70% is West Coast. They have 185,000 email database and use SEO/PPC campaigns to generate the majority of their business. Send regular e-newsletters to their consumer database. Despite not even promoting it, FL is still their number one destination, with Orlando Homes being the primary product. Currently selling around 300 room nights to STP.

#### Golden Holiday Company

Met with Stephen Powell, Sales Director. They send 15,000 pax a year to Florida. Orlando Homes are their biggest seller but they want to expand their programme to the rest of the Gulf Coast. They use City Tours (Coach Tours only), Allied Tpro & Hotel Beds as receptives - not currently on XML but that will happen very soon and then they will use 4/5 suppliers (all online) so the system will show up the cheapest option for the res staff to book. On average they sell 4 star hotels throughout the USA - they do not sell economy product. They are 25% up in both passengers and revenue to the USA so far this year and the USA is their main priority for expansion and to grow their business. They have 30,000 email database and send an e-newsletter out every 3 weeks.

#### Funway Holidays

A product update meeting was held with Casey Hurford, the new Product Manager at Funway Holidays to discuss our area in general and to provide Casey with up to date information for her to utilise in the future. Funway Holidays are in the process of re-producing their brochures and have decided to add Florida to their USA brochure for the first time. The Florida brochure will also remain as a separate entity and is due for a 2<sup>nd</sup> issue release in November 2010.

### TRADE LIAISON

- TUI Specialist (Jetsave Florida) – Jetsave Florida had extended the co-op marketing activity we had scheduled with them free of charge during the month of July. The results from this promotion are as follows:

Jetsave had a total of 6480 hits to the St. Petersburg/Clearwater promotion page which made up approximately 20% of the overall visits to the site in that particular period. For 2010 so far, Jetsave have seen an increase of 5% YOY. For 2011 they are currently running 50% up YOY and the majority of these bookings have been made since the launch of the joint activity. Room night stats for 2010 as of 31<sup>st</sup> August are a total of 1580 compared to 1550 for the same period in 2009.

- Additional co-op with Virgin Holidays and Travel City Direct launched in August to run for 6 weeks with money secured from the oil spill. Activity as follows:
  - Online banners and advertorial page on MSN
  - Classified adverts in the Evening Standard, Times and Mail on Sunday Newspapers
  - Direct mail drop to 100,000 Travel City Direct customers
  - 3 email blasts to 75,000 customers each time
- Promotion being launched with Travelzoo in September which will feature a dedicated landing page and homepage exposure on their website for the month (3.5 million unique visitors per month) and top billing on an email shot to their database of 1.8 million subscribers)
- A number of co-ops in conjunction with Orlando Tourism are launching in September. All co-ops focus heavily on twin centre holidays and the proximity of the two destinations. Co-op activity is as follows:

#### **Barrhead Travel**

- In-store posters, pop up stands and floor displays in their 15 retail stores for the month of September
- Radio and press advertising in Scotland
- Staff incentives and training
- Website exposure, banners, dedicated landing page and email shots to their database
- Staff Training
- Point of sale in each Branch - pop up stands, Window/in-store posters, floor displays
- Stand at their USA Event on the 4th of September
- Info boxes on their Internal Intranet for our staff to refer to

#### **Bon Voyage**

- 1 E-news out to database (60,000):
- Spotlight feature on website with each e-news to be displayed for 30 days
- Special offers in main destination section of website throughout September

#### **Funway Holidays**

- Banner ads leading to a dedicated landing page for one month (27,000 unique visitors per month)
- E-newsletters to trade database (5000)
- E-newsletters to consumer database 30,000

## **Jetsave**

- Homepage banner leading to dedicated landing page, live for month of September (125,000 unique visitors per month)
- 1 email out to database of 100,000
- Advert in Sunday Mirror Newspaper (circulation 2.3 million)

## **THG Holidays**

- Press ads to run in local newspaper over 6 weeks (total circulation 600,000)
- Additional Florida activity – in addition to all the co-ops the UK Office is running in September, Virgin Holidays have launched a national integrated campaign in the press and on radio and Orlando Tourism are running a television campaign.
- Sunway Promotion – Finalised details of the forthcoming Sunway co-op marketing activity which includes a banner ad on the USA website homepage, dedicated landing pages for both St. Petersburg & Clearwater, takeover of their e-newsletter in mid September and two trade faxes advertising special offers to the area. The activity will take place during the month of September.
- Final activity with Virgin Holidays as part of the original co-op plan is the email to their Frequent Virgin Club database of 65,000. Email will link to a full page on VSPC and will launch in September.
- STA Travel – Provided Paul Celaschi, North America Contracting Manager with details of a contact at the Postcard Inn on St. Pete Beach. Discussions are also continuing to take place regarding training their call centre agents in the near future.
- Opodo – Opodo have advised us that they have a new team member in place who will be able to assist with up to date room night stats etc and these are due to follow shortly. We have also been approached with new marketing opportunities that are being perused at the moment.
- Virgin Holidays Staff Incentive – After discussions with Virgin Holidays, we agreed to extend the call centre staff incentive into the month of August as well as July to assist in generating more sales to our destination and are awaiting final results.
- Travel City Direct Staff Incentive - The TDC staff incentive for their reservations agents during the months of June and July was finalised and 115 room nights were booked as a direct result of the staff incentive. Prizes are to be awarded in the coming weeks.
- Virgin Travel Centres – The Virgin Holidays Travel Agency staff incentive has now also finished and we are waiting for final results to report back.
- Provided Theresa Young at Bon Voyage with details of how to download VSPC video footage from our FTP site for them to utilise on their website.
- Attraction Tickets Direct Ireland – A new branch of ATD has opened in Dublin Ireland and brochures and area maps were requested and duly sent out.

- Ambassador Travel – A new Independent Travel Agency that recently opened in Cheam, Surrey held a USA day in the beginning of August and VSPC provided them with posters, visitor’s guides, area maps and giveaways to utilise on the day.
- TravelBiz – Confirmed and finalised details in conjunction with Visit Florida and TravelBiz for a one page editorial to be featured in this Irish Travel Trade Directory. TravelBiz is a very well known and long established publication that is read by all of the major tour operators and travel agents in Ireland and also used as a source of information.
- Selling Long-Haul Update – Adverts for the July/August/September editions have been finalised. Selling Long Haul has also given a full page in the September edition free of charge. The article will feature new attractions and hotels in the area as well as information on the best way to sell St Petersburg/Clearwater.

## **ENQUIRIES:**

Telephone/website enquiries for information and/or literature

72

## **MARKET INTELLIGENCE:**

03 August 2010 – Source Travelmole

### **No deal for British Airways**

Talks between British Airways and the cabin crew union Unite ended yesterday with no sign of the two sides reaching a deal. BA issued a brief statement which read: "There was a short meeting at ACAS today and there are plans to meet again next week." No date has been given. Meanwhile, Unite is threatening to ballot its cabin crew members for further strikes starting in September. BA is continuing to train volunteer cabin crew and insists that even if further strikes do take place it is confident it will still be able to operate all its long-haul flights from Heathrow. Earlier BA chief executive Willie Walsh said: "I want to reach a resolution but we are preparing for further industrial action." Last week BA said industrial action by cabin crew had already cost the airline at least £184m.

06 August 2010 – Source Travolution

### **Travelsupermarket.com to be revamped**

Comparison site travelsupermarket.com has seen a number of key metrics drop by more than 20% in the six months to end-June. The figures were revealed in parent company MoneySupermarket.com Group’s interim results released this week. However, group chief executive Peter Plumb said: “We are developing an investment plan designed to deliver a stronger offer on travelsupermarket.com, which has weathered a tough time in an extremely challenging environment.” The “tough time” is quantified as follows. In the six months to end June 2010, revenues from travel came in at £7.5m (H1 09: £9.5m) and accounted for 10% (H1 09: 14%) of total group revenues. Other KPIs were also down. Visitor numbers dropped to 17% to 19.9m while transactions dropped 26% to 12.5m. The group said that travelsupermarket.com was being managed for margin, and that the visitor numbers were down as a direct result of a reduction in marketing costs. Revenue per visitor was down in

the half while revenue per transaction was up. The plan to revamp the product proposition within travel is being worked on so that “it is well-placed to compete when the travel markets in which it operates return to more normal levels of activity.” Travel is one of four verticals within the group, with money, insurance and home services.

06 August 2010 – Source Travolution

### **Ebookers sees room nights rise 58%**

European OTA Ebookers recorded a 58% increase in stayed room nights during the second quarter of 2010, continuing its strong run of results. Parent company Orbitz Worldwide released its second quarter earnings this week. Chief finance officer Marsha Williams said that Ebookers would be a positive contributor to adjusted EBITDA for the full year, and that “the numbers coming in are stronger than anticipated”. Ebookers also increased the number of transactions handled by 28%, with chief executive Barney Harford noting strong growth in air and packages as well as the lift in room nights. He added that the impact of the ash crisis “was less than we expected” and that the economic worries in Greece, Italy and Spain had little impact on Ebookers main source markets which are in northern rather than southern Europe. When asked for a comparison between Ebookers and booking.com, Harford pointed out that Ebookers is a full service OTA while booking.com is accommodation only, “so they are not directly comparable”. HotelClub is Orbitz’ international hotel-only product, and its performance continues to be “soft”. Harford admitted that HotelClub’s search engine optimisation and search engine marketing approach “was several years out of date in terms of best practice” and that this area is a key focus for the new management and tech teams recently appointed. Ebookers is expected to continue to improve “as more of the US business comes onto the global platform [and we can]open up some of the test-led optimization that we are doing.” He went on to explain the thinking behind having all its brands on the same platform: “We think that how customers plan and book travel online is quite similar across most geographies. “Our goal is to get all the OTAs businesses onto the same platform, while leveraging the data and personalisation capabilities to reflect the individual characters of folks from Scandinavia versus Benelux versus the UK,” he said.

09 August 2010 – Source Travelmole

### **STA buys Bridge the World**

STA Travel Group will move into the over 50s market next month after purchasing the Bridge the World brand from Stella Travel Services UK. The company, which currently specialises in young people's holidays and adventure trips, will use the Bridge the World name for its new venture. STA said it wanted to give its customers “somewhere to migrate to”. Bridge the World was founded in 1989 and specialises in long-haul travel to Australia, New Zealand, the South Pacific, Asia, North America and Africa. STA has appointed James Herbert as commercial director for Bridge the World, reporting to STA group managing director John Constable. Constable said: “Bridge the World has a strong heritage and our research shows that consumers still maintain an attachment to the brand. “This is certainly credit to the original founder, Jerry Bridge. Securing Bridge the World will be of real benefit to the STA Travel Group as we enter this market in September and we look forward to introducing our new proposition to consumers.”

09 August 2010 – Source Travelmole

### **US to start charging for tourist entry**

European travellers to the US will have to pay an extra \$14 from next month for electronic visas. The visas, known as an Electronic System for Travel Authorisation (ESta), have been compulsory for UK tourists and other European visitors since January 2009. At present, they are free, but from September 8, the US will start charging \$14, or around £9 based on the current exchange rates. The move has been criticised by the European Union, which said it could deter or complicate travel. Consumer groups are advising people planning a trip to the US to apply now, before the new charge comes into force. The ESta lasts for two years, or until a person's passport expires. Visit USA said although it did not support any taxes on tourism, it was relieved at the price set. "We had expected it to be around \$17-20, so we were pleasantly surprised that it is \$14, which comes in at around less than £10 a head with the exchange rate," said a spokesman. He said agents should warn customers that there are bogus websites around charging higher rates. "Agents could benefit their customers by offering advice and referring them to our website to avoid being ripped off," he said.

10 August 2010 – Source Travelmole

### **TUI downbeat over UK margins**

TUI has warned that its full-year profits will be at the "lower end of the range of expectations" after a weak performance in the UK market. The travel giant said it was being forced to sell more late holidays at lower margins, hitting UK profitability. It said the volcanic ash cloud disruption, good weather and post election uncertainty has all hit UK sales. The group as a whole saw a 4% fall in sales to £3.4 billion during the last quarter. Underlying operating profit was up 1% to £103 million for the three months to the end of June. This figure excludes the cost of the volcanic ash crisis – now estimated to be around £105 million. "The strong booking trends experienced up until the volcanic ash disruption in mid-April and the subsequent rebound in early May were not sustained throughout the early summer period," said Peter Long, chief executive of TUI Travel PLC. "This was particularly marked in the UK source market where trading was affected by further airspace closures, good weather and post election uncertainty regarding the emergency budget. All of these factors have had an impact on consumers' booking patterns. "Consequently, the booking curve has shortened and the mix of lates market sales for summer 2010 has increased. The higher than expected proportion of sales in the lower margin lates period will inevitably affect UK profitability. Additionally in Germany, although volumes have been good, there is continued price pressure in commodity segments. "When we take the later booking curve and the adverse impact of foreign exchange translation into account, we believe that the results for the year will be at the lower end of the range of expectations. "Furthermore, it remains difficult to predict how the later booking pattern will change over the next 12-18 months in the light of the current economic environment. We are, therefore, taking a more prudent view of the outlook, including the timeline for the delivery of our margin roadmap. "Nevertheless, I have a strong belief that our continued focus on differentiated product, turning around underperforming businesses and growth initiatives will enable us to achieve our medium term margin targets". TUI said since its last update, industry booking volumes were around 10% down on the prior year in the UK. "Within this difficult market context we traded relatively well, but nevertheless have experienced slower booking trends (2% lower in the period) compared to the strong trading seen before April. "This has resulted in more stock left to sell in the lates period, leading to lower

booked margins than previously expected. Whilst demand has improved in recent weeks, margins are lower than previously forecast and load factor is now 83%, one percentage point lower than the prior year.”

For winter 2010/2011 cumulative bookings in the UK are up 3% and bookings in the last four weeks are up 22%. TUI said thanks to improved productivity of its fleet in its winter flying programme and a change in the fleet mix in Canada from B757s to B737-800s, there is a capacity increase in the UK for Winter 2010/11. “It is currently too early in the booking cycle to determine whether we will achieve a margin benefit from these actions given the current economic environment,” it said. “Whilst encouraged by early trading for the upcoming winter season, we remain cautious on the outlook for demand beyond this financial year given the uncertain economic environment facing many of our customers and therefore we are taking a more prudent view of the timeline for the delivery of our margin roadmap. “However, with a continued focus on offering more unique holiday experiences and improving the profitability of our poorer performing businesses we remain confident that we can still achieve our medium term margin targets.” According to Bloomberg, TUI's share price dropped 8.4% to 206.7p at 8:10 a.m. in London trading, while Thomas Cook's fell 6% to 186.6p.

12 August 2010 – Source Travelmole

### **Strike misery threat to UK holidaymakers**

Unite the union will announce today whether it will bring six UK airports to a standstill later this month, causing chaos for hundreds of thousands of holidaymakers. The union has called on more than 6,000 workers at all BAA-owned airports to vote in favour of strike action in a dispute over pay. The result of the ballot of airport workers, including essential staff such as fire fighters, security guards and engineers, will be revealed this afternoon. BAA says that if strikes go ahead it will have to close Heathrow, Stansted, Glasgow, Edinburgh, Aberdeen and Southampton airports.

13 August 2010 – Source Travolution

### **Plans for Thomas Cook OTS ‘well underway’**

Thomas Cook’s drive to become one of the largest OTAs in Europe will start in October, according to comments in the travel companies interim results released this week. In the section of the statement devoted to 'strategic progress', it said: “Plans for the online travel agency are now well underway and we expect the organisation to be largely in place for the commencement of the next financial year on 1 October 2010. It added that “bookings of independent and mainstream products over the internet have risen by 11% year on year”. Thomas Cook has previously said that it might consider buying a business in order to kick start its online travel agency. A number of OTAs are thought to be of interest, but Thomas Cook remains tight-lipped. However, it does have “£800m of borrowing headroom” following a refinancing of the business. Headline findings from its third quarter results show that full-year profits for the group will come in at the lower end of expectations. Chief executive Manny Fontenla-Novoa said that bookings had not picked up in the UK following the ash cloud.

13 August 2010 – Source Travolution

### **Travelzoo UK reaches 2 million milestone**

Nasdaq-listed media business Travelzoo has announced that it now has more than 2 million unduplicated subscribers in the UK. In the past year it has added more than half a million subscribers, equivalent to a year-on-year growth of 36%. Other statistics revealed today relate to the activity of the subscribers. In the first six months of 2010, average weekly clicks to the UK edition of the Travelzoo Top 20 grew 50% over the prior year period, well ahead of the rate of new subscribers. Average clicks per week were 678,318, up from an average of 451,957 clicks per week in 2009. The single biggest week so far this year, in terms of click volume, was 4 August, when Travelzoo subscribers clicked a record 866,634 times on deals recommended in the Travelzoo Top 20.

17 August 2010 – Source Travelmole

### **Airport strikes called off**

Planned strikes by airport workers have been called off after talks with the unions yesterday. Acas issued a statement late in the evening saying a settlement had been agreed between BAA and Unite, Prospect and PCS trade unions. "As you would expect the details of the deal are confidential until the parties report back to their respective constituencies," said Acas chief conciliator Peter Harwood.

Details are expected to be announced this afternoon. The unions will now be balloting their members on the proposed settlement with a recommendation that members vote to accept it. A BAA spokesperson said: "We are pleased that the basis of an agreement has been reached on pay, that is fair to staff but which also reflects the difficult economic climate. "Our priority is to work with our people to improve the service we provide passengers and airlines, and we look forward to doing that in the busy weeks ahead." The news was greeted with relief from the travel industry. Bob Atkinson, travel expert at [www.travelsupermarket.com](http://www.travelsupermarket.com), said: "Thankfully, both the BAA and Unite have been able to resolve this dispute knowing that there would be outrage amongst UK travellers if strike action had gone ahead. "Enough is enough this year and consumers have already had to contend with a range of challenging travel problems in 2010."

19 August 2010 – Source Travelmole

### **Kuoni half year results**

Kuoni says it is optimistic about forward bookings despite the ash crisis, British Airways strikes and heavy snow denting sales for the first half of the year. Sales for the UK and Benelux were down 9.4 per cent to £166 million for the first half of the year and the region's bookings to August 8 were six per cent down on last year. The group's losses for the first half of the year were £23 million, an improvement on the £30 million for the same period last year which it put down to cost reductions and increased margins. Kuoni CEO Peter Rothwell said the group had seen 'considerable improvement' in July turnover and margins. It reports stronger forward booking levels for the second six months with bookings for the last eight weeks to August 8 nine per cent up on last year. The cost of the Ash crisis, at around £29 million was also lower than first estimated. Rothwell said: "Demand in the UK market suffered severely from the effects of the volcanic ash crisis, heavy snowfall and repeated strike action at the national carrier." He added: "Given the stronger booking levels that we are seeing for the second six months, we expect to post a turnover that is a single-digit percentage increase on the previous year. "At the same time,

sustainable cost savings and improved margins should result in an underlying EBIT margin close to three per cent for the full year."

20 August 2010 – Source Travolution

### **Value of online sales hits three years high**

The value of online sales hit a three-year high in July, with travel showing the sharpest month-on-month growth of any sector. However, companies with both an online and high-street presence saw double the rate of growth of internet-only retailers. The latest IMRG Capgemini e-Retail Sales Index showed an 18% rise in internet sales year on year in July – the highest growth rate since 2007. Total online spending in the month hit £5 billion. Online travel sales were up 18% in value on July 2009 in line with the general trend, but 32% higher than in June 2010 – more than double the rate of growth in almost all other sectors. Average growth in online sales from June to July was 14%. Multi-channel retailers saw average month-on-month growth of 18% across all sectors in July compared with 8% for online-only retailers. Capgemini head of retail consulting and technology Chris Webster said: "The stand-out result came from the travel sector, boosted by shoppers taking advantage of last-minute deals to escape the disappointing summer." The index is produced by e-retail industry body IMRG and technology consultancy Capgemini.

26 August 2010 – Source Travelmole

### **Holiday market will take 5 years to recover, says Mintel**

VAT increases and higher fuel costs will make holidays more expensive from next year, which could cause a further dip in the market, says a new report by Mintel. Although its report said there was a 'small chance' of a major boom in revenue as Britain emerges from the recession, it admitted this was unlikely. "Recovery is not a word that can be applied to the holiday market in the coming five years," it warned. "Higher holiday prices due to high VAT will hurt the market as the costs of low-cost flights are increased." According to Mintel, overall spend on overseas holidays is forecast to rise by 17 percent over the next five years, which is significantly more than from 2005 to 2010, but the rise will be driven by higher holiday costs. "In constant price terms, expenditure on holidays will decline by 1.6 percent between 2010 and 2015," it said. "Changing exchange rates and higher fuel costs will play a major role in holiday prices in the coming years and higher prices will limit volume growth." Mintel's consumer research for Holidays - Attitudes and the Impact of the Recession - UK, January 2010 report suggests that if low-cost flights disappeared, those most likely to travel less would be the ABC1 pre-/no family group. The two markets that would be most affected would be overseas city breaks and holiday homes. Good news for travel agents, however, is that the recession has led to more people booking short break through high street outlets rather than online. Its report found that in 2009 travel agents and tour operators became 'noticeably more popular'. The report concluded: "In the coming years, while beach and family holidays will continue to dominate the market, more diversification will be seen in holiday types," claimed Mintel. "Niche products/destinations will see the fastest growth." It also predicted that the use of collaborative online social media, such as Twitter, Facebook and TripAdvisor, will increase, which 'will challenge traditional notions of brand authority and marketing'.

26 August 2010 – Source Travelmole

### **ABTA urges holidaymakers to avoid US visa charge**

ABTA is urging holidaymakers planning trips to the USA within the next two years to apply online for their ESTA before charges of \$14 per person come in on 8 September. By applying early a family of four will save \$56, approximately £40, it said. All passengers travelling under the Visa Waiver Program must have a valid ESTA to gain entry to the USA. The US Government has introduced the charge to fund promotion of the USA and with on average four million visitors arriving in the USA from the UK, British visitors will contribute up to \$56 million a year. ABTA Head of Public Affairs Luke Pollard said: "We fully support the US Government's wish to encourage people to visit their country. However charging visitors \$14 each to fund this drive seems a rather odd way of doing so. "Customers should go online to obtain their ESTA before 8 September to avoid the charge." An ESTA is valid for two years. To apply for an ESTA go online to <https://esta.cbp.dhs.gov>.

27 August 2010 – Source Travolution

### **Online travel to grow 13% in 2010**

More than 40% of the UK's travel will be booked online this year, according to shopping site Kelkoo's latest city index. The consumer-facing release included a "travel outlook" section, which found that travel expenditure is expected to reach £41.1bn or £669 per person in 2010. This is only £1bn up on 2009 and remains below pre-recession levels. However, online travel continues to grow despite the slowdown. Kelkoo estimates that online travel bookings this year will be worth £17.6bn, 13% ahead of 2009. Online bookings will account for 42.8% of all UK travel spend. The consumer angle of the index is based around what Kelkoo identifies as the top ten priorities for British travellers looking specifically for city breaks. It found that 85% of Brits said affordability is their "number one city break holiday clincher", followed closely by security (81%), the weather (78%), and good food (77%). Kelkoo then combined the findings from its research with a variety of publicly available statistics to work out which destinations should be leading the way. Lisbon "should be the number one city break destination for UK travellers this year," it claims. Kelkoo was formerly owned by search giant Yahoo, which sold the price comparison site to UK private equity house Jamplant in October 2008. Techcrunch reported at the time that the price paid was "something less than €100m".