

UK OFFICE
JULY 2011 REPORT
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UK Director

TOUR OPERATORS

Stella Travel

A meeting was held with Jonathan Couch, Product Manager at Stella Travel Services to discuss area updates, training opportunities and joint marketing initiatives. We were advised that Travel 2 will be launching a new dedicated Florida brochure in October 2011 and that they plan to include four hotels in our area (Two in St. Pete Beach and two on Clearwater Beach). 60,000 brochures will be printed and distributed through their independent travel agent partners which at present stands at 5,000 throughout the UK. They have yet to decide which hotels they will be featuring but plan on using a 3rd party receptive for the first year to book these as timelines are short and they do not have time to contract directly but will review this over the coming year. The brochure will also feature other areas in Florida including Orlando, Miami, Sarasota, The Florida Keys and Ft. Lauderdale. We also provided Jonathan with up to date FTP site details to obtain area images, area copy and key selling points information.

Bon Voyage

A meeting was held with Karen Niven, Product Manager at Bon Voyage. Florida is selling well for them this year and St. Pete/Clearwater continues to be their best selling beach destination in the State. Provided Karen with new imagery to update their website and also provided them with some giveaways to use in competitions they run on their Facebook page and to help promote the area to their fans.

Black Tomato

A meeting was held with Sophie Hamzah, Product Manager at Black Tomato to discuss our area in general and to also offer assistance with any information that they required. We were advised that Black Tomato only currently feature Miami in Florida and as yet have no plans to expand their product portfolio. Provided information for Sophie to hold on file should this directive change in the future.

TRADE LIAISON

- UK & Ireland Sales & Training Mission – Work continued on finalising details for the forthcoming UK Sales & Training mission which is due to take place in October 2011. Trainings have been secured at the following tour operators: Barrhead Travel, Funway Holidays, Virgin Holidays, American Holidays, Tour America and Gold Medal Travel/Net Flights. Sales and product update meetings have also been secured with Trailfinders, BA Holidays and TUI Travel PLC (Jetsave Holidays, Hayes & Jarvis and Thomson Tailormade). During the mission we shall also be hosting travel trade lunches in both Dublin and London. Invitations for both lunches have now been sent out.
- Followed up with Virgin Holidays per the June meeting for a status on product. Virgin are still considering whether to add additional self-catering accommodation and will revert in August.
- Visit St. Petersburg/Clearwater Fam Trip – Followed up with all of our FAM trip partners in resort (hoteliers, attractions etc) to thank them for their assistance on the recent UK Fam trip in conjunction with Virgin Atlantic and SeaWorld Parks & Entertainment.
- As follow up to the meeting with BA in June, they have now confirmed they can offer discounted travel industry fares to Tampa from mid-November to mid-December 2011 and May 2012 to use as part of our proposed trade appreciation months.
- BA Holidays – Confirmed participation in the British Airways Holidays Winter Sun Campaign. Activity will include Press, Outdoor and Online marketing as well as e-mail communication and activity on their website.
- Z-Cards – Work has commenced on the in-flight z-cards that we will be producing for BA to be distributed on all their flights into Tampa and Orlando. The z-card will be a destination information piece and will be provided to all customers travelling during the month of September 2011. The Z-card will have general information on our area including information on the beaches, culture, attractions etc and will also have a URL to our Hot Deals page on our website for cut-price hotel deals.
- British Airways – British Airways have confirmed 12 free seats on the LGW-TPA route for a joint familiarisation trip scheduled to take place in May 2012. The Fam will be escorted by the UK office as well as a representative from BA. 10 top selling travel agents/tour operator reservation staff will be invited to join us and work has started on deciding which agents/operators will be invited to attend.
- Barrhead Travel – Discussions took place with Barrhead Travel to secure a staff incentive for the month of September to encourage late sales for autumn and winter 2011 as well as advance sales for summer 2012. The staff incentive will be based on the 3 top selling agents winning an iPad, iPod Touch and an iPod Nano and will last for the period of one month. In exchange for the prizes Barrhead Travel will be

providing us with a banner ad on the website homepage linking through to a dedicated landing page for the duration of the incentive.

- Tour America – As part of our joint marketing plan with Tour America, this month saw a copy of a dedicated e-newsletter featuring St. Petersburg/Clearwater sent out to the Pigsback database of 600,000 Irish consumers.
- Trained a total of 10 front line sales staff at Bon Voyage in Southampton. Provided the staff with area updates and up to date literature as well as training giveaways.
- Will partner with Visit Florida and Bon Voyage in a consumer booth at Gun Wharf Quays Shopping Centre in Portsmouth over the weekend of 3rd and 4th of September. Expected footfall is 75,000 per day. Bon Voyage will put together some enticing offers to our area and will distribute their Florida and Beyond brochure and we will hand out Florida information including our visitor guides. There will also be a competition to win a £100 shopping voucher and this will allow some data capture.
- Visit USA Association Ireland – Confirmed participation in the annual VUSA Committee Ireland Travel Agent workshop which is due to take place in September 2011 at the Radisson Blu Hotel in Dublin. This highly successful event will see the best performing Travel Agents from Dublin and surrounding areas attending the event. The day will start with a welcome breakfast followed by a Pow Wow style conference.
- Confirmed participation in the forthcoming Visit Florida tour operator advisory lunches being held in London and Dublin.
- Visit USA Association Ireland – As part of our annual membership, Visit St. Pete/Clearwater are able to have a free banner ad on the website homepage for a total of 2 months. The VSPC office assisted us in the production of a banner ad design and this has now been forwarded to the VUSA Association in Ireland for inclusion on the website during the months of September and October 2011.
- Matalan/Travel City Direct Promotion – The recent national consumer promotion with Matalan reached 14.12 consumers over a one month period with an equivalent media value of £278,900. 834,081 Matalan customers entered the competition.
- Virgin Holidays – Work continued on approving the final elements of our joint marketing campaign with Virgin Holidays for the remainder of 2011 which included a latest/special offers e-mail to their consumer database.
- Virgin Holidays Retail Marketing –Contacted Julia Mullin, Retail Marketing Manager at Virgin Holidays Retail for a joint retail marketing proposal which we are still waiting for.
- Kenwood Travel – Contacted Andrea Lovering, Product Manager at Kenwood Travel to see if we are able to meet to discuss product and our area in general. We have been advised that Kenwood Travel are currently in their contracting season and as such

have asked if we can contact them again in the next few months to arrange a meeting at a later date.

- Virgin Holidays Retail – As reported last month we ran a joint promotion with Virgin Holidays Retail stores in their USA Lates Brochure (1,000 copies per branch) as well as offering a front line sales staff and branch manager incentive based on a minimum requirement of 5 bookings to the VSPC area. The incentive has now finished and we are awaiting results from the campaign. Results to follow next month.
- Titan Travel – Discussions ongoing with regards to training their call centre staff and currently waiting to hear back regarding this.
- Bellingham Travel – A request was received via the UK office of Visit Florida to assist with brochures and giveaways for Bellingham Travel based in Jersey for their annual Consumer Travel Day which sees approximately 300 consumers visit the travel agency for this annual travel fair. Brochures, paper bags and giveaways were duly sent.

ENQUIRIES:

Telephone/website enquiries for information and/or literature

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MARKET INTELLIGENCE:

01 July 2011 – Source Travel Daily

Air traffic grows but still at risk, says IATA

Air passenger traffic increased 6.8% in May this year compared to the same month in 2010, according to new figures from International Air Transport Association. Statistics from the association show that European carriers' traffic rose 10.9% year-on-year due to an increase in spend in northern Europe. The weak Euro is also said to have encouraged business and inbound travel. European airlines posted the second biggest growth in capacity at 10.6% after Latin America and the European load factor increased to 77.7%. All markets had seen an increase in traffic although North American carriers were the only market to cut capacity.

WTM boosts technology and online focus for 2011

World Travel Market is to increase its focus on technology and the online travel market at this year's exhibition. The events' organisers expects the section to grow by 20% and will include online travel agencies, hotel reservations companies and mobile solution providers. This will include two new pavilions for mobile technology and start-up companies and a technology-focused event on Monday 7 November, as well as the TOT Theatre and WTM Hotel Distribution Summit, which was launched last year. "The interest in exhibiting at WTM's TOT section is phenomenal, I'm delighted with the new exhibitors we have on board so far, as well as the number of exhibitors which are expanding their stand space following a successful WTM 2010," said Jo Marshall, TOT sales manager at WTM.

05 July 2011 – Source Travel Daily

Brits travelling ‘further from a younger age’, says study

Britons are travelling further and from a younger age, according to a new study by Eurostar. The rail operator’s latest study, which was commissioned to measure the environmental impact of holidays (see today’s Green News section), found that 48% of 18-24 year olds took their first holiday when they were five years old or younger, compared to less than 3% of over-65s. In addition the results indicated that 55% of Brits take up to three flight based holidays a year and 6% take at least five return flights for leisure travel. The findings were released as part of Eurostar’s Tread Lightly programme and the rail operator has raised concerns at the number of flights taken by Brits. Meanwhile, figures from Octopus Travel have shown that 90% of its customers are opting for hotels in a three star rating or above. As a result, many consumers are taking shorter stays, with sales for one-night stays increasing 10% on last year’s numbers.

International tourism continues to grow. London remains key city-to-city travel point...

International tourist arrivals increased by 4.5% in the first four months for 2011, according to the latest issue of the UNWTO World Tourism Barometer. Between January and April 2011 destinations worldwide recorded 268 million international tourist arrivals, some 12 million more compared to the 256 million registered in the same period in 2010. April was the strongest month with an estimated increase of 6%, reflecting the late Easter holiday and contrasts with the weak April of 2010 when the ash cloud closed European airspace. January (+6%) was also strong, while February and March were comparatively weaker (both at around 3%). Meanwhile, a recent report by Amadeus has shown that London remains a key city pairing in airline routes. The company’s latest ‘Amadeus Total Demand by airconomy’ report has shown that London-Tel Aviv, Dubai-London and Paris- Cairo are top examples of city pairs. Traffic between the Middle East and Europe in particular has increased 10.7% (Q1 2009 vsQ1 2010 and 2011) and demand between Europe and Asia Pacific has also risen 4.8%.

12 July 2011 – Source Travel Daily

Airports kick off anti-APD rise campaign

Airports across the UK have started a campaign against the planned increase in Air Passenger Duty (APD) in the next budget announcement. Passengers travelling through airports will be handed leaflets by staff wearing t-shirts emblazoned with ‘Hands off our Holiday, Mr Taxman’, urging them to email their MP through www.handsoffourholiday.com. The campaign follows a poll that found nearly four in five people were unaware of the proposed tax increase and three quarters of the public opposed the rise “We want to help raise the awareness over these planned increases in APD, to our passengers,” said Robin Tudor, head of PR for Peel Airports.

Travel 2 ups sales strategy in 30th birthday lead-up

Travel 2 has increased its agent facilities and sales team to show its commitment to working solely with the travel trade. The tour operator is prioritising agent relations in its new strategy and aims to visit a minimum of 100 travel agents in a week. To support the plan Travel 2 has expanded its sales team, beginning with ex Gold Medal Tracy Hirsz as head of business development. The tour operator also has several new product expansion in the

pipeline, including a standalone luxury product; new cars and cruise brands; a telephone account management scheme for agents; an online training academy and closer work with homeworkers.

12 July 2011 – Source TTG

Cook shares plunge 28% after profits warning

Thomas Cook has issued a profits warning and launched a “fundamental” review of its UK business. Cook said its UK sales were being hit by “difficult trading conditions” and also blamed the continuing crisis in north Africa and the Middle East for affecting sales. The news sent Cook’s shares plunging by as much as 28% on the London Stock Exchange from an opening price of £1.25 to as low as 87p before recovering slightly in early trading today. Europe’s second biggest tour operator said that underlying operating profits for the three months to the end of June were likely to be around £20 million - £5 million lower than for this quarter in 2010. Cook said this drop would reduce its profits by around £40 million for the nine months to the end of June compared to the previous year. Cook now expects its underlying operating profit for the full financial year to be around £320 million compared to £362.2 million in 2010. The company said in a statement: “The Middle East North Africa (Mena) impact will be substantially higher than previously estimated, with our French business in particular seeing further reduced demand and lower margins during peak season for its key destinations of Egypt, Tunisia and Morocco. “The profitability of our UK business continues to be impacted by the difficult trading conditions, mainly as a result of the continued squeeze on UK consumers’ disposable income. “As a result, it is now appropriate that we revisit the effectiveness of our UK business model. The UK’s new management team, which we announced at the time of the interim results, has begun a fundamental strategic and operational review of the business.” Cook added that its summer 2011 programmes were “well-sold” across most markets although it said it was having to keep UK prices “competitive” which was improving load factors but hitting its profit margins.

12 July 2011 – Source Travolution

Generic travel searches double as consumers hunt deals

Generic travel searches in February 2011 nearly doubled year on year as consumers hunted for bargains, according to new data from search specialist Greenlight. Of the 3.1 million travel-related searches on Google in February, 61% were non-destination specific. That works out to a huge 1.9 million non-specific searches - an increase of 192% year on year. According to Greenlight, this increase in generic searches shows consumers are less concerned about their destination than about finding a good deal. This could explain the 10% increase in people searching for Europe-based holidays. With less money to spend, consumers may be shying away from expensive long haul flights. Thomson capitalised on the search spike, claiming the top spot in natural search on Google with 64% share of voice. It scored a 39% share in paid search. IceLolly came in second in natural search with 16% share of voice, but dominated paid search with a 51% share. Travel Republic remained the most popular brand in Greenlight’s social media league table, attracting a combined following of over 51,000 Facebook fans and Twitter followers. It continued to encourage people to join its Facebook group by offering new fans the chance to win free flights and hotel stays.

14 July 2011 – Source TTG

US to stage 'coming out party' at World Travel Market

The new organisation formed to promote the US as a destination is planning a major launch at this year's World Travel Market in London. The Corporation for Travel Promotion wants to unveil its branding and details of a global marketing campaign as part of a "coming out party" at WTM in November. The corporation is expecting to have a budget of \$150 million in funding to promote the US around the world in its first year of operation. The plans were unveiled by the corporation's chief executive Jim Evans at a meeting in Chicago yesterday when he added that the full marketing campaign was likely to be launched at the ITB trade show in Berlin in March 2012. The corporation's activities will be funded by the \$14 fee now paid by visitors from countries in the Visa Waiver Programme, which includes the UK. There will also be matched funding from the US travel industry.

14 July 2011- Source Travel Daily

Travel companies remain positive in last-minute booking market

Travel companies appear to be optimistic in the run up to summer this year, despite the unsteady last-minute market. In a trading update released today Youtravel's managing director Graham Nichols said the last minute booking trend would be later this year and the market will remain tough for holiday companies. "We've seen bookings increase by 15% compared to last week, but there are continued pressures on margins and revenues. There are signs that eagerly awaited late bookings the signs are that this will continue," explained Nichols. "The next few weeks' trading are crucial for the UK travel industry and all eyes are watching sales levels in every business in our industry." Meanwhile, self-catering specialists Holiday Lettings has seen enquiries and bookings for properties surge a third throughout June as lead-in times continue to shorten. Bookings in June increased 44% at the company with the UK and Spain named as the leading destinations and it has found that 38% of customers have not yet booked a summer holiday.

15 July 2011 – Source Travolution

Travel search spend rises in Q2

The UK travel sector saw an increase of 2% in search spend in the second quarter of 2011 compared to last year, according to a report from Efficient Frontier. However, the agency's Global Digital Marketing Performance report revealed year-on-year growth in return on investment (ROI) of 18%. There was a 30% year-on-year rise in clicks, countered by a 15-30% fall in cost per click across the company's sample of travel clients. Although impressions fell quarter on quarter, click volume increased. This translates into a 9% rise in click through rate from Q1 to Q2. The report said: "This may be due the holiday season approaching, consumers have become more specific with their search and hence a rise in click through rate." In fact, we saw a rise in click through rate from Q1 to Q2 in 2010 as well." In the UK market in general, the report revealed a shift of spend share from Yahoo and Bing to Google, which continues to dominate with a share of 92.5%. UK search spend grew 7% year on year in Q2 but ROI fell by 3% compared to last year.

18 July 2011 – Source Travelmole

Virgin calls for rise in short-haul APD

Virgin Atlantic has released figures today claiming that passengers travelling to long-haul destinations are subsidising short-haul travel to the tune of £222 million. It has based its figures on the percentage rise in the rate of Air Passenger Duty in the last four years. In that time, APD rates have risen by 20% on short-haul travel, while rates on long-haul travel have increased by at least 50%. "Had the tax gone up at the same rate, short-haul flights would collectively be contributing at least £222 million more a year – but instead the difference has been made up by travellers flying further afield," it said in a statement. The long-haul airline is proposing a new £20 rate of APD for short-haul journeys to redress this disparity and claims the move could bring in nearly £650 million to the Treasury, and allow the Government to reduce rates for holidaymakers and business travellers who are already paying more than their fair share. Chief commercial officer Julie Southern said: "Air Passenger Duty has rocketed in recent years and with a family of four potentially facing a £260 tax bill to fly to Orlando, steps need to be taken to bring this back under control." Meanwhile, the airline said its analysis of passenger figures shows that last year over two million passengers flew from London to destinations in Europe which are easily reachable within around two hours on the Eurostar. Meanwhile, close to three million passengers flew to Amsterdam from London last year – a journey of just 220 miles. Southern said: "The current short-haul rate is clearly not deterring people from taking flights to places where a quick and easy rail alternative exists. It is clearly not supporting the Government's environmental objectives. "If this suffocating tax is going to stay and even be raised higher in the coming years, it must be fairer and drive the right behaviours from business and consumers." Stephen D'Alfonso, ABTA research and public affairs manager said: "The key challenge with APD is its massive overall level. The simple fact is that no other European family is facing this stealth tax at the high level that British families are, whether they are holidaying in Spain or the Caribbean. "We need to concentrate our energies on getting the Government to backtrack on next year's double-inflation increase which could add as much as 10% to the current levels of APD and that doesn't even include money collected from the Emission Trading Scheme."

19 July 2011 – Source Travel Daily

Third of consumers to increase in-destination spend

Brits are expected to splash their cash further on holidays this year while in the destination as well as on the trip itself, according to new statistics. A third (32%) of holidaymakers surveyed by Marks & Spencer's Money arm believe they will spend an extra £365 each while on holiday, predominantly due to inflated costs. Meanwhile the majority will spend the same (42%) and around 17% expect to drop their budget by an average of £326. "It is encouraging that although family finances have been squeezed by the economic downturn so many people are confident they will be able to maintain their holiday spending this year or spend even more," said James Yerkess, head of travel money at M&S Money. Respondents said they were most likely to spend money on eating out (44%) and 12% plan to spend money on excursions.

21 July 2011 – Source Travelmole

Cook/Co-op merger gets green light

Thomas Cook has been given the green light for its proposed merger with the Co-operative

Group and the Midlands Co-operative Society. The Competition Commission has provisionally concluded that the acquisition will not result in a substantial lessening of competition in any markets in the UK, in particular for customers buying package holidays from high street travel agents. The joint venture would bring together two of the three largest travel agents on the UK high street. Thomas Cook currently has 780 stores, Co-op 360 and Midlands 100. Laura Carstensen, Competition deputy chairman and chairman of the Inquiry Group, said: "We have particularly focused on the effect the joint venture will have on customers buying package holidays. "We conducted a survey of customers in those areas most likely to be affected by the joint venture. Whilst the Internet is clearly a choice for many independent holidaymakers, the majority of these customers prefer to book package holidays through high street travel agents. "Our analysis suggests that the extent to which travel agents respond competitively to nearby rival outlets, particularly through use of discounts, and their ability to 'flex' prices at a local level, is quite limited. "Our assessment of competition between travel agents at regional and national levels suggest that the joint venture's incentives to increase prices, or worsen other aspects of their retail offer, was likely to be even weaker than at a local level. "We also looked at the potential effect of Co-op and Midlands outlets favouring Thomas Cook package holidays over those from other providers—or the possibility that the joint venture might block or hinder other travel agents from selling Thomas Cook holidays in order to drive customers to their own stores. "We also found that the additional promotion of Thomas Cook package holidays would make a limited difference and that for the joint venture to seek to prevent other outlets from selling Thomas Cook holidays would not be rational, either financially or strategically. "We think that the threat of the growth of rivals, entry by package holiday operators looking to ensure their route to market, and the increasing role of the Internet further reduce the scope for price rises over time. Therefore, we think that customers are unlikely to suffer from significantly higher prices or reduced choice as a result of the joint venture." The CC will publish its final report by August 16. Interested parties are invited to make their views known to the CC before August 11.

26 July 2011 – Source Travelmole

Travel firms on 'critical' list rise 31%

The number of travel companies facing "critical" financial problems rose 31% in the last quarter, more than twice as much as the average across all industries in the UK. For the hotels and accommodation, the rise was even sharper at 47%. The shocking figures were released in a survey by insolvency specialist Begbies Traynor which found that across all sectors, there was a 12% increase in businesses facing 'critical' financial problems when compared to last quarter. The total number of UK firms experiencing critical difficulties rose from 4,620 in the first quarter to 5,179 in the second. Ric Traynor, executive chairman of Begbies Traynor Group, said: "The figures for Q2 2011 show the number of UK companies facing 'critical' problems has increased since last quarter. The fall in 'significant' problems is an apparent glimmer of good news, but we believe this is indicative of weaker businesses actively moving from 'significant' to 'critical' financial problems – and ultimately to insolvency, as well as seasonal factors which typically impact on the Q1 figures. "In addition HMRC is taking a more robust stance. As the level of support from the Revenue is gradually decreased, it is increasingly evident that businesses using the scheme are now struggling to cope with current trading conditions."

29 July 2011 – Source Travel Daily

Global air traffic growth weakens

The growth in air passenger traffic weakened to just 4.4% in June 2011, according to the latest data from the International Air Transport Association (IATA). Globally, international traffic increased 5.9% year-on-year last month, while the domestic sector saw growth of just 1.9%. IATA said the slowdown reflected sluggish economic growth and increased costs resulting from higher jet fuel prices. European airlines showed the second highest year-on-year growth in demand behind the Latin America region, with the former posting 8.9% rise in passengers and a load factor of 80.6%. IATA said that European travel had been boosted by business travel and a strong inbound trend due to the weak euro. Meanwhile demand in Latin America increased 14.3%, Middle Eastern travel rose 6.4% and North American carriers saw demand grow 4.5%. Asian and African airlines posted the lowest growth at 3.3% and 2.9%. Brazil led domestic travel growth with a 15.1% expansion, followed by India (+14%) and China (+5%).

29 July 2011 – Source TTG

Expedia hopes to raise agent bookings with new site

Expedia is targeting more trade bookings following the launch of a new portal designed to help agents monitor their sales through the online giant. The new platform called Expedia Access has been added to support the existing Expedia Travel Agent Affiliate Programme (TAAP) which allows agents to make bookings through the Expedia website and earn commission. Expedia Access has been developed in consultation with Expedia's existing affiliate agents around the world. The new site offers agents a range of services such as personalisation and rebranding options, the ability to add an agency's logo and messages to invoices and itineraries, plus activity reports to monitor bookings and commission. Diego Pedrani, global head of TAAP, said: "We have included as many agent requests as possible in the system. "Personalising itineraries and invoices with the agents' own logo is a request we have heard often, as is the ability for agents to check their commission at a glance. We have developed these and many other features to streamline the administrative process." The new platform can be viewed at access.expedia.co.uk. Expedia said agents already signed up to TAAP will be migrated across to the new platform in the next few weeks.