

CENTRAL EUROPEAN OFFICE

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MARKET INTELLIGENCE / TRENDS

Good Growth for Travel Agents

Germany travel agents generated good growth last year and can look forward to strong sales again in 2012, according to fvw's annual review of the sector. In 2011, organized travel sales increased by 6.7% to €21.9 billion, the "German travel sales 2011" dossier showed. Leisure travel sales grew by 5% to €12 billion compared to 9% revenue growth for tour operators last year. Business travel sales recovered to 2008 levels with a 10% increase to €7.4 billion despite lower booking volumes, driven by higher flight and hotel costs.

The leading travel agency chains and franchise organizations generated good growth, with sales growth of 10% to €13 billion, which was ahead of slower growth for cooperation alliances and independent agents. The travel agency market leader remained Rewe Touristik, which grew 9.8% to €4.3 billion. TUI Leisure Travel, which grew 8.8% to €3 billion, followed in second place.

In comparison, the 34 online travel retailers (including online sales by travel agencies) covered in the dossier increased their revenues by 15% to €7.4 billion, which is a lower growth rate than in previous years.

This year German travel agents can expect sales growth in the 3-4% range which would be in line with market growth of 3-5%, experts predict.

Strong Bookings in June

Travel agents in Germany enjoyed strong sales last month as consumers booked their summer vacations with a significant number booking early for the coming winter. Sales in revenue terms soared 19% in June compared to May, market researchers GfK found in their latest monthly survey of 1,200 German travel agents. Summer sales were 16% higher than the previous month while early winter sales soared 40%, although on a low absolute basis. Summer 2012 sales are now up 9.7% on last year, which is an impressive figure given last year's good performance. June, the second travel month in the summer season, ended with a 3.5% decline in turnover due to the Whitsun holidays, but will probably remain the only travel month with a negative result this year.

Demand for last-minute holidays was especially weak. Only 7.7% of total turnover (-2.9 percentage points vs. the previous year) came from bookings for travel in the same month. The European Soccer Championship is likely to have contributed to this low demand for late sales.

Bookings for all other summer months improved in June. Sales for departures in July rose 14% while August was up 8.7%. September (+18.7%) was very strong while October (+0.6%) improved slightly. Early bookings for the winter season 2012/13 were up 8.3%.

FTI: Takeover of Britain's Youtravel

German tour operator FTI is expanding its international business with the acquisition of British hotel beds broker Youtravel. The Munich-based group has acquired 85% of Youtravel, which markets some 4,000 properties worldwide through tour operators and travel agents, for an undisclosed sum. Youtravel, founded in 2006 and with revenues of €95 million in 2010/11, is relatively small compared with other hotel brokers, but has a high proportion of exclusive offers.

FTI chief Dietmar Gunz said the acquisition “marks an important step in the expansion of our international sales activities and Youtravel.com Ltd provides the opportunity to participate in the fast growing online travel market”. Incoming FTI director Anne Roesener, a former Sabre Central Europe chief, will join the Youtravel board along with FTI finance director Karlheinz Jungbeck.

In the future, Youtravel will drop its consumer sales activities and will focus on B2B sales, cooperating closely with FTI's destination management company Meeting Point International. “This is where Youtravel.com has had its biggest success,” Roesener said. “The B2C business will be dissolved and we will concentrate on enhancing and developing powerful systems to fulfill the requirements of our distribution partners.”

Thomas Cook: Germany Powers Ahead with Profitable Growth

Thomas Cook Germany is performing well with profitable growth and is broadening its product portfolio for the forthcoming winter season. Europe's second-largest tourism group is doing well in Germany in contrast to its troubles in the UK, France and several other markets. Central Europe chief Peter Fankhauser stressed that the company is now in a better position despite the turbulence of recent months and is a reliable partner for customers and business partners. The group as a whole has financing until 2015, while Germany is financially solid with record operating profits of nearly €80 million and a 4.3% profit margin last year, he pointed out. This year, seasonal losses in Germany were halved in the first half-year.

The firm's summer bookings in Germany are up 2% and revenues are 3% higher, with strong demand for Spain, Turkey, Tunisia and long-haul destinations. However, Greece still has a 20% fall in bookings despite a recent improvement. Fankhauser called on Germans to ignore negative media reports and support “this unique country” by booking holidays there.

For winter 2012/13, Thomas Cook Germany is raising prices for long-haul holidays, but short-haul and medium-haul destinations will have stable prices for the most part. The group is expanding its long-haul holiday program by 80% to the largest ever offering with some 3,000 hotels. “We've never had so many long-haul customers as this year and we are expanding for the winter on this successful basis,” Fankhauser said. At the same time, Cook is offering more hotels in short-haul destinations through a new destination-based production system. An additional 1,000 hotels which are not featured in brochures are available online.

GERMANY Travel Trade Barometer: Projected to Register Solid Growth

- German tour operators reported in the U.S. Department of Commerce sponsored *Germany Travel Trade Barometer* (as of February 29 - April 13, 2012) that bookings for travel to the United States in the first half of 2012 would remain strong.
- Travel is projected to continue to increase through the summer catalog period.
- The top motivator listed for travel from Germany to the United States over the next six months was the economy in Germany. The U.S. level of promotion by U.S. destinations and businesses was a very close second, followed by the exchange rate.
- Over the next six months, the top deterrent listed for travel from Germany to the United States was airfare, followed by the level of promotion by other long-haul destinations.

SALES ACTIVITIES

Hotelplan Suisse Fam (September 8th – 10th, 2012):

Pursuant to our meeting with the tour operator at ITB, Hotelplan Suisse will bring a Fam trip to our area in September comprised of approx. 10 select travel agents, a Hotelplan escort and an airline escort. The group will also visit Miami, Naples, Ft. Myers and Orlando. Accommodations have already been secured and the tour operator has provided input as to desired itinerary elements (both site inspections and excursions/attractions). This input was shared with our Leisure Sales Dept. in preparation for itinerary planning. As the group will be traveling in rental cars, no ground transportation arrangements will be required.

This month we worked closely with our Leisure Sales Dept. in developing the itinerary, providing additional detail and conferring with the tour operator regarding the specifics. A rooming list will be forthcoming next month.

As our Leisure Sales Dept. will be attending other tourism events during this timeframe, the group will be on their own to explore our area; albeit with a detailed itinerary in hand.

Winter Destinations Road Show (September 10th – 14th, 2012):

We will join forces with Edelweiss Air on this Swiss road show to Geneva, Lausanne, Basel and Zurich. The programs in each city will be comprised of table top marketplace sales sessions, media presentations and prize raffles. It is anticipated that we will reach close to 450 travel agency front liners during the course of the week. VSPC will be promoted in advance via eNewsletters to several thousand German and French-speaking travel professionals throughout the country.

We were informed this month that Tampa Bay & Company will be participating in this road show. We will coordinate efforts with Tampa and Edelweiss on the development of joint presentations as well as travel prize synergy. All relevant travel and shipping arrangements were also made this month.

VSPC Sales Visit (October 8th – 12th, 2012):

We commenced planning for our upcoming visit to the county securing transatlantic travel and our accommodations. Several industry members were contacted regarding appointment requests. Updates to be forthcoming.

Willy Scharnow Foundation Fam (October 17th – 20th, 2012):

Preparations are underway for our 19th annual Willy Scharnow Foundation Fam to be conducted next fiscal year. Similar to ASTA in the U.S., the German institute for travel education known as "The Willy Scharnow Foundation" was founded in 1953 to grant better

professional opportunities in tourism to German travel agents. They do this through several means, one of which is educational Fam trips and seminars.

Our destination partner will be Naples with United Airlines being our cosponsoring carrier. Dates have been confirmed by the carrier with the sponsorship of 13 seats (12 agents + 1 WSF escort).

The FAM group will be comprised of handpicked agents from travel agencies affiliated with the following tour operators specifically: Dertour, Explorer Fernreisen, FTI, Meier's Weltreisen, Neckermann Reisen, Thomas Cook Reisen and TUI – all of which feature our area's accommodations products.

An industry opportunity was distributed this month by our Leisure Sales Dept. Accommodations have been secured and itinerary planning is in the works.

German Sales Mission (October 29th – November 1st, 2012):

Visit St. Pete/Clearwater, Visit Orlando, Disney Destinations, SeaWorld Parks & Entertainment and Universal Orlando Resort are joining forces in conducting a German Sales Mission to three German cities (Düsseldorf, Stuttgart and Frankfurt). The program comprises three evening events, each in cooperation with a major tour operator partner (Dertour, Meier's Weltreisen and Thomas Cook), as well as product management meetings and in-house reservations agent training.

Three VSPC accommodations partners will join us for this sales mission. Our partners were sent a program outline and memo of general information including details on airfares, hotel accommodations and presentation formats. This month we collected several informational elements from our partners in preparation for development of our presentations as well as the in-house travel agent training. (logos, imagery, product descriptions). We are creating a new and fresh presentation format for the evening events, i.e. a 'news cast' show entitled "CFN" or "Central Florida News". Participants will present in rotation by topic such as location, weather, culture, nature, attractions, etc.

We also held additional meetings with our tour operator partners to tie down various program details, selection of travel agents, etc. Invitations to travel agents are scheduled to go out next month.

Hotel reservations were made for our delegates and further updates were distributed.

DRV Annual Convention (November 14th – 18th, 2012):

Registration was completed for this year's convention of the German Association of Tour Operators and Travel Agents. It is a platform during which highly reputable speakers and panel participants address market barometers and trendsetting topics moving the German travel industry. German industry executives present the latest information and current challenges during various plenary sessions and panel discussions. In addition, the convention presents a valuable networking opportunity giving us face time with industry decision makers.

Dertour Academy (December 10th – 18th, 2012):

The Dertour Academy is a training and incentive event for the tour operator's top travel agents. It provides a training platform to a total of 576 agents and serves as the framework for presentation of the new Dertour summer programs and new products included in the Dertour catalogs. The Dertour Academy is extremely well known within the industry and is a major training event for travel agency staff.

With a view toward imparting product knowledge and generating a subsequent increase in sales by providing an opportunity for those attending to familiarize themselves with the destinations and tourism partners, workshops and roundtable sessions provide the agents with in-depth product insight and the skills they need to operate effectively at the counter.

Pursuant to a briefing held by Dertour last month, during which each participant was given a binder full of instructions, we provided the first of several requested elements this month (logos/imagery for poster and collateral material production), an outline of our training topics and a sketch for the required 'creative' presentation format. This mammoth event will be held in Dubai this year.

Brussels Travel Expo (Dec. 12th – 13th, 2012):

As the first Visit USA Workshop @ BTEXpo was such a success in 2011, the Visit USA Committee BeLux (Belgium & Luxembourg) has decided to pursue its cooperation with BTEXpo for this year's travel agent training workshop. Special conditions were again negotiated exclusively for Visit USA Members for greater exposure and a wider range of services in an innovative travel platform. BTEXpo is known as one of Belgium's most successful travel trade fairs attracting some 3,950 travel trade professionals, meeting planners and media. No further action was required this month. Updates to be forthcoming.

CMT Stuttgart Super Sweepstakes (January 12th – 20th, 2013):

Known as one of Germany's largest and most important consumer shows, CMT Stuttgart attracted over 225,000 visitors this year. In addition to our joining forces with the Visit USA Committee Germany in promoting our product via brochure distribution to consumers, we will again co-sponsor the popular CMT Super Sweepstakes.

The sweepstakes will be published in a 12-page, 4-color visitor brochure (circulation 350,000) which will be distributed at 1,800 outlets throughout the State of Baden Württemberg prior to the show and among consumers visiting the fair. The sweepstakes will also be advertised in the fair catalog (circulation 10,000) and promoted to the media. Active promotion of the CMT Super Sweepstakes will start in November 2012 when the official sweepstakes website goes live.

Two travel stays in the St. Petersburg/Clearwater area will be included. Our prize (2nd of 100) will be combined with flights for two from Karawane Reisen and a one-week car rental. The organizer has been sent all relevant materials (VSPC logo, destination description, sweepstakes questions, hotel sponsor logos).

This month we received more good news ...

- Delta Air Lines will sponsor flights to our area for four which now positions our sweepstakes prize as #1. Our industry sponsors also agreed to extend their donations to four people.
- In order maximize the publicity for our industry, 1,000 flyers will be created promoting a travel package containing elements similar to the #1 sweepstakes travel prize. The package will be bookable via a tour operator involved with the sweepstakes organization. We contacted our industry for their approvals; net rates will be sent to the tour operator.

MARKETING INITIATIVES

Our efforts continued again this month in developing and completing marketing initiatives and advertising programs, which included:

Tour Operators:

- CANUSA (Germany)
 - **Online “Insider Community” Campaign** – July thru December 2012
VSPC will be a participant in the tour operator’s innovative “Insider Community” initiative together with a number of Florida partners. Focused on attracting the attention of repeat customers and new travelers to a destination, this platform offers a modern and versatile stage for travelers and potential customers to communicate actively about a destination, whereby emotional experiences motivate the desire to visit the destination.
An introductory sequence explains contents of the platform. This includes map orientation and the selection of various topics, e.g. accommodations, attractions, activities dining and shopping. “Insider Tips” are a key tool and are marked on the map. By mouse-over, a superscription provides information on the tip which can be clicked to view details (in text, images or videos). Insider Tips are rated by the community. Ratings are the key to winning a raffle at the conclusion of the 6-month campaign (a two-week stay in Florida). Call-to-action offers developed by Canusa will be included in the platform.
At the beginning of the campaign, a special eNewsletter will be distributed to Canusa’s database of 520,000 customers with follow-up newsletters during the course of the 6-month campaign in an effort to reinforce the promotional message. Website marketing (homepage and subpage banners), social media, affiliate and search engine marketing will round out the communication tools. The tour operator estimates 20,000 site visits per month.
All required materials have been delivered to the tour operator (i.e. our logo, special texts, insider tips, imagery, destination video, map material). Final layout was received and approved. The “Florida Insider Community” campaign launched this month and will run until the beginning of December.
- DERTOUR (Germany)
 - **2012 Summer Catalog Value-Added Promotion** – July thru October 2012
We have negotiated another value-added offer for the summer 2012 catalog (circ. 1 million) to serve as a booking incentive. One gasoline gift card with a face value of \$25 will be given to each booking for travel to VSPC from July thru the end of October 2012 (five-night minimum stay). The offer is prominently teased on the summer catalog’s *Florida’s West Coast* introductory page with a special VSPC description (top of the column) and key visual. VSPC was selected as the exclusive west coast partner for this value-added element!
- FTI (Germany)
 - **“Highlight of the Year 2012” Campaign** – November 2011 - October 2012
St. Petersburg/Clearwater and Orlando have been selected as the featured destinations for this coveted program. The “Highlight of the Year” is an extensive campaign targeting FTI’s present and potential customers via several B2C and B2B platforms such as catalog cover page placement, extended destination features and specially designed, prominent product placement (circ. 500,000). Online marketing, eNews

blasts to both consumers and the trade, storefront window displays, point-of-sale flyers, consumer press advertorials, travel agent training and two fam trips (1 media, 1 agents) round out the program.

Various campaign elements have been launched as follows:

- HotY catalog cover page (circ. 500,000)
- HotY travel agent storefront window display element (to 1,000 agencies)
- HotY B2B eNews to 10,000 agencies (1st launch)
- HotY B2C online marketing on fti.de (3.5 million PIs)
- HotY B2C advertorial in a consumer travel pub Urlaub Perfekt (circ. 107k)
- HotY B2B eNews to 10,000 agencies (2nd launch)

In addition, two FAM trips were conducted: one for 19 travel agents and one for 7 journalists (both in May 2012).

- **NECKERMANN REISEN (Germany)**
 - **Print Promotion**
 1. **VKI Point of Sale Flyer** – August 2012
1/1 page travel agent counter info flyer to include VSPC imagery, logo, destination description and travel offers distributed to 11,000 of Neckermann's top selling travel agencies, who in turn will display and distribute to consumers. Layout was received and approved this month. We will partner with Visit Orlando for this initiative.
 2. **Consumer Mailing** – September 2012
A multifold, postcard sized mailing piece containing VSPC destination information, logo, imagery and travel teaser will be mailed to 15,000 top customers. We supplied the tour operator with all creative this month. We will partner with Visit Orlando and SeaWorld Parks & Entertainment for this initiative. The piece will also include a sweepstakes element. An industry opportunity was distributed to the Neckermann Reisen featured accommodations soliciting sponsorship of a one-week donation. We are most grateful to our industry for the excellent response!
- **THOMAS COOK REISEN (Germany)**
 - **America Journal Advertorial** – September 2012 (Florida Special Issue)
½ page advertorial including 2 travel offers and Thomas Cook Reisen USP's.
With a readership of 140,000, this German high-gloss consumer publication is dedicated exclusively to the USA providing in-depth coverage on American travel, culture and customs as well as insider tips and helpful hints. All creative elements were supplied this month and we are awaiting final layout. We will pool resources with Visit Orlando for this initiative.
Pub frequency: 6x/yr
- **TUI (Netherlands)**
 - **Catalog Imagery**
We worked closely with TUI this month regarding additional placement of VSPC imagery in their new catalog. We supplied a full complement of images available with the result that VSPC will be depicted on 9 pages through the brochure!
The catalog is due in market late fall with a circulation of 100,000.

Travel Trade/Consumer Publications:

- FVW’s “Fit for USA” eLearning Program (Germany)– circ. 30,860 *Trade*
 - **Online travel agent training campaign** from October 2011 – September 2012

“Fit for USA” is part of the FVW media group’s ongoing series of online travel agent training platforms which has been endorsed by the Visit USA Committee. It is an independent training program designed to increase tourism arrivals to the USA. The eLearning program includes individual course units covering 6 to 8 pages of subject matter for travel agents to read at their leisure. Each course unit ends with a knowledge test. Agents who successfully complete all course units and tests receive a “Fit for USA Specialist 2012” diploma. The program will be promoted frequently through advertisements in the travel trade magazines FVW (circ. 28,000) and Travel Talk (circ. 34,000) as well as on the respective websites: fvw.de (150,000 PIs/mth) and traveltalk.de (200,000 PIs/mth). The eLearning program will be online for 12 months with sweepstakes included at regular intervals. Special prizes such as hotel stays or flight tickets will be promoted additionally with images, logos and descriptive content.

This month we were contacted by the editor for special outdoor activity tips. We provided him with respective information, text and images.

- Travelution (Netherlands) – circ. 7,500 *Trade*
 - **2-page insertion** in the August issue (Destination Update Florida 2012)

Consisting of one advertisement page and an interview page, our 2-page spread will include our logo, imagery and an informational interview. We provided the publisher with all the necessary material this month.

Travelution is the Netherlands’ leading travel industry publication with a readership of 10,000. With a personalized cover letter, issues are mailed to all business and leisure travel agents. The magazine is also distributed to all tour operators (product managers, buyers, sales managers and board members), incentive organisers, airlines, tourist boards and NATM members – in short, Travelution reaches 100% of the Dutch travel industry. Destination reports combine facts about tourism regions and tourism highlights with trends & new developments. The latest news, interviews with travel-professionals, infotutorials and specials about specific topics such as the cruise industry, car rental, ferries, travel insurances, airline reports and industry employment are also included. The publication enjoys a long shelf life and research shows travel professionals utilize it as a reference piece due to the up to date and high quality information provided.

Pub frequency: 1x/mth

Public Relations:

Kaus Media Services - VSPC's German PR Agency

This month saw us assisting the agency with the following projects:

- **Press Release July:** Provided content ideas, proofread and corrected.
- **August Newsletter:** Provided content ideas.
- Individual press trip for Journalist Mr. Coreth
- Correspondence with Brautmedia.de
- Suggested and discussed ideas related to increasing likes and engagement on our German Facebook site.
- Discussed possibilities for further media fams with **Edelweiss Air.**

All activities, projects and programs described herein have been duly completed as described.