

# CENTRAL EUROPEAN OFFICE

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## MARKET INTELLIGENCE / TRENDS

### International Tourist Study: Effect of Terrorism on Travel Behavior

According to a study published this month by ITB Berlin and IPK International, the perceived level of threat is one of the major criteria for people choosing their holiday destination, as close to half of all tourists worldwide are changing their travel behavior amid fear of terrorism. Asians and Eastern Europeans are more strongly influenced by negative current events, such as terrorist attacks or violent political upheaval, while Western Europeans remain rather unimpressed in comparison. Nevertheless, the study also showed that more people are travelling this year than in 2015, despite global terrorism and other threatening geopolitical events being noticeably on the rise.

Israel, Turkey and Egypt received the lowest ratings in the study, while North America and Australia, as well as Scandinavia and Switzerland are expected to welcome more international tourists, as they are considered safe destinations. 40 major tourism source markets were analyzed and 50,000 people interviewed for the study on the impact of terror threats.

Another poll by research company GfK showed 29% of Germans allow terror warnings influence their decision-making when searching for holiday destinations.

### **German Consumer Climate:**

#### **Good Economic Data have Stronger Impact than Terrorism and Brexit**

Consumer sentiment in Germany developed positively on the whole in August, with consumers appearing to digest the shocking Brexit news very well. The Brits' decision to leave the EU only seems to have caused temporary uncertainty among German consumers. This is signaled by the increases in both income expectations and propensity to buy.

**Economic prospects with slight losses:** Following the noticeable decline in the previous month, the economic indicator only recorded slight losses in August. The indicator fell by 0.8 points to 8.6 points. It therefore remains in the positive range, putting it above its long-term average of 0 points. The indicator is down by 8 points from the same period last year.

This is largely due to the three terrorism attacks in Bavaria in July 2016, which caused uncertainties to rise slightly with regard to general economic development, thus preventing economic expectations from increasing. Nevertheless, moderate growth in the German economy is expected in the coming months. This is also confirmed by the first gross domestic product (GDP) calculations recently published by the German Federal Statistical Office for the second quarter of 2016, according to which GDP increased by 0.4 percent in the second quarter compared with the previous period.

**Income expectations:** While consumers are rather reserved about overall economic development in the future, they are downright euphoric about their own financial situations. And this attitude is completely justified. An excellent and stable employment situation, considerable pay rises for employees and retirees as well as a virtual lack of inflation will ensure a distinctly optimistic attitude that will continue into the coming months.

**Propensity to buy:** Considerable improvements in income prospects also boost appetite for consumption further. Following the growth in the previous month, the propensity to buy indicator added 1.9 points in August, climbing up to 57.3 points. Compared with the same time last year, this represents an increase of 5 points.

The German consumers' appetite to buy thus remains unabated – despite the Brexit decision and terror threat. Consumers appear to be basing their decisions on the currently prevailing hard facts about the employment market, income and inflation, which are clearly giving the green light for consumption. In particular, the excellent state of the employment market means that employees still have next to no concerns about losing their jobs. This provides a solid basis for planning for the future, especially with regard to large purchases.

Furthermore, the European Central Bank (ECB) is currently sending signals that interest rates will continue to remain low in the coming months. This should also boost consumption.

### **EU Package Travel Directive: German Tourism Industry Demands Legal Changes**

A draft law bringing the new *EU Package Travel Directive* into German law “threatens the existence” of travel agents, tour operators, hotels, coach operators and other travel firms by imposing higher costs and new legal liabilities. After weeks of critical public comments, the German Travel Association (DRV), the online travel retailers association VIR and other industry representatives met justice ministry officials this month to demand changes to the current draft law that would transpose the *EU Package Travel Directive* into German law.

The 2015 *Package Travel Directive* extended consumer protection from traditional package holidays to other forms of ‘combined travel’, such as online sales of a flight and a hotel or car rental. The concept of a ‘travel package’ was broadened from ‘pre-arranged packages’ (traditional package holidays) to cover ‘customized packages’, under which a traveler buys a selection of travel components from a single business (online or offline).

On the issue of legal liability, the directive makes the package ‘organizer’ responsible for dealing with any problems with the package. According to the EU Commission, “in addition, Member States may decide that also the retailer (travel agent) is fully liable”. Thus, travel agents could be legally treated as tour operators under a new law.

But the German tourism associations declared in a joint letter to justice minister Heiko Maas: “The draft could write business history because it endangers the existence of hotels and guesthouses, holiday home rentals, the camping sector, travel agents and tour operators, coach companies, and regional and local tourism organizations.” The associations, including the DRV, independent agents association ASR, hotel associations IHA and Dehoga, coach operator associations BDO and RDA, and the Germany Tourism Association (DTV), criticized the draft law’s “vague and incomprehensible regulations” and unclear legal definitions, and demanded three specific changes:

1. A practical legal definition of “package travel”
2. Exclusion of sales of individual travel products
3. A definition of “combined travel services” to ensure the seller of different travel products does not become a tour operator

The DRV's main concern is a clause which could treat travel agents as legally liable tour operators if they sell customers two or more travel products (such as hotel accommodation, airline tickets or car rental) at the same time. This means they would be forced to take out expensive insurance against hotel or airline insolvencies, such as tour operators are already obliged to. DRV president Norbert Fiebig criticized this clause as "completely impractical" and "unacceptable", and warned it threatened the future of Germany's 10,000 travel agents by increasing workload and costs, and impacting on customer satisfaction. The only apparent alternative would be for agents to sell different products one at a time and to invoice them separately in a complex and time-consuming new procedure that would leave consumers having to make at least two different payments.

According to a DRV survey of 700 German travel agents, combined sales of individual travel products (as opposed to package holiday sales) account for more than 50% of sales for about 40% of travel agents. An overwhelming 90% of agents believe the law would impact them negatively and that customers would not understand any changes to booking and payment procedures, about 80% fear higher costs and more than a third said they might not offer the combined packages that customers want.

In response to the industry criticism, the justice ministry signaled readiness at the meeting to discuss these problems at a workshop in order to find acceptable solutions, the DRV said. EU member states must adopt the *Package Travel Directive* into national law by January 1, 2018, and make it applicable from July 1, 2018.

## **SALES ACTIVITIES**

### **Willy Scharnow Foundation Fam Tour (September 11<sup>th</sup>-14<sup>th</sup>, 2016):**

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 familiarization trips and seminars.

This year's event marks the 22<sup>nd</sup> Willy Scharnow Foundation Fam tour to our area. The 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. Our destination partner will be Visit Orlando with United Airlines being our cosponsoring carrier. UA will sponsor 13 seats (12 agents + 1 WSF escort).

We liaised closely with our Leisure Travel Department this month providing participant/rooming lists and completed Release & Waiver forms. The itinerary was finalized and forwarded to the Foundation for distribution to the participants.

### **Visit USA Road Show Switzerland (September 19<sup>th</sup> – 21<sup>st</sup>, 2016):**

Scheduled to be held in St. Gallen, Zurich, Luzern and Bern, the road show is expected to attract over 200 travel agents. Both morning and evening training sessions are being scheduled during which we will have the opportunity to present our area the more intimate roundtable format. By virtue of conducting trainings in four Swiss cities in short order, we will cover a broad catchment area just ahead of the upcoming important booking season. Space was limited for these training events allowing for only 10 suppliers; thus, we are pleased to have secured this excellent exposure opportunity by means of our early registration.

This month we wrapped up final logistics such as materials shipment and necessary travel arrangements.

**Oktoberfest Client Event (September 20<sup>th</sup>, 2016):**

For the 2<sup>nd</sup> year, Visit Florida will develop a signature event utilizing the traditional celebration of Oktoberfest as a platform to build key relationships. We will participate as co-hosts for a select group of German, Swiss and Austrian tour operators and airline representatives.

The event will commence at 3:00 p.m. with a Meet-and-Greet Reception in the Anna Hotel in downtown Munich followed by an evening at Munich's "Wiesn", the Oktoberfest grounds, in the classy atmosphere of the Marstall Oktoberfest tent with warm service and typically Bavarian hospitality. The event will conclude the next morning with a traditional Bavarian breakfast (Weißwurstfrühstück = White Sausage Breakfast). Update to be forthcoming.

**Schauinsland Reisen North America Training Seminar (September 22<sup>nd</sup>, 2016):**

Since the beginning of 2016, this German tour operator has become increasingly active in placing and promoting Florida product and inasmuch, plans to stage an exclusive Florida travel agent training workshop for up to 80 top selling agents at their Schauinsland "Loft" facility in Duisburg. We are very pleased to have secured one of the coveted training slots, which will be held in cooperation with Florida partners Visit Orlando and SeaWorld Parks & Entertainment. Currently, 5 VSPC properties are featured in the tour operator's summer 2016 program with the tour operator aiming to double VSPC product placement for the 2017 season!

This month we provided the tour operator with the requested VSPC PowerPoint presentation and finalized logistics related to collateral shipment and necessary travel arrangements.

**Lufthansa-Sponsored TUI Travel Agent German FAM (October 1<sup>st</sup> – 4<sup>th</sup>, 2016):**

Lufthansa's Frankfurt-based regional sales office would like to bring a hand-picked group of 7 TUI Travel agents to our area, all of which will be pre-qualified as sellers of the leisure market segment to Florida and North America. This is an exclusive VSPC destination Fam which will not include a sojourn in Tampa, as TUI does not feature any Tampa hotels in their product portfolio – so we have a clear advantage here!

We liaised closely with our Leisure Travel Department providing a program brief, flight pattern details, itinerary input and particulars for purposes of industry solicitation deployed last month. Update to be forthcoming.

**Visit USA Germany Seminar & Halloween Event 2016 (October 28<sup>th</sup> – 30<sup>th</sup>, 2016):**

For the seventh consecutive year, we will participate in the annual Visit USA Germany Seminar & Halloween Event. This year's seminar weekend will take place at the Hilton Garden Inn Frankfurt Airport.

VSPC will share a seminar training session with Visit Orlando and SeaWorld Parks & Entertainment, jointly conducting ten intensive training sessions throughout the course of a full day. An evening Halloween extravaganza is planned as the highlight of the weekend.

We registered early for this event in order to secure one of the coveted presentation slots and contacted Visit Orlando and SeaWorld Parks & Entertainment accordingly to initiate coordination of our joint training session.

**USA-Canada Experience Netherlands (November 3<sup>rd</sup> – 4<sup>th</sup>, 2016):**

Now in its 3<sup>rd</sup> year, this relatively new Dutch travel trade event "*USA-Canada Experience*" is two-day event providing supplier partners with an exceptional opportunity to inform and educate the Dutch travel trade and conduct one-on-one sales meetings directly with product

managers and media. A full-day workshop will see us holding comprehensive training sessions for over 80 agents from all over The Netherlands! The event will culminate in an exciting contest and prize raffle. Registration has been completed to secure our participation.

*Additional Activity:*

- The **Thomas Cook Reisebüro** in Pirmasens, Germany reached out to us for support in a promotion they are planning in September to push Florida for the winter season. What began with a request for storefront window deco materials grew into a promise of further marketing activities. Beyond prominent storefront positioning of St. Pete/Clearwater for the entire month of September, the agency will include dedicated posts on their Facebook site (incorporating our 'Live Amplified' destination video) and distribute our Gulf to Bay destination magazines to their customers – all of it at absolutely no charge to us!
- The **Visit USA Committee Netherlands** was provided with input for their next newsletter blast to 15,500 consumers.
- We assisted Ms. Breitenfeldt of **TUI ReiseCenter Ansbach** with her own travel plans to our area.
- Jean-Claude Raemy, Senior Product Manager USA, Canada, Oceania for **Kuoni Reisen Switzerland** was provided with comprehensive information and insider tips in preparation for his personal visit to our area in October.
- A winner of last year's **Lufthansa 360° Travel Agent Training Series** contacted us for assistance in making his reservation at the sponsor hotels and for provision of further detailed information for his upcoming visit to our area.

## MARKETING INITIATIVES

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

*Airlines:*

- Lufthansa German Airlines (Germany)
  - **B2B2C Direct Mail Promotion** – September 2016  
Ms. Heike Schmitt, Key Account Manager of Deutsche Lufthansa North Rhine-Westphalia, whom we met at the Lufthansa training sessions last year, is planning a special promotion in cooperation with several regional Lufthansa City Center travel agencies to push Lufthansa's service to Tampa Bay. These agencies will identify 2,500 top leisure customers to be targeted with a direct mail piece, which will include VSPC content highlights along with a small VSPC giveaway. VSPC will be featured as an exclusive destination partner on a free-of-charge basis!  
Destination content for the mailing piece and giveaways have been provided. The mailing will be deployed early next month.

### *Tour Operators:*

- America Unlimited (Germany)
  - **B2C Multi-Channel Ambient Campaign** – December 2015-August 2016

This exciting campaign will target customers aged 30-55 (couples, families and affluent clientele). Using various channels the campaign is focused on raising awareness and boosting sales on several platforms such as out-of-home, print (flyers), online (eNewsletters) and social media inclusion.

**a) Inner Tubing Promotion** – March/April & July/August

Big tubing events will be launched in both winter and summer months to engage and motivate thousands of beach hungry customers to embark on an emotional journey to VSPC. For these events 10,000 large, colorful inner tubes will be produced depicting VSPC logo and image to be presented to consumers for exciting slides down the slopes (winter) and refreshing splashes in lakes (summer).  
Winter locations: Southern German, Austrian and Swiss Alps (Achensee, Saalbach-Hinterglemm, Serfaus, Davos, Engelberg)  
Examples of summer locations: North Sea and several lakes surrounding Berlin, Hamburg, Hannover and Frankfurt

**b) Point-of-Sale Special Offers Flyer** – March/April & July/August

Supporting the tubing promotion, 10,000 flyers depicting VSPC logo and special travel offers will be produced and distributed in our VSPC snappy orange eco tote bags during the tubing events.

**c) Facebook Integration**

To increase awareness to the tubing promotion as well as the special offers flyer the initiative will be promoted on tour operator's Facebook page (currently over 60,000 followers) by means of ...  
FB Theme: branding of FB cover image and inclusion of VSPC imagery,  
FB Ads: outreach and promotion via targeted adverts and inclusion of posts, imagery and video. The tour operator's FB platform enjoys a high interaction rate of likes, comments and shares per post.

**d) eNewsletter Blast**

Supporting A, B & C above, an eNews blast will be deployed to the tour operator's database of 140,000 subscribers with above-average income, academic backgrounds and high interest in travel. The eNews will feature VSPC content, logo, imagery and special travel offers linking to booking engine.

Co-op Partners: SeaWorld Parks & Entertainment and Visit Florida

The winter tubing event ran March 26<sup>th</sup> –April 1<sup>st</sup>. Results: 5,000 inner tubes and flyers were produced and actively distributed among curious customers along with our eco-friendly sunscreen presented in our bright orange eco-tote bags – all of which motivated considerable engagement. The Facebook promotion of this initiative on the tour operators' page (currently 62,000 fans) generated 338,480 views, 6,309 likes, 342 shares and 253 comments. Inclusion of the initiative in an eNews blast produced an opening rate of 13.2% and 21,830 clicks on the VSPC travel offer.

The summer tubing event was conducted this month concluding on 8/28. Results to be forthcoming. As an additional exciting bonus, we received complimentary exposure at the **Munich airport's "Summer Festival"** this month, where our snappy inner tubes were enjoyed at a water funpark set up just for this event.

- American Vacations (Netherlands)
  - **B2C Glossy Magazine** – September
 

VSPC will be featured on four pages of the 74-page piece with logo, imagery and comprehensive destination content. The magazine is distributed at consumer travel shows, to repeat customers and can be ordered via the tour operator's website. Layout was received and approved this month. An initial print run of 2,500 pieces was produced this month and is in the distribution pipeline.
  
- FTI Touristik (Germany)
  - **B2B2C Direct Mailing** – August 2016
 

A 6-page direct mail piece will be produced containing VSPC logo, imagery, destination content and special travel offers to push fall business. 10,000 pieces will be distributed to top travel agencies for use in their own distribution channels to their customers. All necessary elements have been provided. The mailing was deployed this month.
  
- FTI Touristik (Switzerland)
  - **B2C Newsletter & Online Teaser** – September 2016
 

A newsletter containing VSPC logo, imagery, text and special offer will be sent out to 4,000 subscribers in combination with a 4-week online teaser placement (online platform boasts 280,000 page views/month). Both newsletter and teaser will be linked to FTI's booking engine.
  - **B2B Banner on travelnews.ch** – September 2016
 

For 4 weeks VSPC banners will be placed on travelnews.ch – an online trade platform with 120,000 page views/month. These banners will be linked to a dedicated destination page including and a flyer to download (in German and French).
  - **B2B2C Info-Flyer Mailing** – September 2016
 

A special A3 flyer folded to A4 size will be distributed to 800 travel agencies for use in point-of-sale. The info-flyer will include VSPC logo, images, text and travel offers. 3,000 German and 1,000 French versions will be printed.  
Layouts for above initiatives have been developed and approved.
  
- Hotelplan (Switzerland)
  - **B2C Online Newsletter Teaser** – August 2016
 

VSPC will be featured with a teaser including logo, image, text and travel tip in Hotelplan's August B2C eNewsletter. The teaser will link to the respective VSPC landing pages on hotelplan.ch. The newsletter will be distributed in both German and French to the tour operator's database of 110,000 customer addresses.
  - **B2B Newsletter and Infonet Placement** – August 2016
 

In addition to the above, VSPC will be featured in the B2B eNewsletter to all Hotelplan travel agents, the content of which will be placed their Infonet (Hoogle) platform for one month as well. In addition to logo and content placement, enticing imagery and our Live Amplified video will be integrated.  
Both initiatives launched this month.
  
- Jan Doets America Tours (Netherlands)
  - **B2C Glossy Magazine** – August 2016
 

Rather than producing a catalog, Jan Doets has taken to producing a high-end travel magazine containing enticing imagery and snippets of content related to the U.S. destinations the tour operator is strong in selling. It is distributed to consumers via direct mail and at fairs. Annual circ. is 15,000.

We were offered free placement of meaningful VSPC imagery for the next issue on a free-of-charge basis. A selection of appealing images has been provided.

We are in the process of following up with all vendors regarding timely submissions of applicable invoices and proof-of-performance materials in conjunction with the upcoming conclusion of this FY's initiatives.

*Public Relations:*

**Kaus Media Services - VSPC's German PR Agency**

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

- **Press Release August:** Proofread and corrected.

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