

CENTRAL EUROPEAN OFFICE

F E B R A R Y 2018

Prepared by: Marion S. Wolf
Director Central Europe

MARKET INTELLIGENCE / TRENDS

Tourism Analysis 2017: Greece Booms as Turkey Slumps

Greece was the clear winner among German tourist destinations last year, Spain, Italy and Austria weakened, and Turkey suffered another big drop, according to the results of this year's Tourism Analysis survey which also showed a new record for long-haul travel. The big changes in visitor flows in the Eastern Mediterranean were the most striking results in the annual survey of some 3,000 German holidaymakers (aged over 14) on their travel behavior last year by the BAT Foundation for Future Issues.

Once again, **Spain** remained the favorite destination for German tourists, but saw its share drop slightly from 14.1% in 2016 to 13.7% last year. About one in seven travelers from Germany spent their holidays on the Balearics, Canaries or the Spanish mainland. Study leader Professor Ulrich Reinhardt said the mainland is experiencing a comeback thanks to the overcrowded islands. **Italy** still ranked second with 7.7% of all German holiday trips but this, too, was slightly lower than in 2016. Similarly, **Austria's** share fell notably to 3.9%, but it moved up into third place.

The reason was that **Turkey's** share of the German market dropped from 4.4% in 2016 to 3.6% last year, leaving it in fourth place, according to the Tourism Analysis results. One reason could be safety concerns: only 5% of survey respondents said they felt comfortable and safe in Turkey. The outlook for this year is mixed. Although tour operators have reported strong bookings, only 1% of Germans plan to holiday in the country this year.

In contrast, according to Reinhardt, **Greece** is "last year's winner". The country increased its share to 3.1% from 2.8% in the previous year, leaving it in sixth place behind **Croatia**. Other European destinations with higher shares last year included **Scandinavia**, **France** and the **Benelux** countries.

Meanwhile, there was a new record for German long-distance travel in 2017. The percentage of Germans spending their main holiday outside Europe rose from 11.4% in 2016 to 13.1% last year, the highest-ever figure. The winners were destinations in **Southern and Eastern Asia** - from **China** and **Thailand** to **Indonesia** and **Sri Lanka** - with 2.9%. **North Africa** with **Egypt** and **Tunisia** also stabilized at a low level of 2.9%. Egypt is still considered unsafe by German tourists. Only 5% said they felt comfortable and safe in the country. The **Caribbean** (2.2%) and the **Middle East** (1.2%) were also successful.

The **USA** was a clear loser in the first year under US President Donald Trump, according to the survey. While 3.1% of German citizens travelled to North America, including **Canada**, in 2016, the figure was only 2.2% in 2017.

Overall, the booming economy and low unemployment triggered the travel intensity to increase in 2017, the Tourism Analysis found. A total of 58% of Germans made a trip of at least five days - the highest figure in ten years. On average, the main trip lasted 13 days. Expenditure on holidays also increased: on average, German citizens spent €1,193 per person on the main vacation trip.

For 2018, a new record can be expected, said Reinhardt. “The travel year 2018 promises further growth. One person in two is already sure to travel this year and is planning a holiday. Long-distance travel is once again a trend. It should also be a strong year for tourism in Germany.” The local safety situation will again be important when choosing the travel destination, according to the study leader.

Airport Expansion: Eurowings Switches Long-Haul Flights from Cologne to Düsseldorf

Lufthansa budget subsidiary Eurowings announced plans to move all its long-haul flights from Cologne/Bonn airport to Düsseldorf to benefit from a much larger catchment area and more transfer connections. Eurowings is currently expanding substantially in Düsseldorf, the regional capital of North Rhine-Westphalia to fill the sizeable gap left by Air Berlin, the former market leader at the airport.

Under the latest move, Eurowings will base seven long-haul jets at the airport from the start of the winter flight schedule 2018/19 to operate long-haul budget flights to destinations in North America and the Caribbean. The airline is planning up to 140 long-haul departures per month to destinations including New York and Fort Myers in the U.S., Havana (Cuba), Cancun (Mexico) and Punta Cana (Dominican Republic).

Eurowings had already commenced long-haul service from the airport last November/December with A330 flights to Punta Cana, Puerto Plata, Varadero and Cancun. Three more planes will arrive in Düsseldorf in April to operate six weekly flights to New York, and three each to Fort Myers and Miami. Four A330s currently operating from Cologne/Bonn will then move to Düsseldorf for winter 2018/19 flights, including to Havana and Cancun.

Oliver Wagner, Eurowings Chief Commercial Officer, explained: “Düsseldorf airport’s catchment area covers more than 18 million residents, there’s no larger catchment area in the whole of Germany. This means that together with Eurowings, the airport has great potential to develop an attractive long-haul network for customers. That’s why, at the Düsseldorf location, we’ll not only continue to grow on domestic German and European routes, but will also significantly expand our long-haul fleet.”

Düsseldorf is already the largest Eurowings location; the Lufthansa subsidiary has more aircraft based there than at any other airport. “We’ll soon be operating a fleet of 40 Eurowings aircraft here alone. This provides us with the ideal conditions in the state capital of NRW to feed our growing Eurowings long-haul fleet with lots of feeder flights,” Wagner pointed out.

DER Touristik Set to Acquire Kuoni France

German tourism group DER Touristik plans to acquire Kuoni France, a premium French tour operator that it did not gain with the takeover of the Swiss group’s European tour operators.

DER Touristik confirmed it is holding exclusive negotiations with French firm Travel Lab, which trades as Kuoni France. The aim is to agree the takeover of the Paris-based company in the first half of this year.

The third-largest German tourism group acquired the European tour operators of Switzerland's Kuoni Group, including Switzerland, the UK and Scandinavia, in 2015. However, Kuoni France had already separated from the Swiss group in 2013 when it underwent a management buyout. Under the acquisition plans, Kuoni France would become part of the DER Touristik Group and be expanded under its current management. The French company is a leading tour operator for premium holidays through diverse brands: Kuoni, Vacances Fabuleuses, Scanditours, Celtictours, Donatello and Les Ateliers du Voyage.

According to French travel trade magazine Tour Hebdo, Travel Lab, with some 220 staff, had turnover of €140 million in 2016, a 2.9% increase on 2015, but only achieved low profits. Another significant M&A deal could also be pending. Investment fund LBO France has announced that it has contracted the Rothschild bank with the sale of its tour operators Fram, Promovacanes and Karavel, with combined revenues of €20 million. Fram, formerly family-owned, has suffered from falling revenues for many years.

The French tour operator market remains fragmented and plagued by difficult trading conditions, especially for mass market beach holidays. Both TUI and Thomas Cook made heavy losses in France for many years.

ITB Berlin Grows with Taller Stands, Different Exhibitors and New Themes

The world's largest travel fair is growing upwards this year with taller stands, welcoming back former exhibitors and highlighting trends such as luxury and medical tourism. With some 10,000 exhibitors from more than 180 countries, ITB Berlin is just about sold out once again. "Thankfully we are nearly fully booked," said ITB Berlin chief David Ruetz. Exhibitors with much larger stands include Abu Dhabi, Vietnam, Brazil, Greece, Ukraine and Tajikistan. Other exhibitors are growing in other ways. "There is strong demand for two-story stands," explained Ruetz. Exhibitors with taller stands this year include the UK, Italy, Portugal, Poland, the Czech Republic, Peru, Myanmar, Singapore and Taiwan.

Two major destinations will be celebrating strong comebacks in demand. Turkey will be the largest single exhibitor at ITB this year, while Egypt has also expanded its stand. "The mood has changed. Both destinations are slowly, but surely regaining popularity," Ruetz commented. The three Baltic States will also be celebrating, but for a very different reason. Estonia, Latvia and Lithuania first gained independence exactly 100 years ago.

Arrivals and departures: Various countries will be back in Berlin after a gap of several years: Belize, Ecuador, Guyana, French Guyana, the Turks and Caicos Islands and Zambia. However, Saudi Arabia, a first-time exhibitor last year, is staying away this year along with South Sudan and some smaller exhibitors. The biggest loss, though, is Emirates Airlines which has decided not to have a stand this year as part of its cost saving program. Its sizeable space will be taken by the emirates of Dubai and Ras Al Khaimah. "We very much regret the decision of Emirates and would be delighted if the airline changes its mind next year," commented Ruetz.

German region as Partner Country: One premiere in 2018 is that a German region – the federal state of Mecklenburg-Vorpommern – will be ITB Partner Country for the first time.

“We want to give our international business a push with the message ‘The Spirit of Nature’,” explained tourism chief Bernd Fischer.

Luxury and medical tourism as trends: ITB Berlin will again focus on a wide range of tourism themes and trends in the halls, at the ITB Convention and at other events. Medical Tourism, for example, will have its own section for the first time. The fast-growing Luxury Travel segment will be in focus in Hall 9 and at an evening event.

Travel technology: There are numerous new exhibitors in the Travel Technology, including Chinese online giant Ctrip and Japanese market leader JTB. Messe Berlin “can hardly cope with the interest at present, especially due to the strong demand from China”, Ruetz said.

SALES ACTIVITIES

Consumer Shows (February 2018):

Our area was presented at several important consumer shows in Germany and Belgium in cooperation with the Visit USA Committees in Germany and Belgium as well as a selection of tour operator partners. Collectively, these shows attracted 211,000 consumers.

- Salon des Vacances (BE) February 1-4, 2018
- Reisen Hamburg (DE) February 7-11, 2018
- f.r.e.e Munich (DE) February 21-25, 2018

ITB (March 7th – 11th, 2018):

Known as the “world’s largest tourism fair” held annually in Berlin, Germany, we will again exhibit within the Visit Florida Pavilion. Further organizational items are underway, i.e. appointment scheduling with key industry partners such as tour operators, airlines and other service providers continued this month, stand imagery requirements were conveyed to HQ, venue selections and reservations were completed for applicable evenings, follow-up on invitations received and deployed was completed, trade show and airport transfer arrangements were made for VSPC delegates, ongoing communication with Visit Florida regarding several show logistics including fine-tuning of booth configuration, collateral shipments, securing of delegation badges, deployment of a show schedule update to our delegates, etc. were conducted, in addition to logistics being handled for VSPC’s co-sponsorship of the ITB LGBT Event.

Swiss Tour Operator Appreciation Event (March 12th, 2018):

We will again orchestrate an upscale appreciation event for Switzerland’s most influential and productive tour operators, with 2018 marking our 6th consecutive year. We are pleased to report that Visit Tampa Bay will again co-host this event.

With the venue having been identified and secured, the dinner menu selection was finalized in concert with the venue, invitation Rsvp’s were tallied and logged, table seating chart was completed and transmitted to the venue, function room needs were finalized, hospitality gift selection and shipping arrangements thereof were completed, other collateral shipment executed, etc.

Thomas Cook Roundtable Workshop (April 17th – 19th, 2018):

We are pleased to have secured one of the coveted presentation slots at Thomas Cook’s North America workshop program. A series of roundtable training sessions will be held in three German cities (Freiburg, Frankfurt and Dortmund). Close to 100 qualified agents are expected cumulatively. Other participating product partners include Visit Orlando, SeaWorld

Parks & Entertainment, Naples, Florida Keys, Fort Lauderdale, Visit California, Palm Springs, Texas Tourism, Houston CVB and Ontario.

Additional Activity:

- HQ was supported with German-language proofing and correction of the VSPC '**Best of' website page.**
- Susanne Schutt of **Reiseberatung Mitterer** in Straubing, Germany was provided with ample material and a few small giveaways for an agency open house event planned next month.
- We provided Viola Ehrig-Bülters of travel agency **Die Welt Wartet** in Neustadt, Germany with comprehensive destination information including details on campgrounds for customers she has coming to our area in April.

MARKETING INITIATIVES

Our efforts continued this month in conducting marketing initiatives and advertising programs, which included ...

Tour Operators:

- Aeroplan Reise (Germany)
 - **B2B2C Travel Agent Flyer Mailing** – January-March
A digital tactical offers flyer with a special 10% supersaver discount for VSPC hotel bookings between 1/31-6/30 and 9/01-10/31/2018 will be deployed in three eNews blasts to Aeroplan's database of 20,000+ German travel agents each for use in point-of-sale. These blasts will be executed on January 30th, February 28th and March 30th. In addition, the flyer will be positioned on Aeroplan's website for 9 months starting end of January. Layouts have been received and approved with the second eNews blast being deployed this month.
- AMERICA UNLIMITED (Germany)
 - **B2C Video Promotion with German TV Celebrity** – February-March
Targeting a broad audience from millennials to best agers, this campaign is focused on increasing brand awareness, driving traffic, boosting sales and media coverage. An exclusive St. Pete/Clearwater destination video will be produced featuring German TV celebrity Fernanda Brandao with a German-version Angelina Jolie voiceover. The video will be launched on YouTube (including placement of 'beside video' ads) and is expected to attract up to 350,000 views. Simultaneous placement on the tour operator's social media platforms is expected to generate up to 150,000 impressions as well as considerable engagement activity. A Facebook boost of the video will add to the anticipated reach. In addition, a public video viewing and autograph event will be staged with Fernanda Brandao, which is expected to generate significant media coverage.
Thanks to our Film Commissioner's kind support, several key destination locations were secured for a German film crew to include during a video shoot conducted on location in November with Fernanda Brandao. Our office provided German-language content in preparation for development of the voiceover. A preview of the stunning video was received and forwarded to HQ. The video is expected to launch the first week of March.

- Canusa Touristik (Germany)
 - **B2C Content Package “Scenic Routes”** – mid-April 2018 - open ended

We will join forces with Canusa Touristik on an innovative online promotion package initiative focused on attracting new customers and raising awareness for VSPC.

Two travel route itineraries of different durations (14 nights & 22 nights) and will be developed giving potential customers an inspiration for their next journey. The ‘scenic routes’ will include maps, destination content and a “Top X Section” highlighting exciting area attractions. The ‘scenic routes’ will link to VSPC search engine optimized content on the tour operator’s website and point customers to the booking engine platform. Canusa.de boasts 1.2 million unique website visitors yearly. We provided tour operator with the relevant content this month.

- FTI Touristik (Germany)
 - **B2B2C Traveling Trailer / Multi-Channel Campaign** – February-March

We successfully secured an exciting campaign with FTI comprised of a highly-coveted out-of-home element, i.e. a ‘mobile travel agency’ trailer, which will be staged at inner city locations as well as several important consumer shows throughout Germany (including ITB) for a period of two months. Total consumer show reach alone is approx. 600,000. Several digital initiatives will be included in the campaign with FTI’s franchise of 300 TVG travel agencies being tied into the sales distribution chain. A subsidiary of FTI Touristik, TVG (Touristik Vertriebsgesellschaft GmbH) unites various travel agency franchise models under its roof with the brands sonnenklar.TV travel agency, Flugbörse and 5vorFlug. Secondary partners on this campaign are the Florida Keys & Key West, AF/KL/DL and Brand USA.

The Trailer:

The interior design of the oversized trailer – with a supersized glass slideout and stair step access point – mirrors the look and feel of the TVG travel agencies, known for their lounge-style atmosphere, LCD product walls and storefront window display components. The trailer will be manned by travel agents who are technologically equipped to process bookings on the spot. VSPC’s trailer real estate will include exterior and interior branding, such as:

- 1) **Oversized Posters** (150 x 265 cm / 60 x 104 inches)
will be affixed to the exterior trailer walls depicting our imagery and logo.
- 2) **Beach Chairs**
depicting our logo will be placed outside the trailer next to the slideout.
- 3) **Interior 43” LCD (Product Wall) Screens & “Storefront” Window Display**
will feature continuous loop VSPC accommodations product teasers along with VSPC imagery, logo and destination video – 75-100 repetitions for 10 hours/day. Same will run in the static TVG travel agencies throughout Germany.

In addition ...

- **Tactical Offer Flyers** including VSPC imagery, logo and destination information will be produced for distribution from the trailer.
- **Post Cards** will be produced for a sweepstakes raffle depicting VSPC imagery, logo and prize description (5 nights in our area + 2 nights in the Keys and flights for 2 with AF/KL/DL).
- **VR Glasses** will be available to showcase **VSPC 360° video footage**.

Digital Integration:

A comprehensive package of online initiatives will run throughout the campaign period including:

- 1) **Dedicated Landing Page** with imagery, logo, destination content and travel offers within the fti.de website
- 2) **Blog Article** including imagery and inspirational destination video on ferienwelten.de
- 3) **B2B & B2C eNews Blasts** including imagery, logo, USP content and video to over 80,000 recipients
- 4) **Social Media Placements** by TVG agencies focused on announcements and postings directly from the trailer tour

All materials have been provided, layouts received and approved.

- TUI (Germany)
 - **B2B2C InStore Digital Screens** – February 12th - 23th
VSPC will be featured on in-store digital screens with imagery, video, logo and flash animation travel offers for 10 hours/day in 270 retail travel agencies throughout Germany. The transmission loop will be 6 minutes in length with 10 repetitions per hour. Respective imagery, video and logo materials were provided; layouts have been received and approved.

Travel Trade/Consumer Publications & Portals:

- Blu Media Network (Germany) – circ. 101,000 *Consumer*
 - **1/1 page, 4c Advertorial** – 3/18 Issue
Blu Media Network produces metropolitan ‘city’ magazines monthly with a cumulative circulation of 101,000. These are: *blu* distributed in Berlin, *hinnerk* distributed in Hamburg, *rik* distributed in Cologne, *gab* distributed in Frankfurt and *leo* distributed in Munich. VSPC will be featured in all magazines with a full page of destination content, imagery and hot insider tips. The article will also contain an announcement of a digital sweepstakes promotion on blu.fm/reise (see below).
 - **Travel Sunday Online Sweepstakes Promotion** – March 4-25
The ‘Travel Sunday’ digital promotion comprises placement on the blu.fm website (50,000 unique visitors and 200,000 pageviews/mth), banners on blu.fm and other German LGBT sites (e.g. PlanetRomeo) as well as deployment of an eNews blast to 20,000 subscribers. VSPC will be featured on blu.fm/reise for three weeks with extensive destination content including special mention of our St. Pete Pride Festival in June along with an enter to win option for a 3-night stay + airfare sponsored by Icelandair.
- Gayfriendly USA Guide (Germany) – circ. 40,000 *Consumer*
 - **1/1 page, 4c Advertorial** – March
Published annually, the “Gayfriendly USA Guide” is a 48-page publication highlighting gay friendly destinations throughout the USA including gay hot spots, web links, events and tourism information. The publication is distributed free of charge at selected European LGBT locations, events and consumer shows and can also be ordered online.
VSPC will be featured on a full page with logo, key visuals and applicable content. The final layout was received and approved this month.
Pub frequency: 1x/yr

- Travelution (Netherlands) – circ. 7,500; readership 10,000 *Trade*
 - **6-page Destination Feature/Infotorial** – March

VSPC will be featured in the favored March edition with extensive destination content and imagery. In addition, the infotorial will be presented on Travelution’s website including a VSPC banner ad.

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 close to 100% of the Dutch travel industry. 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. In addition, Travelution has his own website giving a weekly overview of most important news items in the travel industry with cross links to complete press releases. The website boasts approximately 31,407 unique users, 370,684 page views and 1.2 million page impressions monthly.

Pub frequency: 1x/mth

Online Aggregators:

- ASNM New Media AG Newsletter (Germany) – 900,000 subscribers *Consumer*
 - **Florida Newsletter Campaign** – December 2017 and February 2018

St. Pete/Clearwater is part of a Florida eNewsletter campaign consisting of eNews blasts on 6 online travel portals with a total of 900,000 subscribers. This initiative is being conducted in cooperation with SeaWorld Parks & Entertainment, Visit Tampa Bay, Sarasota and Greater Fort Lauderdale.

Assets were previously provided for the creative development of the February eNewsletter, which was deployed toward the end of this month.

Public Relations:

Kaus Media Services - VSPC’s German PR Agency

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

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

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