MARKET INTELLIGENCE / TRENDS

Winter 2017/18 Holiday Sales on Upswing

Travel agencies in Germany increased their overall holiday sales by 4% in May after an 8% decline in April, the latest representative sales analysis of 1,500 agencies by market researchers GfK found. Bookings for summer 2017 stagnated at last year’s levels in May after decent increases in recent months. This left the cumulative growth for this summer at +3%, the same level as in April.

In terms of departure months, July (+4.6%) and September (+8.8%) both have solid increases, but August was 3.2% lower. May sales closed with a 13.8% fall, but bookings for June were up by 20.6% due to this year’s later spring holidays in parts of the country.

There was a boom in early bookings of winter 2017/18 holidays last month. Sales revenues for holidays next winter soared by 21% compared to May 2016, and accounted for a quarter of total sales revenues last month. The key factor in this surge, according to GfK, is the continuing policy of leading tour operators to open up their winter programs for travel agency bookings ahead of their official brochure presentations and earlier than in previous years.

This year’s rising sales after stagnating business in 2016 has improved the mood and expectations in German travel agencies, according to the latest monthly ‘fvw sales climate index’. Nearly 40% of participating travel agencies expect improving demand in the next 6 months, which is 10 percentage points higher than last month.

Condor to Drop Munich Long-Haul Flights as Air Berlin Downscales Tegel Hub

Condor will switch all long-haul flights to Frankfurt next summer while rival Air Berlin will operate fewer intercontinental routes from Berlin. Thomas Cook Group’s German carrier plans to reduce the number of long-haul flights from Munich in winter 2017/18 and then end them completely as of summer 2018. Instead, it will transfer the dozen or so routes to Frankfurt, its home base. According to a spokesperson, Condor decided to stop the long-haul flights from the country’s second-largest airport as part of its cost saving program and because demand for the services is greater at Frankfurt.

However, German media speculated that Eurowings’ expansion in Munich, including rival services on similar long-haul routes could be a factor, while Condor might have sealed better
conditions from Fraport after Lufthansa announced it would switch five A380s from Frankfurt to Munich.

Meanwhile, Condor is continuing to expand its long-haul flights to North America with the launch of twice-weekly B767 flights from Frankfurt to Phoenix next May. “We are consistently continuing our expansion into North America with Phoenix as a new Condor destination. Now with twelve destinations in the USA and five in Canada, we are very well-positioned here,” said CEO Ralf Teckentrup. However, the airline will drop its flights to San Diego, which were just launched in May this year. Lufthansa has announced that it will start five weekly flights to the southern Californian destination next spring.

Separately, rival Air Berlin will scale back long-haul flights from Berlin-Tegel Airport and reposition them out of its Düsseldorf hub in future. CEO Thomas Winkelmann explained: “The Berlin airport is simply not built to handle long-haul planes.” Air Berlin recently dropped one of its two daily New York flights. But Winkelmann disclosed: “In the winter 2017/18 schedule only the destinations New York, Miami and Chicago are to be scheduled and we will further reduce the offering in summer 2018.” Possibly only the New York route will be maintained.

**EU Package Travel Directive - Berlin Passes New Law**

The draft bringing the EU package travel directive into German law was comfortably passed by the Bundestag (Lower House) thanks to the coalition government’s large majority and now goes to the Bundesrat (Upper House) for approval. The new law is set to be enforced on July 1, 2018, meaning that current legislation still covers all bookings until then and the travel industry has one year to prepare for the changes.

The most important change is a new travel category: ‘combined travel packages’. This refers to one booking of two separate travel products (such a flight and hotel accommodation) from different suppliers. This is primarily designed to cover online bookings, but will also impact travel agents, who sell the bulk of package holidays in Germany. Travel agents creating such packages can avoid tour operator liability by selling the products of different suppliers separately (with two different invoices) or by selling individual components from the same tour operator. Customers can then pay the two invoices in one payment.

Another important change is that tour operators will be able to increase a package holiday price by up to 8% up to 20 days before departure, if they can prove their costs have increased. The previous limit was 5%. However, they also have to reduce the price if their costs decline.

The German Travel Association (DRV) warned: “Overall, the new legal rules will unnecessarily further increase the complexity of travel sales. However, we will be able to live with it and, what’s much more important, can continue to exist as travel agents.” The DRV is planning to offer training seminars to travel agents on how to cope with the changes.
SALES ACTIVITIES

IPW (June 3rd – 7th, 2017):
Preparations were completed for our attendance at this year’s IPW held in Washington D.C. Having taken on the task of developing and maintaining the master appointment schedule for our delegation, keeping abreast of last-minute appointment shifts, additions and changes, the final schedule was compiled and distributed to HQ and colleagues.
Over 30 appointments were conducted with tour operators, industry associations, airline partners and travel trade media from the Central European markets. Several tour operators reported increases in summer bookings to our area over the past several months. TUI Germany is currently the strongest producer to our area (+10% over last year). A number of tour operators reported a flat booking status and while a few reported single digit percentage declines in summer bookings to the USA and Florida, our area is tracking ahead. For the winter 17/18 season, bookings are on the rise. Key takeaways included:

Trends:
- Approx. 65% book their U.S. travel 120 days out
- Approx. 15% book their U.S. travel between 91 and 120 days out
- Several tour operators are moving to annual catalog production (rather than 2 seasonal production runs)
- Customers are becoming increasingly keen on destination ‘experiences’ and soft adventure

Tenor:
- The USA is still among the top long-haul destinations for Central European travelers with German visitation topping the list.
- Despite widespread forecasts that foreign visitors could be scared off by President Trump’s rhetoric and policies, it is unclear whether there is any real ‘Trump slump’.
- The strength of the USD relative to the EUR is influencing booking behavior more than the political situation.

VSPC:
- Continued and enthusiastic interest in the new hotel inventory on board and upcoming
- Concerns over accommodations’ resort fees and (in some cases) dynamic pricing models

DER Touristik Campus LIVE 2017 (December 5th – 8th, 2017):
The “Campus LIVE” tour is among the most important events DER Touristik orchestrates annually for its top travel agents. While the main event will be held in Orlando from December 8th-12th, 2017 for 90 top-selling German travel agents, DER Touristik is keen to give agents the opportunity to experience different regions of Florida during 5 Pre-Tours consisting of 18-20 persons each. These are intended to convey additional product knowledge on each region’s attractions and unique selling points.
We liaised with our Leisure Travel department regarding itinerary development and further program arrangements including providing DER Touristik with destination input for development of their agent invitation, which was deployed this month.

Additional Activity:
- We assisted Heike Schmitt, Key Account Manager Lufthansa Group, with her own travel plans to our area.
- Jan Doets America Tours of The Netherlands will be sending their professional videographer to Florida in August to capture family-oriented ‘fun in the sun’ moments
on film for use in the tour operator’s promotional efforts. We assisted with the requested arrangements including visits to both The Dalí and Chihuly Collection.

MARKETING INITIATIVES

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

Airlines:

- British Airways (Germany)
  - **B2B Speedbird Club Promotion** – May 9 -June 6, 2017
    Together with British Airways, Germany we developed a unique travel agent promotion for their “Speedbird Club” communications channel. Designed as an informative online platform specifically for the travel trade, British Airways’ Speedbird Club Germany currently boasts 8,700 travel agent members. Members are kept up-to-date on the latest developments and promotions by means of regular eNews blasts.
    Messaging on VSPC (including content, imagery and logo) was combined with twin-center destination Visit Orlando and included a sweepstakes element. Again, we are most grateful to our industry for the generous accommodations sponsorship.
    The initiative concluded this month with positive results:
    - eNews Recipients: 7,641 (SBC members Germany only)
    - Views: 7,286
    - Clicks: 2,146
    - Quiz Participants: 366 (10 quiz questions)
    - Correct Answers: 293 (80.05%)
    - Incorrect Answers: 73 (19.95%)
    The winner was contacted and appropriately congratulated.

Tour Operators:

- FTI Touristik (Germany)
  - **B2C & B2B Multi-Channel Memory Card Game** – April-June
    Together with FTI, we developed an innovative initiative involving a digital Memory Card Game and sweepstakes. The platform served to solicit engagement and provide information on VSPC and our area’s offers by FTI. The initiative concluded with a sweepstakes question which had to be answered in order to become eligible to win a trip for two to St. Pete/Clearwater as well as one of 1,000 memory card games, which were specially designed, high-quality boxes of 24 card pairs showing our logos on the back and enticing imagery on the front to be matched. Focused on raising awareness, generating buzz and boosting bookings to St. Pete/Clearwater, the campaign ran for three full months (April thru June). Campaign elements included a number of distribution channels. The results generated exceeded expectations!
  a) **B2C FTI Standalone eNewsletter Blast** (Germany) – April 21st
    - VSPC featured within FTI’s eNewsletter to 102,534 subscribers with logo, imagery, text, travel offers and a link to a dedicated VSPC landing page/booking engine.
    - Results – Opening rate: 10.08%, Clicks: 1,097
b) **B2C FTI Standalone eNewsletter Blast** (Switzerland) – April 21\textsuperscript{st}

VSPC featured within FTI’s eNewsletter to 1,673 subscribers with logo, imagery, destination content, travel offers and a link to a dedicated VSPC landing page/booking engine.

*Results* – Opening rate: 23%, Click-to-Open Rate (CTOR): 8.57%

c) **B2C Offpage Package Premium** (Ad Bundle) – April 5\textsuperscript{th} - June 25\textsuperscript{th}

VSPC and the Memory Card Game Sweepstakes featured in a high performance-oriented marketing mix with smart placement of advertising and content in a relevant environment with a guaranteed number of ad impressions (3 million) and clicks (5,000). VSPC offers and products placed on external networks as well as on channels such as Google AdWords, Facebook, etc.

The Ad Bundle creative comprised three banner sizes all linking directly to VSPC dedicated landing page with logo, imagery, travel teasers.

*Results* – Ad impressions: 5,803,466, Clicks: 6,604

d) **B2C Offpage Package Premium** (Facebook) – April 1\textsuperscript{st} - June 1\textsuperscript{st}

VSPC presented within advertisement posts on FTI’s Facebook platform which linked directly to dedicated VSPC landing page on FTI’s website.

*Results* – Ad impressions: 1,008,077, Clicks: 24,247, Click-thru Rate (CTR): 2.41%

e) **B2C Offpage Package Premium** (Landing Page) – April 3\textsuperscript{rd} - June 25\textsuperscript{th}

Exclusive VSPC landing page on FTI’s site including logo, imagery, destination content and travel offers.

*Results* – Visits: 20,445, Views: 26,411

f) **B2C FTI Newsletter Premium Teaser** – April 21\textsuperscript{st}

VSPC presented with double teaser comprised of logo, imagery, content snapshot in a B2C eNewsletter to 102,625 German subscribers. The teaser linked directly to the dedicated VSPC landing page.

*Results* – Opening rate: 10.56%, Clicks: 173, CTOR: 1.61%

g) **B2C Homepage Skyscraper** – May 1\textsuperscript{st} - June 27\textsuperscript{th}

VSPC skyscraper comprised of logo, image and “chance to win” text hook placed on FTI’s homepage; skyscraper linking directly to VSPC dedicated landing page.

*Results* – Ad impressions: 589,379, Clicks: 403

h) **B2C Homepage Single Teaser** – May 1\textsuperscript{st} - May 28\textsuperscript{th}

VSPC teaser comprised of logo, image and teaser text placed on FTI’s homepage; teaser linking directly to VSPC dedicated landing page.

*Results* – Page impressions: 327,869, Clicks: 289

i) **B2C Memory Card Game Raffle Page** – April 1\textsuperscript{st} - June 30\textsuperscript{th}

An external landing page was created featuring logos, imagery and content on both VSPC and FTI which also included a the interactive memory card game

*Results* – Visits: 36,130, Sweepstakes participants: 9,059,

During the campaign period, an increase of 14% in room nights and +13.7% in pax was achieved (over the same period in 2016) in addition to a 1.2% increase in (Florida) market share.
Knecht Reisen (Switzerland)

- **B2C Out-of-Home Streetcar Campaign** – February-April
  
  Results came in for our initiative the Knecht Reisen (reference campaign details in April’s report):

  - **Streetcar advertising:**
    
    Average no. of passengers, who saw this activity during the 3 months period on the streetcar lines: 54.55 million.

  - **Sweepstakes Website Results on SonnenHungrig.ch:**
    
    Unique Visits 2,274, Sweepstakes Participants 1,339, Completion 59%

  - **Facebook Results:**
    
    Views 14,021; Click rate 314; Shared rate 195

  - **Newsletter Results:**
    
    40,000 recipients, Click rate 105

Thomas Cook – Neckermann Reisen (Germany)

  
  Placed in shop windows of retail travel agencies located in high-traffic pedestrian areas, these storefront travel screens are a very successful marketing tool. Digital content is presented vibrantly with moving imagery and video, which speak to the customer emotionally, motivating the desire to travel. We eagerly secured exposure for VSPC, as placement spots are highly coveted and fill up quickly.

  Distribution is to 226 Neckermann retail travel agencies; duration of five weeks; spot length of 40 seconds repeated in 10 minute intervals. Our ‘Live Amplified’ destination video was integrated into our spot. Estimated reach is 2,780,000 contacts.

- **B2B2C Poster Strip** – June 5th, 2017
  
  Featuring VSPC exclusively with key visual, logo and travel teasers, this oversized poster strip was deployed to 9,000 travel agencies for a minimum of one-week in-store and storefront display.

  
  Augmenting the poster strip, VSPC was be featured in the Expert Tip published in the Neckermann Reisen’s sales information kit, which is distributed weekly to all 9,000 agencies in Germany and Austria. Expert Tip is a particularly inspirational tool and therefore very popular with the travel agents.

Travel Trade/Consumer Publications & Portals:

- **Männer (Germany, Austria, Switzerland)**

  Männer Magazin (men’s magazine) has recently moved to a purely electronic publication. It belongs to the Bruno Gmünder Publishing House, which is a well-established and among the strongest LGBT publishers on the German market, with a loyal readership. The publishing house is also known for their Spartacus Traveler Magazine. Both titles are published quarterly.

  We secured a great coverage opportunity for VSPC on various platforms during the entire month of July:

  - **Slider Photo Banner on m-männer.de** – July
    
    This banner will be online for 2 weeks and will link to our the LGBT platform of our German website.

    Banner was created and approved this month.
Brunos eNewsletter – July
The VSPC banner will also be featured in Bruno’s weekly eNews to 12,000 subscribers.

Advertorials on m-männer.de and spartacustraveler.de – July
2 comprehensive advertorials will be placed on both prominent websites including insider tips and several images.

- TRAVEL INSIDE (Switzerland) – circ. 5,500
  12 page, 4c Beaches Supplement in the Destination Report USA Issue 2017 – July
  A special VSPC supplement will be included in the July 27th issue of Travel Inside in conjunction with a special USA Destination Report. We will utilize the 12-page beaches guide in our Gulf to Bay magazine and translated into German. The final layout was approved this month.
  Known as Switzerland’s leading travel trade magazine, TI is tailored to the needs of travel professionals combining competent reporting on relevant tourism industry subjects with trend and development reports, analyses and comments from the experts.
  Pub frequency: Weekly

- Queer.de (Germany, Austria, Switzerland)
  Queer.de is Germany’s leading LGBT news and information website. In fact, queer.de is one of the leading LGBT websites worldwide with 12,132,000 page views, 2,955,000 visits and 897,000 unique users monthly. We secured several initiatives over the course of several months:
    - eNewsletter – June
      The standalone VSPC eNewsletter was created, approved and deployed this month to 18,088 recipients. The CTR of 20,54% was very high!
    - 4c Advertorial – July
      A comprehensive advertorial with 5 4c images, a map as well as a video of LGBT hotspots was created and approved this month.
    - Flash Banner Placement – July-September
      Above initiatives will be augmented by an animated VSPC flash banner for the duration of three months. Banner was created and approved this month.

- Vista Point Travel Guide Book “Florida” (Germany, Austria, Switzerland)
  The Vista Point publishing house produces several travel guide books, with a Florida dedicated edition being among them. The guide books are utilized by tour operators for distribution to customers and are available for purchase in supermarkets and book stores.
  VSPC will be featured on the front cover of the newly adapted Florida book with an enticing image and map reference. In addition, our area will highlighted on a full page within the book, will be included within the route log and will be shown as a side trip from the day route on the map.
  Final layouts of the VSPC related pages were received, proofed, corrected and approved this month. VSPC will be featured on 22! pages total.
  Pub frequency: 1x/yr. circ. 25,000
Public Relations:

Kaus Media Services - VSPC’s German PR Agency
This month saw us assisting the agency with the following projects:
  ➢ **Press Release June**: Proofread and corrected.

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