

CENTRAL EUROPEAN OFFICE

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Prepared by: **Marion S. Wolf**
Director Central Europe

MARKET INTELLIGENCE / TRENDS

Strategic Turnaround: Lufthansa Reboots Eurowings and Questions Condor

Lufthansa is putting profits before growth by cutting loss-making Eurowings back to basics and playing down its chances of buying Condor from Thomas Cook. Germany's dominant airline told analysts what they wanted to hear. The expensive Eurowings adventure will be scaled back to the original concept of low-priced short-haul flights, there will be a new strategy for Brussels Airlines, and the group might not buy Condor from Thomas Cook Group after all. Instead, the Lufthansa Group will focus more strongly on improving its financial results. The group also announced it would raise dividends by paying out between 20% and 40% of net profits in future (instead of 10 – 25% at present).

The main headlines circled around Eurowings, the loss-making budget airline that has been expanded dramatically over the last couple of years with the takeover of 70 former Air Berlin planes and a turbulent move into long-haul flights to leisure destinations. But financially this rapid growth is not paying off. Eurowings made a loss of €230 million last year and is heading for a bigger loss this year. Instead of breaking even this year as hoped, the airline is now expected to remain in the red for two more years and then make a profit in 2021. As a result, Lufthansa has decided to cut Eurowings back to basics by re-focusing on the original strategy of cheap flights on key short-haul point-to-point routes from Germany as a defensive strategy to restrict the expansion of Ryanair and Easyjet in Lufthansa's home market.

Lufthansa Group CEO Carsten Spohr explained that Lufthansa will take over commercial management of Eurowings' long-haul operations. The subsidiary will continue to operate these flights as it has a lower cost base, but the parent company will be responsible for sales and marketing, as well as network planning. This also means that the plan to integrate Brussels Airlines into Eurowings has been abandoned. A new strategy for the Belgian carrier, which has a strong Africa network, will be presented this fall.

Eurowings CEO Thorsten Dirks told analysts that on short-haul routes the Eurowings fleet will be harmonized to A320 planes and downscaled from the current 139 planes of different types. In future, Eurowings will focus on its four main bases in Germany: Düsseldorf, Cologne, Hamburg and Stuttgart. Unviable locations and routes will be closed down, but Dirks did not say how many of the present 13 bases might be affected.

Meanwhile, Lufthansa CFO Ulrik Svensson played down the chances of buying Condor from Thomas Cook. "It's unlikely that we will get the deal," he told analysts in response to questions. He outlined several hurdles, including Condor's ageing fleet that would require high investments, while any integration into Eurowings would be "complex". Given

Condor's mix of short-haul and long-haul routes, this would also no longer fit into the new Eurowings strategy of focusing on short-haul routes. Moreover, Lufthansa was mostly interested in Condor's long-haul business, while CEO Carsten Spohr believes its short-haul business, such as to Majorca, could be threatened by Ryanair and Easyjet.

German Holiday Sales Recover in May

Holiday bookings in Germany recovered last month to previous year levels after a dramatic 12% year-on-year drop in April, the latest monthly sales figures from market researchers GfK show. A 4% rise in tour operator online revenues in May compensated for a 2% drop in travel agency sales and left the month at the same turnover level as May 2018, according to the market researchers' analysis of sales by 2,000 representative travel agencies and tour operator websites.

With zero growth last month, cumulative sales of summer 2019 holidays since last fall remained 2% lower than 12 months ago, like in April. However, as GfK pointed out, May 2018 closed with a 14% year-on-year rise in sales revenue. This means that May 2019 sales are well above the levels of this time two years ago on a cumulative basis.

Nevertheless, the German market still has some way to go to catch up on 2018, with only 73% of last year's total summer revenues achieved to date. The travel industry thus needs to sell holidays worth more than one quarter of last summer's total turnover in the next few months in order to achieve zero growth this year.

Demand in May was largely driven by late bookings, especially for June with its three 'long weekends' created by springtime public holidays. However, the cumulative 10.6% growth for June did not compensate for a 15% drop in revenues for travel in May. Moreover, the two main summer holiday months of July (-2.8%) and August (-2%) are still behind last year's sales levels.

In contrast, early bookings for next winter were strong last month with a 7% year-on-year increase. This means that 24.3% of all revenues in May were generated by the winter 2019/20 season "and later". This is 1.4 percentage points ahead of the same period last year for winter 2018/19. Overall, taking summer 2019 and winter 2019/20 sales together, travel agency and online sales revenues showed a small 1% increase last month.

Kuoni & Co.: DER Touristik Suisse is Finally Back in Profit

DER Touristik's Swiss business should finally be profitable again this year, four years after the German group bought Kuoni's European tour operators, according to Switzerland chief Dieter Zümpel. "At present all the signs point to a break-even at the end of the 2019 business year after we steadily reduced the original double-digit million loss," he said. The 14 different tour operator and retail brands, including the 113-year-old icon Kuoni, should be able to compensate for the slight drop in demand for summer holidays with sales growth for other times of the year, he explained.

Last year DER Touristik Suisse generated turnover of 654 million Swiss francs (€85 million). This significant increase on the previous year was "very satisfying", according to the experienced tourism industry manager. In the winter half-year, the group's Swiss tour

operators increased revenues by 4% and the retail operations, including 80 travel agencies, by 1%. However, summer sales in Switzerland are slow so far this year. Most brands have lower bookings for April to October 2019, Zümpel confirmed. More positively, bookings have started strongly for the forthcoming winter season with a 10% increase.

DER Touristik acquired the entire European tour operator business of Swiss group Kuoni Travel Holding in 2015. Most production for Swiss brands Kuoni and Helvetic (which focuses on beach holidays) now takes place in Germany. DER Touristik Suisse also has a number of successful and profitable specialists in its portfolio. Meanwhile, in Germany, DER Touristik is pressing ahead with its ongoing restructuring program 'Project One', which is integrating responsibilities and reducing double roles at the two head offices in Frankfurt and Cologne.

Summer 2019: Price Cuts Drive Up German Demand, but no Last-minute Boom

German consumers are starting to book their summer holidays thanks to big discounts after waiting much longer than usual this year, but there is no sign yet of a last-minute bookings surge, according to tour operators. Sales prospects are starting to look better in June after several months of weak demand as hoteliers in Mediterranean destinations flood the market with special offers to generate bookings. Savings of up to 50% are apparently on offer for customers who are flexible with departure airports and travel dates. Spanish hoteliers in particular are being flexible with prices in response to disappointing sales as consumers prefer destinations such as Turkey and Egypt this summer.

“Spanish hoteliers have reacted and are currently offering additional discounts of up to 50% on the hotel price, which we are passing on to our customers,” confirmed Patrick Hogrefe, TUI Germany’s head of product management Sun & Beach. This appears to be paying off with rising bookings for Spanish destinations. “In the last few weeks we have generally seen a significant rise in bookings in Germany, including for last-minute (offers),” Hogrefe added.

Sabine Prähauser, head of FTI’s late holidays brand Fünf vor Flug, sees a similar trend. “After unusually weak booking volumes in the first few months of the year we can see that bookings, especially in the last-minute segment, have risen strongly in recent weeks,” she commented. FTI still has capacity available for classic Mediterranean destinations such as Majorca, Greece and Italy, along with special offers for well-booked destinations such as Turkey and Egypt.

Thomas Cook also expects last-minute business to improve. The tour operator has late booking offers for a range of short-haul destinations, including the Canaries, Bulgaria and Greece.

Winter Season 2019/20: TUI Germany Goes Omni-Channel and Launches Tours Brand

TUI is stepping up digital sales in Germany, launching a new brand for tours and expanding capacity for Egypt and the Canaries in winter 2019/20. The TUI.com website will be expanded as the group’s main online sales platform for the German market. The TUIfly.com website will be integrated into it so that “all available flights on the market” can be booked through one site. Similarly, the entire car rental program, holiday homes portfolio as well as

offers from the new TUI Tours brand and specialist TUI Wolters will be bookable through TUI.com.

Sales & marketing chief Hubert Kluske explained that TUI Germany wants to develop omni-channel sales while giving customers the option of choosing personal advice by booking an appointment in a nearby travel agency. One major product innovation is the launch of TUI Tours, initially offering more than 100 exclusively bookable coach trip holidays in 33 countries with German-speaking tour guides. In Europe, destinations include Spain, Portugal, Italy and the British Isles, while initial long-haul destinations such as Cuba, Mexico, Thailand and South Africa. TUI plans to add more countries and broaden the program to cover car rental and private tours. In addition, the portfolio of destination activities and city trips will be expanded to 150,000 different products, including wellness offers, sports events, cultural visits and guided tours.

For winter 2019/20, TUI will expand capacity for winter sun holidays in Egypt and the Canaries. TUIfly will increase flights to Hurgada by 35% and to Marsa Alam by 22%. Two new Sensimar hotels will open next winter on Gran Canaria and La Palma.

Tourism director Stefan Baumert predicted: "Egypt will again be one of the top destinations. After demand increased significantly during this summer, we are expanding capacity substantially for the German market next winter." In addition, TUI Germany is cutting prices by 2% for the Canaries, its top winter destination, and also for Cuba, while prices will be largely unchanged for Majorca and many long-haul destinations.

Winter Season 2019/20: DER Touristik Expands Flight Capacity and Luxury Holidays

Germany's third-largest tour operator is adding flight and hotel capacity, broadening its luxury holidays portfolio and keeping prices mostly stable for the 2019/20 winter season. Overall, DER Touristik is expanding its winter program by 20%, with 7,000 more hotels on offer from Dertour alone. These include three new Cooee hotels on Fuerteventura, in the Dominican Republic and on the German Baltic Sea island of Rügen, taking the group's budget brand to 38 hotels.

In terms of flights, the tour operator is focusing on flexibility, enabling customers to book individual flight combinations covering periods such as 10 days. Moreover, coach holidays can now be booked as private tours, either with a chauffeur or own car, in response to rising demand for more individual holidays.

For Egypt, Dertour has contracted more capacity on Sun Express flights to Hurgada, while there are new Condor flights to the Dominican Republic and Kenya. The long-haul program is being expanded with more hotels in Thailand and the Caribbean, along with new tours in Mexico, southern and eastern Africa.

Dertour Deluxe, the premium holidays brand, is expanding its cruises program, offering holidays on all the Seabourn ships and new vessels from Silversea Cruises, Ponant und Sea Dream Yacht Club.

Bookings have started well for the winter, according to DER Touristik. Among short and medium-haul destinations demand is strong for Germany, Austria, Switzerland, Tunisia, Egypt, the Canaries and the Emirates, while the Caribbean, Asia, Africa and the Indian Ocean

are popular as exotic destinations. Prices for winter 2019/20 are “overwhelmingly stable”, according to the tour operator, including for Majorca, mainland Spain, Tunisia and the UAE. The Canaries will be as much as 10% cheaper, while there are slight price increases for Egypt and Turkey, and moderate increases for the USA, Caribbean and Asia due to exchange rate fluctuations.

German Income Prospects Suffer Setback

Consumer mood is displaying a very uneven image in June 2019. Propensity to buy is increasing again, while income expectations suffer significant setbacks. Economic expectations have ceased their downward spiral, for the time being at least. For July, GfK is predicting a consumer climate value of 9.8 points, following a June figure of 10.1 points.

The consumer climate is recording losses for the second time in a row. A key factor behind this is the noticeable decrease in the income indicator this month. Propensity to buy, on the other hand, is managing to more than make up for losses suffered last month and is displaying largely stable development. Economic expectation is currently not decreasing further.

Economic expectations stabilizing: The downward spiral that economic expectation began at the start of 2018 halted in June, at least for the moment. The indicator rose by 0.7 points and now stands at 2.4 points. The economic mood is therefore stabilizing at a relatively low level. The figure is now 17 points lower than the same time last year. As before, the global economic cooling off, on-going discussions around Brexit, and the trade war with the USA are putting a strain on the economic indicator. These factors are specifically impacting the export nation of Germany. This is true in particular of the trade conflict with the USA. Consequently, even the growth predictions for the German economy have decreased noticeable. Presently, experts are expecting growth in gross domestic product (GDP) of around 0.5%.

Income expectations collapsing: After seeming stable everywhere of late, income expectations had a bitter pill to swallow in the form of its June losses. The indicator lost 12.2 points, falling to 45.5 points. This is the lowest level since March 2017 when it stood at 41.6 points. This means that it is currently almost 12 points lower than at the same time last year. So far, the income indicator has been able to benefit from the excellent development of the job market in Germany. But now the voices heralding the end of the employment boom are growing. As a result, fears concerning job losses have increased at a number of employers. The proportion of consumers assuming that unemployment could rise again increased in June. Above all, it is employees in the automotive industry and their suppliers who hold such fears. In addition to the trade conflict with the USA and the global economic cooling off, this industry is being shaped by the transition from the combustion engine to e-mobility. Clearly more than a few people are concerned that significantly fewer workers will be required for the manufacture of electric vehicles in future. The coming months will show whether this downturn is a one-off outlier or the start of a change in trend for this indicator.

Propensity to buy defies falling income expectations: Unlike economic prospects, propensity to buy recorded gains in June. This indicator rose by 3.2 points to 53.7. It has therefore more than made up for the 2.6 points lost the previous month. This is a loss of 1.4 points compared to last year. As a result, propensity to buy is successfully fighting off losses in income expectations this month. Although a number of employees are becoming increasingly doubtful of their job security, consumer mood remains unperturbed. Whether

this will remain the case depends heavily on how income prospects develop in the coming months. If the significant loss suffered by this indicator in June turns into a persistent downward trend, it will also be tough for propensity to buy to maintain its currently excellent level.

Consumer climate down for second time in a row: For July, the consumer climate is exhibiting a value of 9.8 points, 0.3 points lower than June. This means that the consumer climate is falling slightly for the second time in a row. Domestic demand will nevertheless remain an important pillar of the German economy. In order for this to continue to be the case, the uncertainty around job security that is increasing as a result of the trade conflict with the USA must be combated as quickly as possible. If employees feel that this has not been achieved, the consumer climate will face even greater strain. The GfK Consumer Prediction of +1.5% for 2019 would then certainly be in need of revision.

SALES ACTIVITIES

IPW (June 1st - 6th, 2019):

U.S. Travel Association's IPW is the leading international inbound travel trade show driving \$4.7 billion in future travel to the United States. It is a national showcase of America, where U.S. travel exhibitors connect with travel buyers and media from more than 70 countries to promote their products and negotiate future business and build relationships. IPW secures America's position as a foremost global travel destination by increasing international visitation and showing the world the best of what the U.S. has to offer. This year's show was held in Anaheim, California.

Over 30 appointments were conducted with tour operators, industry associations, airline and travel trade media partners from the Central European markets. Generally, the U.S. remains among the top long-haul destinations for Germans, Swiss and Dutch; the year-on-year growth rate is between 5% & 7%. TUI Germany stands out in particular with a reported double-digit bookings increase for summer 2019. Florida remains ranked among the top three most popular U.S. destinations with bookings to our area pacing ahead of other Sunshine State destinations. Many tour operators emphatically pointed out that our destination is benefitting strongly from the consistently solid and pro-active commitment to the marketplace. For the winter 2019/20 season, bookings are on the rise.

Trends:

- Bookings via tour operator websites are increasing
- The booking window is between 91 and 120 days out
- A move toward annual catalog production (rather than 2 seasonal production runs) with inclusion of inspirational messaging
- Customers continue to be keen on destination 'experiences' and soft adventure

Tenor:

- President Trump's rhetoric and policies continue to unnerve, yet do not appear to have a massively adverse effect on consumers' desire to explore the U.S.
- Exchange rate volatility / current strength of the USD relative to the EUR is influencing booking behavior more than the political situation.

Swiss VIP Client Business Development Event (July 9th, 2019):

We will again orchestrate an upscale business development event for Switzerland's most productive tour operators and travel trade media with 2019 marking our 8th consecutive year. We are pleased that Visit Tampa Bay will again be our co-host this year.

In past years, this event was held in March directly following ITB. Last year both CVB's agreed to shift the timing of this year's event to the summer. This new timing lends itself well to incorporating an interactive outdoor activity, the focus of which will be destination education.

The venue has been secured. Event logistics such as function space and set-up details, menu selection, room rate negotiation and block, guest hospitality gifts, collateral shipping, compilation of the guest list, deployment of invitations with Rsvp deadline of 6/19 and a myriad other details are in the process. This month we followed up on the Rsvp's ... 16 persons are attending. In addition, final details were coordinated with the venue and we finalized details related to the interactive outdoor element of the program.

DER Touristik Campus - "Urlaubsticker" Seminar (July 9th, 2019):

DER Touristik Campus is the tour operator's integrated B2B training and certification program. In a series of seminars, agents are given comprehensive education on a broad range of tourism topics including *'Active & Outdoor'*, *'City, Events & Lifestyle'*, *'Explorer Tours'* and *'Sun & Beach'* which comprise presentations by destinations, accommodations products and excursion options, to name a few.

One of the most important educational segments in the seminar series is the "Urlaubsticker" ('vacation ticker'), a season opener focused on highlighting new catalog products, sales tips and tools as well as first-hand insider expertise. A maximum of 3 partners are featured during each Urlaubsticker seminar, given them an unmatched exclusivity.

We successfully secured one of the rare presentation slots earlier this year with both Visit Orlando and Lufthansa joining us. A travel trade marketplace ensures one-on-one sales discussions with the agents, which will be followed by a comprehensive 15-minute presentation by each partner. This seminar will be held in Bremen, German and is expected to attract over 50 top-selling agents.

CANUSA Touristik In-House Training (July 10th, 2019):

We will join forces with Visit Orlando in organizing an in-house reservations staff training at German tour operator CANUSA Touristik headquartered in Hamburg, Germany. After the sales training we will meet Kolja Kassner - Chief Business Development Officer, Karin Buhse - Product Manager and Madlen Madaus - Marketing Manager to discuss market development and future initiatives.

Cruising Reise Retail Travel Agent Training Event (August 29th, 2019):

Due to our very good relationship with Dirk Zielinski, Product Manager North America of tour operator Cruising Reise GmbH, we have been invited to participate in a special retail travel agent training event to be held in Hannover, Germany – where available spots are extremely limited to only a few destination partners. Not only did we secure one of the coveted presentation slots, but also successfully negotiated an expanded placement of the tour operator's VSPC product offers in conjunction with our partaking in this event.

A VSPC snapshot is to be included in the invitation mailing for which we provided input and later proofed and approved. The invitation was deployed the end of June. Over 50 qualified agents are expected to attend.

Visit USA Road Show Netherlands (September 16th – 18th, 2019):

For the second time, the Visit USA Netherlands will organize a B2B road show, which will include training events in three cities: Zwolle, Den Bosch and Rotterdam. The road show is expected to attract over than 150 travel agents. The format will include intensive training sessions in "speed dating" style for all agents in each city. We have secured our participation by registering early for what has become a sought-after program.

Visit USA Switzerland Road Show (September 24th – 26th, 2019):

Scheduled to be held in St. Gallen, Zurich, Lucerne and Bern, the road show is expected to attract over 200 travel agents. We will have the opportunity to present our area in the more intimate roundtable format during both morning and evening training sessions. 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 fall booking season. Space was limited for these training events allowing for only 10 suppliers; thus, we are pleased to have secured this excellent exposure and engagement opportunity by means of our early registration. This month we provided several elements requested by the organizer (VSPC destination information, logo and imagery).

Del-Tour Belgium B2B Workshop (October 17th, 2019):

After last year's successful program, we will again participate in Del-Tour's B2B workshop due to be held in Liège, Belgium. The B2B event is expected to attract agents from the French-speaking part of Belgium as well as from neighboring Luxembourg. During the full-day workshop, agents will be trained in small groups in 15-minute sessions. In addition, a VR booth will be set up giving agents a virtual experience. Furthermore a photo gallery of the workshop will be projected live on social media through Eventer, a geolocation based app. Registration has been completed to secure our participation at an early-bird rate.

Visit USA Germany Seminar / Halloween Event 2019 (October 25th – 27th, 2019):

For the tenth 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. Between 110 and 130 retail travel agents from all over Germany are expected to attend.

There will be a new twist on this year's format: In addition to the regular 15-minute workshop package during which agents are trained in small groups, a new plenary opening session will be staged during the first half of the day giving 4 supplier partners the opportunity to present their products to the entire audience.

VSPC will be part of the opening session as one of the first presenters together with Visit Orlando, SeaWorld Parks & Entertainment and Ft. Myers. Each of us will have a dedicated 15-minute presentation block, whereby as a group we will endeavor to create an interesting 'road trip' story experience for the audience. An evening Halloween extravaganza is planned as the highlight of the weekend.

This event has become so popular that it sells out in less than 10 minutes upon deployment of registration documents. We had to be exceedingly quick to complete and submit our registration in order to secure one of the coveted presentation slots this month.

USA-Canada Experience Netherlands (October 31st - November 1st, 2019):

The Dutch travel trade event "*USA-Canada Experience*" is a 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 tourism managers. 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 travel prize raffle. Registration was completed to secure our participation at an early-bird reduced rate.

Visit USA Austria Seminar (November 14th – 15th, 2019):

Known as Austria's premier travel trade event, the Visit USA Seminar Austria will be held in Vienna this fall and is expected to attract up to 120 agents. The format will comprise a

comprehensive educational seminar in the afternoon with an ensuing evening event. The seminar program will include a table top marketplace and an on-stage “interview” session with each supplier partner. The Visit USA Committee Austria will again organize a post-seminar “evaluation breakfast” during which we will have the opportunity to provide feedback and discuss future planning. Our ‘early-bird’ registration has been submitted thereby securing a discounted participation fee.

MARKETING INITIATIVES

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

German National Consumer Campaign:

- **YOUR NEW HOTSPOT! DIGITAL & CROSS MEDIA CAMPAIGNS** (April-June)

This is a brand new and exciting campaign strategy custom-designed for VSPC!

In today’s digital environment, consumers continuously seek hotspot connectivity to facilitate communication. This was the impetus to develop a campaign designed to capture our target group in their workaday lives and drive them to our destination, i.e. by promoting our destination as “Your New HOTSPOT” ... in German “Dein neuer Hotspot”.

- **Digital / Social Media Campaign**

Target Group:

- ✓ Consumers, male/female, age 35-60, couples, families, mid/high income, located in bigger cities (1 M pop.), interested in traveling, USA

Social Channels:

- ✓ Facebook and Instagram

Planned Formats:

- ✓ Carousel Ad, Video Ad, Instagram Story Ad
- ✓ Link Ad each in Instagram and Facebook
- ✓ Google Search Engine Ads

General Execution - Phase 1:

- ✓ 2 x Videos (2 on each social channel for A/B testing) - Facebook and Instagram

General Execution - Phase 2:

- ✓ Retarget all video watches based on Phase 1 with Carousel Ad, Link Ad (FB/Insta) and Story Ad

Estimated reach is 6.4 million over the campaign period.

Expedia is our activation partner on this campaign.

Results to be forthcoming.

- **Cross Media Campaign (In-Store, Print & Digital)**

To expand our scope, we will integrate a cross media promotion with a partner that has a widespread network: Expert electronics stores. Founded in 1962, Expert is a cooperation of retailers for consumer electronics, information technology, telecommunications, home entertainment and electrical appliances. Known as a leading German brand in the consumer electronics industry, Expert’s scope comprises 210 independent retailers with 443 sites belonging to the powerful Expert group.

The initiatives with Expert included in-store, print and digital elements:

- **In-Store**
A St. Pete/Clearwater “Beach Box” was produced containing several gadgets such as a power bank, stereo earphones, selfie-stick, mobile device waterproof case, travel adapter and mobile device holder. 5,000 limited edition beach boxes showing our imagery, logo, the gadgets and a sweepstakes element were retailed in all 443 Expert stores nationwide.

All 5,000 beach boxes were sold!

12,340 sweepstakes entries were recorded!

Furthermore, point-of-sale promotion includes display on in-store TV screens, i.e. Ø 100 TVs in each store with 50 rotations every day per store.

Estimated reach is 14 million contacts each month in each store.

Of note:

The beach box sweepstakes element for a chance to win a trip to St. Pete/Clearwater included an ‘enter-to-win’ vanity URL (expert.de/strandoase). Accessing the site jumps to a dedicated Expert microsite, which included a link to America Unlimited, our activation partner.

America Unlimited’s link jumps to a dedicated St. Pete/Clearwater microsite with destination information and travel offers.

550 room nights generated during the campaign period!

- **Print - Newspaper Inserts**
Print inserts featuring the beach box and sweepstakes element were included five times (one more time than originally offered) in several newspapers with a cumulative circulation of 90 million.
- **Digital Channels**
In addition, Expert promoted our beach box (including the sweepstakes) through their own online channels:

Expert Website:	1.5 million unique visitors per month
Expert Newsletter:	200,000 subscribers (opening rate of 18.5%)
Facebook:	170,000 active users
KaufDa:	2.5 million readers

And ON TOP (free of charge!):

- **Radio**
Over and above the agreed upon campaign elements, Expert produced regional radio spots to advertise the beach box and sweepstakes package.
Reach: **1.6 million listeners**
- **Media Coverage**
Regional press publications (both print and online) produced headlines/stories on the exciting sweepstakes package and beach box available at Expert stores.
Est. media value: **€250,000 / approx. \$ 285,000**

Tour Operator Co-Ops:

- **DERTOUR** (June)
 - **B2C eNewsletter** – June 27th, 2019
In addition to the initiatives launched and reported in May, VSPC was featured in a one-off dedicated eNewsletter including 4 tactical travel offers and enticing travel tips. The newsletter was deployed to 53,000 subscribers and linked to the landing page.

- **FTI TOURISTIK ACADEMY** (March-December 2019)
We are excited to be part of FTI's very successful eLearning academy together with 3 additional Florida partners: Greater Fort Lauderdale, Naples, Marco Island & Everglades and Sarasota. Themed as "Florida's Best Beaches!", each destination partner is presented on 3 pages containing comprehensive content, imagery and video.
The FTI Academy is one of the most prominent tourism eLearning vehicles in the German and Austrian markets. With 14,000 registered users, the FTI Academy is also one of the largest eLearning providers. The educational program is promoted via several channels such as newsletters, press releases and raffles. Furthermore, it will be accessible 24/7 for 8 months!

- **TENZING TRAVEL** (Netherlands)
With Tenzing Travel – one of Netherland's top tour operators – and Brand USA, we will promote our area in addition to creating awareness for Delta's new service from Amsterdam to Tampa on several platforms:
 - **TENZING TRAVEL B2B MEDIA** –April/May 2019
 - **2x Facebook Posts (2,048 followers, 90% reach** in target audience)
 - **1x Teaser in eNewsletter (to 7,000 subscribers)** with link to dedicated landing page (incl. logo placement)
 - **Placement of destination in "Tenzing Miles" eLearning program** (incl. logo placement)
 - **THE TRAVEL CLUB B2C MEDIA** –April/May 2019
 - **Inclusion in eNewsletter (to 134,737 subscribers)** with link to dedicated landing page (incl. logo placement) **Opening Rate: 27.2% / CTR: 10.25%**
 - **Homepage Integration for 1 month (est. 20,000 ad impressions)**
 - **3x Social Media Posts (150,000 reach)**All elements have been created and have launched.

Travel Trade/Consumer Publications & Portals:

- **LU LU.FM RADIO** (Germany) – 55,000 daily listenership *Consumer*
 - **LuLu.Reisen Program** – July
80% of the population listens to the radio daily for 4 hours on average. LuLu.FM is known as the only 24/7 radio station targeting the affluent LGBTQ audience reaching listeners primarily in Berlin, Hamburg, Leipzig, the Rhine-Main and Rhine-Neckar areas with a cumulative population of 15 M.
LuLu.FM has established LuLu.Reisen, a fixed and recurring travel platform in its radio program which focuses on a specific destination for the period of 4 weeks. Instead of a classic radio commercial, LuLu.FM produces editorial content for the destination, which is broadcast in the form of a 90-second daily new episode. Each episode is clasped at the beginning and end with a 5-10 second presenter or sponsor

note and runs 4x daily during prominent airtime (between the hours of 6-9, 10-12, 14-16 and 17-19). The listener thus receives new information about a destination every day for 360 seconds (6 min)/day. In addition, all episodes of the travel section on LuLu.Reisen will be available as a podcast.

Together with our partner DW&T an intro/outro for the 90-second daily episode announcing Visit St. Pete/Clearwater as Home of America's Best Beaches was developed this month. The clasp also includes our activation partner FTI Touristik with a "HotDeals" teaser and applicable VSPC dedicated call-to-action microsite ... fti.de/hotdeals. In addition, we also provided comprehensive destination information for development of the 30-day program content.

➤ **Banner Placement** – July

On top: LuLu.FM will feature a VSPC/FTI banner on their website for the whole month of July with a link to the dedicated FTI HotDeals microsite. Imagery and logo were provided.

• **QUEER.DE** (Germany) *Consumer*

Queer.de is Germany's leading LGBTQ news and information website. In fact, queer.de is one of the leading LGBTQ websites worldwide with 12,132,000 page views, 2,955,000 visits and 897,000 unique users monthly.

Thanks to the close cooperation with our partner DW&T on the LuLu.FM initiative, the following placements were secured at no additional charge to us!

➤ **Banner Placement** – July

The banner used for LuLu.FM will also be placed on queer.de in the travel section for the whole month. **Ad impressions: 300,000**

➤ **eNewsletter** – July

The banner utilized for the LuLu.FM initiative (including the link to the FTI 'HotDeals' microsite) will be placed in a queer.de eNews blast to **37,500 subscribers** on July 1st.

➤ **Advertorial** – July

VSPC will be featured with a comprehensive advertorial on the queer.de website in the travel section starting July 1st. **10,000 guaranteed page impressions.**

• **TRAVELUTION** (Netherlands) – circ. 7,500; readership 10,000 *Trade*

➤ **Travelution Media Circle** – April - June

Two 'Media Circle' initiatives were launched including the following elements:

- **Dedicated eNews Blast** of VSPC offers to their retail trade database including all mobile travel agents at home and incentive organizers (**7,500+ reach**). In addition, 475 media specialists at national and regional media were targeted. Furthermore, the mailing was deployed to **3,000** Dutch-speaking agents in Belgium.

- Publication of a **'Spotlight' article** in on www.travelution.nl (average 2018 = 7,568 unique visitors monthly, 37,846 monthly page views). The article was also shared with Dutch LinkedIn connections.

- Tweet on the Travelution **Twitter** account

- Post on the Travelution **Facebook** account

- Post on the Travelution **Instagram** account

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 operator product managers, buyers, sales managers and board members, incentive organizers, airlines and tourist boards – 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 accurate 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

Public Relations:

Kaus Media Services - VSPC's German PR Agency

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

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

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