

CENTRAL EUROPEAN OFFICE

D E C E M B E R 2020

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MARKET INTELLIGENCE / TRENDS

TUI SECURES ADDITIONAL FINANCING OF €1.8 BILLION

01 DEC: TUI has reached an agreement with the Economic Support Fund (WSF), KfW Bank, other banks and its largest single shareholder Unifirm on an additional financial package of €1.8 billion. Thus, the largest European tour operator group tries to secure liquidity for the ongoing pandemic in 2021.

“TUI is taking further precautions in view of the rising number of infections since autumn, strict travel restrictions in many countries and the resulting shorter booking times of customers”, states the group in a release. Following the first reports of vaccine successes, TUI expects the pandemic situation to improve during the first half of 2021 and a greater return of holiday travel. Fritz Jousen, CEO of TUI AG, expressed his confidence that there is a lot of pent-up travel demand and that “tourism remains a growth industry”.

CONDOR TAKES OFF INTO NEW ERA

03 DEC: German leisure airline Condor has successfully completed a year-long financial turnaround and will resume its search for a strategic investor once the worst of the corona pandemic is over. Condor was forced into insolvency protection following the collapse of former owner Thomas Cook Group last year and gained financial support from German state authorities to keep it in the air. Since then, it has been legally owned by a holding company backed by the state-owned KfW financial institution.

Meanwhile, Condor has restructured its winter flight operations in response to continuing low demand. Flights to the Canaries have been reduced to departures from Frankfurt, Hamburg, Düsseldorf and Munich. Long-haul flights to Cuba now depart from Frankfurt only, with Munich dropped from the schedule. More positively, Condor will launch new flights from Frankfurt to the Dominican Republic from Christmas, with three weekly departures to Punta Cana and one combined service to Santo Domingo and Puerto Plata. In addition, two weekly flights to Malé (Maldives) from Frankfurt are planned.

TOURISM INDUSTRY HOPES FOR COMEBACK AFTER 2020 CRASH

10 DEC: The German tourism market shrank dramatically this year as the corona pandemic decimated travel worldwide, leaving tour operators and travel agents hoping for a comeback in 2021.

After a good 19/20 winter season, demand collapsed in March 2020 as international travel restrictions were imposed. There was a brief improvement from June onwards once some travel warnings were lifted, but this was cut short with renewed travel restrictions for many destinations in the summer. Overall, sales revenues for tour operator holidays booked through travel agencies and online platforms collapsed by 67% for the 12 months from November 2019 to October 2020, according to a detailed survey by market researchers TDA for the German Travel Industry Association (DRV). Summer revenues were hit even worse and plummeted by 81% as international travel effectively came to a standstill.

The travel slump hit destinations throughout Europe and beyond. **Greece** was the most-booked destination in German travel agencies this summer, but still suffered a 55% fall in revenues for the 2019/20 year, the TDA figures showed. There were even bigger sales revenue falls for other leading short-haul destinations, including **Egypt** (-67%), **Spain** (-69%), **Turkey** (-77%) and **Tunisia** (-90%). The **USA** (-82%) was also hit hard, but **Thailand** (-41%) escaped relatively moderately due to strong growth last winter.

With hardly any destinations open for tourists at present, prospects for next year remain unpredictable. However, the DRV optimistically referred to "the first slight signs of hope" for summer 2021 following news that COVID-19 vaccines will start to become available in the coming months. DRV president Norbert Fiebig said: "We also expect a catch-up effect as lots of people weren't able to go on holiday this year and postponed it until 2021." Advance bookings for next summer are showing higher demand for the western Mediterranean as well as for long-haul destinations, he pointed out.

GERMAN TOURISM INDUSTRY WANTS 'SAFE TRAVEL' CONCEPT

15 DEC: The German tourism industry is demanding 'tests instead of quarantine' to enable 'safe travel' next year after a dramatic business collapse during the corona pandemic caused by strict travel restrictions and 'stay home' recommendations by politicians.

The overwhelming majority of German travel firms – 95% of travel agencies and 87% of tour operators – blame this bookings slump on calls by the government and politicians for people to stay home and not travel, according to a survey of 200 tour operators and 300 travel agencies by the DRV (German Travel Industry Association). In addition, three out of four travel companies believe that quarantine rules are a major obstacle to consumers booking holidays at present. Two thirds see travel warnings or restrictions making destinations "unreachable" as another major factor.

The DRV is now calling for a clear public testing and vaccination strategy in Germany in the coming months. Combined with comprehensive hygiene and safety concepts while travelling and in destinations, this would enable 'safe travel' for consumers next year. "Our demand is: test, test, test!", declared DRV President Norbert Fiebig. "The more tests, the better." A sensible testing strategy provides just as much public health protection as quarantine rules, which are difficult to monitor, he claimed. In particular, the DRV chief wants all airline passengers to take a 'rapid' antigen test before departing on their trip. Only those who test negative would be permitted to fly. This process could then be repeated on arrival in the destination, either at the airport or in the hotel. Fiebig is certain that travelers would be ready to bear the costs of these tests rather than travel companies already facing severe financial difficulties.

EUROPE CONSIDERS VACCINE PASSPORT

17 DEC: A common vaccine certificate might be just the ticket to help get travelers to their vacation destinations and prevent tourism from suffering another disastrous year due to the coronavirus pandemic, according to the European Union. European Commission President Ursula von der Leyen said the certificates for individuals who have been vaccinated could be combined with COVID-19 tests for those awaiting shots to allow as many people as possible to travel during the coming summer.

Vaccinations have started across the 27-nation EU, but it is uncertain what proportion of the population will be vaccinated in time for the summer season. It is not clear whether the passport would include non-European travelers.

GERMANY STOPS FLIGHTS FROM THE UK

18 DEC: Due to the new variant of the corona virus discovered in Great Britain, the German Federal Ministry of Transport has issued an immediate temporary ban on flights from the United Kingdom and Northern Ireland to the Federal Republic in order to protect the population in Germany. The ban will go into effect at midnight on December 20 and will apply until December 31 initially. This does not apply to pure cargo flights, flights with medical personnel or planes returning crew to their German home base.

According to initial findings by British scientists, a recently discovered variant of the virus is up to 70% more contagious than the previously known form. The German government had announced that it intends to restrict travel between Germany and South Africa as well.

COVID CLAMPDOWN EXPECTED IN THE UK

21 DEC: Starting mid-February, everyone arriving in the UK from countries identified as coronavirus hotspots will have to spend 10 days in hotel quarantine in a bid to stop new virus variants reaching the country. Under the plan, British citizens and residents returning from over 30 previously identified high-risk countries (mainly South America, Africa, and Portugal) will have to quarantine in approved hotels near airports and seaports, patrolled by security guards, and will be billed for their stay.

International travel is already restricted under current restrictions to curb the spread of the virus, with Britons barred from taking foreign holidays. People arriving from overseas are already required to show a negative coronavirus test and self-isolate in Britain.

CUBA REQUIRES PCR TESTING BEFORE ENTRY

22 DEC: Up until now, travelers could enter Cuba with a Covid-19 test upon arrival at the airport. In future, the Caribbean state will also require a PCR test before departure. "Given the international epidemiological situation related to the Covid-19 pandemic and the high percentage of imported cases detected after the opening of international airports" Cuba has decided that starting January 1, 2021, all international travelers must be prepared to submit a negative PCR test result upon entry.

The test must be conducted in the country of origin by a certified laboratory and should not be older than 72 hours prior to arrival in Cuba. "The hygiene measures already in place and already carried out at the national borders remain unaffected," the official announcement said.

CONSUMER CLIMATE SUFFERS FROM HARD LOCKDOWN

22 DEC: The mood of consumers in Germany presents an uneven picture at the end of 2020. While economic expectations and propensity to buy made marginal gains, income expectations saw a downturn. Since propensity to save showed a tangible increase in December, the GfK forecast for January 2021 shows a value of -7.3 points, 0.5 points down from December this year (revised to -6.8 points). These are the findings of the GfK Consumer Climate Study Germany for December 2020.

Germany has experienced a sharp rise in infections in the second wave. The healthcare system is at risk of being overloaded. The measures taken in November for a light lockdown did not bring the hoped-for reduction in new infections. As a result, stricter measures are unavoidable, and this will lead to further uncertainty. This uncertainty also explains the uneven development in consumer confidence as well as the increase in propensity to save this month.

Rolf Bürkl, GfK Consumer Expert, adds: “At present, the savings indicator is the main factor driving the third decline in a row in the consumer climate. With the hard lockdown and the closure of most stores, the consumer climate is faced with yet another setback.”

Further evidence of consumer uncertainty is confirmed by the findings of a current GfK eBUS® survey. More than three quarters of German citizens (78%) think that Covid-19 represents a serious or very serious threat to Germany. This is the highest value measured to date since the surveys were introduced the middle of April 2020. Only one in five (18%) assume the threat to be low or non-existent.

Economic Expectations

The economic expectations indicator has been able to halt its downward trend – at least for the present. After two falls in a row, the economic mood gained 4.6 points, rising to 4.4 points. Since the survey took place in the period from December 3-14, possible effects of the hard lockdown could not be taken into consideration. It is, however, to be feared that a fundamental recovery of the economic mood will now be delayed once more, especially as some of Germany's key trading partners are currently also affected by the second wave of infections. Export developments, which are enormously important for the German economy, are therefore likely to face a difficult time.

Income Expectations

In contrast to economic expectations, income expectations declined somewhat. After a fall of one point, the indicator slipped to 3.6 points. This puts it a good 31 points behind its value at the same time last year. The closure of numerous retail outlets could well lead to a tangible rise in short-time work figures in the coming weeks. This will result in a drop in income for affected employees. Furthermore, there are fears that even more companies are facing the risk of bankruptcy. This increases fears of job losses and affects income expectations.

Propensity to Buy

While income expectations have taken a hit, propensity to buy continues to rise. The indicator has stopped its downward trend and risen by 6.1 points. At 36.6 points, it is currently just 16 points below its rate of last year. So far, propensity to buy has maintained a satisfactory level. Whether that remains the case will depend primarily on whether and how strongly the fear of job losses increases in the coming weeks.

SALES ACTIVITIES

Visit USA Belgium Travel Advisor Training (December 3rd, 2020):

Due to the impressive participation in several B2B eTrainings conducted by our Visit USA Committees to date, we continue to proactively source additional avenues for virtual travel advisor training with various industry partners. We joined forces with the Visit USA Belgium to conduct a B2B webinar in cooperation with the Florida Keys and Greater Miami this month.

38 agents plus three of Belgium's top tour operators attended the webinar (USA Travel, Wings 'n Wheels and Del-Tour) during which our innovative destination presentation received accolades – particularly for our creative elements, e.g. an interactive 'treasure hunt'. A comprehensive email follow-up was deployed to all attendees. The webinar was also recorded and will be available on YouTube indefinitely.

Furthermore, this webinar was part of the Visit USA Belgium Specialist program, for which the travel agents can apply and participate by answering several quiz questions. VSPC is one of the partners in this program wherein our destination quiz questions are included accordingly.

Del-Tour Travel Advisor Training, Belgium (January 14th, 2021):

For the beginning of 2021, we have secured yet another an eTraining opportunity with our tour operator partner Del-Tour in Belgium. Del-Tour's dedicated agencies will be invited to attend an intensive one-hour 'Florida' session to kick off the new year. In partnership with The Florida Keys and Greater Miami, we will portray new developments in our destinations and integrate information on recommendations related to visiting our area safely and responsibly during the pandemic.

This month we initiated preparation of our destination presentation in cooperation with our partners. We have again included our innovative 'treasure hunt' element focused on generating additional interaction.

Additional Activity:

- Continued to participate in innumerable conference calls, tourism organization webinars, virtual sales calls, ongoing communiqués with our partners regarding situation status.
- Continued deployment of updates to travel trade partners promoting VSPC developments, website resources and VSPC campaigns while offering our ongoing assistance and support.
- Generated updates to HQ on developments around the CV-19 pandemic in Europe, etc.
- We provided the **Visit USA Committee Belgium** with VSPC news to be published in their December eNews blast to 2,000+ subscribers, for inclusion in their social media channels and on the Visit USA Belgium website.
- **Website Requests for Destination Magazines:**
2 requests received via the crm@simpleviewinc.com platform this month.

MARKETING INITIATIVES

We continue to proactively engage with clients regarding development of potential initiatives in preparation for re-entry and recovery. We are in ongoing communiqués with industry organizations such as Visit Florida and Brand USA as well as tour operator partners and Florida destinations to explore future co-ops.

VSPC headquarters has advised that international budgets will be discussed with a view toward determining needs during Q1 of 2021.

Public Relations Support:

Kaus Media Services - VSPC's German PR Agency

This month saw us assisting the agency with the following:

➤ **Press Release December:** Proofread and corrected

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