

MONTHLY REPORT CENTRAL EUROPE SEPTEMBER 2023



**ST.PETE
CLEARWATER**

**KAUS
MEDIA
SERVICES**



Marketing
Communications
Consulting

Contents

1.	Current State of the Tourism Industry.....	3
2.	Overview of Regional Activities.....	9
3.	Status of Sales Activities and Promotions.....	15
4.	Public Relations Activities.....	19
5.	Market Updates	20

1. Current State of the Tourism Industry in Central Europe

European International Travel Trends Update

Tourism in the EU climbs to a record high

There have never been so many guests since statistics began: In the first half of the year, the EU states counted almost 1.2 billion overnight stays. Germany, however, is an exception.

The tourism industry in Europe has left the pandemic behind: In the first half of the year, the number of overnight stays in the 27 states that currently belong to the EU reached a record. From January to June, accommodation establishments recorded a total of 1.193 billion overnight stays, the European statistics authority Eurostat reported.

Monthly statistics for these 27 states begin with 2011, and since then there have never been so many overnight stays in the period from January to June. Accordingly, in the previous record year 2019, there were 1.182 billion overnight stays, just under one percent less than this year. Compared to the previous year, which was still affected by the corona pandemic, the increase was almost 13 percent.

In the corona years 2020 and 2021, tourism businesses had suffered. At that time, there were only 407 and 475 million overnight stays, respectively, in the first half of the year in the current 27 EU member states.

This year, the number of overnight stays in hotels, vacation homes or at campsites exceeded those of the previous year month after month - most strongly in January and February, which can be explained by the pandemic-related restrictions in 2022. But tourism also exceeded the previous year in the spring months and in June. Travelers from abroad in particular drove the growth, with the number of their overnight stays rising by 22.5 percent and that of locals by 5.8 percent.

Almost all member states recorded higher overnight stays than in 2022, with the exception of Hungary, where they fell slightly by 0.3 percent. Growth was strongest in Cyprus (up 39.3 percent), Malta (up 30.5 percent) and Slovakia (up 28.7 percent).

For Germany, the Federal Statistical Office had also announced very high overnight stays for the first half of 2023 - but not a record. At 219 million, the figure was slightly lower than in 2019 with 222 million.

(Source: www.manager-magazin.de)

Global Tourism Investment Is Down by Over \$100 Billion from Pre-Pandemic Level

So 2022 was the first growth year for investment in the global tourism sector since the pandemic. Even so, the sector is down over \$100 billion down from its pre-pandemic level. It still has a long way to go for a full recovery.

Global capital investment in travel and tourism totaled \$856 billion last year, down 23% from its pre-pandemic level of \$1.1 trillion in 2019, according to the World Travel & Tourism Council's recent Economic Impact 2023 Global Trends Report.

This year, global investment in the travel and tourism sector is expected to grow 11.5% to \$955 billion, but it won't return to its pre-pandemic level until 2025.

Last year was the first time investment in the sector had grown since the pandemic. Compared to 2021, global investment was up 11%. WTTC attributed it to global pent-up demand.

Capital flows tanked during the pandemic. Investment dropped 24% in 2020 and 8% in 2021. Before the pandemic, public and private sector investment in travel and tourism had grown at 4.3% per year between from 2010 and 2019, growing from \$754.6 billion in 2010 to \$1.1 trillion in 2019.

The countries with highest levels of investment in 2022 were:

U.S. — \$213 billion

China—\$146 billion

Saudi Arabia—\$42 billion

Saudi Arabia has been upping its investment in its aviation infrastructure, hotels, attractions and other areas to triple tourism's contribution to its economy.

WTTC expects the global tourism and travel sector will grow an average of 6.1% on average by 2033. Asia-Pacific and the Caribbean will have the strongest growth rates in tourism and travel investment. Recent interest rate hikes by central banks, however, could harm growth rates, according to WTTC.

(Source: www.skift.com)

Global Business Travel Industry Forecast is for Accelerated Rebound, Spending to Reach \$1.8 Trillion by 2027

Expected business travel spending accelerates due to pent-up demand, return of travel and meetings, improved COVID landscape, stable economic conditions and inflationary factors, according to the latest GBTA Business Travel Index™ Outlook report.

The global business travel industry has rebounded at a more accelerated rate than expected just a year ago and is now expected to surpass its pre-pandemic spending level of \$1.4 trillion in 2024 – and grow to nearly \$1.8 trillion by 2027. In 2022, global business travel spending rose 47% to \$1.03 trillion, with strong gains continuing and 32% growth expected in 2023. These robust gains were fueled by pent-up demand after the COVID-19 pandemic, more favorable global economic conditions in 2022 and 2023 and recession risks that have yet to happen.

These are the central findings from the latest 2023 GBTA Business Travel Index™ Outlook – Annual Global Report and Forecast published by the Global Business Travel Association in collaboration with Visa.

Unveiled today at the 2023 GBTA Convention in Dallas, the GBTA Business Travel Outlook (BTI) is an annual exhaustive forecast of business travel spending and growth covering 72 countries and 44 industries. Now in its 15th edition, this latest report outlines the top-level outlook for forecasted global business travel spending and other trends for 2023 to 2027.

New in this year's BTI are also data and analysis from GBTA's comprehensive survey of 4,700 business travelers across five global regions, representing insights from employee travelers regarding their business travel preferences, behaviors and spending including what they report as their average price of a business trip now.

"The headwinds that were anticipated to impact the rebound of global business travel over the past year didn't materialize and that is good news. This latest forecast now indicates an accelerated return to pre-pandemic spending levels sooner than anticipated as well as growth ahead in the coming years. Business travel spending is a key indicator, but how travel volumes will continue to rebound is yet to be seen," said Suzanne Neufang, CEO, GBTA. "The BTI data also reflects the remarkable efforts of the industry to adapt, innovate and thrive despite the challenges, along with the ongoing role and value of business travel to economies, companies and professionals worldwide."

"As travel continues to rebound, we expect digital payments to continue to grow because they make it easier and more secure to do things like purchase plane tickets for business travel or split a check at dinner," said Gloria Colgan, SVP, Global Head of Products, Visa Commercial Solutions.

“Visa sits at the center of money movement facilitating commerce across geographies and streamlining payments made when traveling – whether for business or pleasure – domestically or across borders.”

Highlights from the latest BTI Outlook (figures in US dollars):

Global business travel spending is expected to recover to its pre-pandemic total of \$1.4 trillion in 2024 and grow to nearly \$1.8 trillion by 2027, fueled by more favorable economic conditions than expected in 2022 and 2023.

In 2022, global business travel spending rose 47% to \$1.03 trillion. These strong gains have continued into 2023, with 32% growth in global expenditures expected this year. The estimated breakdown of the \$1.03 trillion in business travel expenditures includes \$183 billion in air spend, \$395 billion in lodging spend, \$191 billion in food and beverage spend, \$138 billion in ground transportation spend and \$121 billion in other travel expenses.

Global spending is expected to recover to pre-pandemic levels by the end of 2024 – faster than the previously projected mid-2026 forecast in last year’s BTI Outlook. Contributing to the accelerated rebound has been the significant stability in the global economy – many advanced economies were projected to weaken or fall into recession in 2023, but this has yet to happen.

Over the past 18 months, the most important factor driving the pace of global business travel’s recovery is the progress made fighting the Covid-19 pandemic.

The two biggest drivers in the industry’s stabilization over the last six months have been the return of in-person meetings and events and the recovery of some international business travel capacity and volumes.

Recovery in business travel continues to vary by region. Western Europe was the fastest growing region globally in 2022. North America and Latin America saw spending growth accelerate significantly in 2022. Emerging Europe continues to lag in its recovery, challenged by the war in the Ukraine.

Regionally, Asia Pacific was the big laggard last year given the delayed reopening of the Chinese economy. Chinese business travel spending fell 4.6% last year, dropping China down to the #2 business travel market in the world for the first time since 2014. However, China is expected to recover back to being the #1 business travel market in the world by the end of 2023.

Business travel spending recovery also continues to differ based on industry, with construction, education, and professional, scientific and technical activities showing the most resiliency.

The resilience of the global economy was a key factor in the current rebound. However, looking forward, numerous challenges remain, including the war in Ukraine, persistent inflation in certain areas, much tighter global financial conditions and deterioration in the manufacturing sector.

While a promising rebound is expected, there are several factors that could influence the industry's longer-term forecast. An increased focus on sustainability initiatives, widespread adoption of meeting technologies, growth in the remote workforce and the rise of blended travel are potential game changers in the future of business travel. (Currently, there is not enough data to solidly forecast potential impact on business travel spending and volume.)

In GBTA's survey of 4,700 business travelers across 22 countries and four regions (North America, Europe, Asia Pacific, and Latin America), 82% reported that business travel was very (48%) or moderately (34%) worthwhile in achieving their business objectives.

Business travelers globally currently estimate their own business travel spending, on average, amounts to \$1,018 per person per trip. On average, lodging accounts for \$391 and food and beverage is \$189.

Air averages \$182 while ground transportation (\$136) and miscellaneous expenses (\$120) rounds out the total.

Business travelers say they are more frequently (62%) blending business and personal travel (i.e. bleisure travel) than they did in 2019, with 42% adding additional leisure days to their business trips and 79% of these travelers staying at the same accommodation for business and vacation portions of their trip.

When it comes to payment methods for business travel, 66% of business travelers say their company provides them with a corporate credit card – of that percentage, about one-third (37%) say their company mandates its use for booking business travel.

For business travelers who are provided a corporate card, 64% have uploaded their card to a mobile wallet. Almost 87% use their mobile wallet for at least 10% of their business transactions, with 33% using them for at least 20%.

(Source: www.gbta.org)

2. Overview of Regional Activities

Germany

- We drafted the newsletter *Shuffleboard - a nostalgic sport experiences its renaissance in St. Pete/Clearwater* and submitted it to VSPC for approval. After receiving approval, we distributed it to more than 3,600 travel agencies and tour operators in Germany.
- In preparation for Hurricane Idalia we kept all travel trade partners informed about the situation in our destination. After the hurricane we distributed a newsletter titled *St. Pete/Clearwater open to welcome vacationers*.
- The Visit USA Committee Germany will distribute a newsletter about Halloween in October 2023, and we supported the Committee with content and photos of St. Pete/Clearwater. The newsletter will be distributed to more than 23,000 travel agents and media professionals. We will also upload the same content to the Visit St. Pete/Clearwater section of the Visit USA Committee Germany's website.
- We registered Visit St. Pete/Clearwater for the consumer show *ABF Hannover*, where we want to participate in collaboration with America Unlimited. ABF will take place between February 1-4, 2024 at the Hanover Exhibition Center.
- We sent promotional materials from Visit St. Pete/Clearwater to travel agents interested in further information. Inquiries have also been received via the website of the Visit USA Committee Germany. We received an inquiry from a travel agency requesting complimentary offers for travel agents in St. Pete. We informed the travel agency about the complimentary and discounted offers available on our website www.visitstpeteclearwater.com.
- We continued our preparations for the Visit Florida Road Show scheduled for October 16-20, 2023, with stops in the cities of Hamburg, Bremen, Bielefeld and Dortmund. Visit Florida plans to include a media event in Hamburg. During the event, we will be able to train a large number of travel agents about our destination. Visit Florida will also provide transportation and accommodation for all participating destination partners. We have proofread an article about Visit St. Pete/Clearwater in the planned Visit Florida brochure and made suggestions for improvement. This brochure will be distributed to all participants during the Visit USA Roadshow. KMS has requested from Visit Florida the number of expected attendees as well as event addresses to send sufficient materials to the events.
- KMS has scheduled appointments with key contacts from the German tour operators TUI, Canusa, Fairflight and Explorer World of Travel for World Travel Market (WTM), which takes place in London on November 6-8, 2023.
- For a planned sponsorship of Visit St. Pete/Clearwater, KMS has required with Visit USA Committee Germany if a breakfast event will be held again at IPW 2024.

- We continued evaluating proposals from target travel industry partners like *Fairflight* and negotiated potential co-op activities with tour operators offering the U.S. and Florida in Germany for fiscal year 2023/2024. Based on all potential marketing and sales as well as PR activities, we drafted a proposed budget plan for fiscal year 2023/2024 and submitted it to VSPC for review.
- We followed up on our proposed budget plan for fiscal year 2023 / 2024 that we submitted to VSPC for review in August 2023.
- KMS proactively contacted the travel TV show *sonnenklarTV* for a potential B2C collaboration in the German speaking countries. The station reaches up to 40 million consumers per year through various channels including cable TV. Its audience has grown from 1.3 million viewers per day to over 2 million viewers per day during the Covid-19 pandemic. We work with the station on a proposal for our destination.
- We continued following up on all Central European travel trade and media contacts that we met at travel trade show *ipw 2023* in San Antonio, TX from May 20-24, 2023. We offered our assistance with the tourism development of all tour operators and discussed potential sales activities in order to increase the number of Central European visitors to St. Pete / Clearwater.
- We attended a monthly Brand USA conference call in order to discuss opportunities for co-op programs for FY 2024.
- We developed ideas for targeted B2C promotions in order to develop joint promotions in order to promote our destination to a maximum number of potential travelers to St. Pete / Clearwater from Central Europe. In this regard, we proactively contacted a large number of non-traditional consumer goods companies. These included but were not limited to suppliers of sun protection products, drugstores, swimwear companies, sports stores and suppliers of beachwear.
- We coordinated the warehouse that we have subcontracted on behalf of VSPC, proofread their inventory report for September 2023 and forwarded it to VSPC.
- In cooperation with VSPC and Brand USA, we continued running a multiple months long advertising campaign with the travel consumer magazine *Connoisseur Circle*. In April, we forwarded the first invoice from the publishing house to Brand USA and requested additional information and back-up documents from the publishing house for Brand USA. The promotion includes media coverage provided by the magazine, as well as advertorials and digital marketing opportunities. It includes multi-level promotions and will run until fall 2023. Brand USA will support the promotion.
- KMS completed a conference call with Visit Tampa's representative in Germany in order to discuss joint opportunities for non-competing promotional activities.

- KMS continued contacting a large number of tour operators offering the U.S. and Florida in Germany and we discussed potential co-op activities. These included tour operators specialized in cultural travels in order to promote the arts in our destination.
- We finalized all remaining documents and invoices for the end of the fiscal year and submitted them to VSPC.
- We drafted and submitted our activity report for August 2023.

Austria

- We drafted the newsletter *Shuffleboard - a nostalgic sport experiences its renaissance in St. Pete/Clearwater* and submitted it to VSPC for approval. After receiving approval, we distributed it to more than 900 travel agencies and tour operators in Austria.
- We continued contacting targeted Austrian tour operators that all reported that the market is selling strong through the German wholesalers that cross-sell into the Austrian market (with liaison offices in the market, such as DER Touristik, TUI and FTI).
- After evaluating the proposals from Austrian travel industry partners, we included selected activities in our proposed budget plan for fiscal year 2023/2024 and submitted it to VSPC for review.

Switzerland

- We drafted the newsletter *Shuffleboard - a nostalgic sport experiences its renaissance in St. Pete/Clearwater* and submitted it to VSPC for approval. After receiving approval, we distributed it to more than 500 travel agencies and tour operators in Switzerland.
- We followed up on all Swiss travel agents at Visit Florida's travel agent event in Baden, Switzerland on August 31, 2023. The event was organized in cooperation with the Swiss tour operator Knecht Reisen.
- We maintained a strong communication with the Swiss airline Edelweiss in order to support the airline with their flights from Zurich to Tampa. We discussed joint promotional opportunities such as travel trade and press fam trips among other activities.

- We continued our preparation for the Knecht Reisen 'Reisewelten' event at its headquarters in Windisch, Switzerland. In this context, we received a proof-read a promotional booklet for consumers where St. Pete / Clearwater will be promoted (circulation: 10,000 copies). The show includes two full consumer days and a travel trade promotion from November 02-04, 2023.

The Netherlands

- After we registered for the Dutch B2B show "USA Canada Experience" in Zeist, the Netherlands on November 3-4, 2023 and for the B2C show "Reisbeurs" in the same city on November 5-6, 2023 we started making preparations for the promotion of VSPC at both shows. For a planned quiz, we asked questions and different answer options. KMS has requested from the organizer Target Travel Marketing the expected number of participants for these two events in order to send sufficient materials. The number of participants will also determine the prize amount for a raffle that Travel Marketing intends to hold.
- We sent visuals about Visit St. Pete/Clearwater to Dutch content creator Boj Tijbosch after he requested the info. Visit St. Peter Clearwater had met Boj Tijbosch at the USA Canada Experience 2023.
- KMS asked Visit USA Committee in the Netherlands to fix the link on their website to Visit St. Pete/Clearwater. The link was not working.
- After we evaluated the proposals from Dutch travel industry partners, we included selected activities in our proposed budget plan for fiscal year 2023 / 2024 and submitted it to VSPC for review.
- We drafted the newsletter *Shuffleboard - a nostalgic sport experiences its renaissance in St. Pete/Clearwater* and submitted it to VSPC for approval. After we received approval, we distributed it to more than 900 travel agencies and tour operators in the Netherlands.
- We continue working with TUI NL to see if there are branding opportunities for St. Pete / Clearwater.

Belgium

- We drafted the newsletter *Shuffleboard - a nostalgic sport experiences its renaissance in St. Pete/Clearwater* and submitted it to VSPC for review. After receiving approval, we distributed it to large number of travel agencies and tour operators in Belgium and Luxembourg.

- KMS followed up on the company “Gerald en America” that has organized promotions focusing on U.S. travel destinations.
- For an additional newsletter promotion targeting consumers and travel trade professionals, we supported the Visit USA Committee Belgium with content and photos. VUSA Belgium sent the newsletter to its distribution list.

Poland

- We drafted the newsletter *Shuffleboard - a nostalgic sport experiences its renaissance in St. Pete/Clearwater* and submitted it to VSPC for review. After receiving approval, we distributed it to large number of travel agencies and tour operators in Poland.

Czech Republic

- KMS asked the U.S. Commercial Service office of the Czech Republic for a list of all participants that will attend the “U.S. Destination Showcase Brunch” in October 2023. In addition, we asked for an overview of other promotional events in the Czech Republic where we may promote our destination in the future.
- We drafted the newsletter *Shuffleboard - a nostalgic sport experiences its renaissance in St. Pete/Clearwater* and submitted it to VSPC for review. After receiving approval, we distributed it to large number of travel agencies and tour operators in the Czech Republic.
- KMS proactively contacted the tour operator America Tours for a potential marketing cooperation in the Czech Republic.

Hungary

- We drafted the newsletter *Shuffleboard - a nostalgic sport experiences its renaissance in St. Pete/Clearwater* and submitted it to VSPC for review. After receiving approval, we distributed it to large number of travel agencies and tour operators in the Hungary.
- We have received and reviewed a proposal from the commercial service of the Visit USA team in Hungary to conduct webinars to Hungarian travel agents.

3. Status of Sales Activities and Promotions

Advertising Promotion with Connoisseur Circle (until October 2023)

- In cooperation with VSPC and Brand USA, we started a multiple months long advertising campaign with the travel consumer magazine Connoisseur Circle. The promotion includes media coverage provided by the magazine, as well as advertorials and digital marketing opportunities. It started in January 2023 and will be concluded in fall 2023. Brand USA will support the promotion.

Visit Florida Roadshow, Germany (October 16-20, 2023)

- We will promote Visit St. Pete / Clearwater at the Visit Florida / TUI roadshow that will make stops in the cities of Hamburg, Bremen, Bielefeld and Dortmund. Visit Florida plans to include a media event in Hamburg. During the event, we will be able to train a large number of travel agents about our destination.

Visit USA Halloween Event (October 31, 2023)

- We will promote St. Pete / Clearwater at the Visit USA Committee (VUSA) Germany's Halloween event in Frankfurt. Between 100 to 130 travel agents from all over Germany are expected. VUSA offers a 15-minutes workshop package and a plenary presentation package followed by a Halloween party.

USA-Canada Experience, The Netherlands (November 02-03, 2023)

- A B2B event is a combined two days long workshop for media, tour operators and travel agents. During the two days there will be a marketplace where the American and Canadian suppliers meet the Dutch tour operators, media, travel agents and reservation staff operating in the Dutch market.
- Planned to occur immediately prior to World Travel Market in London, this program provides American and Canadian PMO's, DMO's, Airline partners and supplier partners with an opportunity to inform and educate the Dutch travel trade as well as meeting directly with product managers and media.

USA & Canada Reisbeurs, The Netherlands (November 04-05, 2023)

- For the 11th time this largest North America travel fair will be organized for consumers as a dedicated travel show for North American suppliers.
- Location the USA & Canada travel show will take place at a central location in the middle of the country to allow easy accessible by car and train.

- Detailed information can be found at www.usacanadareisbeurs.nl.
- There will be product presentations of 20 minutes so that we can present our destination to potential travelers in the Netherlands.

Reisewelten (November 02-04, 2023)

- As part of our multi-channel co-operation with the Swiss tour operator Knecht Reisen, we will participate in the tour operators day-long shows designated to consumers (November 02-03, 2023) and travel trade professionals (November 04, 2023).

The tour operator welcomes over 50 partners and specialists from all over the world to its travel center in Windisch, Switzerland. In over 35 travel presentations on a wide variety of destinations, interested parties will learn news about the exhibiting destinations.

Visit USA Event in Vienna, Austria (November 08, 2023)

- We will promote St. Pete / Clearwater to approximately 100-120 travel agents through individual training sessions, a marketplace as well as a networking dinner will help Austrian travel agents to sell our destination to potential travelers.

Nordamerikatage in Hamburg, Germany (November 10-11, 2023)

- We will promote St. Pete / Clearwater at consumer event "*Nordamerikatage*" in *Hamburg, Germany*. The event will be organized by the Hamburg based tour operator *CRD International* and it will be planned as a platform for DMOs and other travel related partners to promote their destinations and services to potential travelers to the U.S. and Canada, travel agencies and the media. For this year's event, CRD plans destination presentations and workshops, show cooking and culinary delights, networking opportunities and more. The operator expects about 8,000 visitors to attend the event.

Vakantiebeurs, The Netherlands (January 11-14, 2024)

- We will promote our destination at the Netherlands' largest consumer shows for tourism and leisure. At Vakantiebeurs, visitors can explore a wide range of travel destinations, tour operators, travel agencies, accommodation providers and other travel related services. The event offers an opportunity for travelers to gather information, seek inspiration and book their vacations.

Travel consumer show ABF in Hannover, Germany (January 31-February 04, 2024)

- In cooperation with the tour operator *America Unlimited* we will attend the travel consumer show *ABF Hannover 2024*. More than 100,000 consumers will be expected to visit the show. *ABF Hannover* is a show for leisure travel, camping, caravanning, sports, outdoor activities and other travel related activities.

The show attracts both trade visitors and consumers, providing a platform for exchanging information, discovering new products, and planning leisure activities and travels. America Unlimited offered us a booth participation to promote St. Pete / Clearwater.

Further sales activities and promotions will be added after approval.

4. Public Relations Activities

Please see our separate PR Activity Plan for an overview of all our public relations and media relations activities in September 2023.

5. Market Updates

Travel and Economic News

Why air travel is so expensive in Germany

Consumers had to dig particularly deep into their pockets for air travel this summer. This will not change anytime soon, because the causes persist.

Now that the Corona crisis has been overcome, flying in Germany is much more expensive than before. In the first half of 2023, the German Federal Statistical Office registered a price increase of almost 25 percent for international flights, and European flights, which are particularly interesting for tourists, even cost 32 percent more than a year earlier. The expensive summer holiday season is almost over, but there is no sign of any easing in the travel market for the fall vacations either.

Of course, there are also cheaper fares on other days, but the (advertising) ticket prices of 9.99 euros scolded by Bischof cannot come back, if only in terms of calculation. This is because a majority of German airports have now reached the government-set ceiling of 10 euros for passenger and hand luggage checks alone. In addition, there is air traffic tax for each individual passenger (12.73 euros for a European flight) as well as airport and air traffic control fees before an airline can make even a cent of its own business.

"Taxes and fees have risen so sharply in Germany that they are on their way to replacing kerosene costs for the year as an airline's most expensive cost block in operational terms," the Eurowings CEO is currently ranting on the LinkedIn platform. The one-sided turning of the cost screw is damaging not only to the industry, but to Germany as a business location as a whole.

The German air traffic fee structure is "completely dysfunctional and uncompetitive," says Ryanair manager Eddie Wilson. The Irish warn urgently against further fee increases, which would further seal off the German market and demand maximum prices from German customers. However, ticket prices have also gone through the roof this year in countries such as Italy under a market leader Ryanair.

Expert Gerald Wissel from the consulting firm Airborne sees objective reasons for price increases. For example, he says, the cost of many necessary items has risen immensely with inflation. "This starts with personnel, continues with scarce spare parts and maintenance services, and by no means ends with increased purchase prices for in-flight catering." In addition, airports and air traffic control have increased their fees. "The German air navigation service provider has a special legal problem in that it must, in principle, cover its costs. They are now trying to recoup the losses from the Corona era with significant fee increases. This is by no means the case in all European countries."

Lufthansa subsidiary Eurowings reported 30 percent more bookings than at the same time last year, charging 443 euros for a one-way flight to Malaga, Spain, at the start of the fall vacation in Hamburg, for example. Condor even charges 499 euros for the same route. "Flying has to have its price and cannot be as crazy cheap as other companies have tried to suggest," says Eurowings CEO Jens Bischof.

Those responsible are apparently almost embarrassed by the high revenues. The head of the state-owned German Air Traffic Control (DFS), Arndt Schoenemann, for example, sees considerable problems coming for the air traffic location due to the high fee burden, which would lose out with a shortage of connections to the whole world. Actually against the interests of his company, the DSF boss has therefore proposed to its owner, the German government, to relieve the airlines of the currently excessive fees for pilot services. Wissel concurs: "Of course the government has to step in here. Surely this is a clear competitive disadvantage for the location."

Nevertheless, the airlines are earning very well this summer and are heading for profits in the billions. With their booking systems, they are driving up prices in an automated way, reports consultant Wissel. "It was clear from the start that demand would significantly outstrip supply this summer. Accordingly, tickets were hardly given at the lowest prices in the lowest booking classes."

Indeed, the most important reason for the high prices remains the unfavorable supply/demand ratio for consumers. The German aviation market has been much slower to recover from the Corona shock than in many other EU countries, with supply in the first half of the year barely reaching 75 percent of pre-crisis 2019 levels. A good part of the shortage is homegrown. Still, the larger airports are struggling to recruit enough staff for the tough shift work involved in aircraft handling. To avoid another chaos like in summer 2022, tens of thousands of flights were therefore cancelled from the outset in the 2023 summer schedule.

In addition, low-cost carriers such as Ryanair, Easyjet and Wizz Air gave Germany a wide berth because of the high entry costs. Their supply at German airports reached only 63 percent of 2019 levels in the first half of the year. With limited capacity, companies first looked where they could make money most easily. That's easier in many other European markets than in Germany, with Lufthansa's strong dominance. "The strategy will change, however, when Boeing delivers and Ryanair can start operating new aircraft as planned," Wissel says. "Then they will also come back to Germany and play to their advantages, because the high costs do hit the competition."

(Source: www.welt.de)

Swiss have 30% higher travel budgets - travel industry on track - catch-up effect continues

Sales in the Swiss travel industry are back on track for 2019 levels. In addition to sensational travel prices, both confidence and travel intensity have continued to rise this year. The Swiss travel population is dreaming of long-distance travel again. Hawaii, Japan or Thailand - but still travels relatively locally. Popular travel destinations include Germany, Italy and Austria.

After the unprecedented slump in sales caused by the covid pandemic from 2020 to 2022, outgoing tourism has recovered - travel is still one of the most important basic needs of the Swiss. According to SRV projections, the market volume for vacation trips abroad with at least one overnight stay amounts to around 10 billion Swiss francs in Switzerland, of which a good three-quarters is accounted for by self-organized trips. The 796 Swiss tour operators and travel agencies generate CHF 2.5 billion of the total market volume through their various booking channels.

In order to satisfy wanderlust as cost-effectively as possible, Swiss: inside are currently trying to exploit a potential savings opportunity: Booking further in advance. Pandemic behavior and the corresponding uncertainties are increasingly receding into the background.

Changing booking behavior from different perspectives

The travel industry continues to undergo change. For example, the use of online booking channels and sharing economy platforms is becoming increasingly popular. The Swiss travel population is looking for the optimum when it comes to vacations. In addition to the best price/performance ratio, they also seek out destinations that promote individual experiences and uniqueness. On the subject of overtourism, one in five of those surveyed (21%) said they had already given up a travel destination in order to avoid it. Just under one in five (18.9%) is even willing to pay more for a certain exclusivity.

The price increase and the importance of sustainability are in focus

The price increase is reflected in several ways. The Travel Confidence Study by Allianz Partners shows that travel budgets in Switzerland have increased by >30% compared to the previous year. However, it shows that more than 8 out of 10 respondents need to actively adjust their spending for this reason in order to continue to be able to afford to travel. Nearly half of respondents (45.6%) answer that they are countering higher prices by searching harder for the best deal. A third consciously accepts sacrifices in the type of accommodation and only for 30% is in budget is of secondary importance and enjoyment and relaxation are in the foreground.

Sustainability in travel - just hot air?

How does sustainability influence the travel plans of the Swiss? The survey shows that this topic is causing some controversy. The respondents find sustainability important. Every third person, however, generally sees sustainability and travel as opposites. For a quarter sustainability takes a back seat to travel and is disregarded altogether. But not everyone shares this opinion: a quarter of travelers consciously visit destinations with special conservation efforts and programs. Just under 13% of travelers offset their CO2 emissions with appropriate climate programs with the airline. This is still ahead of the observance of environmental seals of approval: Only just one in eight (11.9%) relies on accommodations with corresponding certificates.

During the journey one is content up-to-date still primarily with Greenwashing of the own mind, as long as it costs nothing. Starting with the renunciation of overflowing plates from the hotel buffet up to the renunciation of the Röhrl in the cocktail.

The group that considers sustainability during the trip to be of little relevance and focuses primarily on the enjoyment and consumption (5%) is even larger than the sustainability heroes on site. The results show that there is still room for improvement in terms of sustainability.

(Source: www.prestige-travel.ch)

Go West: Lufthansa expands flights to the USA with three new connections

Lufthansa Airlines is expanding its service from Frankfurt and Munich to the U.S. in summer 2024 with three new connections. Starting next summer, Lufthansa will offer a total of 27 USA destinations, decidedly more than before Corona. Minneapolis, Minnesota, and Raleigh-Durham International Airport in North Carolina are two new destinations starting from Frankfurt. From Munich, Lufthansa will also fly for the first time to Seattle. And, in summer 2024 also from Munich for the first time, Johannesburg and Hong Kong.

News in detail from Frankfurt

Starting on June 4, 2024, Lufthansa Airlines will fly five times weekly throughout the year to the Midwest gateway city Minneapolis. Located on the Mississippi river, it is an ideal starting point for exploring the state of Minnesota where, urban sophistication meets exciting outdoor adventures. In numerous national parks, and a chance to admire the spectacular northern lights.

For the first time, Lufthansa will add Raleigh-Durham, to its flight schedule. It is the airline's the second destination in North Carolina after Charlotte. Starting June 6, 2024, Lufthansa will fly also fly five times a week throughout the year to this city that is particularly interesting for business travelers. Numerous German companies have branches in the Raleigh-Durham area, and employees will now have an optimal connection to Germany and Lufthansa's global network for the first time.

Hyderabad, India already is a Lufthansa destination this winter and will continue to be served in the 2024 summer flight schedule with five weekly flights.

News in detail from Munich

Next summer, Lufthansa guests will be able to choose from more exciting destinations from Munich to three continents. The Airbus A350, one of the most sustainable long-haul aircraft in the Lufthansa fleet, will fly for example for the first to Seattle from Munich daily for the first time on May 30, 2024 . The Munich flight complements existing daily flights to Seattle from Lufthansa's Frankfurt hub, thus offering additional travel options to the. state of Washington. In short, Lufthansa is doubling flight frequencies to Seattle.

With the pandemic being over, Hong Kong is also open again to travel. In the upcoming summer flight schedule, Lufthansa will be flying to the Asian hub several times a week. Also returning as a destination is Johannesburg, which was last a scheduled flight from Munich in 2005. On June 3, 2024, an Airbus A350 will fly three times a weekly to South Africa. Bangalore, India, with flights already offered this winter that will continue through summer 2024 with up to six weekly flights.

New A380 destinations

This will delight fans of the world's largest passenger aircraft: Lufthansa is doubling its number of A380 destinations next summer. From Munich, passengers will experience the Airbus A380 on five routes at once. Boston, Los Angeles and New York (JFK) are back. Two new capitals will be added for the first time: Washington, D.C. and Delhi. In total, Lufthansa will station a total of six "big bird" Airbus A380s in Munich next summer, by 2025 the A380 fleet will grow to eight aircraft.

(Source: www.lufthansa.de)

All-inclusive trend in online bookings continues

This summer, around 68 percent of online customers booked vacations with all-inclusive meals, reports the Internet Travel Distribution Association (VIR) based on a joint analysis with Amadeus. This figure is around ten percentage points higher than before the pandemic.

VIR board member Michael Buller sees the development as "a clear indication that travelers want to continue to make their vacations as calculable as possible." Inflation and high energy prices are unsettling people, so this factor is gaining in importance.

The popularity of this type of catering is also understandable if one looks at the price development of the top destinations, Buller believes. Thus for a seven-day journey into the region Antalya with two persons in a four-star accommodation in the summer before Corona per person on the average about 710 euro were due. In 2022 it was already 872 euros and this year even 947 euros.

(Source: www.reisevor9.de)

Europcar ventures into America as of 2024

The VW subsidiary wants to target European tourists and business people as customers. But the mission is a delicate one: Among car rental companies, the U.S. is considered a shark tank.

Car rental company Europcar is planning to expand into the highly competitive U.S. market. CEO Alain Favey told Handelsblatt that the first Europcar station is scheduled to open at Los Angeles International Airport (LAX) in the first half of 2024. "By the end of 2024, we are targeting around ten locations in America," Favey said.

Europcar is already active at 25 locations in the U.S. through its Fox Rent A Car brand, with a total of around 20,000 rental cars - mainly at airports. The goal is to increase the fleet size to about 30,000 vehicles, he said. Favey did not specify an exact timeframe for the growth target.

The Europcar boss remains deliberately cautious in his announcements. After all, entering the American market is likely to be complicated. True, the U.S. accounts for about half of the global car rental business. "For that reason alone," says Favey, "we need to have a presence there."

However, a good three-quarters of sales are generated through stations at airports - and there the licenses are clearly divided among the competition and often tied to the same rental company for years.

So it will probably be years before Europcar is able to open up new airport locations of a substantial size. Until then, the French company will have to rely on the existing Fox locations. Depending on the airport, Favey wants them to carry the Europcar logo and the Fox logo. "Where there are particularly many tourists from Europe, we will push Europcar as a brand more strongly," says Favey. At all other locations, Fox will remain visible.

Fox currently has only about one percent market share in the Americas. The three U.S. providers Enterprise, Avis Budget and Hertz dominate the business. The Enterprise brand operates just over 4,000 stations in the U.S., Hertz comes in at just over 2,800, Avis maintains just under 1,600 stations and Budget another 1,500.

Europcar is drawn to the USA: "Challenger in a largely occupied market"

Given these numbers, Michael Austin of U.S. analysis firm Guidehouse sees new competitors like Europcar in the U.S. market in an unfavorable position. "They are challengers in a mostly occupied market." At best, they could score points with low prices and like-new cars. The problem with low coverage in the area remains, however.

This is clearly illustrated by another prominent challenger from Europe that is currently trying its hand in the U.S.: Sixt. According to its own information, the Bavarians have around 100 stations. However, it is more difficult for business travelers and tourists to drive inland from Sixt locations at larger airports and find a drop-off station there.

To get around this problem, Europcar is counting on its connection to the Volkswagen Group, which has owned a majority stake in the car rental company since summer 2022. One of the thoughts being played out: The car company could support Europcar with its large U.S. dealer network and offer cars for rent at dealer branches.

The rental vehicles could then be regularly serviced in the dealer workshops and, after a period of use of seven or eight months, be marketed as used cars - all business areas that are traditionally coordinated at Volkswagen by the finance and leasing subsidiary Financial Services (VWFS).

Europcar - 9,000 employees, three billion euros in sales, a good 17 percent Ebitda margin - has been majority-owned by a consortium around the Volkswagen Group since the summer of 2022 and is intended to boost the car sharing, car subscription and rental business for Europe's largest automaker. The company, which is headquartered in France, is also the linchpin of a mobility app that the Group has just tested in Austria's capital Vienna and plans to roll out across Europe in the near future.

Europcar boss on dovetailing with VW: "Big appetite for Europcar issues".

Nevertheless, one of the most important tasks for Favey, who has only been in office since June, is to better integrate Europcar into the VW world. To this end, the North American expansion is also of strategic importance. So the project is hung up in the "Transformation Office," a committee staffed by VW and Europcar managers that is working on seven ideas on how to better dovetail the two companies.

In Germany, Europcar and VW have already moved closer together. On Friday, the companies announced plans to spin off VW's current car rental business into a joint venture - with Europcar as the 51 percent majority shareholder, and VWFS holding the remaining 49 percent.

Through the company Euromobil, the leasing and finance subsidiary had previously offered around 16,000 VW-branded passenger cars for rental. These cars will now be transferred to the Europcar fleet. This will enable Europcar to work better with VW Group dealers - similar to what is planned in the USA.

To get around this problem, Europcar is counting on its connection to the Volkswagen Group, which has owned a majority stake in the car rental company since summer 2022. One of the thoughts being played out: The car company could support Europcar with its large U.S. dealer network and offer cars for rent at dealer branches.

The rental vehicles could then be regularly serviced in the dealer workshops and, after a period of use of seven or eight months, be marketed as used cars - all business areas that are traditionally coordinated at Volkswagen by the finance and leasing subsidiary Financial Services (VWFS).

Europcar - 9,000 employees, three billion euros in sales, a good 17 percent Ebitda margin - has been majority-owned by a consortium around the Volkswagen Group since the summer of 2022 and is intended to boost the car sharing, car subscription and rental business for Europe's largest automaker. The company, which is headquartered in France, is also the linchpin of a mobility app that the Group has just tested in Austria's capital Vienna and plans to roll out across Europe in the near future.

With the joint venture construction, however, Volkswagen and Europcar are primarily solving a very practical problem. VWFS, for example, with its small rental fleet, was formally considered a competitor of Europcar, which made cooperation difficult under purely anti-trust law. Now the way is clear for greater cooperation.

(Source: www.handelsblatt.de)

"Tipflation" in the U.S. – Thirty percent common - tipping out of control

Anyone currently traveling to the U.S. should increase their travel budget. In restaurants, cafes and for cabs, tips of up to 30 percent are demanded. But the first customers are grumbling.

It all started with the Corona pandemic: Many businesses had to temporarily close their stores or could only open under special conditions. But because people wanted to support their local cafes and restaurants, they voluntarily gave higher tips. General consumption - as in most countries - also experienced a decline in the USA during lockdown. Accordingly, more money was left over for the so-called "tip." With the return to normal life, however, the demand for lavish tips did not decline. On the contrary: In America it is now customary to pay a surcharge of up to 30 percent on the total price.

Minimum wage only applies if you do not get a tip

Many Americans make a living from tipping; it is considered part of their income. In fact, the \$7.25 minimum wage mandated by the Department of Labor does not apply to workers who receive a tip in their jobs. They work primarily in the hospitality or tourism industries and thus fall into the tipped wage category of \$2.13 per hour.

Given this arrangement, it is perfectly reasonable to tip well for a dinner or cab ride. Nevertheless, this seems to have gotten out of hand since the pandemic, with American media now dubbing this development "tipflation."

Tip is also required for coffee to go

Rebecca is living in Chicago for a year as an au pair and she always makes sure to tip appropriately. Nevertheless, she always makes the amount dependent on the service quality, as she is used to in her home country.

"At the beginning, I was surprised that people actually ask for a tip when I just quickly order a coffee to go at the counter."

Rebecca, Au pair in Chicago "I wouldn't encounter that in Germany," says the Bavarian woman.

Card payments also contribute to higher tips

According to Steve H. Hanke, professor of applied economics at Johns Hopkins University, the establishment of digital payment systems is an additional problem: "It's less painful to have your tip deducted from your bank account at the push of a button than to see cash disappear from your wallet."

Steven H. Hanke, Johns Hopkins University. One of the consequences of the Corona pandemic has been an increased reliance on card payments, even for lesser amounts. For example, card readers often ask for a 22, 25 or 30 percent tip on even a single bagel purchase.

Tipping for services in Germany as well

And how does it look in Germany? Marcel Fratzscher, president of the German Institute for Economic Research, tells ZDFheute, "It is now common for people to pay a tip for everyday services in Germany as well, even if it's much lower in percentage terms than in the U.S." According to the economist, society has become aware of the growing inequality of incomes and living conditions. The rule of thumb here is ten to fifteen percent on top of the total price.

USA: Customers increasingly refuse high tips

Whether America will ever head toward this comparatively low level of extra money is questionable. Still, according to Hanke, "tipflation" could subside in the future: "Recent evidence suggests that more and more customers are rebelling against high tipping and avoiding establishments that demand high tips." And since the economy is always about the interplay of supply and demand, the market will restore balance in the long term, the expert told ZDF.

(Source: www.zdf.de)

Sales climate brightens again

After a short summer low in August, the value of the Tourism Sales Climate Index of the management consultancy Dr. Fried & Partner is rising again in September. Travel agencies are more optimistic again, both in their assessment of the current situation and in their outlook for the future.

The current situation in travel distribution shows a slight improvement compared to August. The proportion of those describing the current situation as good and satisfactory rose by a good one percentage point in each case (good: 51% and satisfactory: 42%). Only 7.4% still consider the current sales situation to be poor (August: 9.6%).

Travel sales have increased at a good half of the participating travel agencies in the last two to three months compared with the previous year. In August, only 44% reported an increase. One-third of participants said sales were unchanged, down one percentage point from August. Sales were down at 16 percent of travel agencies, compared with 22 percent who reported declines in August.

Future expectations more optimistic again

A similar picture emerges with regard to expectations for the future. 30 percent of the agencies expect demand to increase within the next six months compared to the previous year. In August, this figure was only 25 percent. Fifty-three percent expect demand to remain the same (previous month: 55%). The proportion of those expecting demand to fall is down from 20 percent in August to 17 percent in September.

With regard to the earnings situation, more than half of the participating travel agencies assume that nothing will change in the next six months (September: 52%, August: 46%). Thirty-one percent assume that their earnings situation will improve (previous month: 34%) and 17% expect it to worsen (previous month: 20%).

(Source: www.reisevor9.de)

Tui chief warns of 'more challenging' months ahead

Tui chief executive Sebastian Ebel has warned consumer demand could become "more challenging" this winter despite reporting strong summer bookings last week.

Ebel suggested the "customer climate" this winter "may not give us a tailwind" and admitted: "I'm surprised the market is so strong."

He said "the consumer environment becomes more challenging" and warned: "The market could have its challenges."

"I would assume we won't see a tailwind in any European markets [this winter]. The customer climate could slow."

Ebel added: "We see positive numbers from the UK, [but] it's good to be more conservative when capacity planning rather than too aggressive."

Yet he insisted: "We're very optimistic for winter."

Speaking as the Tui Group reported third-quarter results for the three months to the end of June last week, Ebel also noted long-haul bookings this summer remain down on 2019 levels, suggesting this was "most probably due to cost increases".

He reported summer 2023 bookings up 6% year on year across the group and prices up 7% on average, with bookings at 95% of the 2019 level.

Ebel explained "the missing 5%" of bookings compared with 2019 "is mainly in long haul, a segment that is still weak".

He also noted "a small shift" in package-holiday clients who "seem to spend less in destination" on booking excursions and activities with Tui Musement.

However, Ebel added: "Tui Musement is growing [and] a broader [product] offering more than compensates."

He reported Tui UK passenger bookings up 1% year on year and the German market up 11% with 86% of capacity for this summer sold and insisted: "Summer bookings remain strong [despite] a small slip during the wildfires [on Rhodes]."

"Winter bookings are very strong on volume and especially on margin, despite that the customer climate may not give us a tailwind."

However, Ebel argued: "In some markets we still have significant potential to perform better. Dynamic packaging should lead to a significant improvement in results even if the consumer environment becomes more challenging."

He highlighted Tui's priorities as "to grow market share", introduce new products and attract new customers, with Tui's dynamic packaging platform to be extended across all markets, and said: "We have a clear strategy to capture future market growth."

Tui returned to profit for the first time since the pandemic in the three months to June, recording a pre-tax profit of €47 million in a sharp turnaround from the group's €602 million loss in the same quarter last year.

Ebel also reported "a huge improvement" following the disruption to flights last summer, saying: "Disruption is at the lowest level I can ever remember In Germany. In the UK, we're also performing very well."

(Source: www.travelweekly.co)

TUI and DER Touristik spread optimism

Market leader TUI sees itself on course with strong demand and higher prices. At DER Touristik, too, a larger share of higher-quality hotels in bookings and a slight increase in long-haul travel are creating a good mood.

Without events such as the forest fires in Rhodes, the group would have exceeded its expectations, CEO Sebastian Ebel said Tuesday. In addition to the recovery in demand - the number of bookings across the group has so far been five percent above 2022 and four percentage points below 2019 - this is mainly due to higher prices. This summer, for example, customers spent an average of eight percent more on their trips than last year and a whopping 27 percent more than in 2019, according to the company.

Good demand also for winter

According to the CEO, the positive business development is particularly evident in the Group's two most important source markets. In Germany, the number of bookings was ten percent higher than in the previous year.

In the UK, TUI counted a similar number of guests as in 2022 and four percent more than in 2019. According to the report, demand is increasing particularly strongly for the last month of the summer season. Ebel reports an eight percent year-on-year increase in bookings across the group. In addition, TUI has extended the season into November in Greece and Turkey, for example. Ebel is also optimistic about the upcoming winter and summer season. Although the program for the coming winter is still in an early booking phase, the number of bookings is already 15 percent higher than a year ago.

DER customers remain willing to spend

From DER Touristik it is likewise said, of a saving tendency of the Federal citizens at the vacation cannot be spoken. According to product boss Sven Schikarsky 80 per cent of the guests booked a four or five-star hotel in the summer. Last year it was 79 percent. A quarter booked five-star hotels - two percentage points more than in the summer of 2022. "We found that the trends of last summer and winter, for example toward higher-quality hotels, have continued and even increased," Schikarsky said. The number of family vacationers also rose, he said, and there was also a slight increase in long-distance travel. 45 percent of guests opted for all-inclusive offers.

(Source: www.reisevor9.de)

Travel agency sales up slightly in August

The upward trend at the counter continues, mainly thanks to cruises and air travel: total invoiced sales of the agencies included in the Travel Agency Mirror were four percent higher in August than in the same month last year and up 14 percent on 2019.

The cumulative data from January to August also has positive signs. According to Tats, travel agency sales are up a strong 31 percent year-over-year and are up 13 percent, well ahead of pre-Corona 2019.

In contrast, tourism sales alone are down three percent in August compared to the same month last year and up two percent compared to 2019. On both a monthly and cumulative basis, the cruise industry remains stable, showing year-over-year increases of 7.5 percent and 46 percent, respectively. As a result, this segment continues to make a significant contribution to the positive development of the tourism industry as a whole, according to the evaluation in *Reisebürospiegel*. Compared to August 2019, there is only a four percent increase on the invoice; in the cumulative value, the increase in sales is 10.5 percent.

The ticket sales of the airlines are developing similarly positively. The number of airline tickets in August is plus 15 percent year-on-year and plus 33 percent cumulatively. With an increase of 23 percent, airline sales remain significantly positive compared to August 2019. Cumulative sales in this division also show a consistently positive trend and are up 18 percent.

Tourism order backlog bodes well

In August 2023, the tourism order backlog has again increased significantly compared to the same month last year, showing a plus of twelve percent. Compared to 2019, there is an increase of 14 percent. For travel through October, the August figures in the tourism order backlog are up 26 percent compared to 2022 and 2019. In August, the cruises subdivision saw a noticeable month-on-month increase in its order backlog, surpassing the year-ago figure with an increase of 23 percent. The positive trend in the Cruises subdivision's backlog (travel through October 2023) continues, showing a 43 percent increase. Compared to 2019, cruises are up 26 percent in August 2023, and a whopping 59 percent cumulatively.

Tats is a back-office service provider to the tourism industry. It collects booking and accounting data from around 2,500 affiliated travel agencies for its monthly travel agency report.

(Source: www.reisevor9.de)

PLEASE CONTACT US.



IF YOU HAVE ANY QUESTIONS REGARDING THIS REPORT, PLEASE DO NOT HESITATE TO CONTACT US:

KAUS MEDIA SERVICES

SOPHIENSTRASSE 6
30159 HANNOVER
GERMANY

AXEL KAUS, M.A.
MANAGING DIRECTOR
E-MAIL: TEAMVSPC@KAUS.EU
PHONE: +49 511 899 89 00

KAUS
MEDIA
SERVICES



Marketing
Communications
Consulting