



MONTHLY REPORT CENTRAL EUROPE SEPTEMBER 2022



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Contents

1.	Current State of the Tourism Industry.....	3
2.	Overview of Regional Activities.....	7
3.	Status of Sales Activities and Promotions	13
4.	Public Relations Activities	18
5.	Market Updates	19

1. Current State of the Tourism Industry in Central Europe

European International Travel Trends

Despite inflation, energy crisis and fear of inflation: Tourism experts spread optimism as regards the full recovery of European travel to the USA. Pre-pandemic levels could be reached as soon as 2023 according to statements at Brand USA Travel Week in Frankfurt.

International tourism in the USA has recovered "quicker than expected" with promising signs for the coming years, said Brand USA CEO Chris Thompson. "At the close of this year, we thought we'd only be back to 50% of 2019 numbers, but we're actually set to be back to two thirds," he told delegates.

Thompson pointed to a number of large events taking place in the US in the coming years that will add further inspiration for international tourists – including the soccer World Cup in 2026 and the Los Angeles Olympics in 2028. He also highlighted 2026 marking the country's 250th anniversary and the centennial of Route 66.

Europeans stay longer than pre-pandemic

Nejc Jus, head of research at the World Travel & Tourism Council, said the average length of stay for European travelers in the USA was now 17 days – up from around 13 pre-pandemic. He said arrivals from the UK, France, and Germany were at 80% of where they were in 2019, with similar levels projected for the next two months.

David Goodger, managing director Europe and Middle East of Tourism Economics, said we could expect US visitor numbers to recover to 2019 levels "in 2024 or 2025," but that longer stays meant tourism spend could recover earlier. Travel broadcaster Simon Calder meanwhile said he would "put money" on visitor numbers recovering to pre-Covid levels in 2023 – bolstered by recent announcements including the return of low-cost carrier Norse Atlantic Airways and Virgin Atlantic joining the Skyteam alliance next year.

"Travel is seen as a birthright"

Chris Thompson stays a bit more cautious as regards the German market referring to latest market research expecting 1.8 million German visitors in 2023 and 2.1 million in 2024 – which is in line with the predicted full recovery in 2024 or 2025.

Asked if he was concerned about the latest fears of inflation and recession in Europe, Thompson answered that he is confident that the large pent-up demand will overcome these fears: "Travel is seen as a birthright", said the Brand USA CEO. "We all need travel."

Renewing tourism – not just recovery

"We believe it's not enough to bring travel and tourism back to where it was before – we're committed to showing diverse, inclusive experiences and to fostering sustainable tourism," said Curt Cottle, senior policy analyst at the National Travel and Tourism Office.

"There's such enormous potential for renewing travel and tourism from Europe to the USA," added Thatcher Scharpf, Consul General at the US Consulate General in Frankfurt. "This is an unforgettable travel destination, and every one of you here this week is playing an instrumental role in reviving transatlantic travel."

-This is What Travelers Should be Prepared for

The tourism industry still largely promises stable prices for the winter. Next year, however, vacations will also become more expensive.

Despite high inflation and strongly increased costs - the vacation in this winter will hardly become more expensive. For the trip next summer, however, customers will have to dig deeper into their pockets, because the tourism industry is also feeling the rising costs.

"Travel prices are not driving inflation this winter," said Stefan Baumert, Chairman of TUI Germany, on Tuesday at the presentation of the winter program. But he said the higher costs would be accompanied by price increases in travel next summer, though he could not yet quantify the extent of those increases.

"The current inflation and rising energy prices will not have a full impact on prices, as many hotel and flight quotas for travel in the winter were already negotiated in the spring," Baumert said, explaining the promise to offer stable prices in the winter. Depending on the vacation destination, there will be a maximum increase in the lower single-digit range. Almost everywhere in the industry there is talk of a largely constant price level for the winter. This is especially true for package tours booked early, Norbert Fiebig, president of the German Travel Association (DRV), told Handelsblatt.

That will change in 2023, he added. "In perspective, inflation driven by rising energy costs will not stop at travel. The travel market will not be able to decouple itself from general inflation."

However, the industry does not yet fear a slump in demand. Vacations are still at the top of the Europeans' wish list, says Fiebig. Even the rising cost of energy and increasing inflation would not dampen this desire, at least so far. "Holidays remain important despite the rising cost of living," also believes Hubert Kluske, sales and marketing director of TUI Germany.

Holidaymakers pay attention to money when booking

Kluske points to a recent survey commissioned by TUI from YouGov. According to it 74 per cent of the asked ones want to travel also in the winter. However, the snap survey also shows that many people are watching their budget. 27 percent of respondents say they are primarily looking for bargains, while 20 percent book all-inclusive packages because these would offer budget security.

"We will see a run on all-inclusive offers," predicts TUI's Baumert. Already today, more than every second booking in winter at TUI is such a trip. Baumert promises that the travel group has responded early to current developments and also has offers for families who need to watch their money. There will still be early booking discounts.

Even though the industry is now promising, in a promotionally effective manner, that low-cost travel will continue to be possible in the future – the tourism industry is once again facing a huge challenge after two years of pandemic.

The cost pressure continues to increase, also in the tourism industry, says Fiebig from the DRV: "It remains to be seen how the Europeans' propensity to consume will develop in this situation and how high the freely available household income will be." It is hardly possible at this stage to make a reliable forecast for the coming year, he adds.

It is also difficult, he says, because customers are booking at increasingly short notice. "It can be assumed that this will remain the case, at least for the time being," Fiebig expects. In addition, European vacationers are very price-sensitive, he says. "If a destination becomes too expensive, they will switch to a cheaper destination."

On the other hand, the strong competition among tour operators should mean that vacations will remain affordable for many people next year, despite higher prices on average. Some seem to be relatively indifferent to prices anyway. As many as eight percent of those surveyed by YouGov said that they do not pay attention to costs when booking their trip. Demand in the luxury segment, for example for villas with private pools, is currently stronger than ever.

Higher prices for vacation homes and flights

The extent to which rising energy costs are affecting the tourism industry can be seen, for example, in vacation homes. Seventy percent of landlords in Europe and the foothills of the Alps said in a survey by vacation home booking portal Holidu that they had been hit hard by the high costs and inflation in maintaining their property. Holidu, together with its subsidiary Bookiply, had surveyed 1230 vacation home landlords in Europe, the foothills of the Alps, Italy and Spain in June.

In Italy and Spain, many landlords have already raised their prices, the survey shows. Also the prices for vacation houses in Germany will probably rise.

Energy costs are a crucial cost factor in tourism. Landlords face a dilemma in this regard. On the one hand, they are happy if their accommodations are booked with a certain lead time. On the other hand, they then have to calculate prices without knowing what they themselves will have to spend on electricity.

2. Overview of Regional Activities

Germany

- From September 5-8, 2022, we promoted our destination at the Visit Florida Road Show in Germany. Individual workshops were held as Florida partners moved from table to table training agents on the various regions of Florida. Partners included: Greater Miami, Naples, Marco Island & Everglades, Fort Meyers Islands, Beaches & Neighborhoods, Visit Sarasota, Visit Tampa Bay, SeaWorld Parks & Entertainment, Universal Parks & Resorts. Please see the separate report for detailed information.
- After approval from VSPC, we registered as a co-exhibitor of Visit USA Germany for the consumer shows CMT in Stuttgart (January 14-23, 2023) and f.re.e in Munich (February 22-26, 2023).
- We assisted several travel agents with information about St. Pete/Clearwater. They contacted us after we distributed our newsletter.
- From September 26-29, 2022, we promoted our destination at the Brand USA Travel Week in Germany. We continued preparations for the show in September and then completed prescheduled meetings with a large number of selected tour operators from Central Europe as well as the UK and other European countries throughout the week. Please see the separate report for detailed information.
- After approval from VSPC, we registered as an exhibitor for the Campus Live Event in Orlando, Florida from December 5-9, 2022. DERTOURISTIK invites about 100 of their best travel agencies, who are distinguished by an outstanding turnover as well as their participation in their Campus training program (seminars, webinars, e-learning). The events take place directly after the site inspections of 16 travel agents in St. Pete/Clearwater from December 2-5, 2022.
- In September 2022, we drafted the travel trade newsletter „Lots of fun for small bucks: Discover St. Pete / Clearwater (almost) free of charge“ and distributed it after approval from VSPC to a very large number of travel agencies and U.S. selling tour operators in Germany, Switzerland, Austria, the Netherlands, Belgium, Poland, the Czech Republic and Hungary.
- For the travel trade promotion “Lunch Workshop” in Stuttgart (October 13, 2022) organized by the Visit USA Committee Germany, we shared with the organizer the requested input (i.e., customer name, logo, delegate name and need for accommodation in Stuttgart).
- KMS organized and attended a media and travel trade networking event in Munich, Germany on September 30, 2022. KMS invited selected travel journalists and tour operators to the event. We attended the event and hosted 18 travel journalists. Please see the separate report for detailed information.

- In preparation of the Tampa Buccaneer`s Football Game in Munich, Germany on November 13, 2022 we continued working with Sportscheck, a leading sports retailer with a large number of stores in Germany, on a planned promotion in their Munich store. Unfortunately, the selected promotion space was cancelled because it was rented to another company in the meantime. We requested quotes from other stores, shopping malls and promotional areas at the Munich Airport as alternatives.
- For the event at Munich's Allianz Arena, we created a VIP invitation list including trade and media professionals. The goal of the joint promotion is to highlight our destination to a broad audience of potential travelers to St. Pete / Clearwater in Germany.
- We continued organizing our promotion at "Reiselust", a consumer travel show in Bremen, Germany to be held from November 4-6, 2022.
- After the Visit Florida roadshow, we received the contacts of all participants. We have added this to our database so that all participants will receive the VSPC newsletter in the future.
- We continued organizing our promotion at the Visit USA Cinema Road Show, a travel trade promotion in Frankfurt, Germany on November 16, 2022. We supported the Visit USA Committee Germany with the requested information and materials.
- In September 2022, we started planning our promotion of St. Pete / Clearwater at the two day-long media and travel trade promotions in Hamburg, Germany (October 10, 2022) and in Munich (October 18, 2022) organized by the Visit USA Committee Germany.
- After approval from VSPC, we confirmed the pre-negotiated proposals from Brand USA that were offered for the German market. The proposals included offers from the tour operators TUI, FTI and Canusa Touristik.
- KMS completed several conference calls with Visit Tampa's representative in Germany in order to discuss joint opportunities for non-competing promotional activities.
- We attended the bi-weekly coordination calls with VSPC in September 2022 in order to synchronize our activities and to discuss upcoming promotions.
- We attended the monthly conference call with Brand USA in August 2022 in order to discuss upcoming promotions and promotional opportunities.
- We coordinated the warehouse that we have subcontracted on behalf of VSPC, proofread their inventory report for September 2022 and forwarded it to VSPC. In addition, we asked VSPC to review the inventory and send us additional brochures and give-aways that we will require for our upcoming promotional events.

Austria

- In September 2022, we drafted the travel trade newsletter „ Lots of fun for small bucks: Discover St. Pete / Clearwater (almost) free of charge“ and distributed it after approval from VSPC to approximately 800 travel agencies in Austria.
- We continued organizing the Visit USA workshop in Graz Austria on November 10, 2022. In this regard, we also contacted the VUSA team in Austria and asked if they needed additional information from us.
- For the planned workshop of VUSA Austria in Graz we have received and paid the invoice.
- After evaluation, we politely declined the invitation to the Eurowings Discover Road Show in Austria from November 7-11, 2022.

Switzerland

- In September 2022, we drafted the travel trade newsletter „ Lots of fun for small bucks: Discover St. Pete / Clearwater (almost) free of charge“ and distributed it to approximately 400 travel agencies in Switzerland after approval from VSPC.
- After receiving approval for the proposed co-operation with the Swiss tour operator Knecht Reisen for multichannel joint marketing activities, we started to work with the tour operator to implement all marketing activities.

The Netherlands

- For the trade and consumer shows “USA Canada Experience” (B2B, November 3-4, 2022) and “Reisbeurs” (B2C, November 5-6, 2022) we shared the name of the delegate and our presentation with the host. We have checked to see if we can provide with a prize for a raffle. We will be one of several exhibitors in the 16th edition of this efficient and effective event. Thus far Florida will be represented by VSPC as well as Naples, Marco Island & Everglades
- Secret Escapes Netherlands: We are still working on a potential cooperation for a multi-channel B2C promotion.

- In September 2022, we drafted the travel trade newsletter „ Lots of fun for small bucks: Discover St. Pete / Clearwater (almost) free of charge“ and distributed it to approximately 750 travel agencies in the Netherlands after approval from VSPC.

Belgium

- We sent brochures and area maps to the Belgium tour Operator “Gerald en America”, who hosts a B2C event only focused on Florida on September 17, 2022.
- We received a request of „Gerald en America“, a Belgian tour operator that creates tailor-made itineraries for travel agencies. The operator requested extensive decoration for travel agencies in Belgium. We decided to politely decline the requested support due to the expensive production of the materials and the unexpected return on investment.
- The USA-Canada Experience will also draw in visitors from neighboring Belgium, both travel trade as well as public. As part of the country officially speaks Dutch, many use the opportunity to travel the hour or two north to attend various events in the market and stay up to date.
- We requested more information about the planned event „Joker Travel Event USA & Canada“ from the Belgian travel agency chain “Joker Travel”. The event takes place in Mechelen on October 23, 2022. Mechelen is a city located 25 kilometers from Brussels. It is the country’s biggest travel event about North America. They provide the opportunity to exhibit and do presentations for the visitors, offering online and print advertising. They expect to have close to 2,500 visitors. Additionally, they offer online travel presentations about various regions with booking opportunities thereafter.
- In September 2022, we drafted the travel trade newsletter „Lots of fun for small bucks: Discover St. Pete / Clearwater (almost) free of charge“ and distributed it to approximately 450 travel agencies in Belgium after approval from VSPC.

Czech Republic

- In September 2022, we drafted the travel trade newsletter „Lots of fun for small bucks: Discover St. Pete / Clearwater (almost) free of charge“ and distributed it to approximately 520 travel agencies in the Czech Republic after approval from VSPC.

Hungary

- In September 2022, we drafted the travel trade newsletter „Lots of fun for small bucks: Discover St. Pete / Clearwater (almost) free of charge“ and distributed it to a large number of travel agencies in Hungary after approval from VSPC.
- We asked the Visit USA team in Hungary if there are any other promotional activities planned for the current and next year in which Visit St. Pete/Clearwater can participate.

Poland

- In September 2022, we drafted the travel trade newsletter „Lots of fun for small bucks: Discover St. Pete / Clearwater (almost) free of charge“ and distributed it after approval from VSPC to approximately 440 travel agencies in Austria.
- We asked the Visit USA team in Poland if there are any other promotional activities planned for the current and next year in which Visit St. Pete/Clearwater can participate.
- We maintained a strong communication with tour operators such as DERTouristik and TUI that have a strong hold in the Eastern European countries, most of the packaged Florida tour sales come from subsidy travel agencies in those markets. Sales are routed through the main HQ office using xml connectivity.
- DERTouristik Group is strongly represented in the Eastern European market and has continued to grow over recent years. With the popular tour operators Exim Tours in the Czech Republic and Poland as well as Karthago Tours in Hungary and Slovakia, Exim Holding ranks among the local market leaders. All travel products from the two tour operators are marketed both in the stationary travel agencies and very successfully online. Through the acquisition of the tourism company Fischer, which is active in the Czech Republic and Slovakia, the Group expanded again in 2020 and is now one of Eastern Europe’s leading travel companies.
- TUI brand from 19 years of age is present on the Polish tourist market. TUI Poland Sp. of o.o. was founded in 1997 and since 2007 is part of the largest in the world tourism concern TUI Travel PLC

3. Status of Sales Activities and Promotions

Visit USA Committee Germany's Media and Trade Networking Event in Hamburg, Germany (October 10, 2022)

- A B2B networking event designated to connect with media professionals for half a day as well as travel trade professionals for the other half of the day. All participating Visit USA members will receive an individual table that can be used for discussions with the attending journalists and travel agents. The event will take place at the Hard Rock Café in Hamburg.

Visit USA Breakfast & Lunch Workshop in Stuttgart, Germany (October 13)

- This is a workshop-style roadshow with 8 partners per city. Travel agents can register for either a breakfast or a lunch session, depending on their personal preference. The travel agents of each session will be split up evenly in groups and attend 15-minute workshops of each partner. Presentations will be held on screens provided by VUSA. Up to 40 travel agents participate per session.

Visit USA Committee Germany's Media and Trade Networking Event in Munich, Germany (October 18, 2022)

- A B2B networking event designated to connect with media professionals for half a day as well as travel trade professionals for the other half of the day. All participating Visit USA members will receive an individual table that can be used for discussions with the attending journalists and travel agents. The event will take place at the Hard Rock Café in Munich.

Visit USA Committee Annual Meeting and Board Elections in Frankfurt, Germany (October 27, 2022)

- Annual Meeting with Board Elections to be held at the Hilton Frankfurt Airport.

USA-Canada Experience, The Netherlands (November 03-04, 2022)

- 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 05-06, 2022)

- For the 10th 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.

ReiseLust Bremen (November 04-06, 2022)

- In cooperation with the specialized U.S. and Canada tour operator America Unlimited, we will promote our destination at the travel consumer show "ReiseLust" in the City of Bremen, German in the Northern part of Germany.
- The show was visited by approximately 30,000 visitors in 2021. This year's show will highlight the U.S. as its "Partner Country 2022" so that there will be a strong focus on the U.S. exhibitors.

Reisewelten (November 04-05, 2022)

- 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 04, 2022) and travel trade professionals (November 05, 2022). 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 Seminar 2022, Austria (November 10, 2022)

- We will promote St. Pete / Clearwater at the Visit USA Seminar with an own booth and travel trade training opportunities in Graz, Styria on November 10, 2022. About 80-100 travel agents as well as further tour operators and media professionals are expected to attend the event and learn about our destination.

NFL Game Tampa Bay Buccaneers vs. Seattle Seahawks in Munich, Germany (November 13, 2022)

- In cooperation with Visit Tampa, we plan target promotions in regard to the Tampa Bay Buccaneers' first game in Germany on November 13, 2022. The goal of the joint promotion is to highlight our destination to a broad audience of potential travelers to St. Pete / Clearwater in Germany.

Visit USA Cinema Road Show in Frankfurt, Germany (November 16, 2022)

- Every partner of the road show has the opportunity to hold a 15-minute presentation in cinema halls on the big screen in front of all participating travel agents. In addition, every partner has its own table at a travel market in front of the cinema hall for one-on-one conversations with the participants. A maximum of 80 travel agents can participate per city.
- After an American buffet dinner, Brand USA's 45-minute IMAX movie "Into America's Wild" will be aired as grand finale of the evening. Participating travel agents, tour operators and all participating partners will be able to invite their own customers from the region to join us for the movie. All partners will have the chance to get in touch with these consumers before and after the movie at the travel market. Thus, a B2C component is added to this B2B event.

Dertouristik Trade Fam Trip (December 02-05, 2022)

- We will support a travel trade trip of the German tour wholesaler Dertouristik to Florida and the fam group will be in our destination from December 02-05, 2022. Dertouristik is the largest Central European tour operator for travels to the U.S. and to Florida. The fam trip will be attended by 16 top selling travel agents, one Dertouristik escort and a KMS escort. VSPC will highlight our destination during the fam trip.

Dertouristik Campus Live Event in Orlando, Florida (December 05-09, 2022)

- Dertouristik invites 100 of their best travel agencies, who are distinguished by an outstanding turnover as well as their participation in their Campus training program (seminars, webinars, e-learnings). The aim of the event is to provide their travel agencies with detailed destination and product knowledge as well as sales arguments, resulting in active selling. We will receive one of a total 24 partner tables to present our destination during an organized "Round Table Talk". The travel agents will appear in small groups of 4 to 5 participants and will visit all the presenter booths according to a fixed rotation plan. The presentation time per group is 8 minutes. Since each group consists of a small number of participants, an intensive exchange and dialogue with the participants is guaranteed.

CMT Stuttgart (January 14-22, 2023)

- We will promote our destination at Europe's largest consumer shows for tourism and leisure. In 2020, approximately 300,000 visitors attended the show.
- The target group consists of consumers with a high demographic profile as Stuttgart is the largest location for many large German companies, especially from the automotive sector, for example Mercedes Benz and Porsche.

Free Munich (February 22-26, 2023)

- We will promote our destination at one of the most visited consumer shows for tourism and leisure. In 2020, approximately 130,000 visitors attended the show.
- The target group consists of consumers with a high demographic profile as Munich is an excellent economic location, home to companies such as Siemens and BMW and the largest German insurance companies, such as Allianz.

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 2022.

5. Market Updates

Many Germans do not want to save on holidays

Despite inflation, the majority of Germans do not want to save on their own holidays in the future. This is what the Changing Traveller Report 2022 of the hotel commerce platform Site Minder claims. According to the survey, 59 percent of Germans do not want to scrimp on their planned travel budget. 20 percent say inflation has no influence on their travel plans or budget. 39 percent speak of a moderate influence. At the same time, they stress that low prices are not the most important factor in their booking.

Looking for cheap deals

Nevertheless, 38 percent want to spend more or much more time looking for the cheapest accommodation than two years ago. In an international comparison, however, Germans are less price-sensitive. Globally, 53 percent of travellers are specifically looking for cheaper prices.

Overall, the Germans' desire to travel remains high: in the next twelve months, 32 percent are planning an international trip and 27 percent a trip within Germany. 41 percent of the participants even plan to do both.

Flexibility in booking still immensely important

Interesting: according to Site Minder, Germans still want the flexibility to change their booking or to cancel it free of charge. 80 percent see these options as "important" or "very important". For the results, Siteminder analysed the travel behaviour and travel plans of more than 8,000 participants in ten countries, including 817 in Germany.

(Source: www.touristik-aktuell.de)

Poor mood in German economy

The German economy is extremely pessimistic about the future. This is shown by the figures of the new Ifo Business Climate Index, for which about 9,000 managers were surveyed.

The mood in the boardrooms of German companies is worse than it has been since the beginning of the Corona crisis. The Ifo business climate index fell from 88.6 to 84.3 points in September, its lowest level since May 2020, according to the Munich-based Ifo Institute's survey of some 9,000 executives. Economists had only expected a drop to 87.0 points. "Pessimism with regard to the coming months has clearly increased," Ifo President Clemens Fuest said. The respondents expressed even more scepticism about the business situation and outlook than last time.

Ifo expert: "Thick minus on all fronts".

Ifo economic expert Klaus Wohlrabe emphasised: "We see a big minus on all fronts." The mood has worsened in almost all sectors. The energy-intensive sectors in particular were extremely pessimistic about the winter. Expectations were last so negative in April 2020. DZ Bank chief economist Michael Holstein also expects an economic downward spiral. "For 2023, we expect economic output in Germany to fall by just under two per cent."

Supply bottlenecks and price pressure weigh on companies

Problems are evident in German industry, among others: "Their supply bottlenecks have worsened again," Wohlrabe said. According to the survey, two-thirds of all companies complain about bottlenecks. That is about four percentage points more than in August. Most recently, consumer prices in Germany rose by 7.9 per cent in August. The Bundesbank expects a further price surge in September and considers double-digit inflation rates possible in the coming months.

Pessimism in the hotel and restaurant industry and retail trade

In the service sector, the Ifo barometer slumped. The hotel and restaurant industry in particular fears hard times. In trade, the business climate has deteriorated again. In the retail sector, expectations had even fallen to a historic low. The index also fell noticeably in the construction sector.

In spring, the German economy still managed a mini-growth of 0.1 per cent despite the consequences of the Ukraine war. At present, however, the outlook is gloomy due to the worsening energy crisis and high inflation. The Bundesbank expects the economy to shrink somewhat in the summer quarter that is coming to an end, and then even to lose momentum noticeably at the end of 2022 and the beginning of 2023.

OECD: German economy under pressure

The Organisation of Industrialised Countries (OECD) is also pessimistic and expects the German economy to contract in 2023. The Organisation for Economic Co-operation and Development (OECD) expects the German economy to shrink by 0.7 per cent next year - 2.4 points less than forecast in June. In the current year, the OECD trusts the German economy to grow by 1.2 per cent, 0.7 points less than before.

(Source: www.zdf.de)

No pilots' strike at Lufthansa until mid-2023

The pilots' union Vereinigung Cockpit and Lufthansa have agreed on the first key points in the current wage dispute. Unresolved issues are to be discussed by 30 June 2023, and a pilots' strike is ruled out until then.

The cockpit crews will receive an increase in their basic monthly pay of 490 euros each in two stages - retroactively from 1 August 2022 and on 1 April 2023. This will benefit entry-level salaries in particular, according to Lufthansa. A career starter as a co-pilot will receive an additional 20 per cent in basic pay, a captain in the final grade 5.5 per cent.

According to the airline and the union, the agreement also includes a comprehensive peace obligation until 30 June 2023. Strikes are excluded during this period. During this time, they will "continue the constructive exchange on various topics", they say. Lufthansa and the Vereinigung Cockpit have agreed to maintain confidentiality regarding further content and the talks.

(Source: www.reisevor9.de)

One in three flights in Europe does not arrive on time

In June, July and August, more than one in three flights departing in Europe was delayed or canceled, according to a survey by the passenger portal Airhelp. According to the company, a total of 68 million travelers were affected. In Germany, the figures are even worse. According to the portal, 3.7 million passengers were affected by flight cancellations across Europe. Most of the problems occurred with flights from the Czech Republic, Belgium and Hungary, Airhelp continues. More than half of all flights from there were delayed. In Germany it had been with 45 per cent of the flights likewise above average.

Compared to before the Corona pandemic, delays and cancellations had increased noticeably, it found. In 2019, there had been punctuality problems on 30 percent of flights, but now it was 36 percent, it said. 3.6 million passengers would be entitled to compensation, estimate the air passenger compensation providers. According to the newspaper Neue Westfälische, experts estimate that tens of thousands of people have still been left stranded with their costs. The fact that there is trouble around the topic is also shown by the rush of air passengers to the consumer centers, consumer clubs, travel agencies, arbitration offices and law firms. "This is an ongoing issue," the paper quotes Marija Linnhoff, chairwoman of the travel agency association VUS.

(Source: www.reisevor9.de)

Market researcher considers forecast for 2023 "hardly possible"

Werner Sülberg, long chief market researcher at DER Touristik and currently a member of the DRV market research committee, sees many imponderables for travel behavior in the coming year in view of current cost increases. He suspects that many households will no longer be able to afford to travel abroad.

The summer of the current year is likely to reach 70 to 80 percent of the level of summer 2019, with business travel continuing to weaken, Sülberg told the trade journal FVW. It is possible that the 2021/22 tourism year will only reach about 50 percent of 2019 travel agency sales due to the previous nearly travel-free winter, Sülberg said.

In 2023, due to cost increases and inflation, many households "probably won't be able to afford to travel abroad," Sülberg surmises. To be sure, travel intensity is unlikely to drop below 60 percent, he said. But it is uncertain which trips will be taken and whether the focus will be on vacations in Germany or shorter car trips to neighboring countries. Both are mostly bypassed by tour operators and travel agency sales.

(Source: www.reisevor9.de)

Consequence of inflation: Now holidaymakers are becoming more thrifty

The Germans' desire to travel remains great - the travel industry asserts and hopes. The TUI Group, however, talks conspicuously a lot about how to make holidays easier on the wallet. Holidays, but cheap. The Munich tour operator FTI recently advertised three weeks in an all-inclusive hotel in Side in southern Turkey, including return flights, with an introductory price of 599 euros. This is what customers could read on the front page of the Lidl-Reisen brochure, which the discounter displays in its branches.

The company Big Xtra, an FTI subsidiary, is named as the originator of the package tour. The price does not even correspond to 30 euros per day and night. In fact, the special rate was only available on Tuesday for one travel date with a flight from Cologne; for the time of Easter 2023, which is in higher demand, the three weeks should cost at least around 1000 euros. But this also sends a savings signal.

After a strong holiday summer in which booking turnover came very close to pre-Corona levels, the travel industry is now adjusting to a new price consciousness among its customers. The market leader TUI assumes that German citizens will not stay at home but will look more closely at the price. The holiday budgets of many households did not increase. "Nobody ignores inflation. That's why many are looking for bargains or waiting a little longer before booking," TUI Germany boss Stefan Baumert said on Tuesday.

"Difference between wanting and doing"

Baumert presented a survey according to which 74 per cent of those questioned would like to travel in the winter half-year. He did not want to swear to whether so many would actually set off. After all, according to figures from the Research Association for Holidays and Travel, only 78 per cent had set off on a major trip in the entire pre-pandemic year of 2019. Baumert spoke of the "difference between wanting and doing". This means that the desire for a holiday remains great, but not everyone fulfils their wish - especially not when energy and living costs are rising.

The new thriftiness is also shown by the figures of the Yougov survey commissioned by TUI: according to this, one in three wants to decide on their trip at short notice, one in four is on the lookout for special bargains, and one in five is switching to cheaper destinations, for one in six it seems certain that the holiday will last fewer days. It is to be expected that a travel company like TUI asserts that demand is not collapsing. The fact that savings tips that make at least some holidays possible are included is surprising. In the ranking of popular winter destinations, TUI now sees Egypt in second place behind the Canary Islands with traditionally lower average prices. In the past, Egypt only made it to fourth place with TUI.

Higher travel prices for summer 2023

The upcoming winter half-year appears to be the last opportunity for the time being to grab holidays at old-fashioned prices. "Package holidays are not driving inflation this winter," Baumert said. We will not see increases of 8 to 10 per cent. Hotel and flight capacities were largely purchased last spring. Only for long-distance destinations, for which the purchase was made in dollars, would the changed exchange rate to the euro have an effect on prices.

There is less optimism for next summer. "Purchasing is still ongoing, which will be accompanied by price increases," Baumert admitted. For trips to the Mediterranean, the surcharge will remain smaller; for long-distance travel, the increased paraffin costs for flights will have a greater impact. The big tour operators have taken a beating in the pandemic.

TUI and FTI were supported by the state. DER was helped by the continued strong business of the Rewe supermarkets. This year's summer appeared to be a boon for the industry.

"We have experienced a travel boom, in many places the summer offer was sold out at last," said TUI Germany boss Baumert. TUI had even brought more holidaymakers from Germany to Turkey and Greece than ever before.

Backlog of bookings for winter

Now the hope remains to be able to extend the summer travel mood of the year into the winter. "We are firmly assuming that there will be a full winter season again in 2022/23," FTI boss Ralph Schiller had already stated. For DER Touristik, the travel division of the Rewe retail group, DER Central Europe boss Ingo Burmester had recently pointed to an ongoing catch-up effect. "People can't get enough of sun and sea and the easy holiday feeling that beach destinations give them," he enthused. But the latest booking data did not reflect the great booking appetite. Travel market researcher TDA last reported that at the end of July the sales volume of winter holidays booked by then was 35 per cent below pre-Corona levels. For the summer, the minus had shrunk to 7 per cent. As the pre-pandemic comparisons still included the business of the collapsed Thomas Cook group, remaining suppliers who brought in former Cook customers are likely to have come through this year's peak travel season with very small losses. For the coming winter, however, TDA said that only Turkey and the Maldives had so far matched earlier demand. "All other destinations still show double-digit percentage shortfalls compared to pre-Corona levels at this stage."

More price-conscious customers move into focus

The industry is hoping for customers who make late decisions. "There is more short-term booking than before the pandemic, but more long-term booking than last winter," Baumert said. And more clearly than before, suppliers are pointing out that they not only have new five-star accommodation in their range, but also lower-rated hotels. "We make sure that we also have a suitable offer for customers with smaller wallets," said TUI Germany Sales Director Hubert Kluske.

DER Touristik had also mentioned that the winter offer reflects "as wide a range as possible - for very different travel wishes and budgets".

In the luxury segment, TUI says it is dealing with holidaymakers who are "not so strongly influenced by inflationary events". These include travellers who book rooms or bungalows with private pools in hotel complexes. This customer group is lucrative for the providers, but small.

For the mass market, they are now trying to promote all-inclusive offers, where meals and drinks no longer have to be paid for separately, as a preference in order to score points with package holidays over holidays put together individually by travellers. "We expect interest in all-inclusive holidays to increase," Kluske said. They already accounted for the majority of bookings at TUI. The reason is financial: holidaymakers do not want to be surprised by additional costs at their holiday destination. "Customers are looking for budget security," he said.

(Source: www.faz.net)

Expedia CEO Sees Plenty of Room Left for Growth in Online Travel

Expedia Group CEO Peter Kern is correct that there is a whole big world out there with lots of opportunities for online travel companies to grow. Don't count out Expedia prematurely. While some argue that online travel's better days are behind it, Expedia Group CEO Peter Kern said there are plenty of opportunities and room for growth for the entire sector. Kern responded to a question at Skift Global Forum 2022 in Manhattan Wednesday from Skift founder and CEO Rafat Ali on whether exponential growth for online travel is finished. Kern said while online adoption is fairly mature in North America and the West, there are plenty of other places in the world where the sector can take advantage of the transition from offline to online booking.

The chance to make "easy money," Kern acknowledged, has been diminished, but as online products and service improve, there will be a generational shift to online booking. He said plenty of room is left for innovation. Kern noted that the major online travel agencies still only control around 20 percent of a "multi-trillion dollar" travel market.

“Those are all opportunities” to build partnerships with the thousands of offline travel agents, he said. “I think there is plenty of growth for all of us,” Kern said.

Ali asked Kern if mergers and acquisitions will be part of the playbook. Expedia Group sold its corporate travel business, Egencia, to American Express Global Business Travel in 2021. Kern said acquisitions are not a “first and foremost” priority for Expedia Group now, but once the company completes the restructuring it has been working on for the last couple of years, then it will be in a position to make deals if there is something interesting to acquire.

In addition to launching a new Expedia Group-wide loyalty program, most likely next year, the company is placing a lot of emphasis on further developing its business to business arm to provide supply and technology to business partners, including banks, loyalty programs and even influencers. The AARP and Hopper are among Expedia’s partners. Expedia Group is creating “micro services” that partners can use, including fraud detection technology, service capabilities, and machine learning tech, Kern said.

The company’s business to business initiative is a “very big business for us,” Kern said, adding that it was a “nearly \$20 billion throughput business” for Expedia Group in pre-pandemic 2019.

It has “lots of pieces,” Kern said, and Expedia Group is currently transforming what was initially intended as enterprise technology into products and services that are suitable for smaller entrepreneurs.

(Source: www.skift.com)

PLEASE CONTACT US.



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

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