

CENTRAL EUROPEAN OFFICE

J U N E 2000

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Director Central Europe

MARKET TRENDS

- Despite all positive individual reports it is getting quite clear that the **present tourism year** is not running as smooth as the trade would wish domestically and abroad. The following START table shows clearly that the German travel agencies are experiencing a decline of 2.9 per cent in bookings for the months of January to April. The first months of a year are the true ordering months for annual vacation.
As usual, if the bookings fall short, the trade industry will state that it is another year of ‚late bookings‘. This is nothing but fortune-telling from the coffee-grounds, but the operators will likely make 2000 ‚a year of late bookings‘ by offering last-minute specials in order not to be left with the purchase commitments.
FTI already provided a discount of DM 100.00 for bookings to Spain during the months of March through May. LTU-owned Tjaereborg did the same in April for Mallorca and in May for Crete, Rhodes, Dherba and Monastir. During the winter season all operators suffered losses with the Canary Islands, while Egypt was one of the shooting stars. Spain represents a big headache this year for all operators, remaining far behind expectations.
Except for ITS and TUI, there is probably no major operator at this time whose figures are in line with the plan.

	Jan. – April 2000	Change
Booked Trips		
Flight tickets	6.123.548	+ 2.8%
Package Tours	3.347.023	- 2.9%

Supplementary Travel Products

Hotel bookings	516.931	+ 17.2%
Rental Cars	529.550	+ 10.5%
Ferry Bookings	158.743	- 15%
Insurances	2.234.939	- 9.7%

- From January until March 2000, a total of **9.4 million passengers** travelled from Germany to **foreign destinations**, an increase of 3.8 per cent as compared to the first quarter of the previous year.
- International Air Traffic originating from Germany Jan. – March 2000

	Number	Change in %
Europe	6.7 Mill.	+ 1.8
Africa	0,6 Mill.	+ 16.3
America	1.2 Mill.	+ 7.2
Asia	0.9 Mill..	+ 7.6%
Australia/Oceania	0.01 Mill.	+ 13.5
- The **Munich Frosch Group FTI** has made 125 million D-Marks losses during the first six months of the current financial year. The figures are taken from the recently published balance sheet of FTI's parent company Airtours.
- C&N boss Stefan Pichler expects only three large tourism groups to be left in Europe once the present merry-go-round regarding the takeover is finished. This is what he said at a tourism reception held by the City of Frankfurt am Main on 5 June 2000.
- The battle for the first place among the European tour operators is over. While C&N boss Stefan Pichler still believed that he had already **British Thomson Travel** under his thumb, the TUI mother Preussag initiated a last-minute-action for negotiations with the founder family and the Thomson management. **Preussag/TUI** paid about 6 billion D-Marks (180 pence per share) and thereby outbided C&N by almost 800 million D-marks. Given a turnover of 22.9 billion D-marks, the new Preussag/TUI/Thomson group is not only the biggest European but likely the world's largest operator. Preussag is financing the costly purchase partly from own funds and partly from the revenues of selling the shipping spin-off Hapag-Lloyd, 49.5 per cent of which is supposed to be listed on the stock exchange. Because of prevailing anti-trust regulations, Preussag will abandon its 50.1 per cent interest in the Thomas Cook group.

The newly created empire has 3.215 travel agencies, 63 operator brand names, 78 aircrafts, 21 incoming agencies, 102.000 hotel beds at its disposal and takes care of 17.4 million tourists.

- After The Thomson Group was sold to Preussag, there is intense speculation going on about European operators and their expansion plans. **C&N** already stated that their great interest in Great Britain is continuing. The no. 1 **UK operator Airtours** with its sales volume of 11.2 billion D-Marks is yet bigger than C&N though. Whether the smaller can take over the bigger business remains a hot question in this case in several respects. On the other hand it is generally known that David Crossland, the boss of Airtours, is having talks with the SAirGroup regarding a participation in LTU. Airtours is already holding a 36 per cent interest in FTI Frosch Touristik Munich. C&N is also in touch with **French Accor Group**, the owner of the brand names Sofitel, Novotel, Mercure, Ibis, Etap and Formule 1 with more than 3.200 hotels. Another question is how to accommodate the Thomas Cook Group after all, which Preussag/TUI will have to drop for taking over Thomson.

SALES ACTIVITIES

- We met with Mr. Bernd Gensichen, the new representative for America West Airlines. His company is interested in a joint stand at the **Holiday World Fair in Prague** in 2001. Together with Delta Air Lines and maybe another U.S. partner we could order a good sized booth there to give us a stronger presence.
- We have tentatively booked all the **German fairs** and exhibitions for the business year 2000/2001. We shall attend altogether nine different major fairs in this country (not counted ITB) plus will be present at an additional trade day this time to be held in Mannheim. Besides these events we shall of course also be present at the major shows in each of the other 7 countries we are responsible for.
- On June 16 we attended the meeting of the **German Visit USA Committee** at the Amerika Haus in Frankfurt. Discussed were our forthcoming trade days- the following dates and locations are now confirmed:
October 10 – Mannheim
December 1 – Cologne in connection with the consumer travel show Reisemarkt
January 15 – Munich

Brochure distribution – will also be made available by internet web page: usa.de at no additional cost to the Visit USA Committee members.

- On June 30 we attended the annual 4th of July party of **Continental Airlines**. The event was held outside of Frankfurt and drew more than 300 industry partners. We made contact with quite a number of old friends but also met new agents and tour operators. We had a nice conversation with Mr. Steve Knackstedt, newly appointed Sr. Country Director Germany for Continental Airlines who assured us that our excellent cooperation with the airline will continue.
- **Optimundus Fernreisen Austria** requested our information material and posters for a special event held for several hundred guests in Vienna at the end of June plus a planned 4th of July celebration. Paul Haselmayer, Product Manager of Optimundus thanked us for our prompt assistance in writing.
- Timothy Blaisdell, Manager Travel Desk of **Fritsche Reisen in Zurich** asked us for a window display for his agency. We have had it sent to him by our mailinghouse and Mr. Blaisdell confirmed that our beach-chair, ball, shells and posters are to be seen in his agency window.
- During the month of June we have received the following **requests** in writing:

Trade	17
Consumer	51

FAMILIARIZATION TRIPS

- We have received a thank-you note from **DER Deutsches Reisebuero**, Ms. Pia Reuter. She was in charge of the arrangements for the super fam trip conducted in May. Ms. Reuter states that the feedback received from the participants was enthusiastic. The whole event can be considered as most successful. We have received a disc with the names and addresses of all participants - total of more than 40 - and plan a special follow-up mailing to them.
- We have received a reconfirmation from Brigitta Pelzer, Product Manager of **Raiffeisen Reisen in Vienna, Austria** that she will be working on a fam trip to our area for November/December of this year. She is presently busy with her catalogue production. As soon as that task is completed we shall negotiate further.

- After all our efforts to convince **Continental Airlines** to another **press fam trip**, their new Director Germany has now let us know, that such a trip will not be doable in 2000 anymore. However, Mr. Knackstedt promised to make a press trip possible in the coming year. We shall be planning this again together with Orlando.
- Good news from **Delta Air Lines in Zurich** – our postponed **Romandie fam trip** for tour operators from the French speaking part of Switzerland is now planned from September 14 to 18. Delta has already blocked 13 seats and Nancy Foster has indicated her approval even though she has a receptive operator group in town at the same time. This might be a good opportunity to have both groups meet and possibly discuss further cooperations.
- **United Airlines** has informed us that our joint fam trip booked from September 21 to 27 is meant for tour operators and management personnel of large retail agencies. This means we will have a VIP group coming for which special arrangements will be necessary. Gary Myers of UAL and in charge of this group and I will meet within the next few weeks to select the people to be invited.
- Good news came also from the **Visit USA Foundation Holland** as well as the Orlando representative in Brussels. They have secured 16 seats on Martinair from Amsterdam to and from Orlando from September 16 to 22. Nancy Foster will work out with Orlando, at which date each destination will host the group and then work on the respective programs.

PUBLIC RELATIONS

- As a result of our discussions with Katalin Barazda, Commercial Specialist of the U.S. Embassy in Budapest, Hungary during Pow Wow, we have now received from her a list of all persons in charge of the the **Hungarian trade press publications**. This has been forwarded to Wit Tuttell to be put on his news releases mailinglist. We are certain that by this action St.Petersburg/Clearwater will be the topic of more reports in the future in Hungary.
- We have now received a go ahead for our promotion with the daily newspaper **Berliner Kurier and the Hamburger Morgenpost**. A good sized article about St.Petersburg/Clearwater together with a raffle will appear in the October 1 issue. We are now working on finding an airline partner to sponsor two tickets to Tampa and return for the winners. Capalbo Rentals is the sponsor of a condo for one week.
- Our quarter page advertisement in the **T.I.P. Austria** magazine which appeared on June 16 also brought us an additional article about our area, an extra 4c photo and a little report

about the Trade Winds free of charge. We are very pleased about our additional commitment to the Austrian market after our sales mission to Vienna which took place in April.

- **Henry Barchet**, a radio journalist from Mannheim who has stayed in our area from May 20 to 25 has sent us a nice note of thanks for all the arrangements Wit Tuttell made for him. He is very enthusiastic about our area. Mr. Barchet now works on the reports and will let us have copies as soon as they are ready.

St. Petersburg/Clearwater Area Convention & Visitors Bureau							
International Office: CENTRAL EUROPEAN							
Monthly Sales Activity Report				Attach lists of calls, leads			
	# Sales	# Sales	#TA Educ	# Press	# Trade	# Vis Inq	# Trade
	Calls	Leads	Worksho	Contacts	Mailed	Mailed	Shows
October	42		1	33	17	124	1
Novemb.	46		2	27	13	91	4
Decemb.	24			19	14	74	
January	55	1	1	31	21	68	6
February	39			59	23	73	3
March	62			88	25	96	3
April	45		9	25	18	49	
May	53	4		33	20	73	1
June	37			23	17	51	
July							
August							
Septemb.							

STOCK FIGURES

CENTRAL EUROPEAN OFFICE

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JUNE 2000

VISITOR GUIDES GERMAN 2000	29 874
VISITOR GUIDES ENGLISH	2 345
VISITOR GUIDES FRENCH	4 232
 RACK BROCHURES GERMAN	 13 163
RACK BROCHURES ENGLISH	2 146
RACK BROCHURES FRENCH	2 883
 SUPERIOR SMALL LODGINGS	 1 727
 POSTERS	 40
 VIDEOS - NEW	 25