



MONTHLY REPORT CENTRAL EUROPE FEBRUARY 2023



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1. Current State of the Tourism Industry in Central Europe

European International Travel Trends Update

The preferences and ideas of travelers are changing. But where is the journey heading here? In a large-scale study, IT provider Amadeus has developed four profiles of travelers - so-called Traveler Tribes - that will emerge in the next decade.

In 2008 and 2015, Amadeus had already looked far ahead and used surveys to identify travel types of the future. Seven years ago, the GDS operator used the results to develop six different types of travelers, including the cultural purist, who visits destinations in order to immerse themselves completely in the local culture, even if this is not always convenient.

Another type was the Reward Hunters, people who - also as a balance to the stress and effort in their working lives - are fixated exclusively on the enjoyment of travel. Many in this group crave an indispensable premium experience. However, there is now no question of this typology. In the new study, for which more than 10,000 travelers in 15 countries were surveyed and numerous expert interviews were conducted, Amadeus restricts itself to four "Traveler Tribes," which were developed using psychographic segmentation methods and are intended to shape the image of travelers in 2033.

Excited Experientialists - According to the Amadeus study, this group is characterized by a "try it out" attitude toward life and travel. 44 percent here are childless and have middle- to high-income jobs and flexible work options. They have the attitude that you only live once and are more likely than other travelers to act on instinct. They do not think much of early and extensive travel planning.

They prefer less predictable and exciting vacation experiences. They are open to technology that helps them "speed up" certain aspects of their trip, which includes, for example, the use of artificial intelligence in the airport environment. Among German study participants, one in four respondents falls into this category - which is in line with the international average.

Memory Makers - This group has a simpler approach to travel: Making memories and visiting places. 44 percent are 42 years and older and exhibit habitual travel behavior. The future can be a scary prospect for them. They put people first and place less emphasis on technology and sustainability. Memory makers include German travelers in particular: 45 percent of the German citizens surveyed fall into this category. Worldwide, their share is 17 percent.

Travel Tech-fluencers - This group includes today's young business travelers who have a forward-looking outlook on life. Nearly half of the group are under 32, and their outlook is symbolized by the amount of technology they own. However, there is disagreement about what excites them and what worries them about the future of technology and travel.

While many want to travel sustainably, this is focused primarily on their choice of transportation as well as lodging. German travelers are hardly to be found in this group: just two percent of German citizens surveyed as part of the Amadeus study fall into this category. Looking at all survey participants, the proportion is 15 percent.

Pioneering Pathfinders - People in this group live exciting lives, always looking for the next adventure, according to Amadeus. Four out of five are between 23 and 41 years old. They like to plan, but are not afraid to take risks and are open to new experiences. This group is more willing than others to let the aspect of sustainability influence their decisions.

They will use all forms of alternative payment methods in 2033, whether via cryptocurrencies or in a virtual reality environment. A good one in four German survey participants (28 percent) counts themselves as this type of traveler; across all countries, the proportion of Pioneering Pathfinders is 43 percent.

"As an industry, we want to create outstanding and inspiring travel experiences. And we can only do that by understanding what travelers want now and in the future," says Decius Valmorbida, President Travel at Amadeus, summarizing the practical benefits of the research. Instead of just reacting, travel companies could act and tailor products and technology to tomorrow's customer groups.

According to the Amadeus study, the top three concerns of Germans with regard to travel in 2033 include prices that are too high and make vacations unaffordable (42 percent), lack of data security due to cybercrime (38 percent), and political instability in vacation destinations (36 percent).

Source: fvw.de

2. Overview of Regional Activities

Germany

- From February 22-26, VSPC participated as a co-exhibitor in the travel consumer show f.re.e Munich. During the five days long trade show, a record number of potential travelers attended the show: Approximately 900 exhibitors from over 50 countries and more than 160,000 visitors came to Bavaria's biggest show for travel and leisure at the Munich exhibition grounds. f.re.e therefore hit a new record.

Both the high number of visitors and in particular their quality was remarkable. We were extremely happy with the amount of people who are looking to book, or already booked a vacation in Florida for the year 2023.

We were able to give many destination presentations encouraging potential travelers to visit our destination. In addition, we very often had a chance to explain the differences between the east coast and west coast of Florida and especially the significance of St Pete / Clearwater and why visitors should stay with us.

Many travelers were unaware of the attractions in our area: From the vibrant arts and culinary experiences to our incredible our beaches and other vacation opportunities. We helped visitors pin-point accommodations that would best suit their vacation and budget needs. Many asked about favorable travel times and also how the weather was during the school breaks here in Germany.



- In cooperation with VSPC, we produced a designated flyer for the Germany market. After approval from VSPC, we printed 5,000 copies that we were able to take to the trade show f.re.e in Munich. In addition, we will use the flyers at additional upcoming promotions.
- KMS completed several conference calls with Visit Tampa's representative in Germany in order to discuss joint opportunities for non-competing promotional activities.

- For our attendance at the trade show ipw 2023 in San Antonio, Texas in May 2023, we discussed promotional opportunities for VSPC. In addition, we made travel arrangements for Axel Kaus to attend the trade show.
- VSPC and KMS discussed the planned strategic meeting and TDC meetings in St. Pete / Clearwater in May 2023.
- In February, we continued the preparations for our planned promotion with the German tour operator Canusa Touristik. The campaign started in January and will be continued in February 2023 and it targets potential travelers to our destination.

Canusa is one of Germany's largest tour operators for the U.S. and Canada. Operating since 1983, they have more than 135 employees and seven offices throughout Germany. Their main business comes from online sales.

- 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 will run from January 2023 to fall 2023. Brand USA will support the promotion.
- We continued our joint promotion with Visit Florida in cooperation with the German tour operator America Unlimited. The tour operator sent us various text and visuals of our destination to be proofread. The promotion started in January 2023 and will promote our destination to potential travelers to our destination.
- The Visit USA Committee Germany will distribute a newsletter with the theme / title "My favorite spot in Florida" in March 2023, in which U.S. travel news and highlights will be presented. We supported the Visit USA Committee with content and photos of St. Pete/Clearwater. The newsletter will be sent to more than 23,000 travel agents and media professionals on March 01, 2023.
- After approval from VSPC, we registered for the Visit Florida / Eurowings Discover road show in Germany in May 2023. Eurowings Discover offers more direct/non-stop service into Florida from Germany than any other airline. With its summer 2023 flight schedule (end March-end October), Eurowings Discover will connect Frankfurt and the "Sunshine State" with up to 15 weekly flights (MCO - daily, TPA - 6x/wk, RSW - 2x/wk). The carrier's strong Florida investment motivated Visit Florida to proactively explore joint opportunities.

The Eurowings Discover road show will take place from May 8-12, 2023 to five German cities (Münster, Dortmund, Bonn, Baden-Baden and Nürnberg). Eight Florida partners will be able to attend. Each partner will receive a dedicated 10-minute educational presentations in rotational roundtable workshop format in each city as well as networking opportunities with all travel trade attendees

- We coordinated a large shipment from VSPC with the warehouse that we have sub-contracted on behalf of VSPC, proofread their inventory report for February 2023 and forwarded it to VSPC. We prepaid the customs dues so that the warehouse could receive the materials to their facilities.
- We attended the bi-weekly coordination calls with VSPC in January in order to synchronize our activities and to discuss upcoming promotions.
- We attended the monthly conference call with Brand USA in January in order to discuss upcoming promotions and promotional opportunities.
- We were in contact with target tour operators and other industry partners to promote our destination and to request marketing proposals for potential marketing co-ops with them.
- KMS followed up on all sales agents that we were able to train during Canusa Touristik's digital travel agent training in January 2023.

Austria

- We maintained a close communication with several Austrian tour operators through conference / zoom calls. As the Florida delegation will not be attending ITB Berlin 2023, we felt it important to contact the industry for various trends and updates moving forward into the year.

Similar to the German market, the tour operators sentiment is that Austrian travelers are starting to plan their trips in the West again. With many vacation flights heading to the USA, the Austrian traveler has also changed their direction of travel.

After speaking to several travel industry partners, the trends show that 2023 will be another successful travel year. In contrast to the German traveler, the amount of flights leaving from Wien are much less and the majority of the Austrians have to arrive somewhere along their route to Florida or the U.S. However, as this has always been the case, industry partners are reporting that bookings are increasing.

- We maintained the contact with the Visit USA Committee Austria as well as several target tour operators and other industry partners in Austria to promote our destination and to request marketing proposals for potential marketing co-ops with them.
- After approval from VSPC, we registered for the consumer show "Vienna Holiday Show" that will be held in Vienna, Austria from March 16-19, 2023.

Switzerland

- In order to maintain contact with the Swiss travel market, we completed several conference / zoom calls with various tour operators. We discussed current booking and travel trends. Although bookings were up in 2022, most travel companies do not compare their figures internally with the previous year but with 2018/19, which is why the pre-Covid-19 year is also the more important benchmark.

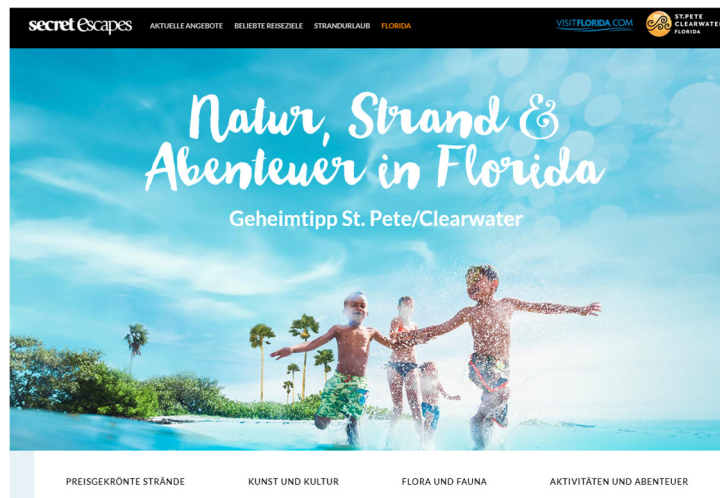
Compared to 2020/21, several tour operators were able to increase their turnover in Switzerland. Nevertheless, turnover is still below the 2018/19 figure. In the current year, the industry will approach the pre-Corona level in terms of turnover. Many tour operators expressed confidence that they will grow. Bookings were already strong from Christmas to the end of February, with booked turnover approaching pre-Corona levels. However, it has been observed that holidaymakers tend to shorten the duration of their trips due to the inflation.

- We followed up on all 250 travel agents that we trained about our destination at the one-day long "Island Hopping" event in January 2023. The event is considered to be the largest B2B education event for the U.S. in Switzerland where travel agents from all over Switzerland meet destination representative from the U.S.
- We continued supporting the Swiss tour operator Knecht Reisen regarding our joint marketing campaign to promote our destination to consumers in the lucrative Swiss travel market. In this context, we supported Knecht Reisen with a B2B newsletter, a press release and social media posts, as well as advertising on screens and customer stoppers. Knecht Reisen is one of the largest tour operators in Switzerland and organized the annual event "Reisewelten".
- We maintained the contact with the Visit USA Committee Switzerland as well as several target tour operators and other industry partners in Switzerland to promote our destination and to request marketing proposals for potential marketing co-ops with them.

The Netherlands

- The Dutch and Belgium market are currently in ITB Berlin 2023 fever as it is also one of their biggest shows. The affinity of the Benelux market for the USA and Florida in general is greater than ever. We were able to secure a few meetings before ITB to find out what is happening in the market and the activities planned for the upcoming travel year: Several tour operators reported that they are seeing a shorter stay among their long haul bookings, but the bookings are doing well despite the price increases.

- Secret Escapes has once again expressed interest in a joint promotion with VSPC. This was quite successful in the past and they are able to inspire travelers as opposed to reaching a traveler that has already decided where they want to stay. Reaching over one million consumers, Secret Escapes has a proven track record to increase bookings. Below is a sample of some of their promotions. A promotion could be completed for the Dutch market alone or run simultaneously with the German speaking markets.



The full sample can be visited at: <https://mp.secretescapes.com/de/st-pete-clear-water/>

- We followed up on all travel trade professionals that we trained during our promotion for St. Pete / Clearwater at the Dutch travel show Vakantiebeurs in Utrecht, The Netherlands in January 2023.

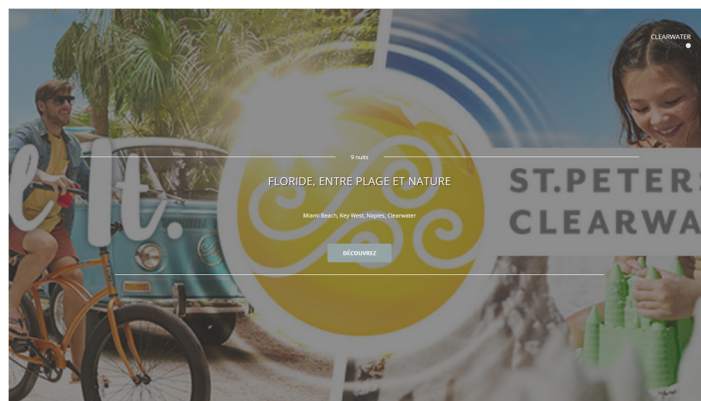
Vakantiebeurs is the largest leisure and tourism trade show in the Dutch market. It takes place at the Jaarbeurs fairground in Utrecht every year. The show targets experts from the travel and tourism industry and – as a consumer show – also interested consumers. The show is held annually in January.

- We continued supporting the Visit USA Committee in the Netherlands with a drafted text to promote St. Pete / Clearwater on the website of the Visit USA Committee.
- We discussed the promotions of the Visit USA Committee in the Netherlands for future promotional opportunities in the Dutch travel market in 2023. Their media kit includes newsletter promotions, social media activities, webinars among other promotions.

- After approval from VSPC, we registered for the Visit USA The Netherlands / Brand USA Road Show through the Netherlands. During these days we will meet with many Dutch travel agents and there is an opportunity to network with fellow members of Visit USA The Netherlands. The program will start in the afternoon with the movie "Into Nature's Wild". The program continues with one-on-one meetings with the Dutch travel agents. After the first session we will have a dinner with American bites. We will then continue with the second session of speed dates.
- We were in contact with several target tour operators and other industry partners in the Netherlands to promote our destination and to request marketing proposals for potential marketing co-ops with them.

Belgium

- The Belgian tour operator "Gerald en Amerique" is running a St. Pete / Clearwater-special on his website for the Belgium market. The package includes nine nights starting in Miami, running through Key West, Naples and then running up to Clearwater.



The full promotion can be seen here: <https://wetu.com/Itinerary/Landing/82BFDA52-A06A-417E-9FCC-E3E56D23AF2C>

- We were in contact with the Visit USA Committee Belgium as well as several target Belgian tour operators and other industry partners to promote our destination and to request marketing proposals for potential marketing co-ops with them.

3. Status of Sales Activities and Promotions

Consumer Promotion with Visit Florida and America Unlimited (February 2023)

- In co-operation with Visit Florida and the German tour operator America Unlimited we will carry out a consumer promotion.

Consumer Promotion with Canusa Touristik (February 2023)

- In co-operation with the German tour operator Canusa Touristik, Visit Sarasota and Walt Disney World we will carry out a planned promotion targeting potential travelers to our destination.

Consumer Promotion with Knecht Reisen (until September 2023)

- In co-operation with the Swiss tour operator Knecht Reisen we will continue carrying out a planned multi-channel promotion targeting potential travelers to our destination. Knecht Reisen is one of the largest tour operators in Switzerland.

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 will run from January 2023 to fall 2023. Brand USA will support the promotion.

TravMedia's International Media Marketplace Germany (IMM) 2023, Berlin, Germany (March 06, 2023)

- We will promote our destination at IMM Germany, the leading travel media event in the German speaking countries. During the day-long event, approximately 120 leading travel brands meet with 200 top-tier media and influencers in Germany, Austria and Switzerland. We will be able to meet leading media outlets in up to 24 pre-scheduled meetings as well as networking functions. The event takes place in Berlin, Germany on the day before ITB Berlin will start.

ITB Berlin 2023, Berlin, Germany (March 07-09, 2023)

- Due to the Covid-19 pandemic, it will be the first ITB Berlin since 2019. For this year's event, we decided not to book an own stand but we will meet travel trade and media professionals in networking areas.

Vienna Holiday Show 2023, Vienna, Austria (March 16-19, 2023)

- We will promote our destination with a brochure distribution at the "Vienna Holiday Show" to be held in Vienna, Austria from March 16-19, 2023.

Visit USA / Brand USA Road Show 2023, The Netherlands (April 12-13, 2023)

- Visit USA The Netherlands, together with Brand USA, will host an edition of the original Roadshow, in two different cities in the Netherlands. During these days we will meet with many Dutch travel agents and there is an opportunity to network with fellow members of Visit USA The Netherlands. The program will start in the afternoon with the movie "Into Nature's Wild". The program continues with one-on-one meetings with the Dutch travel agents. After the first session we will have a dinner with American bites. We will then continue with the second session of speed dates.

Visit Florida / Eurowings Discover Road Show 2023, Germany (May 08-15, 2023)

- In May 2023, we will attend the Visit Florida / Eurowings Discover road show in Germany in May 2023. Eurowings Discover offers more direct/non-stop service into Florida from Germany than any other airline. With its summer 2023 flight schedule (end March-end October), Eurowings Discover will connect Frankfurt and the "Sunshine State" with up to 15 weekly flights (MCO - daily, TPA - 6x/wk, RSW - 2x/wk). The carrier's strong Florida investment motivated Visit Florida to proactively explore joint opportunities.

The Eurowings Discover road show will take place from May 8-12, 2023 to five German cities (Münster, Dortmund, Bonn, Baden-Baden and Nürnberg). Eight Florida partners will be able to attend. Each partner will receive a dedicated 10-minute educational presentations in rotational roundtable workshop format in each city as well as networking opportunities with all travel trade attendees

IPW San Antonio, TX (May 20-24, 2023)

- Support of VSPC during IPW 2023 with pre-scheduling and coordinating meetings with travel trade professionals and media interviews as well as onsite representation.
- We started preparations for the show and supported the appointment scheduling with key tour operators from Central Europe.

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 February 2023.

5. Market Updates

The spread in travel spending is increasing

Every second German restricts himself to take a vacation

53 percent of Germans restrict themselves in everyday life to avoid having to spend their vacation at home. This is particularly true of the younger generation. This willingness is less pronounced among older people, and less often necessary or even possible, reports the Stiftung für Zukunftsfragen.

Although there are differences between the income groups, these are smaller than expected: Even 45 percent of high-income earners say they save for their vacation trips.

The Stiftung für Zukunftsfragen has identified two main reasons for this behavior:

Expenses for vacations are high and usually cannot be paid out of current income. Consequently, people have to save. The level of income does not play a decisive role here, as the entitlement, duration and cost of the vacation usually increase with the salary.

The importance of a vacation is very high and remains the highlight of the year for many people. The demands on the vacation are correspondingly high and range from the desire for relaxation, to the search for experiences, to new impressions, new acquaintances or time for oneself and the family - the main thing is that the vacation is a contrast to everyday life at home.

(Source: www.reisevor9.de)

Survey forecasts subdued long-haul demand

Consulting firm Roland Berger expects subdued demand for air travel worldwide this year. Compared to the pre-Corona year 2019, the number of expected business trips would be 28 percent lower, according to a survey of 7,000 stakeholders in seven markets. Planned leisure travel is expected to decline by 19 percent, it said.

On the one hand, significantly more people are traveling again - mainly due to catch-up effects - while at the same time the number of respondents stating that they plan to travel less in the future is increasing compared to 2021, the study says. In addition to the increased use of online communication, ecological concerns are increasingly being cited as a reason.

Consumers more critical of long-haul travel

Overall demand for long-haul travel is expected to remain below pre-Covid levels in the coming year, the analysis found. The study authors conclude this from the global consumer survey. According to the study, respondents in all key markets are planning significantly less travel than before the pandemic. For example, the number of expected business trips fell by 28 percent compared to 2019, and was thus even five percentage points lower than in the 2021 survey. For planned private trips, the decline was 19 percent (2021: 18%). According to Roland Berger, consumer restraint is particularly pronounced for long-distance

trips: The number of planned intercontinental business trips fell to 42 percent of pre-Covid levels; 22 percentage points lower than in 2021.

Online communication replaces some trips

According to the survey, the main reason for the change in mobility behavior is the increased use of online communication, both for business travel (cited by 61% of respondents) and personal travel (40%). This is followed, in the case of business travel, by changes in travel policies (43%), new legal regulations (38%) and, increasingly, ecological reasons (37%; +8% compared with 2021). In the case of private travel, legal regulations, financial and ecological reasons are in second place with 36 percent each.

(Source: www.reisevor9.de)

From Egypt to New Zealand - Germans are once again drawn to faraway places

Corona is no longer a deterrent: one in six Germans is planning a vacation overseas this year, the highest number in years. Some countries are already recording a spectacular increase in visa applications at the beginning of the year.

Germans are once again increasingly drawn to faraway places on vacation, despite inflation, the Ukraine war and Corona: 16 percent of Germans are planning a trip overseas this year. This corresponds to around one-fifth more long-distance trips compared with 2022 and more than double the figure for 2020 and 2021, when only 6.5 and 7.4 percent of Germans respectively spent their main vacation outside Europe.

These figures are reported by the Stiftung für Zukunftsfragen in its latest tourism analysis, for which 3000 German citizens were representatively surveyed. However, the figure forecast for 2023 does not come close to the record value of 2019, when 17.2 percent of Germans spent their vacations in countries outside Europe.

In 2022, North America, North Africa and countries in the Far East were the most popular, according to the tourism analysis. In 2023, these regions of the world are also likely to be in demand, as well as Australia and Pacific islands.

From Egypt to New Zealand - interest is huge

The main reasons for the increased popularity of long-distance travel: Many Germans have a need to catch up, in almost all countries the Corona restrictions have fallen, in addition, the disease has lost its terror. Vacations abroad are no longer characterized by unsafe travel conditions, fear of quarantine stays, expensive PCR tests or worries about a Corona infection.

The wanderlust trend is confirmed by the Berlin-based agency Visumantrag.de, which is one of the five largest in Europe. It compared the number of visa applications it received for various long-haul destinations in January 2023 with the figures for January 2022. The result: Egypt (up 175 percent), Kenya (up 130 percent) and Canada (up 119 percent) more than doubled, while Sri Lanka (95 percent) and the United States (56 percent) also saw significant increases.

(Source: www.welt.de)

German Economic news

Significantly improved mood in the hospitality and tourism industry

The Ifo Institute's business climate index rose slightly in February. Expectations in particular brightened. The current situation was assessed somewhat less favorably. The German economy is gradually working its way out of its weak phase, say the economic researchers. This applies in particular to the hospitality and tourism sectors.

In the service sector, the business climate improved for the fifth time in succession. Companies were slightly more satisfied with the current business situation. In addition, confidence is steadily increasing with a view to the coming months. The mood in the hospitality and tourism sectors in particular has developed very well.

(Source: www.reisevor9.de)

Consumer buying mood continues to improve

The GfK consumer climate index in Germany has risen for the fifth month in succession. The pessimism of the fall has been overcome, but the level of consumer sentiment is still low, meaning that private consumption is unlikely to make a positive contribution to economic development in Germany this year, explains GfK consumer expert Rolf Bürkl.

Both economic and income expectations increased noticeably in March. According to GfK, the propensity to buy is continuing its constant ups and downs and is currently gaining only slightly. However, consumers, like the vast majority of experts, are evidently of the opinion that a recession in Germany can be avoided this year - albeit just barely, explain the economic researchers.

(Source: www.reisevor9.de)

Business has been running since December

In December, the vacation business in the German market picked up speed, confirms the latest analysis by Travel Data + Analytics (TDA). Especially in the last week of December and the first week of January, incoming sales in travel distribution would have exceeded the previous year's level and the comparable weeks in 2019.

Cumulatively, the seasonal balances were thus able to significantly improve on the booking status as of the end of December compared to the previous month: The upcoming 2023 summer season shows a 44 percent increase in sales compared to the previous year, and the gap to summer 2019 continues to melt away. The 2022/23 winter season has now reached 85 percent of its pre-Corona level.

Atypical booking curve

December is atypical as an exceptionally strong booking month, as normally the booking curve tapers off over the pre-Christmas period and holidays before peaking in January. Currently, vacation demand is on par with pre-Corona levels, according to TDA. In the first week of January alone, German citizens booked vacation trips organized on a package or modular basis for nearly 700 million euros - about a third more than in the first week of January 2019.

With the good incoming bookings in December, both the current winter season 2022/23 and the coming summer season can improve noticeably on a cumulative basis: The revenue balance of the winter season climbs by four percentage points compared to the previous month to a gap of 15 percent to the pre-Corona level 2018/19. The previous year's season, which was still comparatively weak due to Corona, is currently exceeded in revenue by 59 percent.

Early bookers return

The upcoming summer season, which begins with the travel month of May, can even improve on the booking status as of the end of December compared to the previous year by 17 percentage points to a plus of 44 percent. In contrast to the previous year, early bookers are making a noticeable return. To the summer 2019 gapes however still a gap: 29 percent in conversion are missing, nevertheless six percentage points less than still in the previous month.

Summer vacations stood in December for 54 percent of booking turnover and rise in the first week of January to 61 percent in turnover for new bookings. For the coming summer vacation Turkey is in strong demand - still before Spain and followed by Greece on rank three. In terms of travel regions and segments, the vacation countries in the Eastern Mediterranean account for a cumulative total of around 42 percent of summer sales achieved to date - an increase of 68 percent on the previous year and a below-average drop of ten percent on summer 2019.

Long-haul holidays show the biggest growth compared to the previous year (+75%), which only recovered somewhat in the course of last year after corona-related entry regulations and restrictions were lifted.

(Source: www.reisevor9.de)

Aviation News

Lufthansa cancels 34,000 flights for the summer

Lufthansa is canceling one in ten flights this summer. This is to prevent another summer of breakdowns like last year. And it's not bad business for the airline.

If there's one thing Lufthansa doesn't need at the moment, it's additional problems. After the end of the Corona crisis, there have already been several labor disputes and tomorrow will even be followed by an almost complete shutdown due to strikes. In addition, air traffic has already been suspended this week because a concrete drill in Frankfurt cut a data line that is important for the entire Group.

It's no wonder that CEO Carsten Spohr is now doing everything he can to prevent further problems next summer and, above all, a series of breakdowns like last year. According to information from WirtschaftsWoche, the airline is therefore cancelling around 34,000 connections under the Lufthansa brand alone for the coming summer half-year, valid from March 26 to October 29, 2023. This corresponds to up to a good 500 flights per day under the airline's main brand alone, as well as ten percent of the flight schedule that has been on offer for months, because the line is trimming its services, especially at peak times.

"Lufthansa has adjusted the 2023 summer schedule from Frankfurt and Munich," a spokesman confirmed the cancellations in a statement, but would not comment on the figure of 34,000 flights. The scope cannot be determined without further ado, "as further daily cancellations can also be added at any time," the spokesman explained. In order to spoil the trip for as few passengers as possible, Lufthansa primarily wants to cut flights on routes that are offered several times a day, where it can offer a replacement in a timely manner.

The number could even grow. This is because the cancellations at Group subsidiaries such as the low-cost airline Eurowings, Brussels or Swiss would be added to this, according to the company. Eurowings says it is continuously adjusting its offering, "but the changes to plans are on a much smaller scale."

The company justifies the many cancellations as prudence and common sense for the rest of the industry. Despite all efforts, the industry "continues to suffer from bottlenecks and staff shortages, especially in Europe," the spokesman explained. He cites airports, ground handling services and air traffic control in particular, but also the airlines. The cancellations are now intended to reduce the workload and "allow more stability for the whole system."

(Source: www.wiwo.de)

Travel News

U.S. expects strong increase in number of foreign guests

The U.S. federal government is forecasting an increase in the total volume of international visits to the United States to 62.8 million in 2023, which would represent an increase of 11 million, or 21 percent, over 2022. From Germany, officials expect nearly 1.78 million visitors, up from 1.48 million last year.

According to the forecast, international visits are expected to reach about 82.4 million in 2025, surpassing pre-pandemic 2019 visitor numbers of 79.4 million. International visitors are also forecast to reach about 91 million in 2027. This would surpass the five-year target of 90 million visitors set in the 2022 National Travel and Tourism Strategy to recover and strengthen the industry. Spending by international visitors is then expected to reach \$279 billion.

For Germany, currently ranked eighth among international source markets, projections call for 2.34 billion travelers heading to the U.S. in 2027. The pre-Corona figure from 2019 of 2.06 million German visitors is expected to be reached again in 2024. This would mean demand for U.S. travel in this country would fully recover one year earlier than the international average.

(Source: www.reisevor9.de)

U.S. travel balance heads into the red

The good news for the U.S.: travel revenue from foreign visitors is rising significantly. The bad news: spending by U.S. citizens on foreign travel is growing far more dynamically. Opening the borders has paid off for the U.S., with nearly twice as much money flowing into its coffers from international visitors in 2022 than the year before. But the pre-Corona level is still a long way off - and another trend gives cause for concern.

The 2022 data released by the National Travel and Tourism Office (NTTO) initially holds no surprise: similar to many other destinations, the U.S. significantly increased its inbound business in 2022 compared to the pandemic-ridden year before. US\$162.6 billion (the equivalent of €152 billion at current exchange rates) flushed visitors from abroad into the U.S. coffers in 2022 - an increase of 96 percent.

Excluding revenues from the medical, education and short-term workforce sectors, which are less relevant from an industry perspective, the growth rates are even more impressive: Travel spending by foreign visitors on goods and services - meals, lodging, recreation, gifts, entertainment, local transportation - nearly tripled to \$85.1 billion (up 191.5 percent), and airline ticket revenue from foreign visitors rose 124.3 percent to \$28.6 billion.

This is how successful the USA's race to catch up was

More exciting is the comparison to pre-crisis levels: in 2022, total revenue was 68 percent, travel revenue 60.6 percent and ticket revenue 71.4 percent of 2019 volumes. By comparison, inbound revenue from overseas in 2022 was only 59.3 percent of the pre-Corona year - so revenue per overseas guest has increased significantly (also driven by inflation).

U.S. wants to eliminate proof of vaccination for entry into the country

So a consistently positive trend? Not at all. In fact, a comparison with the foreign travel expenditures of U.S. citizens has a sobering effect: Total expenditures increased by 115.7 percent to \$158.5 billion compared to 2021 and thus - analogous to travel expenditures and ticket costs - already reached 85.6 percent of the pre-crisis year 2019 again.

Balance sheet surplus melts dramatically

In short, outgoing spending in the U.S. is developing much more dynamically than incoming revenues after the border is opened in November 2021. And that has serious implications for the travel trade balance: in 2019, the surplus of revenues over expenditures was still a whopping \$54 billion; in 2021, it was still \$9.5 billion, despite the pandemic-related travel slump - in 2022, the bottom line was a meager \$4.1 billion.

If this significantly stronger outgoing momentum continues, the U.S. travel balance sheet could slip into the red for the first time this millennium. This would also be grist to the mill of the U.S. Travel Association: The lobbying association of the U.S. travel industry had already warned at length in the years before the pandemic that the U.S. would lose market share in the international competition between destinations. Now there is also a threat of serious consequences for the travel industry's balance sheet.

(Source: www.fvw.de)

Tour Operator News

Booking wave continues until February

According to the Travel Index of mid-office service provider Midoco, incoming orders for vacation travel in stationary and even more clearly in online sales are clearly above the values of winter 2018/19. Only the business travel segment has remained at almost the same level since mid-January after a significant increase in the first weeks.

Immediately after Christmas, sales - as in the pre-Corona years - went steeply up in Leisure Offline and Online, according to the blog of company CEO Steffen Faradi. What was special about this course of events, he said, was not least the strong sales performance in the last week of January. "Neither measured nor felt can we remember such a strong transition into February," Faradi said. After the peak in the second half of January, he said, things quiet down a bit in normal years. Not so this year: "In travel agencies, the peak seems to continue into February."

Number of bookings still below pre-Corona level

At brick-and-mortar travel agencies, the number of travel bookings is currently still about 25 percent below pre-Corona levels, Faradi added. The high sales were driven by 51 percent higher order values, he said. "From our point of view, this can be explained on the one hand by higher prices, but also by an increased trend toward higher-value travel, cruises and AI bookings," the Midoco CEO explains.

No "cannibalization" of the summer to be expected

The fact that nowhere near as many people have booked their vacations as in 2018/2019 makes it unlikely that the industry will cannibalize summer by going strong now, Faradi believes.

The MTIX Midoco Travel Index gives the daily sales performance in travel distribution for the three sectors of Business Travel, Leisure Online and Leisure Offline. Up-to-the-minute market performance in travel distribution can be tracked here. According to Midoco, the figures are based on a representative and closed intersection of 11 billion euros in annual travel volume.

(Source: www.reisevor9.de)

Travel agency sales more than doubled in January

Business is humming at the counter: stationary travel agencies increased their sales by 152 percent year-on-year in January 2023, leaving them just behind pre-crisis levels. They are 5 percent short of 2019 revenue, according to the Tats Travel Agency Mirror.

Cumulatively, total billed travel agency revenue for agencies included in the Tats Travel Agency Mirror is up 152 percent in January 2023 compared to 2022. In this context, tourism recorded a plus of 93 percent, and the cruises included in this figure increased by 172 percent. This means that traditional package tours fared much worse. Air travel sales grew by 196 percent, and the number of tickets issued by 141 percent. Other sales climbed 118 percent.

More sales of airline tickets

Despite the positive performance in 2023, total invoiced revenue is still slightly behind, down 5 percent compared to January 2019. Tourism even still shows a 15 percent drop in revenue compared to January 4 years ago, while the number of tourism bookings shows a 46 percent drop. Flight sales are down 2 percent, almost at the same level as January 2019, despite a lower number of airline tickets (-26%). A clear indication of increased ticket prices. Only other sales have already recorded an increase of 6 percent compared to January 2019.

Hopeful start to the year

The tourism order intake at the beginning of the year gives hope. In January 2023, twice as much was booked as in 2022. Compared to January 2019, it is only 2 percent less. The tourism order backlog up to October 2023, the end of the tourism year, provides a similar picture. Compared to the previous year, there is 51 percent more booking revenue in the systems, but compared to 2019, there is still a 25 percent decrease.

Tats is a back-office service provider to the tourism industry. For the monthly travel agency mirror, the booking and accounting data of around 2,500 affiliated travel agencies are recorded.

(Source: www.reisevor9.de)

Business travel significantly weaker than expected

Business travel will continue to grow this year, according to GBTA, but won't return to pre-Corona levels until 2026.

What's the real state of business travel? While business travel providers in particular are talking about an almost complete return, the GBTA now paints a different picture alongside the airlines. According to this, only 52.5 percent of the 2019 level has been reached in Germany.

The business travel industry in Europe continues to make progress toward a full recovery to pre-pandemic revenue levels (about 370 billion euros). But the recovery is progressing more slowly than many industry observers recently predicted. The recovery is also proceeding very differently in the regions - particularly sluggishly in Germany.

This is according to the latest annual forecast and Business Travel Index Outlook (2022) from the Global Business Travel Association (GBTA), the international business travel association. According to the report, business travel spending in Europe now accounts for about 20 percent of global spending. In 2019, Europe still had a 27 percent share.

However, according to the study, Western Europe in particular is expected to experience one of the strongest recoveries by 2026. This year, business travel spending in Europe would increase by 25.3 percent - more than anywhere else in the world.

Turkey and Poland catching up the most

Western Europe currently accounts for 86 percent of European business travel spending, while emerging markets account for the remaining 14 percent. Six countries alone - Germany, France, the UK, Italy, Spain and the Netherlands - together account for nearly two-thirds of business travel spending in Europe.

Europe's two largest markets, Germany and the U.K., have recovered less than the region as a whole in percentage terms. France, Spain and three of the four Nordic markets - Sweden, Denmark and Norway - have recovered more strongly, however. Turkey, at 87.1 percent, and Poland, at 72.1 percent of spending, are the closest to pre-Corona levels. Germany only at 52.5 percent

Germany is currently back to just 52.5 percent of 2019 levels, compared to the European average of 57.5 percent. The GBTA study thus arrives at a completely different conclusion to that announced by many business travel providers in Germany in particular, who are already talking about a return to 2019 levels or expect this to happen soon.

GBTA expects business travel spending in Germany to be around 39 billion euros this year. In 2019, by contrast, 55.3 billion euros were still spent, according to the VDR business travel analysis.

(Source: www.fvw.de)

The fact that travel prices for the summer have risen is true, TUI Germany CEO Stefan Baumert told FAZ. However, the price increase is lower than the general inflation. There is also "no general surcharge". For Turkey, prices had risen slightly more, for Tunisia hardly, Spain and Greece were in the midfield. According to Baumert, the changes vary depending on the hotel. The picture on price changes is "as heterogeneous as rarely before".

(Source: www.reisevor9.de)

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

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