

# MONTHLY REPORT CENTRAL EUROPE MAY 2023



**ST.PETE  
CLEARWATER**

**KAUS  
MEDIA  
SERVICES**



Marketing  
Communications  
Consulting

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# **1. Market Update: Focus on Switzerland**



VISIT USA SWITZERLAND

# SWISS MARKET DATA



Economic Data · Worldwide Travel · US Travel



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# ECONOMIC DATA



## Swiss Economy and Outlook 2023/24

Latest Swiss economic data indicate that the recovery from the previous two years of pandemics continues but at a low pace of 1 percent. The general worldwide uncertainty and the Ukraine war are being felt. Further challenges include the availability of stable energy sources and a sharp lack of qualified manpower. Growth forecasts (KOF) were lowered from 2.2 percent to a mere one percent for the current year.

However, inflationary pressure remains at slightly below 3 percent, a fraction of the inflation in the surrounding EU countries and is expected to drop to some 2.4 percent. Energy prices and costs for health care, insurance premiums and food are part of the hot political issues at this time. The export oriented manufacturing industry has shown so far a rather impressive resilience, based on the recent annual reports. The effect on exports of the strong Swiss Franc (safe heaven currency) is compensated to a considerable extent by the low domestic inflation. Driving sectors, in particular, are the chemicals and pharmaceuticals industries. Switzerland which imports nearly half of its food as well as virtually all raw materials and fossil energy is now taking advantage of its strong currency.

The purchasing power of the average Swiss appears to be little affected although there is a noticeable restraint in spontaneous spending. Unemployment is at a record low of 1.9 percent. 2022 GDP grew from CHF 731.66 in 2021 to CHF 771.22 (approx. \$ 857). In spite of the worldwide challenges little restraint has been noticed at this time when it comes to satisfy the appetite to travel.

(Source KOF & SECO)

## R & D

Investments in R&D at the forefront of technology continue at 3.4 percent of the GDP of which two thirds are private sector financed. On a per capita basis it ranks Switzerland within the worldwide leading nations. The country is also at the top of the list of new patents published by the Intl. Patent Office just recently ETH in Zurich and EPFL in Lausanne rank among the world's leading universities

## Financial standing

Switzerland enjoys a financial healthy position compared to neighboring countries. The national debt, due to Corona and other rising cost e.g. for defense and social programmes are expected to rise to 37 percent (in relation to the GDP). It still is a comparably „comfortable“ position vs. most other nations.

The Swiss Franc keeps its role as an international “Safe-Haven” currency. The inflationary pressure on Swiss export prices (e.g. due to the weakness of the EURO vs the Swiss Franc) is dampened by the much higher inflation in the EURO zone. The same applies to USD the United States being now Switzerland's main export market. The Swiss National Bank (SNB) stands ready to stabilize the exchange rates as required.

## Market Data

The following 2021 data are intended to allow a better understanding and ranking of the Swiss market within the European economic context. Switzerland, although economically closely linked, **is not a member of the EU.**

Population, GDP and Per Capital Income of a selection of countries (all in billion USD)

Country	Population	GDP	Per Capita
Germany	83.9	4225	50.30
UK	68.2	3187	46.86
France	65.4	2935	45.85
Italy	60.4	2101	34.78
Netherlands	17.2	1018	45.35
Sweden	10.1	627	62.07
Austria	9.0	477	53
Ireland	5	498	99.6
Belgium	11.6	600	51.72
Switzerland	8.7	812	93.33

## Income and purchasing power comparison

Purchasing power parities based on national currencies in Euros

Country	GDP	Effective individual consumption	Effective collective consumption	Gross financial investments
Switzerland (in CHF)	1,72625	1,94020	2,00509	1,51874
Germany (in EUR)	1,10576	1,07781	1,23754	1,20796
France (in EUR)	1,08767	1,09955	1,23837	1,02008
Italy (in EUR)	0,99539	1,02940	1,07540	0,87903
Austria (in EUR)	1,13661	1,18478	1,17158	1,05062
EU (27 countries in EUR)	1,00000	1,00000	1,00000	1,00000

\*Source EUROSTAT without UK.

## 2022/23 Swiss economic and political position in Europe and outlook

In spite of its small geographic size, Switzerland is Europe's seventh largest economy, the EU's third ranking trading partner and the top foreign direct investor. Located in the very center of the European continent, with a multilingual, multicultural society, Switzerland is **not a EU member** in spite of its close historical, cultural and linguistic relations. EU membership is presently rejected by some 80 percent of the population. Nearly 25 percent of the resident population are foreign nationals, mostly from the EU. The country is an important workplace for over 1.5 million foreigners including some 340'000 crossing the borders daily for work. The Worldbank estimates that they alone transfer yearly the equivalent of some 3.4b USD to their home countries. The EU, resp. its member states are the main trading partners. However exports to countries outside of Europe nearly doubled within recent years exceeding now over 40 percent of total.

Whereas Swiss bilateral relations to most European nations are excellent, relations to the EU per se remain somewhat less harmonious. Negotiations initiated at the request of the EU for a closer political integration failed after 7 years. The Swiss to-down political system known as „direct democracy“ (allowing citizens to decide about taxes, regulations, agreements etc.) appears to be hardly compatible with the EU's goals of further centralization and close institutional integration. New negotiations are now taking place. It is one of the main political issues, also domestically, waiting for a mutually acceptable solution.

# WORLDWIDE TRAVEL



## Profile of Swiss Travellers

The small size of Switzerland has forced its people from the early existence of the country to look beyond their borders, particularly with the beginning of the industrialization in the 19th century. Living in a multilingual society most Swiss speak one or several languages of their neighbors (French, Italian, German). Cross border business and shopping, travel and close personal relations have a long tradition. Old established international networks since the 19th century, particularly in Asia can still be found. Swiss are ardent travellers as a result used to follow what is happening worldwide.

Used to live in a multilingual (4 official languages) resp. multicultural environment facilitates people to understand, respect and cope with foreign habits and cultures. Language barriers, as a result, tend to be rather low and English e.g. is widely spoken. Swiss tend to be well informed about international politics and relevant issues, particularly in major and neighboring countries. Incomes and an attractive purchasing power allows them to escape the „narrow borders“ of their country and discover the world. The average Swiss is believed to take about of 3.5 foreign trips with at least 3 overnights per year. They spend some \$ 258.00\* per day and person (domestic and foreign travel). Swiss appreciate service, cleanness, punctuality and quality and are willing to pay for it. They like to travel individually or in small groups, enjoy meeting the local population and avoid crowds.

**Swiss travel to the US is driven, in particular, by the rate of exchange USD/CHF and the reputation of being good value. Political events such as the change of the administrations and similar aspects tend to be overrated, particularly by the media.**

## Booking behavior:

Over 70 percent of all travel before Corona was booked online (incl. sites of TO's or individual travel agencies). The percentage of totally self-organized trips dropped to some 10 percent, mainly for safety reasons (e.g. repatriation). About 30 percent use the personal service of travel agencies. Long haul and complex travel is often entirely booked via travel agencies for reasons of safety, support and comfort. Security became a priority during the recent Corona pandemics pushing bookings at travel agencies. German speaking Swiss appear to be more safety minded than their French or Italian speaking counterparts. Many young people book at travel agencies to overcome limitations in the use of credit cards.

\*average exchange rate April 2023: 1.00 USD = 0.90 Swiss Francs.

## Travel Industry Structure/Data

The structures of Switzerland's travel trade is subject to considerable changes due to Corona and the resulting challenges. It is now struggling to hire new qualified staff which was lost during the pandemics. Before the pandemics the Switzerland's travel trade consisted of some **1100 so-called Class A** and about **450 Class B** travel agencies.

## Largest companies include:

- Hotelplan Group
- TUI Suisse
- FTI
- Kuoni Travel (DER)
- Knecht Reisen AG
- Globetrotter

Average gross profit margin before Corona was 15.6% (travel agencies). Travel agencies charge their clients a handling resp. counselling fee of some \$ 60.00 which may be waived depending the total value of a package.

## FACTS & FIGURES ABOUT THE SWISS MARKET



**USD 292**  
per person/day

The daily allowance budget of a Swiss traveller abroad amounts to USD 292 per person, which is among the highest in the world.



**ONLY 2.6%**  
inflation rate (end of March 2023)

Lowest rate of inflation in Europe: Switzerland 2.6% in May. Average inflation rate in Europe: 8.3% (end of March)



**54% OF CUSTOMERS**  
Book their travel at a travel agency

**Swiss people are different**

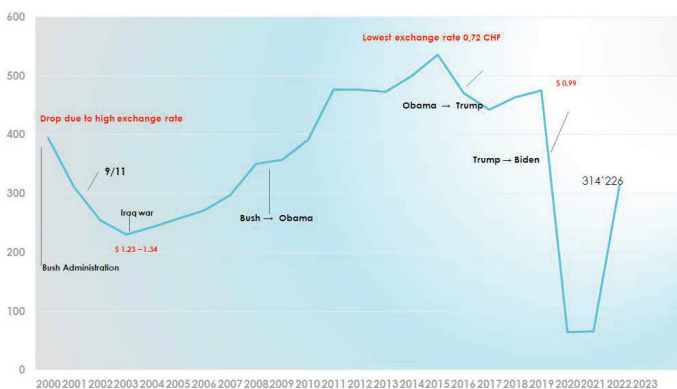
- Cautious
- Prefer calculated risks
- Like to be well informed

# US TRAVEL



## Profile of US Travellers

A total of **474'550** people from Switzerland visited the U.S. in 2019. The steady pre Corona upwards trend since 2017 shows a plus of 7.12%! Below graphic displays the overall stable market since the year 2000 besides all fluctuations with the **alltime record of over 536'000** arrivals in 2015 (probably triggered by the low rate of exchange USD/CHF of 1/0.72 in 2013/14). Considering the limited size of the Swiss market it is assumed that many have taken several trips to the US per year. Although COVID19 is still lingering in daily life, the „Swiss appetite“ for future travel to the US appears to be growing fast. It shows by the 314'226 arrivals in 2022. There is a general feeling of optimism once the situation will totally „normalize“. Recent reports about high prices and inflation, however, may have a dampening impact, in particular, if the US should lose its image as a travel destination with good value!



Rate of exchange applied: 1 U.S. \$ = 0.90. Swiss Franc.  
2020 arrivals 63'321; 2021 arrivals 56084; 2022 arrivals 314'226;

**Comment:** As opposed to some media reports Swiss travel to the U.S. is mostly driven by the rate of exchange USD vs. CHF. Political events such as changing Administrations etc. seem to have little effect.

## Airlines with direct service between the US. and Switzerland (before Corona)

Airline	Ex Zurich	Ex Geneva
Swiss Intl. Airlines	New York	New York
American Airlines	New York	–
United Airlines	Washington D.C. Newark (NY) San Francisco (CA)	Washington D.C.
Delta Air Lines	Atlanta New York	–
United Airlines	New York	New York
Edelweiss Air	Tampa Bay (FL) Las Vegas (NV) San Diego (CA) Denver (CO)	–

## Profile of average Swiss traveller to the U.S.

Swiss travellers like to discover the US individually or in small groups with friends making use of the well developed US travel infrastructure which is considered a „trademark“ of the mobile American society. It leaves them creativity in doing some „own“ on-site planning. Larger groups are mostly „special interest“ such as trade associations, senior citizens, readers travel, (magazines) etc. The average Swiss traveller is well informed about U.S. politics and life. Most have an above average purchasing power due to high incomes. Swiss attach importance to punctuality, quality of service, food and good accommodation and are willing to pay for it. These aspects are more important to 54 percent than the price which has

priority to 35 percent (2018 Alliance Insurance Intl. study) Most speak at least basic English. Spring and Fall have become increasingly popular for US trips. Although worldwide security problems are a matter of growing concern the U.S. is still considered by most a „safe destination“.

As shown on above graphic the rate of exchange impacts greatly on the volume of travel to the US, particularly if it allows to be a financially attractive alternative to destinations „less far away“. Spending per person and day in the U.S. is USD 295.00.

## What are Swiss travellers looking for in the U.S.?

The majority of Swiss enjoy meeting local Americans. They like the easy contact and accessibility. Authenticity is important. Big cities with cultural and sports events, shopping, sightseeing and restaurants are popular. The friendly hospitality of American small town communities and their lifestyle are most appreciated. Cities with a fascinating multiethnic, cultural and historical background like San Francisco, New Orleans, Miami, Boston, Chicago and New York are „musts“ as well as nature and wildlife (national parks and forests); native Americans; Western lifestyle (horses, BBQ, dude farms); outdoor activities (jeep tours, river rafting, helicopter rides, biking). In past years the beautiful, little crowded beaches made the US a tempting alternative to traditional beach vacations in Europe or in politically less stable countries. Typical American sports (rodeos, baseball, American football) less known to the Swiss are popular. They enjoy the excitement at such events. American hospitality is an asset and an occasional touch of American nostalgia is appreciated, in particular by people of 45 years of age and more. The Swiss are open to new, less known regions, states and parks - somewhat off the tourist mainstream. This also applies to whole regions, cities, hotels etc. off-the-beaten-tracks.

## Where do they go?

You may find Swiss all over, increasingly off the beaten tracks. They like to travel on their own. Making on-site complementary arrangements is popular - where they like it.. (event bookings, extensions, excursions). The high percentage of repeat visitors is reflected by the interest in less known or new destinations. Popular states and regions are: New York (NY) California, South West (AZ, UT, NM, NV), Florida, Alaska, New England States South (FL, GA, SC, LA, KY, TN), Colorado, Wyoming, Montana, Hawaii, Oregon, Wash. State, Texas, Mid-Western States/Great Lake States.

## Within Switzerland Promotional Opportunities 2023

**Visit USA Seminar:** This well established workshop and exhibit had to be cancelled due to Covid19 in 2021 and 2022. The 2023 event will take place on January 19 with a new format adapted to the changing market and under the new name of USA Island Hopping. It will allow or partners to systematically present their products to small focussed groups of visitors. Please note that the promotional platforms of the Visit USA Committee have an over 25 years history as cost effective sales tools which contributed greatly to the amazing success of Swiss travel to the US.

**USA Road Show:** Is scheduled from September 19-21, 2023. The Road Show is a popular promotional complement of the Visit USA Seminar to provide additional exposure in a smaller, more personal environment. It covers an average of 5 cities in several days in German and French speaking Switzerland.

**Please note that presentations may be given also in English. Authenticity is appreciated in the Swiss market!**

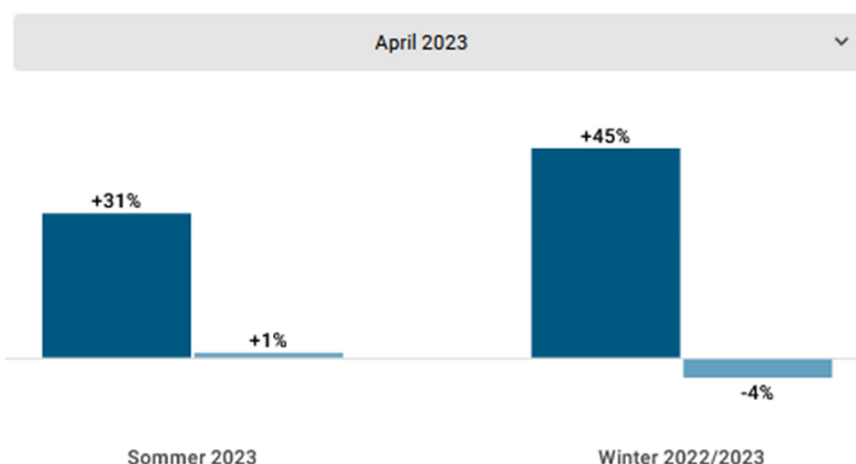
**Miscellaneous events** in cooperation and support of TheBrandUSA and other partners.

## **2. Current State of the Tourism Industry in Central Europe**

## European International Travel Trends Update

### Summer 2023 tops pre-Corona level for first time

With the booking month of April, summer bookings have climbed above 2019 levels for the first time. However, only in terms of sales: The industry is still missing 24 percent of vacation guests compared to the pre-Corona season.



Turnaround successful: For the first time, the summer season 2023 exceeds the level of summer 2019 in terms of sales by one percent, as reported by the sales barometer TDA at the booking status at the end of April 2023. However, this is still offset by 24 percent fewer vacation guests.

April 2023 also marks the end of the 2022/23 winter season. It was unable to catch up with the pre-Corona level and ended four percent below the comparable figure for 2018/19. Although six percent of April sales were accounted for by tours booked at short notice in the month of Easter. But this was no longer enough to improve the winter balance.

### How German tour operators see their USA business

More turnover with less work? For many North American specialists, this calculation seems to be working out. But apart from the fact that not everyone is equally happy about the constellation: in the long run, the business model is unlikely to prevail.



*This is where it's at: In its new campaign, Brand USA is stressing the uniqueness of the US. But tour operators are concerned if clients are still willing to accept the high rates. (Photo credit: FVW Medien/HMJ)*

Four months of the incoming balance sheet of the USA have been (provisionally) settled, and from the German point of view it looks really good: The gap compared to pre-crisis levels continues to narrow. While visitor numbers at the end of 2022 were still 28% below 2019 at just under 1.5 million, the nearly 484,000 arrivals from Germany from January to April 2023 are only a good 16% behind the first four months of 2019.

### Steady recovery on the horizon

As business travel is also recovering more slowly, the volume of tourist visitors – and thus presumably also the tour operator business – is likely to return to the initial level of 2019 already in the course of next year. Provided German guests continue to accept the sharp price increases in the USA – or, even better, the price level normalizes.

At the moment, at least for the long-haul travel and North America specialists, the sun is shining brightly, as was evident at the inbound trade fair IPW in San Antonio: participant numbers are stable, turnover is up, for example, that is the interim balance sheet of Diamir and Argus Reisen in comparison to 2019, without a trend reversal appearing in sight. On the contrary: "After the end of the vaccination regulations for travel to the USA on 12 May, there was once again a boost in enquiries," says Argus CEO Dirk Büttner happily.

## Customers treat themselves to better products

"People are treating themselves to Corona," says Doreen Sell of USA-Reisen.de, commenting on the trend that customers not only accept the price increase, but even opt for higher booking classes and hotel categories. The fact that there is sometimes less quality at a higher price compared to "the past" is apparently not yet a problem, notes America Unlimited Managing Director Timo Kohlenberg: "We have not received any customer complaints about this so far, at any rate." His explanation: Customers are aware that there are also massive price increases in other sectors and destinations.

Strongly staffed and positioned for higher value, America Unlimited continues to grow, according to Kohlenberg: guest numbers, already back to 2019 levels in 2022, are expected to grow by another 20% this year, while revenue growth is expected to be similar again this year, following a 30% increase in 2022 (over 2019). "The expensive hotspots will continue to be booked, we don't have to switch to cheaper locations and seasons," Kohlenberg notes. "And that's how we screw up the margin."

## Price-sensitive customers stay away – permanently?

Understandably, the euphoria of the specialists is not shared by the volume suppliers, even though their turnover is back at pre-crisis levels: Customers who are less fixated on North America or who used to be motivated to book the destination by specials are currently making themselves scarce at DER Touristik, FTI and TUI – the price-sensitive clientele in the lower and medium price segments are therefore in danger of falling away in the longer term. "We share the concern that the high price level is not sustainable in the long run," admits Florian Renner, responsible for the North American business at the FTI Group.

Canusa Touristik has a similar view: in the long run, the business is not likely to work like this. Kolja Kassner, Chief Business Development Officer of the Hamburg-based specialist, together with Peter van Berkel, head of the incoming agency Travalco, therefore tried to convince US service providers and tourism agencies of the importance of a moderate pricing policy at the IPW Focus Sessions: "We told them clearly that we have a problem with the prices that US guests are willing to pay."

## Sensitizing US suppliers to inbound tourism

The efforts are likely to bear fruit, at least in part: Americans realize that domestic business is currently crumbling, as US citizens now have travel alternatives open to them worldwide again. "And many people realize that German guests also have a choice again among all the long-distance destinations worldwide," says Kassner.

FTI expert Renner then also expects relief on the price front, although not back to 2019 levels. There should also be little change in airfares, especially as Air France KLM Leisure sales boss Hans Gesk says: "We don't have a problem with price increases, but with availabilities."

### Hopes for gradual normalization

"I also have my worries for 2024/25," admits Timo Kohlenberg. And that in two respects: on the one hand, that the high prices will no longer be paid at some point – and on the other hand, that the prices will fall too quickly, because then the margins will also drop rapidly. The America Unlimited managing director therefore hopes for a balanced development, "that prices will gradually level off". The other tour operators, whether specialists or volume suppliers, are likely to agree with him – despite different business trends and interests. And the number of German visitors in 2023? fvw|TravelTalk already dares to make a prediction: this year there will be more than 1.8 million German visitors – almost 90% of the number of visitors in 2019.

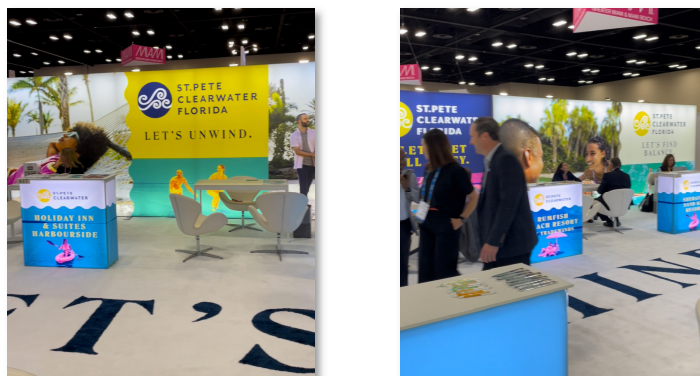
Source: fvw.de

### **3. Overview of Regional Activities**

## Germany

- We continued making preparations for ipw 2023 in San Antonio, TX in May 2023 and continued supporting the appointment scheduling with key tour operators and media professionals from Central Europe.

From May 20-24, 2023, we attended ipw 2023 in San Antonio, TX and supported VSPC with the coordination of key tour operator and media meetings with travel trade professionals from Central Europe as well as other global markets. In addition, we supported VSPC with media interviews as well as onsite representation. Please see our ipw 2023 report for further information.



- KMS attended a strategic Brand USA meeting at ipw in San Antonio in order to discuss opportunities for joint promotions in the future.
- Eurowings Discover is the subsidiary airline of Germany's national carrier Lufthansa. EWD serves the Tampa Bay Airport (TPA), Orlando International (MCO), and Fort Myers International (RSW) from Frankfurt (FRA), accounting for over 15 flights a week in the high season. It is an important route for the German speaking market, making the region one of their top three ports of entry. Eurowings Discover is the only airline offering non-stop service from Germany to Tampa Bay.

In order to continue promoting its global new routes to travel agents and tour wholesalers in the German speaking countries, Eurowings Discover organized a week-long road show in partnership with Visit Florida through selected cities in Germany from May 08-12, 2023. These cities included Münster (05/08), Dortmund (05/09), Bonn (05/10), Baden-Baden (05/11) and Nürnberg (05/12).

In order to promote the Visit St. Pete / Clearwater area as well as the flights to our destination, we participated in all five days long road show. A total of nine Florida partners attended the road show including the following: Visit St. Pete / Clearwater, Visit Florida, Fort Myers, Visit Tampa Bay, Universal Parks & Resorts, New Smyrna Beach, Bradenton Gulf Islands, Kennedy Space Center, and Florida's Space Coast.

Each event was organized as an evening event for the travel trade guests after their work day ended. It consisted of a travel market where travel trade professionals could visit the various partners' tables. During these marketplaces, we were able to promote our destination and answer all the attendees' questions.

In all five cities, our table was highly frequented and most of the travel trade professionals were very interested in receiving further information on our destination and tourism opportunities found in St. Pete / Clearwater. It was obvious that many of them had a chance to visit our destination in the past and were keen to recommend St. Pete / Clearwater to interested travelers in the future. Some of them had specific questions – including but not limited to hotels, sustainability offers and e-mobility.

The marketplace took place for about 45 minutes and was followed by a seated dinner during which each of the partners had the opportunity to give a ten minutes long small group presentation about their destinations and / or services.

We were able to promote St. Pete / Clearwater to all the travel trade professionals with a designated presentation and a destination video at each of the five events.

Close to 200 travel agents were trained about our destination during the week.



- The Visit USA Committee Germany Organized and conducted a two days long road show through the German states of North Rhine-Westphalia on May 02-03, 2023. As many as 75 travel agents came to the events in the host cities of Aachen and Muenster.

Both evening events started with the arrival and the registration of travel agents and snacks for all attendees. This already gave the first networking opportunities with the travel agency employees. After the Visit USA committee hold a short welcome speech and explained the scheduled of the evening to the travel agency employees. The agents were divided into small groups so that good 1-on-1 conversations could take place. Eight workshop rounds in about 15 minutes were divided into two parts, interrupted by dinner.

Present were: American Queen Voyages, Arizona Office of Tourism, Discover New England, Los Angeles Tourism, Meet Boston, Rocky Mountaineer, Visit Pittsburgh and Visit St. Pete/Clearwater.



- The Visit USA Committee Germany will distribute a newsletter to highlight "activities, experiences or services that travelers can enjoy for free" in June 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 distributed to more than 23,000 travel agents and media professionals in June 2023. Furthermore, we uploaded more content to the Visit USA landing page about Visit St. Pete/Clearwater.
- We travelled to St. Pete / Clearwater in order to give a presentation to the Tourism Development Council (TDC) about the results that we achieved in Central Europe during the current fiscal year as well proposed marketing and public relations activities for the next fiscal year (May 17, 2023). In addition, we attended the two days long marketing meeting at the Sheraton Sand Key Resort (May 18-19, 2023).
- For the Visit Florida promotion with America Journal we have received the first draft of the magazine insert as well as the 2-page advertorial for review. In coordination with VSPC, we decided to provide the Visit USA team with other photos that better represent St. Pete/Clearwater's attractions.

- We created the newsletter „New and Now – May 2023“ to more than 3.500 travel agencies and tour operators in Germany, Austria and Switzerland, and forwarded it to VSPC for approval. After we receive the approval, we will distribute the newsletter.
- We sent promotional materials from Visit St. Pete/Clearwater to travel agents who are interested in further information. Inquiries have also reached us via the website of the Visit USA Committee Germany.
- On request of VSPC’s newly established Global Travel Department, we drafted a Budget Book for Fiscal Year 2024 with a detailed outline of
  - 2021-2022 Key Performance Indicators.
  - Central Europe – Five Year Review
  - 2022-2023 Highlights
  - SWOT Analysis
  - 2023-2024 Priorities of the new Global Travel Department

We submitted the Budget Book to VSPC for review.

- KMS completed several conference calls with Visit Tampa’s representative in Germany in order to discuss joint opportunities for non-competing promotional activities.
- We continued CMS translations for VSPC’s German website and attended another conference call with Miles Media in order to be trained to work on the CMS system.
- In cooperation with VSPC and Brand USA, we continued running a multiple months long advertising campaign with the travel consumer magazine Connoisseur Circle. In April, we forwarded the first invoice from the publishing house to Brand USA and requested additional information and back-up documents from the publishing house for Brand USA. The promotion includes media coverage provided by the magazine, as well as advertorials and digital marketing opportunities. It includes multi-level promotions and will run until fall 2023. Brand USA will support the promotion.
- We attended the monthly conference call with Brand USA in May in order to discuss upcoming promotions and promotional opportunities.
- We attended the bi-weekly coordination calls with VSPC in May in order to synchronize our activities and to discuss upcoming promotions.
- 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.

- We coordinated the warehouse that we have subcontracted on behalf of VSPC, proofread their inventory report for April 2023 and forwarded it to VSPC.
- KMS continued contacting a large number of tour operators offering the U.S. and Florida in Germany and we discussed potential co-op activities.

## Austria

- In May 2023, we drafted the travel trade newsletter "News & Now", researched suitable topics and photos and drafted the texts. After approval from VSPC, we distributed the newsletter to approximately 800 travel agencies in Austria.
- We met with Reise Aktuell, Eurotours International, and TIP/Profi Reisen Verlagsgesellschaft at ipw 2023 in San Antonio, TX and discussed tourism development as well as media opportunities to promote our destination in the Austrian market. We started following up on all appointments after the show.

## Switzerland

- In coordination with FTI Touristik we will conduct a travel agent fam trip to our destination from June 14-16, 2023. FTI Touristik is one of the largest tour operators for travels to the U.S. and to Florida. The fam trip will be attended by eight top selling Swiss travel agents and two FTI escorts. VSPC drafted a very attractive program to highlight our destination during the fam trip and we assisted the tour operator with all their specific requests.
- We met with go2travel, Knecht Reisen, the Visit USA Committee Switzerland and Hotelplan Suisse at ipw 2023 in San Antonio, TX and discussed tourism development as well as media opportunities to promote our destination in the Swiss market. We started following up on all appointments after the show.
- We have received the campaign report from our joint marketing campaign with Knecht Reisen. We asked the tour operator for additional information and are awaiting their response.
- We reached out to the Visit USA Switzerland team to see if they can still register participants for the September 2023 Roadshow Switzerland, which will take place in September 19-21, 2023.

- In May 2023, we drafted the travel trade newsletter "News & Now", researched suitable topics and photos and drafted the texts. After approval from VSPC, we distributed the newsletter to approximately 400 travel agencies in Switzerland.

## The Netherlands

- We met with Verkeersbureaus.info, ustravel.nl, Aeroglobe International, America Magazine, AmerikaNu.nl, Travel Time and Doets Reizen at ipw 2023 in San Antonio, TX and discussed tourism development as well as media opportunities to promote our destination in the Dutch market. We started following up on all appointments after the show.
- In May 2023, we drafted the travel trade newsletter "News & Now", researched suitable topics and photos and drafted the texts. After approval from VSPC, we distributed the newsletter to approximately 750 travel agencies in the Netherlands.
- We followed up with several Dutch U.S. tour operators selling Florida programs. The Dutch mainly look to buy round-trips spending 2-3 nights in a particular destination within a 2-3 week drive around program.
- We were in contact with several additional 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

- KMS checked the Visit USA Committee Belgium's website and found out that it had incorrect contact information on it. We provided the correct information to the Visit USA Committee Belgium and asked them for correction.
- We created and a newsletter „New and Now – May 2023“ to more than 3.500 travel agencies and tour operators in the Benelux countries and East Europe and forwarded it to VSPC for approval. After we receive the approval, we will distribute the newsletter.
- In May 2023, we drafted the travel trade newsletter "News & Now", researched suitable topics and photos and drafted the texts. After approval from VSPC, we distributed the newsletter to approximately 450 travel agencies in the Netherlands.
- After our meetings with the Belgian tour operators Generaltour, Wanderlust and Horizons USA-Canada, we followed up on all contacts and provided the requested information. In addition, we also followed up on all travel agents that we met during the training session in the French speaking part of Belgium in April 2023.

- We met with USA Travel Consultants and Joker Reizen at ipw 2023 in San Antonio, TX and discussed tourism development as well as media opportunities to promote our destination in the Belgian market. We started following up on all appointments after the show.
- 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.

## Poland

- We met with the US Commercial Service office at ipw 2023 in San Antonio, TX and discussed tourism development as well as media opportunities to promote our destination in the Polish market. We started following up on the appointment after the show.
- In May 2023, we drafted the travel trade newsletter "News & Now", researched suitable topics and photos and drafted the texts. After approval from VSPC, we distributed the newsletter to a large number of travel agencies in Poland.

## Czech Republic

- We created the travel trade newsletter "News & Now", researched suitable topics and photos and drafted the texts. After approval from VSPC, we distributed the newsletter to approximately 800 travel agencies in the Czech Republic.
- We met with Profi Tips at ipw 2023 in San Antonio, TX and discussed tourism development as well as media opportunities to promote our destination in the Polish market. We started following up on the appointment after the show.

## Hungary

- We met with Proko Travel, Haris Travel Club, the Discover America Committee and Mauri Travel Services at ipw 2023 in San Antonio, TX and discussed tourism development as well as media opportunities to promote our destination in the Polish market. We started following up on the appointments after the show.
- In May 2023, we drafted the travel trade newsletter "News & Now", researched suitable topics and photos and drafted the texts. After approval from VSPC, we distributed the newsletter to a large number of travel agencies in Hungary.

## **4. Status of Sales Activities and Promotions**

### **Consumer Promotion with Knecht Reisen**

- 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 started in January 2023 and will be concluded in fall 2023. Brand USA will support the promotion.

### **Visit Florida / AMERICA Journal Promotion (June 2023)**

- Visit St. Pete/Clearwater will be promotion in a co-op campaign with Visit Florida and the German consumer magazine AMERICA Journal. The goal of the promotion is to promote the sunshine state, create awareness and inspire travel planning. The promotion will be placed in the in the June issue of AMERICA Journal.

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

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

Further sales activities and promotions will be added after approval.

## 5. Public Relations Activities

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

## 6. Market Updates

## German Travel News

### Prices for package vacations rise by 17 percent on average

Tunisia, Bulgaria and mainland Greece are among the most popular vacation destinations. But it's not really cheap anywhere this year. The only bright spot: Travel is not becoming as expensive as other areas of consumption.

Summer vacations in the twelve most popular travel countries of the Germans are about 17 per cent more expensive in this year than in the previous year. This is the result of an evaluation of the offers of 65 tour operators by the online platform "Holidaycheck", which is available to WELT AM SONNTAG.

The comparison is based on the offers for a family with two adults and two children of school age for a one-week trip including flight, transfer and hotel.

Among the most popular vacation regions of the Germans Tunisia, Bulgaria, the Greek mainland, Mallorca, the Turkish Riviera and Egypt are thus in this year most favorably. According to the study, the most expensive destinations are Crete, the Turkish Aegean, Rhodes, the Spanish Costa del Sol and southern Cyprus.

For price-conscious families Tunisia vacation offers itself in this year, results from the data. The North African country registers an above average cost increase of 25 per cent, however from a low level. A family of four with two adults and two school-age children pays an average of 2793 euros for a week.

Most pay families with children in this summer on average on Crete and at the Turkish Aegean with approximately 3700 euro. Trips to Rhodes, the Costa del Sol and southern Cyprus cost just over 3600 euros.

"We have always observed annually rising prices in the single-digit percentage range - even independently of inflation and crises," emphasizes Christoph Heinzmann, travel expert at Holidaycheck. "If you compare the increased rates for package tours with the price increases for food and in the energy sector, the increase is still moderate."

(Source: [www.welt.de](http://www.welt.de))

## Overseas travel significantly cheaper

According to tour operators, Austrians' desire to travel is noticeably high again this year. Where you get more for your money in 2023 is shown by the annual evaluation of the "holiday euro". European destinations have tended to become cheaper. However, overseas travel is significantly cheaper compared to the previous year. The main reasons for this are the appreciation of the euro and the strong inflation in Austria.

On average, Austrians are getting about 20 per cent more for their money on holiday this year than at home and are thus getting off better than last year, UniCredit Bank Austria said in its annual evaluation on Monday.

The favorable euro exchange rate makes overseas destinations in particular 17 per cent cheaper on average compared to 2022, with Caribbean islands such as the Dominican Republic leading the way. But Asian destinations such as Japan also fall into this category. "Based on the holiday behavior before the pandemic, there was a significant increase in the 'holiday euro' in overseas destinations. This was due to the stronger euro as well as lower price increases in some cases," said Stefan Bruckbauer, chief economist at UniCredit Bank Austria. Nevertheless, airplanes are among the most climate-damaging means of transport. The aviation industry's share of man-made climate change is estimated at around 3.5 per cent.

Turkey, Hungary, Croatia still much cheaper

Due to high inflation, you get less than last year in Turkey and Hungary, where in the past the "holiday euro" was worth the most. "Nevertheless, these two countries, together with Croatia, remain among the most popular holiday destinations where the holiday euro is worth the most," says Bruckbauer.

Among some of the most popular holiday destinations, holidaymakers from Austria can also expect to get more for their "holiday euro" in Portugal, Greece, Slovenia and Spain than at home. In many countries of Eastern and South-Eastern Europe, the "holiday euro" is still worth considerably more than in Austria, above all in Bulgaria, Romania and Poland, although the value here has decreased compared to the previous year.

City trips still expensive, but trend declining

Austrians would still have to dig a little deeper into their pockets for city trips than at home - for example in the United Kingdom, France and the USA. "Compared to the previous year, however, the difference has decreased significantly," says Bruckbauer.

78 percent want to travel this summer

According to ÖAMTC travel monitoring, the desire to travel is great for the coming summer: 78 percent of those surveyed want to travel this summer. For 61 percent, the car is still the number one means of travel, but compared to previous years, air travel remains popular with 33 percent.

The same can be said of low-cost airline Ryanair, which announced its expectations today in Dublin. Passenger numbers are expected to rise by ten per cent to 185 million in the 2023/24 financial year, which runs until the end of March. The previous year's figure was 168.6 million passengers.

However, due to postponements of aircraft deliveries by the manufacturer Boeing, this figure could also be slightly lower. Fuel costs are expected to increase by one billion euros. However, rising revenues should be able to compensate for this. Ryanair therefore sees net profit slightly higher than in the previous year.

#### Good booking figures for tour operators

Tour operators are also expecting good booking figures for the 2023 travel summer. TUI-Austria, the country's largest tour operator, is 13 per cent up on last year's booking figures and 96 per cent of the pre-pandemic level. Despite inflation, travel is likely to remain a basic need for people. "The money is obviously there," TUI Austria Managing Director Gottfried Math said recently. However, customers will have to do without bargains this summer.

"Inflation has taken its toll, but Austrians have a great desire to travel," Math emphasised. "People are setting themselves a certain holiday budget, according to which they then choose their destination." Across all destinations, prices had increased by six to eight per cent compared to summer 2022. "This means that on average they are below the rate of inflation."

#### Over 50 per cent "all inclusive"

The increased prices would thereby ensure a change in booking behaviour: "More than half of our total bookings in Austria are 'all inclusive'. It is important for the customer to have price certainty." Because de facto all costs are covered, Math also spoke of a "fully comprehensive insurance for the holiday budget".

#### An average of 1,200 euros for summer holidays

On average, every TUI Austria customer spends 1,200 euros on their summer holiday. At present - i.e. at the beginning of the season, which lasts until October - the guaranteed total capacity is 55 per cent utilised. "Since we have increased capacities at the same time, there is still some available," Math said, adding that the recent rainy weather had, however, caused stronger demand.

(Source: [www.orf.at](http://www.orf.at))

## Germany – Economic news

### German economy slips into recession

The German economy slipped into recession after all in the winter half-year. Still high inflation is weighing on consumer spending and slowing economic performance.

Germany's economy shrank in the first quarter. The Federal Statistical Office in Wiesbaden revised its first estimate from the end of April downwards from 0.0 per cent to minus 0.3 per cent compared to the previous quarter.

"After GDP had already slipped into negative territory at the end of 2022, the German economy thus recorded two negative quarters in a row," said Ruth Brand, president of the Federal Statistical Office. According to the common definition, an economy is in recession if its economic output falls in two consecutive quarters.

#### Outlook subdued

However, this does not mean that the year as a whole will be negative. Thanks mainly to the mild winter, the worst-case scenarios did not materialise - such as a gas shortage that would have left deep scars. Nevertheless, according to experts, the outlook for Europe's largest economy is subdued for the year as a whole. The International Monetary Fund expects economic growth to hover around the zero line.

The decisive factor is likely to be the high inflation rate, which in Germany was still 7.2 per cent in April compared to the same month last year. "The massive increase in energy prices took its toll in the winter half-year. Unfortunately, a fundamental improvement is not in sight, because after yesterday's decline in the ifo business climate, all important leading indicators in the manufacturing sector are now falling," said Commerzbank's chief economist.

#### Consumer spending down significantly

Private consumer spending in particular fell by 1.2 per cent in the first three months of the current year. The high inflation is eating away at consumers' purchasing power. According to the data, private households spent less on food and beverages as well as on clothing and shoes and on furnishings than in the previous quarter.

"Under the weight of immense inflation, the German consumer has fallen to his knees, dragging the entire economy with him," judged Andreas Scheuerle of Deka-Bank. Government consumer spending also declined by almost five per cent compared to the previous quarter.

(Source: [www.tagesschau.de](http://www.tagesschau.de))

## Aviation News

### Number of flight delays rose sharply in the first quarter

According to an analysis by the legal aid service provider Airhelp, the number of delayed departures in Germany has risen strongly: In the first quarter of 2023, 30 per cent of air travellers took off late, compared to only 17 per cent in the same period last year. The situation could worsen further in the summer, according to the company.

As the Redaktionsnetzwerk Deutschland reports with reference to current data from the passenger rights portal Airhelp, between January and March almost five million of a total of 15 million passengers took off late.

This means that almost every third passenger on flights from Germany was affected. Travellers departing from Frankfurt were the most affected. Of the 5.6 million passengers who took off from Frankfurt, 2.1 million were delayed - almost 39 per cent. The airport's performance thus worsened compared to the same period last year, when 23 per cent took off late. One of the reasons for the high number of delays in Frankfurt was the IT system failure at Lufthansa headquarters in February, they say.

From Hanover, 80,000 passengers departed late; just under 30 per cent of the total passenger volume. In the first quarter of 2022, it was around 19 per cent. The capital's airport BER was in third place for delays. 522,999 passengers, around 28 per cent, did not take off on time in the first quarter, compared to 15 per cent in the same period last year. According to Airhelp, the situation is expected to worsen towards the summer.

(Source: [www.reisevor9.de](http://www.reisevor9.de))

## Travel News

### USA lifts vaccination requirement for air travelers from abroad

As of May 11, proof of full Corona vaccination protection will no longer be required when entering America. With the expiration of some emergency regulations, the government is also lifting this requirement.

People traveling to the U.S. by air will soon no longer need proof of Corona vaccination. The U.S. government said Monday it will also lift the vaccination requirement for air travelers from abroad when broader Corona emergency regulations expire May 11.

For about a year and a half, foreigners have been allowed to enter the U.S. only after being fully vaccinated against the corona virus with internationally recognized preparations. The U.S. government had introduced the vaccination requirement in November 2021 to slow the spread of the virus.

The White House now said hospitalizations and deaths related to the coronavirus have each declined by just over 90 percent since January 2021.

Long entry barriers for people from numerous countries

Globally, Corona deaths are at their lowest level since the pandemic began, he said. The country is now "in a different phase" than when Corona protective measures were introduced, he said. Mandatory vaccination is now to be eliminated for federal employees and other groups.

At the start of the Corona pandemic in March 2020, then-U.S. President Donald Trump had even ordered a travel ban on foreigners from much of Europe.

Entry from the Schengen area, the United Kingdom and Ireland was banned, with a few exceptions. The USA also imposed far-reaching entry bans on foreigners from India, China, Brazil, South Africa and Iran due to the pandemic and maintained these for a long time.

(Source: [www.faz.net](http://www.faz.net))

## Significant increase in car rental bookings

In many tourism sectors, the comparison with the previous year is currently positive - after all, January and February 2022 were still characterised by omicron. At Sunny Cars, the first half of the business year (November 2022 to April 2023) is clearly positive. The car rental broker recorded a third more bookings. One reason: prices for car rentals have fallen in some cases. And customer behaviour is changing, with car rental fans booking their cars at shorter notice again.

Thorsten Lehmann, the managing director of Sunny Cars, says: "The popularity of holiday cars continues to rise. After six months of the new financial year, this can now be clearly demonstrated. Compared to the period from November 2021 to October 2022, we are now recording over 30 per cent more bookings." The more reservations made fall particularly on the classics of European Mediterranean destinations. For example, in the top destination Spain alone, bookings increased by almost 40 per cent, in Greece by almost 35 per cent.

Another of Lehmann's findings: the car rental business continues to develop into a short-term business. Around 50 per cent of all bookings made in April 2023 are for departures in April and May 2023. Not even 20 per cent of reservations relate to the high season in July and August 2023. "This trend is worrying with regard to the individual guest," says Thorsten Lehmann. "Because this year, too, we expect isolated bottlenecks at the rental stations in the high season. Especially those who want a certain car category - such as the popular small car - should book as early as possible."

## How prices are developing

A year ago, prices in the car rental market were extremely high in April, with an average of over 580 Swiss francs per booking. This high level is visibly disappearing. For the first time since the price explosion, the average price is again just under 490 Swiss francs per booking. The trend from the previous months is thus continuing.

(Source: [www.travelnews.ch](http://www.travelnews.ch))

## Tour Operator News

### Tour operators see no cheap boom due to inflation

Holidaymakers from Germany do not seem to be saving on the best weeks of the year so far despite the stubbornly high inflation - on the contrary.

"Inflation and the energy crisis did not lead to a cheap boom," said Sven Schikarsky, head of product at Dertour and its sister brands ITS and Meiers Weltreisen. According to the industry leader Tui, people are also spending more on their holidays.

According to a Dertour evaluation, the increased demand of guests for hotels with higher star categories continued in the winter season. According to Germany's second-largest tour operator, 82 per cent of holidaymakers booked a four- or five-star hotel for the months of November 2022 to the end of February 2023, which was nine percentage points more than in the summer of 2022 and six percentage points more than in the winter of the pre-Corona period of 2019/20.

### Spain as a popular destination

At the same time, many holidaymakers attached importance to budget control. Thus, 37 percent opted for all-inclusive offers. The share increased by 21 percentage points compared to the same period three years ago and by 16 percentage points compared to summer 2022. At the top of the popularity scale for destinations was Spain with the Canary Islands, which are popular in winter.

According to the tourism group Tui, people are also spending more on their holidays: Currently, the average price of tours sold is 5 per cent higher than in the previous year and 26 per cent higher than in summer 2019, the Group recently reported when presenting its figures for the second financial quarter.

Tui CEO Sebastian Ebel spoke of a "strong booking trend", especially in recent weeks. The group recorded 8.3 million bookings for the summer. This was 13 per cent more than last year and almost as many as in the pre-Corona year 2019, he said.

## Strong bookings in March

According to recently released data from analytics firm TDA, strong bookings in March further narrowed the overall decline in tour operator travel compared to pre-Corona 2019. In terms of revenue, both the 2022/23 winter season and the 2023 summer season were each only four per cent below pre-Corona levels in March.

Revenue growth was higher than justified by increased travel prices and higher spending by sun-seekers for the summer alone, analysed Travel Data + Analytics (TDA). The booking trend thus points to continued good demand for holidays.

So far, 23 per cent more people have booked a tour operator trip for the summer with travel agencies and online than in the same period last year, according to the data. Compared to the 2019 summer season, however, there is still a gap of 27 per cent.

(Source: [www.zeit.de](http://www.zeit.de))

## TUI scratches 2019 booking levels in summer

"We expect a strong summer and a good 2023 financial year with a significantly higher positive result," said TUI Group CEO Sebastian Ebel (photo) when presenting the business figures for the second quarter (January to March). The outgoing winter currently reaches 88 per cent of pre-Corona bookings, and the summer is close to this level.

TUI turnover climbed by a good one billion euros year-on-year to 3.2 billion euros in the second quarter. The number of passengers rose to 2.4 million. TUI has now recorded a cumulative total of 12.9 million bookings for the current financial year. Booking numbers for the summer remained strong, up six per cent on 2019 levels in the last six weeks, the group said. Average prices were also up, it added.

TUI has 8.3 million bookings in the can for the summer. Currently, 55 per cent of the summer programme has been sold, which is two percentage points more than at the same time for summer 2022 and about the same level as for summer 2019, it said, adding that overall bookings for summer 2023 are 13 per cent above last year and at 96 per cent of pre-pandemic levels. The most popular destinations include Spain, Greece and Turkey.

Group turnover in the first half of the year was 6.9 billion euros, 53 per cent more than in the previous year. The bottom line was a Group loss of 558 million euros. Last year it was 708 million euros.

(Source: [www.reisevor9.de](http://www.reisevor9.de))

## Alltours: Stable prices for holidays next winter

The summer season is just getting underway, but tour operators are already looking ahead to winter. According to Alltours, holidays to some long-haul destinations will then be slightly cheaper again.

While there were still noticeable price increases of up to ten per cent in the current summer holiday season, tour operator Alltours expects "largely stable prices" for the coming winter season 2023/24. Package holidays to the Dominican Republic, Mexico and Cuba will be five per cent cheaper than in summer due to the fall in the dollar exchange rate, according to Alltours boss Willi Verhuven.

He advises booking early to secure the corresponding early booking discounts, which are up to 48 per cent at Alltours. "The current trend and the experience of the past seasons show that it is no longer worth waiting for last-minute bargains," Verhuven is quoted as saying in an Alltours release presenting the 2023/24 winter program. The winter season starts at Alltours on 1 November.

Most tour operators give early booking discounts. Often the discounts are staggered, usually the earlier you book, the more percentages you get. The background is that it gives tour operators more planning security if many travellers book as early as possible. According to Alltours, all previously made winter bookings for classic package tours can be re-booked or cancelled free of charge until 30 September 2023.

(Source: [www.wz.de](http://www.wz.de))

# PLEASE CONTACT US.



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

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