

CENTRAL EUROPE

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GENERAL MARKET OVERVIEW

GERMANY

- Population of Germany: 82.369 million
- The short-term outlook for German GDP remains very weak. In the March quarter 2009 (compared with the previous corresponding quarter), the German economy contracted by 3.8%, after a 2.5% fall in the December quarter. The economy is now forecast to contract by 5.8% in 2009, the first calendar year decline since 2003. Indicators suggest business and investor confidence rose from near record lows in April, signalling that the most intense phase of the downturn may be over. Nevertheless, unemployment is expected to continue to rise well into 2010, leading to further weakness in private consumption this year and next.

SWITZERLAND

- Population of Switzerland: 7.49 million
- Swiss GDP fell by 0.8% in the March quarter 2009 (compared with the previous March quarter), the third consecutive quarter on quarter decline. Swiss GDP is forecast to contract 2.4% in 2009 before a modest rebound (up 0.2%) in 2010. The economy is likely to remain in recession partially as it has a large financial sector and is therefore very exposed to the global financial crisis. Combined with a sharply weaker outlook for industrial production (forecast to drop 10% in 2009) unemployment is also expected to rise this year. Nevertheless, household consumption is forecast to grow modestly in 2009, underpinned by low interest rates and a small contraction in consumer prices.

AUSTRIA

- Population of Austria: 8.2 million
- Austria is also seeing a strong impact of the economic crisis all over Europe. Until June 09, the GDP has fallen by 3,4%; for 2010 a recovery might be possible but at low scale (+0,5%). The unemployment rate increased strongly by over 50% and is predicted to stay high in 2010.
- Consumption is down by 2.9% and is not expected to rise significantly in 2010.

MARKET PROFILE

GERMANY (Source: TA research and statistical reports)

- Visitors to Australia (until end of June 2009): 150,700 (+2%)
- Visitor nights (International Visitor Survey Tourism, Research Australia) rose 10% to 7.4 million in the year to June 2009 compared with the previous year. Total inbound economic value (TIEV) increased by 9% to \$938 million in the year to June 2009 compared with the previous year. On average in May 2009, the Euro was buying 2% more A\$ than on average in 2008, though 12% fewer A\$ compared with December 2008.

Consumer Trends

- In 2008, December was the peak month for visitors from Germany, followed by February and March.
- German short-term visitor arrivals to Australia are forecast to decrease 3.5% in 2009, to remain at the same level in 2010, and to increase in 2011 by 3.6%. According to Central European wholesalers, figures are not alarming yet, given the depth of the German economic recession. However, as the A\$ and fuel prices have increased in recent months, there are risks that arrivals will fall further.
- Tourism operators (airlines and wholesalers) report uncertain forecasts as booking patterns are changing rapidly. Lead times for bookings have been cut significantly as consumers are waiting as long as possible to obtain the “best deal possible”. Many airlines have gone out to the market with very low fares which has helped to stimulate demand and consumer interest; Business Class bookings have decreased most significantly. General wholesaler sentiment is “cautiously optimistic”. They are aware of the fact that it is a very difficult year and that losses and declines are to be expected.

Language

- English is learned as the first foreign language in school. Most of German long-haul travellers speak fair English and feel secure enough to travel to Australia.

Annual leave entitlements

- German employees have an average of 30 days of holidays and can take up to 3-4 weeks at one time. Employees tend to take 2-3 weeks maximum on average.

SWITZERLAND (Source: TA research and statistical reports)

- Visitor arrivals to Australia (until end of June 09): 37,500 (-5%)
- Visitor nights (International Visitor Survey, Tourism Research Australia) fell 5% to 1.6 million in the year to June 2009 compared with the previous year. Total inbound economic value (TIEV) decreased 1% to \$270 million in the year to June 2009. On average in May 2009, the Swiss Franc was buying 7% more A\$ than on average in 2008, though 10% fewer A\$ than in December 2008.

Consumer Trends

- Visitor arrivals from Switzerland are forecast to decrease by 6.1% in 2009, before remaining at this level in 2010 and rebounding by 4.8% in 2011. With economic growth assumed to return to long-term trend levels, Swiss short-term visitor arrivals are projected to increase at an average annual rate of 3% over the 2013–2018 period.
- The Swiss economy is heavily affected by the global financial crisis and this translated into a large fall in both arrival numbers and spending by Swiss visitors to Australia in 2008. Market performance was also affected by reduced air access during 2008 following the Austrian Airlines withdrawal from Australia. More positively, lower world oil prices in 2009 have resulted in the reduction in fuel surcharges, improving the price competitiveness of longer-haul travel to destinations like Australia.
- Aviation access for Swiss visitors to Australia is being cut in the short term. Switzerland, as a major financial and business destination, has been hit by falling arrivals related to the global economic recession, which has led airlines to cut seat capacity into Swiss cities. For example, Singapore Airlines cut the frequency of weekly services on the Zurich–Singapore route from 14 to 12 flights in the two month period to mid–June 2009.

Language

- Swiss are multilingual, German, English, French and Italian are widely spoken.

Annual leave entitlements

- Annual Leave Entitlement is 6 weeks and Swiss can take up to 3-4 weeks at one time.

AUSTRIA (Source: TA research and statistical reports)

- Visitor arrivals to Australia (to end of June 09): currently N/A - there were 17,200 y/e June 08

Consumer Trends

- Austrian wholesalers and travel agencies reported low impact to touristic sales despite the overall crisis. Only 57% of retail agencies see an immediate impact from the economic crisis, compared to 72% of other CE agencies. Yet, more Austrian agencies expect a downturn in the next months than other European agencies (70 to 49%).

Language

- Austrians speak German. English is learned as the first foreign language in school.

Annual leave entitlements

- Annual Leave Entitlement is 6 weeks and they can take up to 3-4 weeks at one time.

MARKET TRENDS

- German airports counted 42.6 million departing passengers in the first half of the year, minus 7.9% compared to H1 2008, according to the Federal Statistical Office. The number of take-offs for European destinations declined by 8.6%, to long-haul destinations by 3.7%. The hardest-hit market was between Europe and the Far East, at - 10.7%, the first double-digit traffic loss in this region since the SARS epidemic of 2003. Seat capacity in June, at minus 4.9%, was close to the May figure, confirming that carriers were systematically reducing frequency, although at a rate that still did not match the weakening market. Consequently, load factors continued to decline, although the decrease, of 1.3 percentage points (down to 77.0%) was less severe than in previous months.
- The trend of declining enquiries continued for German sellers in July. Sellers on average reported a drop in bookings between 1-20%, although the figures varied substantially across sellers; for instance, bookings for July, August and September varied between +15% and -25%.
- German sellers observed tendencies for late and last minute bookings. One seller commented that the lead time has changed from six to eight months to three to five months. Several sellers also noted the decreasing competitiveness of Australia relative to North American, South American and Asian destinations. Some German sellers noted that while FIT market has held up well, group travel is down. Furthermore, sellers commented that the youth sector held up well, but families and elderly couples have not been so resilient to the economic downturn.
- Due to a second round of hedging Australian Dollars, many wholesalers have been able to reduce their prices for Australian ground product significantly. DERTOUR and Meier's Weltreisen (both part of the REWE group) have reduced their rates

approximately 10% in the second edition of their brochures (valid until 30 March 2010) and some specific products are offering even higher discounts. FTI announced reduced pricing for the winter season for about the same percentage as well.

- Trends in German travel still indicate two areas of stable demand and even growth – those who are ‘time-rich’ (travelling in their retirement) and therefore seek wellness, medical and individual luxury experiences, those who are financially wealthy but time poor, and therefore seek unique experiences, including adventure.
- A group still gaining more and more interest among the travel industry is the 50+ generation. Senior travellers will hail from affluent regions with ageing populations including most developed countries (although rising retirement ages may impede this trend in some countries). Many will be seasoned and vocal consumers of products and services, who will have travelled extensively in their younger days. These people are likely to seek holidays with a specific focus, for example, travelling to see friends and relatives abroad, wellbeing/ medical tourism, learning/cultural holidays and ethical voyages.
- Demand for self-drive experiences and travel packages remains strong in all CE markets.

Aussie Specialists - Central Europe

As at June 2009, there were 1,539 qualified Aussie Specialist agents in Germany with a further 669 agents in training.

MARKET INTELLIGENCE

Competition

- Tourism Northern Territory and Tourism Queensland remain highly visible in the CE market with considerably higher budgets ahead of Tourism Victoria and Tourism Western Australia.
- Tourism Queensland has changed their representation company in the Continental European markets. As of 1 July 2009, Globalspot will replace Aviareps Tourism and News Plus Communications. The company has been newly founded by Kai Ostermann who has been the European representative for Tourism Queensland for numerous years. Tourism Queensland representatives, Peter Mierzwiak and Annette Kegel continue as part of the Tourism Queensland team.
- Qatar Airways have announced they will fly to Melbourne, effective 6 December 2009. The route will be serviced by a Boeing 777LR three times a week, and subsequently daily from Spring 2010. Furthermore, a connection between Doha and Sydney is planned for 2010, too. Qatar Airways is currently servicing Frankfurt 17 times a week ex Doha and has a daily connection between Doha and both Munich and Berlin.
- Singapore Airlines have announced they will use an Airbus A380 on their daily Singapore-Melbourne route, effective 29 September 2009. Melbourne will be the sixth destination Singapore Airlines use the mega jet to. Singapore Airlines is currently operating a double daily connection ex Frankfurt.
- Tourism New Zealand reports 62,837 visitors from Germany between July 2008 and June 2009, plus 3.2% compared to the same period before.

Challenges

- Effects of worldwide financial crisis affect consumer behaviour in Central Europe and lead to a decline in long haul travel plans.
- Airfares remain high in the CE market (due to fuel costs, tax rise, etc.) and add to a negative impact on long haul travel plans. Lack of seat capacities in lower airfare classes among airlines support this situation as capacities are moved away from Australia to more profitable Asia routes.
- USA remains strong in the consumer travel focus, WS have expanded their US catalogues accordingly.
- Interest in the Soccer World Championship 2010 in South Africa has led to stronger promotions for this destination and will probably influence WS activities and programs in 2010.
- Service quality and standards in Australia are becoming major issues among consumers and WS due to mining boom effects on hospitality services and hotel rates in Australia.
- Working Holiday (WHV) makers are confronted by media criticism of a lack of jobs in Australia, and harsh conditions – CE students complain of bad conditions at Aussie schools and universities. This may lead to a decrease in numbers of young travellers.

KEY THEMES / EXPERIENCES PROMOTED IN THE MARKET

South Australia – the ‘MUST’ first stop down-under when travelling through Australia.

Adelaide – Lifestyle and events city, gateway to various holiday experiences and SA regions.

SA as the Outstanding Nature and Wildlife Destination in Australia – with a focus on Kangaroo Island as a National Landscape, Coorong NP, swimming with dolphins and sea lions (focus on Eyre Peninsula), unspoilt natural scenery.

Authentic “pure” Outback - Flinders Ranges/Eyre Peninsula with pure Outback atmosphere and wildlife experience. Strong focus on Coober Pedy and Flinders Ranges as a National Landscape.

Self Drive Destination SA – Explorer’s Way, Nullarbor Route, Adelaide-Melbourne Route, 4WD tracks.

SA as the perfect destination for active and eco-orientated holiday: cycling (with focus on Tour Down Under), hiking, diving, golfing – active experiences in an unspoilt environment and impressive landscape; emphasising SA’s tourism strategy of sustainable tourism.

Food & Wine – well-renowned wine regions like Barossa, Clare Valley, McLaren Vale and Coonawarra, Adelaide Hills, local produce, multitude of accommodation.

KEY HIGHLIGHTS OF MARKETING ACTIVITIES IN 2008/2009

DERTOUR Southern States Campaign

Partner : TVIC, TNSW, DERTOUR.

Consumer magazine supplement (approx. 230,000 copies); window displays for 1,000 travel agencies, 300,000 consumer flyers; consumer prize raffle.

Agent training via online learning module & participation in DERTOUR Reiseakademie.

Target Markets: Experience Seeker, outdoor enthusiasts, age group 25+ and travel trade.

Latest Results: DER already reported a more than 10% increase in SA bookings for the winter period until Feb 09. Spring months showed decline in bookings for all three participating states – this reflects the overall travel situation among German consumers due to economic crisis. Compared to size of product share, NSW showed the highest decline, VIC and SA were even. DERTOUR was still optimistic that sales would increase over the next months.

Online training results until September saw approximately 2,500 retail agents attending the training.

Geo Saison Promotion (in co-operation with Singapore Airlines)

Partner: Singapore Airlines, DERTOUR, Meiers Weltreisen.

16-page promotional supplement in Germany's leading travel magazine "Geo Saison"

Print: 130,000 copies; distribution all over Germany in bookstores and newspaper stands and during consumer travel shows; DERTOUR and Meiers Weltreisen placed adverts in the supplement as call-to-action.

Target Markets: Experience Seeker, Active Travellers age group 35+.

Latest Results: Supplement was very well received and resulted in a 12% increase in brochure requests compared with the same month in 2008. Supplement will be placed in one more Geo Saison edition in October (shortened version, 12 pages but with same partners and DER/MWR advert).

"Australien Magazin" Promotion (in co-operation with Singapore Airlines)

Partner: Singapore Airlines.

Double-page advertisements in 2 editions of "Australien Magazin" – leading travel magazine for Australia enthusiasts (circulation: 15,000); 21-page editorial South Australia special in May edition.

Target Markets: Experience Seekers, active travellers, Australia enthusiasts.

Latest Results: both advertisements and the special were very well received and resulted in a 20% increase in brochure requests (compared with same period in 2008).

Knecht Reisen Campaigns

Partner: Knecht Reisen, Tourism Victoria, Singapore Airlines.

Participation in consumer events for Knecht customers and other consumers (Knecht Open Day and Australian consumer event).

In conjunction with the Knecht Open Day, SATC and VIC co-operated with Knecht Reisen on production of newspaper advertorial to promote a new self drive package for the MEL-ADL route. Advertorial was featured in "Aargauer Zeitung" (252,000 readers) supplement "C'est si bon"; with Knecht Reisen the call to action – they produced flyers to promote the self-drive package; which featured a prize raffle to win a box of Penfolds wines.

During both events, SATC presented SA in front of visitors and hosted info stand.

SATC, Knecht & SQ ran a 4-week radio campaign on a regional radio station in Central Switzerland (German speaking part) with parallel online promotion on radio website via banners

Print promotion – Flyer with SA selfdrive offer (2,000 copies printed by Knecht and distributed via Knecht travel agencies) & SA feature in Knecht "Travel News" (customer

brochure – 20,000 copies, sent out by direct mail); online promotion on wholesaler's website & via e-newsletter (15,000 recipients).

Target Markets: Experience Seeker, high yield consumers, age group 35+.

Latest results: Knecht Open Day saw approx. 2,000 visitors; SATC presented twice in front of approx. 250 visitors in total; SA was also presented in all advertising activities to promote the event (flyer, radio)

As a result of the newspaper advertorial, Knecht received approx. 600 inquiries and 150 pax booked for MEL-ADL tour packages. Prize raffle attracted 1,500 participants.

Australian consumer event saw approx. 1,800 visitors, SATC presented in front of 100 spectators.

As a result of the Radio Campaign, Knecht Reisen had approx. 90 pax booked for SA packages at May09.

Gay Promotion

Partner: Boomerang Reisen, Singapore Airlines.

1-page advertisement in 4 editions of Germany's leading gay magazine "Spartacus Traveller" (25,000 copies, estimated readership: 80,000 minimum) to promote SA Gay Guide (call-to-action: SA website with Download PDF and Boomerang Reisen as distribution wholesaler featured with SA packages); Dedicated article on SA in one edition; 4,000 copies of SA guide as supplement in one magazine edition and distribution of 1,000 copies among Spartacus shops.

Online promotion on leading gay website Queer.de (10 million PI per month) with banners & articles; SA features in monthly newsletters (18,000 recipients).

Target Markets: Gay Travellers, active travellers, age group 25+.

Latest results: editorials on SA in 4 newsletters until Aug 09, online article published.

Ozeania Reisen Campaign

Partner : Ozeania Reisen, TVIC.

9-page article on SA&VIC in January edition of upmarket lifestyle magazine "La Tavola" with special interest group journey offer by Ozeania (80,000 copies printed for Switzerland / 15,000 copies printed for Germany / 5,000 copies printed for Austria; estimated total readership: 680,000; 1-page promotions of special VIC/SA travel package in "La Tavola" editions of March 2008 and Jan 2009.

Target Markets: Experience Seekers, High-End consumers, age group 40+.

Latest Results: The group travel offer addressed very high-yield clients with a travel package price of approximately \$10,000 AUD per person! Up until the end of the German/Swiss summer of 2009, Ozeania received 15 bookings for this package. Since Oct 2008, both joint promotions (La Tavola & South Australia special luxury flyer) have resulted in 243 pax booked for journeys to SA.

KEY WHOLESALE PARTNERS

Germany

DERTOUR, BOTG (Best of Travel Group), FTI, Meier's Weltreisen, Explorer Fernreisen, Boomerang Reisen, Gebeco, TUI/Airtours, Thomas Cook Reisen, Canusa Touristik.

Switzerland

Knecht Reisen, Kuoni, Flex Travel, Hotelplan, Dreamtime Travel (BOTG), Australasia (BOTG), Nova Tours, Ozeania, Skytours.

Austria

Jet Touristik, Jedek Reisen (both BOTG), Coco Tours Weltreisen, FTI, DERTOUR.

ACTIVE INBOUND COMPANIES IN THE REGION

- Australian Outback Travel Company (AOT)
- ATS Pacific
- Wiedemann Travel
- C&E
- Finesse
- Australia One
- Australian Splendour

OPPORTUNITIES FOR OPERATORS

- Become involved in trade and media famils, especially for ATE 2010 in South Australia.
- ITB participation, held in Berlin, March 2010.
- Participation in Tourism Australia New Product Workshop, held in London, March 2010.
- Participation in Corroboree, held in Melbourne, May 2010.
- Product update information in SA specialist module as part of Aussie Specialist (ASP) Online Training and/or in ASP newsletter.
- Advertising on dedicated Australia websites in the CE market, eg. www.australien-info.de
- Australia.com

The best method of maintaining contact with German/Swiss/Austrian wholesalers is to attend the main trade shows such as ATE and ITB, to be featured in the SATC Product Manual and to participate in SATC organised roadshows and workshops. Should you plan to visit the wholesalers in their own markets, best timing for Germany would be Feb-May, for Switzerland: April (after ITB, before ATE) – larger wholesalers tend to be a bit more flexible. The SATC office in Frankfurt will be happy to assist with co-ordination of sales visits if support is required.

LEADING MEDIA - GERMANY, SWITZERLAND AND AUSTRIA

National daily/weekly Newspapers

Bild, Die Welt, Die Zeit, Frankfurter Allgemeine Zeitung, Süddeutsche Zeitung, Standard, Neue Zürcher Zeitung and Brückenbauer.

Sunday papers

Bild am Sonntag, Frankfurter Allgemeine Sonntagszeitung, Welt am Sonntag, Sonntagsblick and Neue Zürcher Zeitung am Sonntag.

Regional daily newspapers

Hamburger Morgenpost, Westdeutsche Allgemeine, Berliner Kurier, Frankfurter Rundschau, Münchner Merkur, Salzburger Nachrichten, Neue Kronenzeitung and Berner Zeitung.

Travel magazines

Geo Saison, Abenteuer & Reisen, Reise Aktuell, Tours, Outdoor, Globetrotter, Bon Voyage and Trekkers.

Radio travel programs

BR, NDR, WDR, HR, SDR, ORF and DRS.

TV travel shows

ARTE Voyage Voyage, ARD Ratgeber Reise, N-TV Reise, BR Fernweh, HR Nix wie raus, ORF1 Schöner Leben and SF1 Einfach Luxuriös.

General interest/news magazines

Stern, Focus, Spiegel, Profil, News, Facts and Saldo.

Special interest magazines

Feinschmecker, Fit for Fun, Bike, Essen & Trinken, Schöner Wohnen and Schweizer Familie.

Womens magazines

Elle, Vogue, Madame, Brigitte, Freundin, Cosmopolitan.

People's glamour magazines

Bunte, Gala, Seitenblicke and 20 Minuten.

Male interest magazines

GQ, Men's Health and ADAC Motorwelt.

City and University magazines

Prinz, Journal Frankfurt, In München, Go München and TIP Berlin.

Corporate client magazines

American Express, Mercedes Benz, BMW and Porsche Magazines.

Financial press

Manager Magazin, Financial Times Deutschland, Capital, Wirtschaftswoche, Handelsblatt and Cash.

TV Guides

Hörzu, TV Spielfilm, TR7, Tele, TV Media and TV Täglich.

Online travel channels

www.TravelChannel.de , www.travel24.de , www.marcopolo.de, www.gloobi.de

News agencies

Reuters, DPA-gms-themendienst, srt and AP.

USEFUL TIPS FOR WORKING IN THE CENTRAL EUROPEAN MARKET

Cultural / Trade Issues

- Be mindful of school holidays and seasonal travel pattern to capitalize.
- Germans and Swiss tour operators expect immediate responses to inquiries (especially booking requests). The travel agencies who send an inquiry are under the same pressure as CE customers and expect confirmation of their travel plans within the shortest possible timeframe.
- It is not very common in CE that wholesalers pay for bookings in advance, only deposit payments are accepted in some cases.
- CE customers travel mainly unaccompanied or as adult couples.
- The European Travel Law is very strict. Wholesalers must ensure that hotels, tours and services provided are according to the catalogue description, otherwise the customer is allowed to claim a considerable refund. All info given about your product should be as exact and detailed as possible. If changes occur, wholesalers need to be informed as soon as possible. Wholesalers must provide all travellers with an insurance or bank guarantee as insolvency protection.

Products/Services

- Ensure your product is accessible through an inbound tour operator.
- Send product and rate information, good quality images and brochures with internationally accessible numbers, email and website addresses for international marketing.
- Keep in mind that CE Tour Operators cannot usually use differing rate structures (eg. weekend rates) for their brochures/catalogues as this is uncommon in the market.
- Be mindful of deadlines for wholesalers' brochure production.
- Provide regular product updates preferably via email or fax for our dissemination into the market.
- Ensure consistent and high quality standards for your products/services.

Distribution

- Identify and know who you are targeting to i.e. DINKS, families etc. and also the type of geographical market (domestic or international)
- Learn about the distribution chain and commission structure – it varies from country to country
- Contact SATC in Adelaide for advice in maximizing the exposure and target audience for your product
- Establish alliances with other operators to do joint marketing
- Ensure you have adequate administrative resources for efficient contact (especially in the case of a sole person operation).