



ARIZONA
GRAND CANYON STATE



TOURISM MARKET OVERVIEW

Germany, Austria and Switzerland in FY 2017/18

KAUS
MEDIA
SERVICES



Marketing
Communications
Consulting

OVERVIEW

Market Update: Germany

FY 2017/2018: PR Accomplishments and Achievements



MARKET UPDATE



MARKET UPDATE

As the world's fourth largest economy, Germany is the European Union's (EU's) most populous nation and plays a leading role in the continent's economic, political and security affairs. Germany is renowned for its technological innovation, art and science.

At the same time, foreign holidays are high on the agenda for German consumers, considered an important leisure pursuit they are unwilling to dispense with even during harder economic times. Germany's strong economy and key role in Europe has kept consumer confidence relatively high, supporting demand for outbound travel.

The German outbound market is one of the largest and most developed in the world. The robust German economy and high standard of living enjoyed by Germans means that a vast proportion of citizens can bring travel aspirations to reality. Although a well-developed market, outbound leisure travel is heavily concentrated on short- and medium-haul destinations in the Mediterranean and Europe. Germans are notorious sun-seekers enjoying the sun/beach holidays above all particularly as part of a package deal (flight, accommodation and transport). Spain, France, Italy and Greece have traditionally been the major pull for German sun-seekers for some years. In the past decade, Germans have been attracted by budget destinations offering the same sun/beach holiday but at budget or value prices. At the same time, the number of visitors to the U.S. has reach all-time records in the past few years and has made the U.S. the number one long-haul destination for German travelers.



DEMOGRAPHIC FACTS & STATISTICS

- Population: **82.8 million inhabitants** (approx. 99 million incl. Austria & Switzerland)

Germany's population is no longer shrinking. Four consecutive years of increasingly high net migration have outpaced the country's birth deficit, taking the country's population to over 82 million people – a level last seen in 2009.

- Labor Force: **44.4 million people in March 2018**
- Unemployment Rate: **3.4% in March 2018**



DEMOGRAPHIC FACTS & STATISTICS

In March 2018, roughly 44.4 million persons resident in Germany were in employment according to provisional calculations of the Federal Statistical Office (Destatis). Compared with March 2017, the number of persons in employment increased by 1.4% (+601,000 people). In January and February 2018, too, the year-on-year increase was 1.4% each. Approximately 1.5 million people were unemployed in March 2018, 192,000 fewer than a year earlier.

According to provisional results of the employment accounts, the number of persons in employment rose by 145,000, or 0.3%, in March 2018 compared with the previous month. The month-on-month increase was higher than the relevant average of the past five years (+134,000 people). After seasonal adjustment, that is, after the elimination of the usual seasonal fluctuations, the number of persons in employment increased by 32,000, or 0.1%, in March 2018 compared with February 2018.

In addition to the first calculation of the number of persons in employment for the reference month of March 2018, the monthly employment results published so far were recalculated for the year 2017 and the months of January and February 2018. The recalculation of the monthly results produced year-on-year rates of change for April 2017 and September to December 2017 which, at the level of the overall economy, were 0.1 percentage points lower than the previously calculated results.

Results of the labour force survey show that 1.50 million people were unemployed in March 2018. Compared with the previous month, the number declined by 128,000 or 8.0%. Adjusted for seasonal and irregular effects, the number of unemployed stood at 1.48 million. In seasonally adjusted terms, it was down by roughly 16,000 people on the previous month. The adjusted unemployment rate was 3.4% in March 2018.

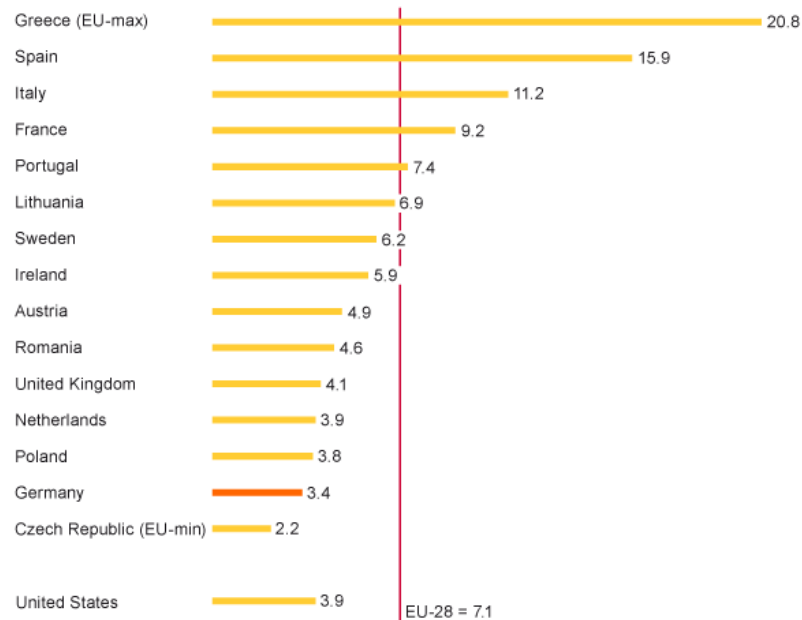
Source: www.destatis.de



DEMOGRAPHIC FACTS & STATISTICS

Selected unemployment rates, April 2018

Seasonally adjusted, in %



Values for Greece and United Kingdom: February 2018

Source: Labour Force Survey, Eurostat

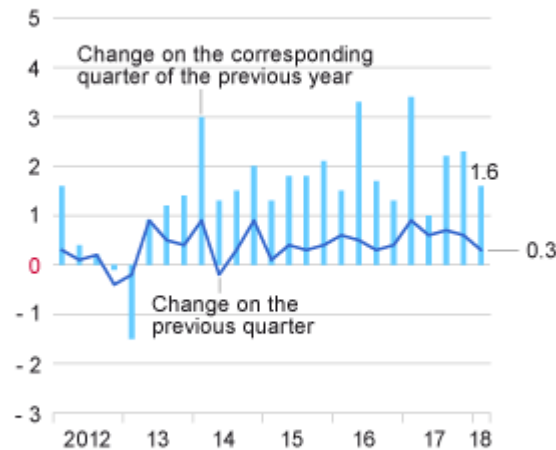
© Statistisches Bundesamt (Destatis), 2018

DEMOGRAPHIC FACTS & STATISTICS

- GDP: approximately US\$ 3.686.606 Million in 2017

Gross domestic product

price-adjusted in %



© Statistisches Bundesamt (Destatis), 2018

The German economy continued to grow also at the beginning of the year, though at a slower pace. The Federal Statistical Office (Destatis) also reports that the gross domestic product (GDP) increased 0.3% - upon price, seasonal and calendar adjustment - in the first quarter of 2018 compared with the fourth quarter of 2017. This is the 15th quarter-on-quarter growth in a row, contributing to the longest upswing phase since 1991. Last year, there were higher GDP growth rates (+0.7% in the third quarter and +0.6% in the fourth quarter of 2017).

In a quarter-on-quarter comparison (adjusted for price, seasonal and calendar variations), positive contributions were made by domestic demand, according to provisional calculations. Capital formation increased substantially. Fixed capital formation, especially in construction but also in machinery and equipment, was markedly up compared with the fourth quarter of 2017. Households slightly increased their final consumption expenditure at the beginning of the year. Government final consumption expenditure, however, decreased for the first time in just under five years and had a downward effect on economic growth. Also, according to provisional calculations, development of foreign trade was less dynamic because both exports and imports decreased on the previous quarter.

DEMOGRAPHIC FACTS & STATISTICS

• Inflation in Germany

approximately 1.7 % in 2018



Inflation Development in Germany in %

Source: tradingeconomics.com

TRAVEL MARKET

The German Tourist

- 27 days of paid annual leave
- 58% of all Germans went on vacation at least once in 2017 (minimum of five days)
- 11.4% to a long-haul destination
- North America remains the most popular long-haul destination in 2017
- Package holidays remain the most important form of holiday organisation for Germans (44%).
- Travel agencies are still the most important booking channel (41%)
- Growing number of online bookings - up from 17% in 2007 to 38% in 2017.

Sources: Tourismusanalyse 2017 / Reiseanalyse 2018



TRAVEL MARKET

Methods of gathering travel information:

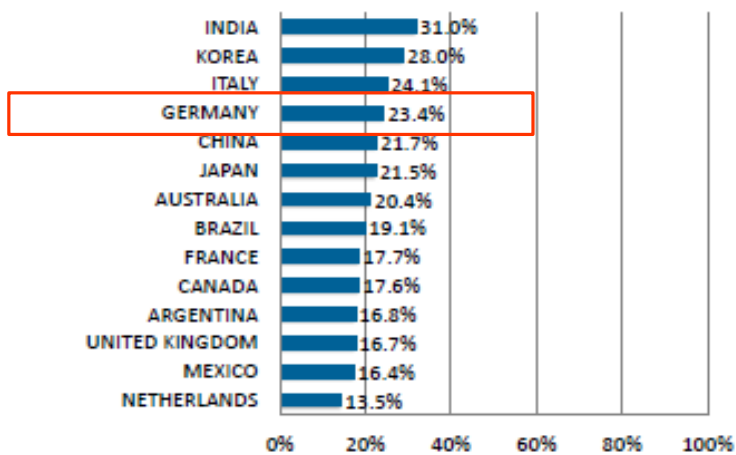
- Internet (71%)
- Tour Operator Brochures (52.4%)
- Newspapers & Magazines (44.2%)
- Printed Travel guides (30%)
- State/City Travel Offices (30%)



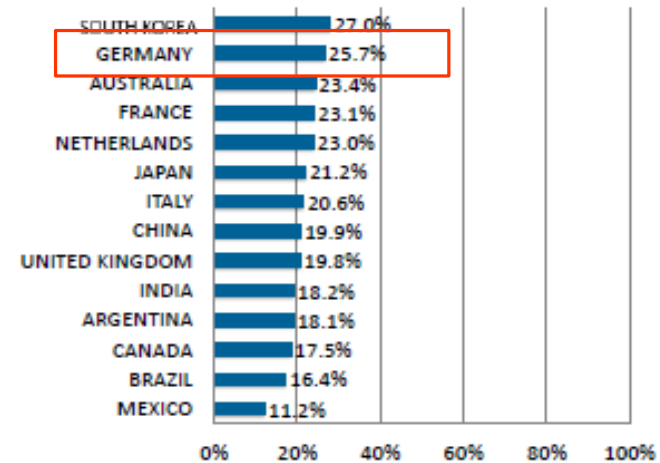
TRAVEL MARKET

Methods of gathering travel information – international comparison

Offline Media (TV, Newspapers, Magazines)



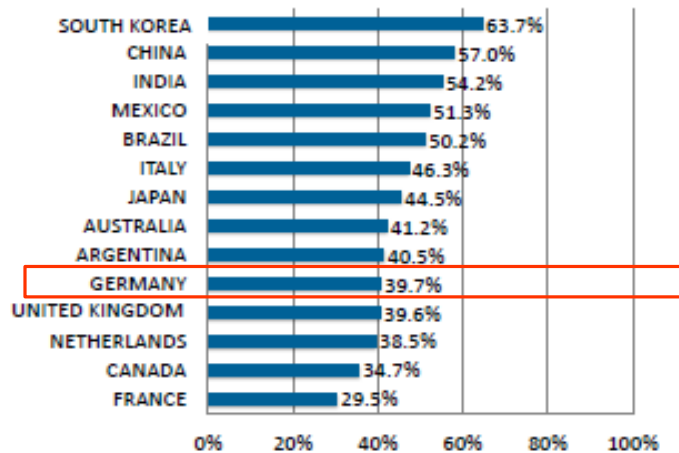
Television



TRAVEL MARKET

Methods of gathering travel information – international comparison

Online Media: Travel Content Found on Internet



TRAVEL MARKET

Germany's largest tour operators

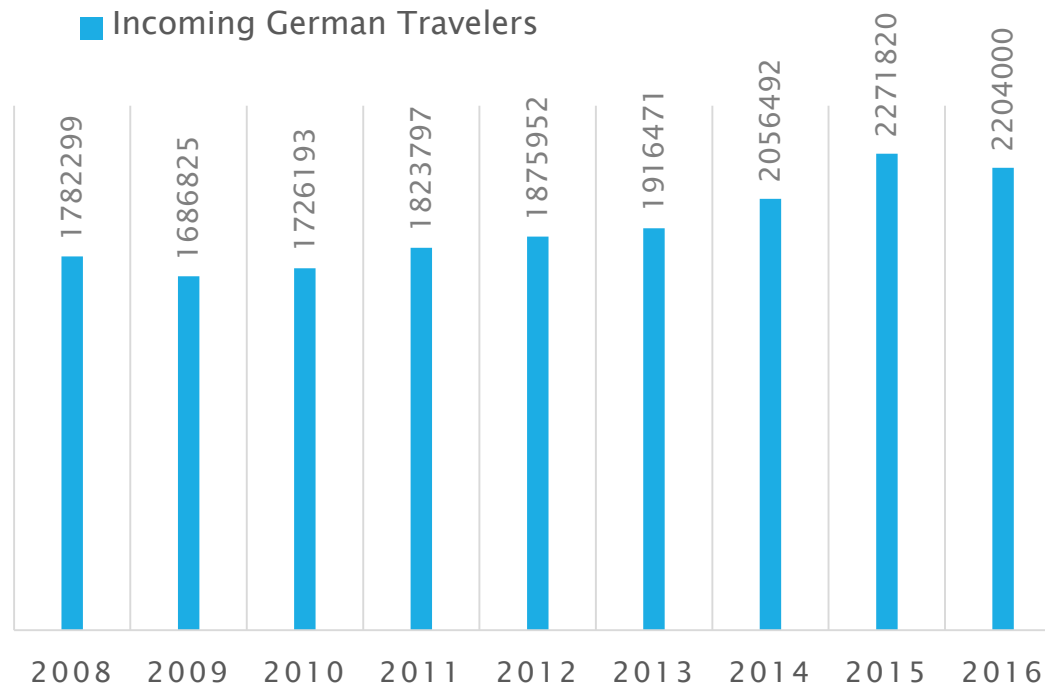


*The top ten tour operators in Germany, Austria and Switzerland by revenue
 Photo: fww*



TRAVEL MARKET

Incoming German Travelers to U.S.:



2008-2015: **+28%**
 2015-2016: **-3%**

No updated 2017 data yet available from the National Travel & Tourism Office!

http://tinet.ita.doc.gov/ou_treachpages/inbound.general_information.inbound_overview.asp



TRAVEL MARKET

Incoming German Travelers to U.S. – Tour Operator Insights

The USA is the top long-haul destination for German holidaymakers. About two million Germans visited the USA last year, a slight drop on 2016 – when visitor numbers tumbled by 10% compared to the previous year.

At ITB Berlin, US tourism officials were hopeful of an improvement in 2018. But the country is facing another difficult year on the German travel market, tour operators told fww at the IPW incoming fair in Denver.

Large tour operators and smaller specialists alike have varying sales trends for the country as a whole and for different regions, including lower bookings for Florida but good demand for California and Hawaii.

Among the market leaders, DER Touristik has a double-digit drop in US bookings and Thomas Cook described demand as “somewhat reserved”, while TUI expects sales to improve and FTI said the USA is “well-booked, depending on the destination”.



TRAVEL MARKET

Incoming German Travelers to U.S. - Tour Operator Insights



"Unfortunately, it is a very difficult USA year. We have a double-digit drop compared to last year," admitted Per Illian, product manager at DER Touristik. "Florida is unfortunately doing worse than average. **This is due to the aftermath of Hurricane Irma and the loss of Air Berlin.**"



TUI product manager Robin Brückner commented: "The bookings for North America cannot yet match the very strong previous year. However, we are optimistic that they will still rise. **Local costs are favorable this year due to the very good exchange rate, which benefits touring guests and campervan holidaymakers above all.**"



Thomas Cook's Gerrit Seefeld said: "Demand is somewhat reserved, and bookings have come in fairly late. Hawaii is very popular in summer and winter, and New York City and the national parks are stable. Florida is still subdued in summer, but has already recovered for winter 2018/19. Prices are quite stable compared to last year, as the US dollar is still quite strong and hotel prices have remained almost unchanged."



TRAVEL MARKET

Incoming German Travelers to U.S. - Tour Operator Insights



There was a more optimistic assessment from FTI product manager Fabio Negro. "The USA is well booked, depending on the destination, and we can report strong growth for the last four weeks," he said. "Hawaii and California are up, Las Vegas even in a high double-digit range. Florida still has some catching up to do due to hurricanes and the Air Berlin insolvency. Nevertheless, the demand for campers, rental cars and bikes is going very well."

Leading specialists have similar sales trends, although with better bookings for some than others, and confirmed the positive effects of the cheaper dollar.



"The USA has recorded double-digit growth since January, meaning there is only a very slight single-digit year-on-year decline," said Tilo Krause-Dünnow (Canusa Touristik). "Ski USA was weak, we're starting to recover with Florida, Hawaii is strong, just like California, but we're behind for Alaska." He highlighted lower prices due to exchange rate effects and "aggressive" dynamic pricing for hotels and motorhomes, and overall expects stable revenues and bookings for the year as a whole.



Direct sales specialist America Unlimited is having a good year, according to chief Timo Kohlenberg. "We have recorded a 5% increase in sales and are very positive about the destination's development," he said. The USA is benefiting from its image as a safe, exciting destination and the 'positive' exchange rate trend. "The 'Trump effect' of early 2017 is no longer noticeable," he stated.

(Source: www.fvw.com)



THE GERMAN TOURIST

Why are German Travelers important to Arizona?

German guests spent 24.3 nights in the US while on vacation and 5.2 nights in Arizona.

- In 2017, 129,600 German travelers visited Arizona. (+1.01 %)
- Germany is the largest overseas source market.
- Germans like the heat, so they come in summer as well.

Most Important Content to the Destination Decision:



National Parks -
40.7%



Ways to experience
nature - 39.0%



Hotels and lodging -
35.1%



Important iconic
attractions - 34.7%

Demographics



42.7 – Age



\$62,862 – Annual
Household Income



26.1% – At least
University Graduate



26.7% – Children
in the household



THE GERMAN TOURIST

Top Methods of Sharing Travel Experiences:



- Bring back gifts for friends or relatives purchased in the USA – 46.3%
- Send postcards or letters from the United States – 35.3%
- Post pictures or videos on social media – 30.3%
- Show off products purchased in the USA – 29.6%

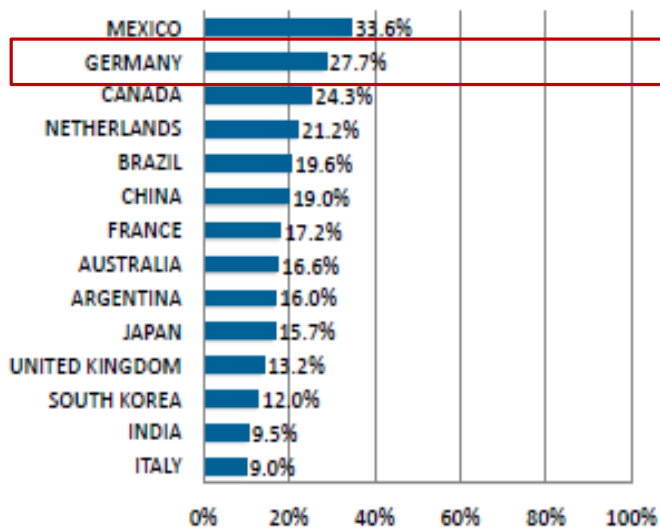


Deterrents to Visiting U.S.:

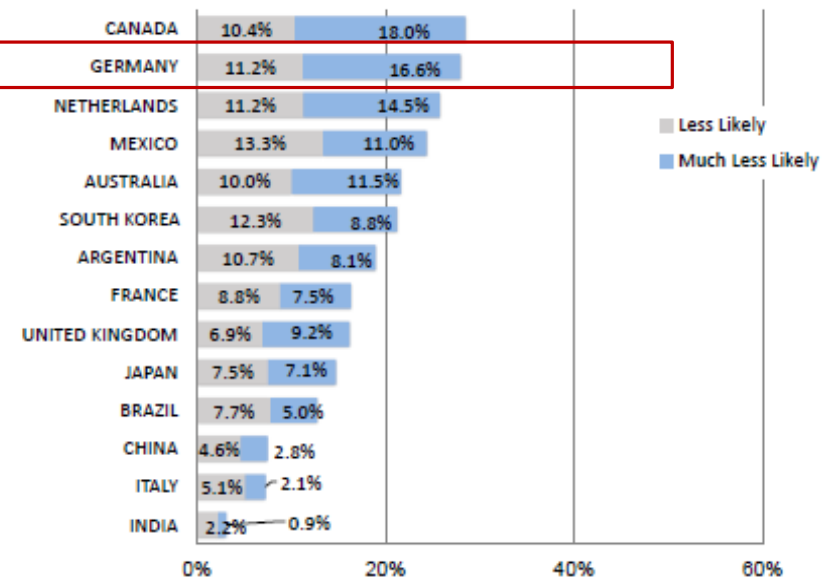
- USA is too expensive – 45.4%
- The United States is too far away – 30.3%
- Uncomfortable with US national politics – 27.7%
- Better destinations exist – 19.3%
- Concerns about my personal safety in the United States – 18.2%

PERCEPTION OF US POLICY

"I am uncomfortable with the United States' national politics"
 (% saying this is a reason they don't visit the USA more frequently)



"Less" or "Much Less Likely" to Visit U.S.



PR ACCOMPLISHMENTS AND ACHIEVEMENTS



PR ACCOMPLISHMENTS AND ACHIEVEMENTS IN FY 17/18



PR ACCOMPLISHMENTS AND ACHIEVEMENTS IN FY 17/18

General Public Relations Activities

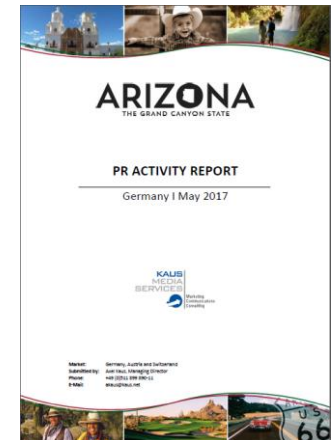
- KMS organized a group press trip to promote the new Condor flight in November 2017 .
- KMS promoted Arizona during the Media Mission in Zurich, Munich and Hamburg in December 2017 (53 meetings).
- KMS promoted Arizona at Travmedia's International Media Market Place on March 6, 2018 (22 meetings).
- KMS promoted Arizona at ITB Berlin 2018 in March, 2018 (25 meetings).
- KMS promoted Arizona at the Visit USA media breakfast during ITB Berlin 2018.



PR ACCOMPLISHMENTS AND ACHIEVEMENTS IN FY 17/18

General Public Relations Activities

- Proactive media calls and story development
- Reactive media assistance and support of editors' desk research
- Frequent updates of Arizona media information and the Arizona press kit
- Maintenance of an Arizona text and photo archive
- Monthly result and media monitoring
- Monthly media coverage evaluation and documentation
- Monthly activity reports



PR ACCOMPLISHMENTS AND ACHIEVEMENTS IN FY 17/18

Marketing Activities to promote the new Condor direct flight

- Placement of advertisements
- Creating of advertorials
- Translation of Arizona microsites/landing pages for tour operators
- Development and implementation of an online campaign with Urlaubsguru
- Content creation for tour operators



PR ACCOMPLISHMENTS AND ACHIEVEMENTS IN FY 17/18

General Public Relations Activities

- Distribution of monthly Arizona press releases
 - Distribution of monthly Arizona e-mail newsletters
- 289 articles were generated through the newsletters and news releases
- combined media value of \$ 5,908,797

ARIZONA
THE GRAND CANYON STATE

PRESSE-INFORMATION
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Auf Tour mit den Indianern

- Am besten werden Arizonas Stammesgebiete mit den Bewohnern selbst besucht -
Vier Vorschläge für erlebnisreiche Begegnungen



In Arizona gibt es noch 22 Indianerstämme – Ein Besuch gewährt einen authentischen Einblick in das Leben der Ureinwohner

ARIZONA | (kms) – Sie reiten auf wilden Pferden, tragen imposanten Schmuck und leben im Einklang mit der Natur. Aufgrund populärer Phänomene wie Winnetou haben wir ein romantisches Bild von den Ureinwohnern Amerikas, das bei vielen die Sehnsucht weckt,

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PR ACCOMPLISHMENTS AND ACHIEVEMENTS IN FY 17/18

General Public Relations Activities

- KMS supported 17 journalists with press fam trips to Arizona.
 - 8 individual press trips
 - 8 German group trips
 - 1 international group trip
- 77 feature articles and a TV clip were generated through press trips.
 - media value of \$ 5,281,912



PR ACCOMPLISHMENTS AND ACHIEVEMENTS IN FY 17/18

Total Fiscal Year 2017/2018:

- 381 agency generated Arizona articles
 - 210 print articles
 - 171 online articles
 - 3 TV clips
 - Total circulation/visitation of more than 265 million contacts
- Agency generated media value of US\$ 14.5 million



WHAT CAN YOU DO FOR US?

Please send us all your media information, press kits, newsletters and story ideas and add us to your media distribution list so that we can promote your region, hotel or services:

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Thank you very much!

