

# INBOUND

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## NAJ Events in 2010

### NAJ Summit-West

February 16-17; Sherato-LAX

### NAJ Summit-East

June 16-17, Holiday Inn NYC

### Active America-China\*

March 28-April 1, -Chicago

### Active America Japan\*

November 3-5, Atlanta

\*Tentative

Call 415-339-0578 for registration info

## SOURCES

### REFERENCED IN THIS ISSUE:

**Germany:** *FVW Int'l. Tourism Germany*

**France:** *Tour Hebdo.*

**U.K.:** *Travel Weekly, TTG;*

*AMG. Travel Mole*

**Japan:** *Travel Journal.*

**News Sources:** AOL, Bloomberg News.

## INBOUND

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## WTM 2009 REPORT

### Just Showing Up Was Worth It:

As the **World Travel Market**

(WTM), held Nov. 9-12 at London's

ExCel, began its run, tour opera-

tors were motivated by the combi-

nation of a weakened exchange

rate—with each British pound buy-

ing US\$1.67, far more than the

€1.19 for the currency of the Euro-

zone—and hotel rates, which have

been reduced substantially, making

a U.S. holiday considerably less

expensive than continental Europe

for British visitors. The peaking

interest in North America, com-

bined with fewer U.S. exhibitors,

resulted in a dynamic in which

there was approximately the same

number of buyers who were meet-

ing with fewer sellers than there

were at WTM 2008. Throughout

the show, booth after booth was

busy with appointments and, by the

end of the trade day on Tuesday,

Nov. 10, there were smiling faces

as several American exhibitors

observed that operators were not

only arriving for their appointments

on time, but they were more open

to new ideas and less concerned

with the economic recession that

still has its grip on both English-

speaking nations that straddle the

Atlantic Ocean. The team from the

**Philadelphia CVB**, which had

gone into WTM somewhat skepti-

cal, ended up with the most ap-

pointments it has had in 30 years

attending the event. Actor-director-

comedian **Woody Allen's** famous

observation that "eighty percent of

success is just showing up" proved

truer than ever at WTM this year.

For U.S. delegates, the **Visit USA**

**UK Committee** conducted its regu-

lar WTM briefing, during which

**Roger Dow**, president and CEO of

the **U.S. Travel Association**, up-

dated them as to the progress of

pending Congressional legislation, the Travel Promotion Act—it will establish a **Corporation for Travel Promotion (CTP)** that will be half-funded by a \$10 fee on travelers to the U.S. from nations in the **Visa Waiver Program**, with the fee collected when travelers to the U.S. register online through the **Electronic System for Travel Authorization (ESTA)**—that is now winding its way through the U.S. Senate and is expected to be passed early next year. **Phil Newcombe**, CEO of **Bon Voyage**, a North American specialist, followed and expressed concern that the \$10 ESTA fee to fund the CTP would have a deleterious effect on the UK tourism market as it would be one more tax added to an already punitive "climate tax" that has just been assessed by the British government in the form of a steep increase in the **Air Passenger Duty (APD)** on passengers departing from the UK. Though the APD increase was originally designed to offset carbon emissions by air carriers, the British press has discovered that it has actually gone into the government's general fund. The travel industry has mounted a major campaign against the levy, which means that an individual economy class flyer who paid a £20 (\$33) APD for a one-way trip from London to New York in January 2007 is now paying £45 (\$74).

U.S. delegates also heard **Helen Marano**, director of the **Office of Travel and Tourism Industries (OTTI)** in the **U.S. Department of Commerce**, offer up the latest research showing that UK arrivals will be down between 15 to 17 percent in 2009. New York City, Philadelphia, and San Francisco all increased their market shares this year—due to aggressive marketing and having the right product.

One major benefit of attending WTM as an observer, rather than as a marketer, is that it allows one to gather insights from a number of different perspectives: UK tour operators, receptive operators, exhibitors and the community of in-country UK reps and the public relations firms that help U.S. DMOs and suppliers market themselves to the travel trade. This year traffic in the North American pavilion began slowly the first morning and picked up steam in the afternoon and built to a crescendo on Tuesday when exhibitors were caught by surprise by the number of buyers and extent of interest in North America. On Wednesday, Nov. 11, the less qualified travel agents who did not achieve "Medalian" status were admitted and exhibitor enthusiasm waned like a tire with a slow leak and by closing day, Thursday, Nov. 12, when lowly students eager for anything-free-that-wasn't-tied-down began to roam the halls like locusts, exhibitors began clamoring for WTM's operator, **Reed Exhibitions**, to reduce the length of the show from four to three days.

## DESTINATIONS

- The most visible impact of the lingering economic recession on WTM was the reduced presence of many major U.S. DMOs, especially state tourism offices where budget cut-backs have been most Draconian. (**Randy Fiveash**, tourism commissioner for state of Connecticut had his marketing budget reduced from \$4.3 million in 2008-2009 to \$1 for 2009-2010. The move was the result of some drastic, across-the-board budget cuts made by the state legislature while Connecticut, like other states, struggles to cope with economic hard times.) Among those absent this year: Boston, for which the UK and Ireland are core source markets, most of the Southern states which, it seemed like only a few years ago, once had their own Travel South USA pavilion within the show; and Washington, D.C. and the entire Capital region.
- Louisiana partnered with the **New Orleans CVB**, which had its senior sales manager, **Connie Campbell**, operating out of a three-foot counter space in the Visit USA section. The Rocky Mountain States of **Wyoming, Idaho, Montana** and **South Dakota** sent their

RE-FAXING E-MAILING OR PHOTOCOPYING IS STRICTLY PROHIBITED

UK-based representatives because they had committed to be part of sales missions this spring and did not budget for both activities. From a branding perspective, **Texas** had the most aesthetically impressive booth, but there were no representatives from **Houston** or **Dallas CVB's** this year. And the Pacific Northwest destinations of **Oregon** and **Washington** had virtually no presence. In all, the North American pavilion was about 15-20 percent smaller than in year's past. What this meant was more for everyone else who did attend. **Orlando**, which has experienced a 1 percent decline in UK visitors so far in 2009, was poised for the future, expecting a rebound with the new **Harry Potter**-themed attraction at Universal Studios and another fairly benign hurricane season behind it.

- **David Nicholson**, president of **The Lofthouse**, which represents the **Memphis CVB** and the State of **Mississippi** in the UK, told *Inbound* that it had learned that 68 percent of its bookings are coming directly from online sources through airlines, suppliers or online travel agents. As a niche destination, his clients' strategy for 2010 will be to move into social media marketing by building a **Facebook** presence around the intense interest in **Graceland** and the musical heritage of Memphis.

- In the New England pavilion, meetings and business activity were brisk, to say the least. Of particular interest was the reaction among UK operators to the takeover of the business of defunct **Tourco** by **City Tours Maine**. **Oscar Perez**, general manager, and **Stephen Knight**, who oversees international sales for City Tours maintained that they were able to retain nearly all of their Tourco customers, despite the incursions of companies such as **Travalco**, **Tour Mappers** and **American Driving Vacations** in hot pursuit of Tourco's accounts. Meanwhile, *Inbound* found **Jerry DiPietro**, the previous owner of Tourco, in the Las Vegas booth where he has been recast at the Executive director of leisure sales-Europe for **The Venetian Hotel**. DiPietro told us that he lured out of retirement in Tucson, AZ by some executives he had known from his early days in the hotel business to launch an aggressive international program using his long-time contacts. Regarding the shutdown of Tourco's operations in last June, DiPietro said that the combination of having six of his clients filing for bankruptcy and the overall economic decline made it impossible for him to continue the company. He felt he made the best of a bad situation by teaming up with City Tours to maintain continuity. His wife Marion is operating the **Generations Touring Company**, a company founded in Seattle that specializes in intergenerational tours and which Tourco purchased late in 2008.

In past years, the loose knit community of UK representation firms had gentlemen's agreements that they

would not seriously bid on each other's DMO accounts when RFPs came up during contract renewal periods. Many of them felt it was a waste of time anyway, with many DMOs simply going through the motions in order to satisfy the vendor contracting process. But this year, the sense of civility among reps, who have bonded through an endless stream of alcohol-infused functions with tour operators, seems to be fraying at the edges. At the center of the rift is the very concept of relationship marketing in an age when savvy DMOs expect their reps to devise ways to influence the 20 to 25 percent of the estimated travelers who are circumventing the tour operator-travel agent channel. One company, **Hills Balfour**, is making waves by winning a disproportionate number of DMO bids, say the reps, by creating sexy proposals that include digital marketing components at extremely low bids. They don't believe Hills Balfour can possibly service the number of new clients it now has at the prices it is charging. However, an Internet marketing and social media campaign can be done at a fraction of the cost of personal contacts and is more measurable to the boards of directors and legislators who approve funding for DMOs, so it will be interesting to see who proves to be correct. Some destinations are already segueing into the digital marketing area on their own.

**Capital Region USA Inc.**—it represents Virginia, Maryland and Washington, D.C. internationally—announced that it has hired Chevy-Chase, Md.-based **TIG Global**, an Internet marketing company that also has offices in London and which specializes in destinations, as a strategic partner to develop an online international marketing campaign. TIG Global will execute a translated paid search and strategic linking campaign to gain maximum exposure in the target markets of the UK, Germany, Belgium, The Netherlands, France, Ireland, and Latin America

#### RECEPTIVES

Business seemed steady from wire-to-wire at the **AlliedTPro** booth. The company chose WTM as the venue for introducing its new high end "VIP Concierge" product. This is a separate tariff that includes deluxe resorts and a depth of personal service addressed to VIP-level clients. In years past, AlliedTPro has tried to distinguish itself from the commoditization of hotels by adding products and services aimed at the incentive and upper end of the market through their "Lifestyles" brand.

**Tourico Holidays**, which brought an army of 26 people to WTM (the week before the show, it

announced that it had just hired 27 sales professionals in its sales department in North America, Asia Europe and the Middle East, and it still has open positions in Latin America, the UK, India, Southeast Asia, China and elsewhere) reported that traffic was slow during the first day—at least insufficient to keep all of its people busy, but business picked up dramatically on Tuesday, Nov. 10. Tourico is expanding its pre-buy inventory by \$200 million in major destinations. Among its new personnel are **Peter Rasmussen**, a veteran of **Hertz**, who was hired to run the company's rental car division and **Francis Riley**, who was most recently vice president of international business development for **Norwegian Cruise Line**, and who came on board operate Tourico's cruise division. Thus far in 2009, Tourico has hired more than 140 staff in more than 20 countries.

**Jay Kirkpatrick**, director of sales for **Sweet Magnolia Tours**, which has offices in Memphis, Nashville and Branson, said business is up 28-50 percent in Nashville, Memphis and New Orleans and the company is now branching into Texas. Sweet Magnolia sells 20,000 room nights a year. Its business is strong among Danes and in other Eurozone countries.

**New York City & Co.** announced that new properties coming on to the market in the city have made available 9,000 new room nights this year and will make 9,000 more rooms available next year. This indicates that hotel investment in the Big Apple continues to be strong; this should keep rates low. Groups business from UK was down dramatically in 2009, as fewer seniors are opting for escorted programs to the U.S. This has affected specialists such as **Globus** and **Travelsphere**, as well as others who are reporting anemic sales.

*Inbound* met some DMO officials who spoke effusively about their belief that the most effective of the Visit USA Committees is **Visit USA Italy**, which offers exhibitors at WTM the opportunity to leverage their presence at WTM by attending the **Showcase USA—Italy 2009** show in Rome directly following (Nov. 12-14) WTM. The showcase is priced low, turnout from operators and media is unexpectedly strong and, according to **Massimo Loquenzi**, owner of a public relations and marketing firm who is also one of the committee chairs, Italians are inured to recessions because the country always seems to be in one. *Inbound* has a feeling, however, that underlying the practical ROI benefits of the show in Rome, this is the undeniable appeal simply being in Italy.