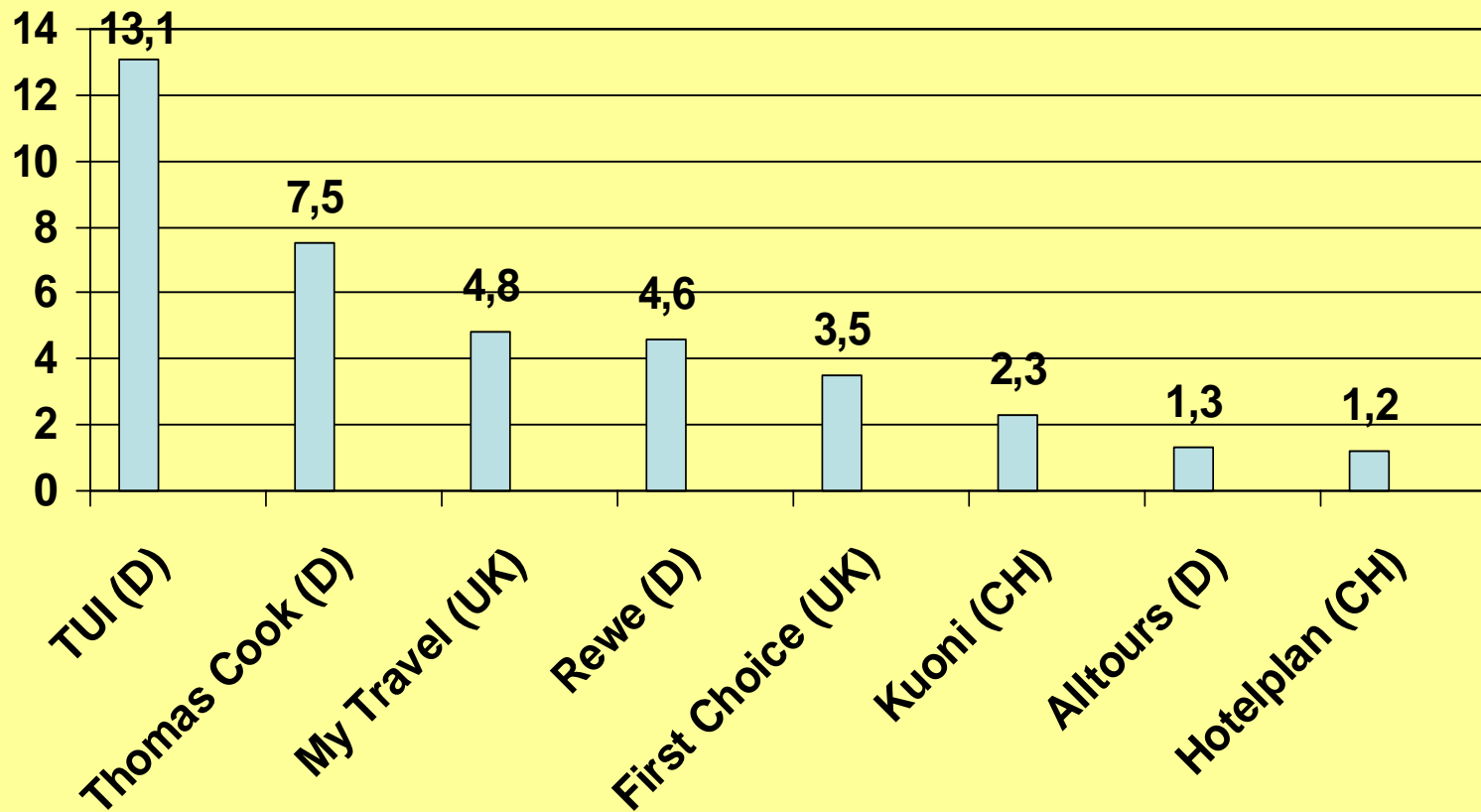


INSIGHTS INTO THE GSE MARKETPLACE

MARKETPLACE GSE

- Who are the leading tour operators in Europe and GSE?
- How is the German Travel Trade structured?

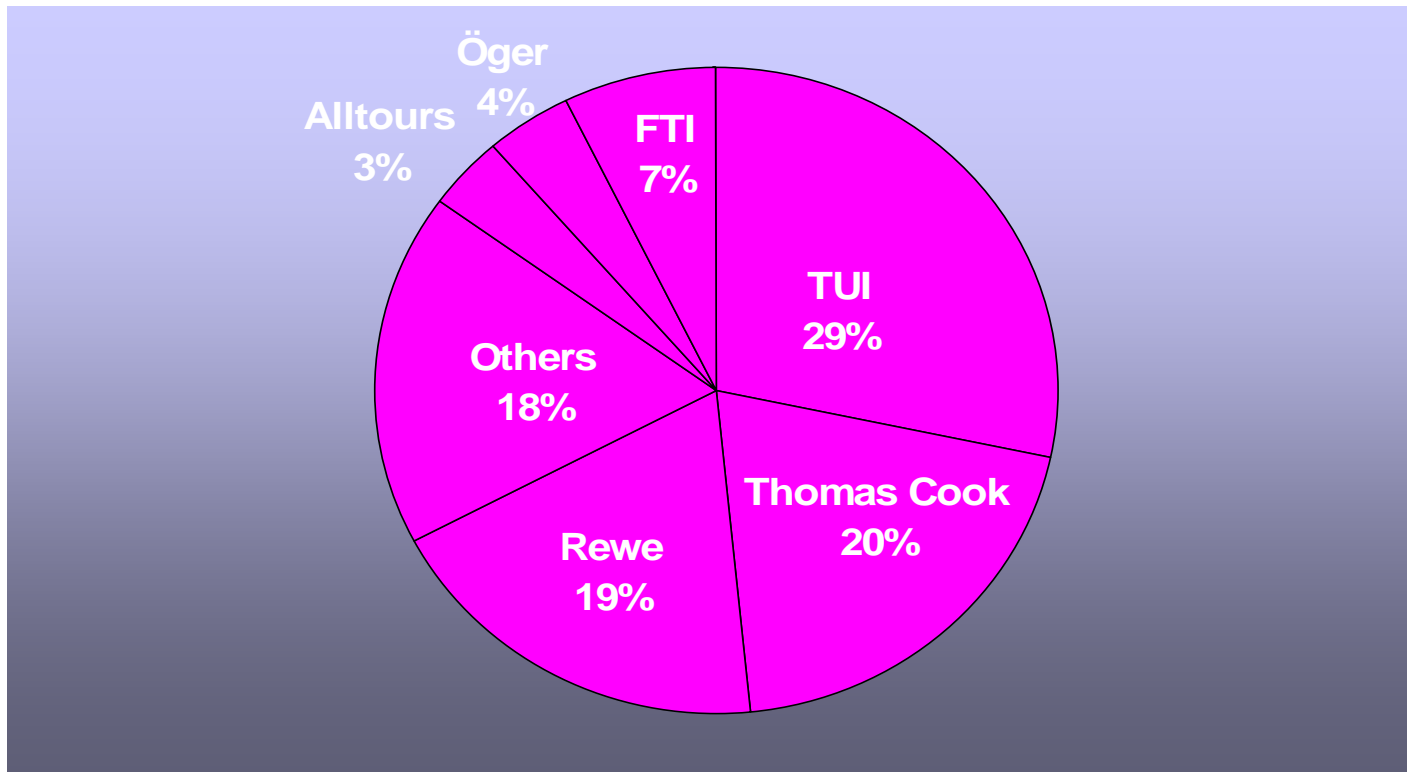
Europe: Leading Tourism Corporations



Ranked by turnover in billion Euros in 2004

Germany: Leading tourism corporations

based on marketshare 2003/2004



Over 2/3 of the market is concentrated in the 3 leading tourism corporations

TUI (incl. TUI and Airtours), Thomas Cook (incl. Thomas Cook Reisen, Neckermann) and Rewe (includes Dertour, Meiers, ADAC)



Germany: Travel Trade Structure

Vertical Integration

- Tour operating
- Airlines
- Retail travel agencies
- Hotels
- Incoming Agents

Vertical integration over past 3 years across European borders. Almost 70% market share = TUI, Thomas Cook, Rewe

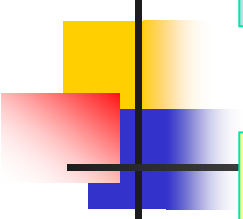
Germany. Tour operators in relation to North America

- Rewe group (Dertour, Meiers, ADAC)
 - TUI group (TUI, Airtours)
 - FTI
 - Thomas Cook group (Neckermann, Th.Cook Reisen)
 - Many medium-sized and small tour operators (often specialized in US-destinations and activities/ broader portfolio / more flexible / fewer overhead costs)
- See tour operator list hand-out with respect to Alaska



Germany: Travel Trade Structure

- Long distance travel is mostly purchased in travel agencies and much of this is based on programs published by tour operators (wholesalers)
- Two groups look after the traveller: tour operators and the retailers

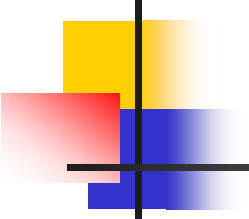


Germany: Travel Trade Structure Touroperators (1)

Tour operators usually work with **receptive agents** based in the USA/Canada - one stop shopping w/exceptions: rental car, motor homes, partly hotels

Wholesalers

- work through retail agents who get 10%+ commission (maintain app.12,000)
- own agencies and/or licensed ones
- separate brands addressing endconsumer directly
- Internet for presence – partly sales
- TV travel channels



Germany: Travel Trade Structure Touropers (2)

Medium-sized and smaller t.o.

- work directly with end consumer
- partly through retail agents
- often specialized or more diversified (niche markets)
- Internet

Germany: Travel Trade Structure

Travel Agencies

- 15,700 travel agencies
- 10 % commission + over-ride commission when turn-over requirements are met
- No longer commission on air tickets
- Threats: Internet and tour operator/airlines addressing consumer directly (Internet, own brands)
 - Customize programs for special groups (clubs, associations, readership trips) either buying from wholesaler or do it themselves (ad hoc tour operating)

North America

- Where do Germans travel to?
- German visitor statistics to US
- Top US Regions visited
- Top US Cities visited
- How many visitors to Canada?

Where do Germans travel to?

- Austria
- Spain
- Italy
- France
- Turkey
- USA most popular *long haul destination*

German Visitor Statistics to US

- ❑ 1,32 mill visitors in 2004 (+12 %), 5th place
 - ❑ Average length of stay: 19,8 nights (+2%)
 - ❑ Average number of states visited: 1.8 (0%)
 - ❑ Daily visitor spending in US: \$79 (-11%)
 - ❑ Expected Results for 2005: good but lower growth rates than in 2004
 - ❑ In favour: strong Euro, lower destination costs and pent-up desire to see America. Consensus amongst t.o. is a high single-digit growth rate
 - ❑ Negative impact: high fuel costs and gasoline prices
-

Top US Regions visited

- ❑ South Atlantic 34.1 % (-1.6)
 - ❑ Middle Atlantic 32.4 % (+1.1)
 - ❑ Pacific 24 % (+2.2)
 - ❑ Mountain 15.8 % (+ 0.8)
 - ❑ East North Central 12.3 % (-1.7)
 - ❑ West South Central 8.5 % (-1)
 - ❑ New England 7.9 % (-1.3)
 - ❑ New York 27.6 % (+2,5)
 - ❑ California 20,8 % (+0.6)
 - ❑ Florida 20.1 % (+1)
-

Top US Cities visited

- NY City 24.8 % (+ 1.9)
 - San Francisco 12.6 % (+2.4)
 - Los Angeles 10.7% (+1.1)
 - Followed by Miami, Washington DC, Las Vegas
-

German Visitors to Canada in 2004

- Total: 300,000 (+ 15.2 %)
- Ontario 114,000 (+20)
- BC 83,000 (+11.2)
- Alberta 29,000 (+7.6)

Endconsumer....

- Market conditions
- Profile
- Perception of Alaska

Market conditions Germany

- 80 mill population
- 6 weeks paid vacation
- World's greatest traveller per capita
- Experienced traveller
- High unemployment (11,2 %+, 4,6 mill)
- Member of EU
- Economy sluggish

Reunification / EU implications / pension and health care reforms/ globalization / energy costs / election deadlock

- Dollar /Euro favourable
- Competition from other destinations

Endconsumer....

- 70 % independent travellers(FIT)
- Rental car most frequently used (in Ak + RV)
- Like to be active
- High expectations as to cleanliness and value for money
- High expectations as to quantity and quality of destination information available
- Sophisticated traveller, likes to prepare long ahead of time. Information should be available in German

Endconsumer....

Internet

- 56 % users / ca. 40 mill
- 40 % ca research travel online
- 15 % book trip/segments online
- Still more an information tool vs booking tool
- Depends on how complex the product and destination
- Flights and hotels vs. programs
- younger generation

Perception of Alaska

- Highly valued for outstanding scenery, glaciers, mountains, open spaces
- Wildlife in natural setting
- National Parks
- Interested in indigenous groups
- Lesser interested in shows, museums, city life
- Like to move around
- Like utmost flexibility (motor home + rental car)



Switzerland

- ❑ Population 7,6 millions
- ❑ Avid travellers
- ❑ One of the world's highest per capita income
- ❑ Unemployment 4 %
- ❑ 4-6 weeks paid vacation
- ❑ 268,000 to USA in 2004 (+6 %), 22nd place
- ❑ Average stay 18,5 nights per trip
- ❑ Average spending per trip \$ 4,220
- ❑ Preferred mode of transportation: car, plane, RV
- ❑ FIT travellers

Switzerland

Major tour operators

- ❑ Kuoni
- ❑ Hotelplan
- ❑ Skytours
- ❑ TUI Suisse /Flextravel

No. of travel agencies: 2,400

Austria

- ❑ Population 8 million
- ❑ 112,950 visitors to US (+13 %) 38th place
- ❑ 5-6 weeks paid vacation
- ❑ Unemployment 6,1 %

Tour operators:

- ❑ Ruefa, Optimundus, small niche tour operators.
- ❑ Austrian market is dominated by German tour operators

Travel agencies: 2,500

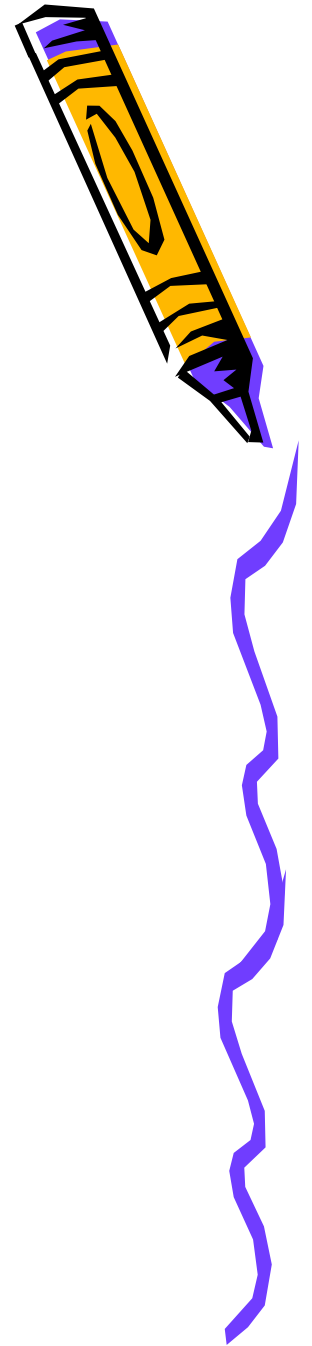
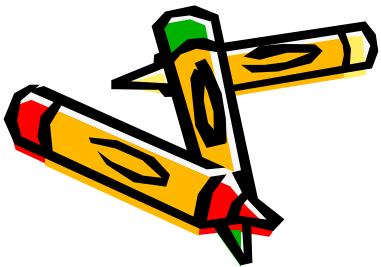
How to...

- Market
- Connect
- Position your product

How to market ...

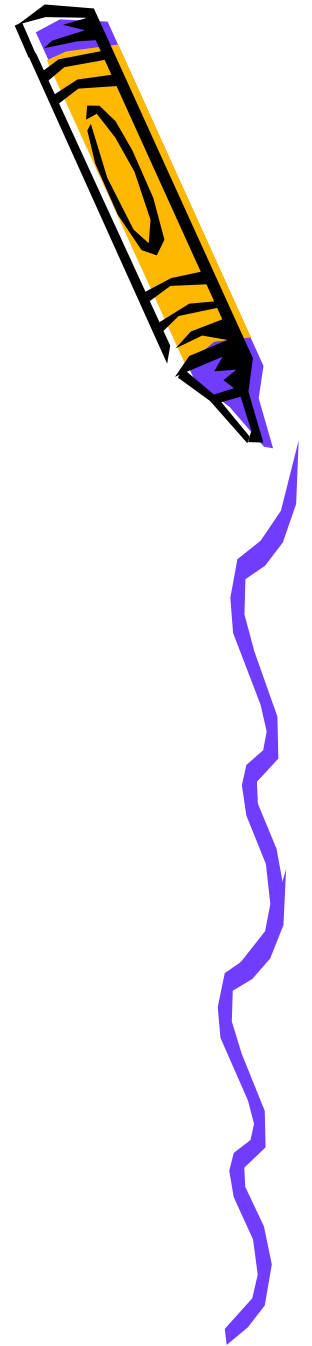
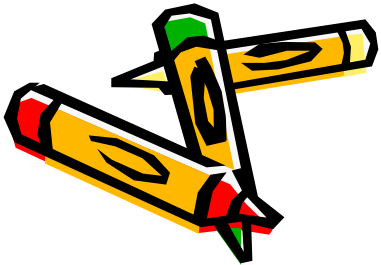
Work with

- Tour operators?
- Receptive agents?
- Travel Agents?
- Endconsumer?
- Internet



How to market.....

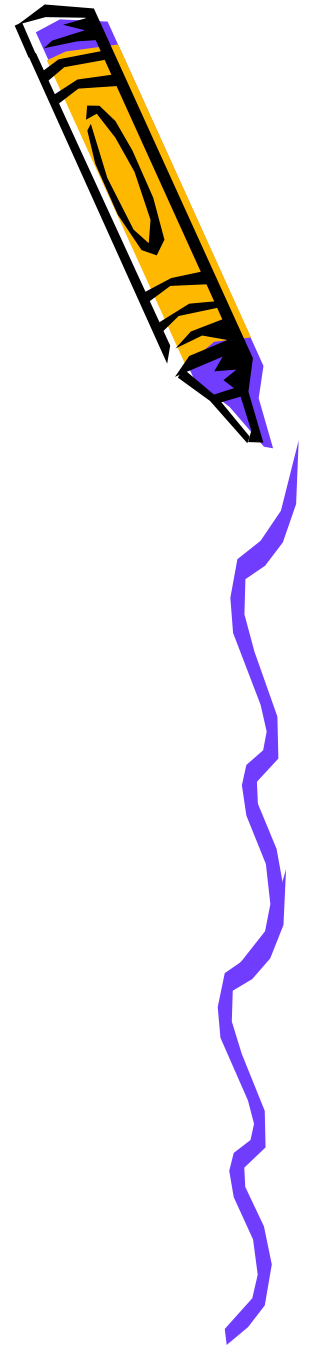
- Take very critical inventory. What are your USPs?
- Do you have to have information in German? Brochure? Insert? Ads?
- Brochures. Contact information for international use?
- Accept vouchers?
- Commission /Net rates
- Allotments
- Image CDs / DVDs



How to market.....

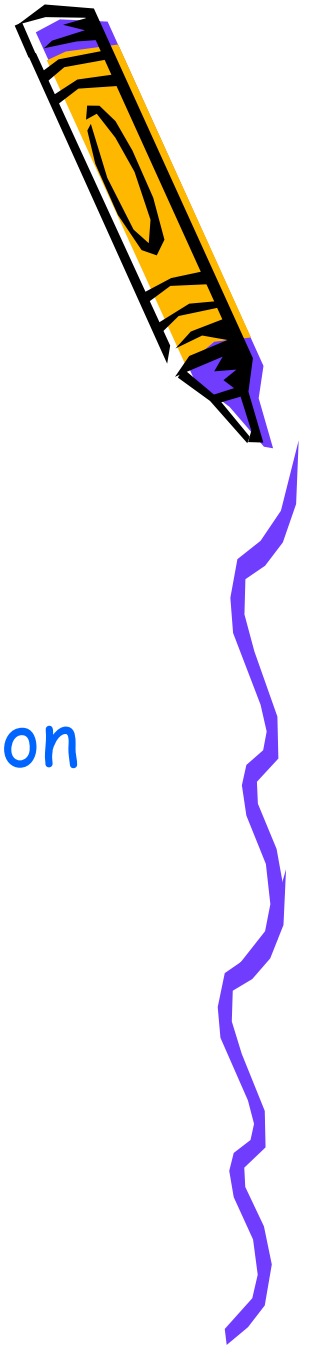
Place your product information at.....

- Hotels
- Car rental stations
- Motorhome rental stations
- Airports Alaska and Yukon
- Visitor Centers Alaska and Yukon
- At non-competitive businesses



How to market....

- Partner with
 - Non-competitive businesses to make a package, share marketing costs
 - Your local CVB or Marketing Organization
 - ATIA
- Support fam trips
- Provide product updates regularly





Seasonal Flights to Alaska in 2006

Condor Airlines flight schedule 2006 from Germany to remain same as in 2005:

- Day 2 FRA-YXY-ANC-FRAMay 9 – Oct 3
- Day 4 FRA-YXY-FAI-FRA..... May 25 – Sept 14
- Day 6 FRA-ANC-FRAJune 17 – Sept 9
- Day 7 FRA-ANC-FRAJune 18 – Sept 10