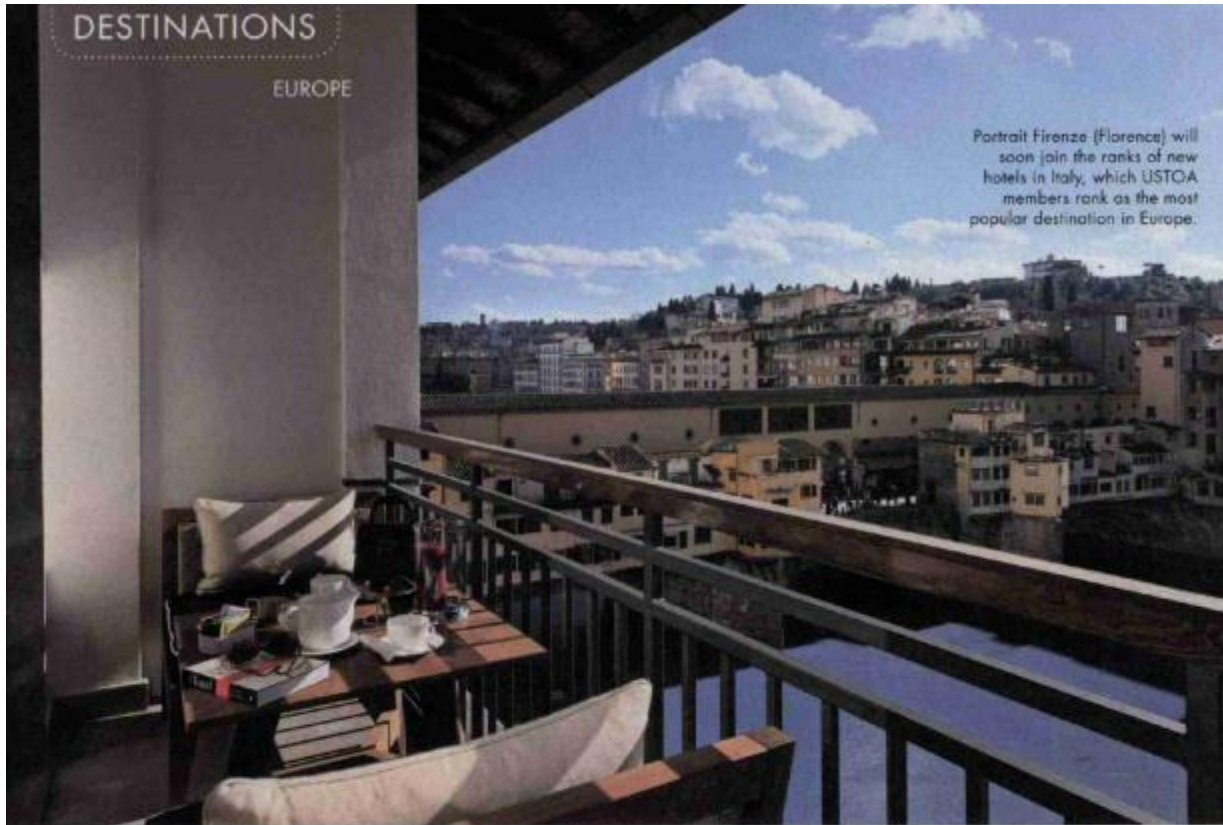


DESTINATIONS

EUROPE

Portrait Firenze (Florence) will soon join the ranks of new hotels in Italy, which USTOA members rank as the most popular destination in Europe.



EUROPE Moves Forward

Continent is poised to build on modest but growing traffic from U.S.

ACCORDING TO the European Travel Commission (ETC), Europe's tourism scene saw strong numbers for the first three quarters of the year. UNWTO estimates a 5 percent year-to-date growth — well above Europe's long-term trends — which bodes well for travel in the years ahead.

For the full peak season (May-September), the *Trans-Atlantic* report published by Donald N. Martin & Company indicated that U.S. visits only increased 2.3 percent compared to a year ago. The report suggests that "tight" airline capacity (the overall North Atlantic load factor was 88.4) may have limited traffic growth. Still, the numbers are growing steadily if not

rapidly: In 2012, peak-season traffic was up 3.8 percent compared to peak-season 2011. Plus there will be some new air options for North America in 2014, and the European Travel Commission's Q3/2013 report states that "long haul outbound from the U.S. is forecast to grow 5.4 percent per year on average to 2018."

Europe's largest destinations reported positive growth, including the UK (+6 percent), Spain (+5 percent), Germany (+4 percent), Austria and Italy (both +3 percent). Almost all the medium-sized destinations reported above-average growth in the range of 5 percent to 7 percent increases. Scandinavian countries reported flat growth, while Cyprus

(-5 percent) and Belgium (-2 percent) continue to struggle. Representatives of Marketing Greece, meanwhile, report that their country is poised to finish 2013 with a new record for arrivals, and that early bookings for 2014 are up 10 percent.

How Marketing Boosts Traffic

The ETC also found that tourism board marketing strategies are having a positive effect on visitor numbers. In Ireland, "The Gathering" targeted 70 million people of Irish heritage worldwide and saw an increase of 7 percent. Germany, on the other hand, had a theme year focused on young travelers and saw a rise of 4 percent in visitor numbers.

Large-scale events also draw crowds: For example, Italy benefited from the election of the new pope, Lithuania (+8 percent) through the Presidency of the EU Council, and Slovakia (+16 percent) celebrating Kosice as European City of Culture for 2013. Strengthening the perception of a good value-for-money tourism destination contributed to make Hungary (+6 percent) increasingly attractive to international visitors. (The full report can be found at www.etc-corporate.org.)

In an annual survey of travel forecasts and trends for the US Tour Operators Association, members named Italy and the United Kingdom/Britain number one and two as the most popular destinations for their clients in 2014. Nearly 40 percent of USTOA members said that of the whole world, Europe offers the most experiential travel options. According to MMGY Global's 2013 Portrait of American Travelers, Western Europe was tied with the Caribbean for leisure travelers interested in visiting international destinations during the next two years. Within Europe, Italy and the UK also ranked one-two in that regard among Portrait respondents.

Hotels on the Horizon

The Europe hotel development picture includes 811 hotels totaling 135,478 rooms, according to the October 2013 STR Global Construction Pipeline Report. The total active pipeline data includes projects in the In Construction, Final Planning and Planning stages, but does not include projects in the Pre-Planning stage.

International brands have continued their expansion in major European markets. Just before Thanksgiving, Hilton acquired three Jurys Inn hotels in London: The Jurys Inn Chelsea and Islington hotels will be rebranded as DoubleTree by Hilton next spring and summer respectively, while the Heathrow property will become Hilton Garden Inn London Heathrow in December 2014.

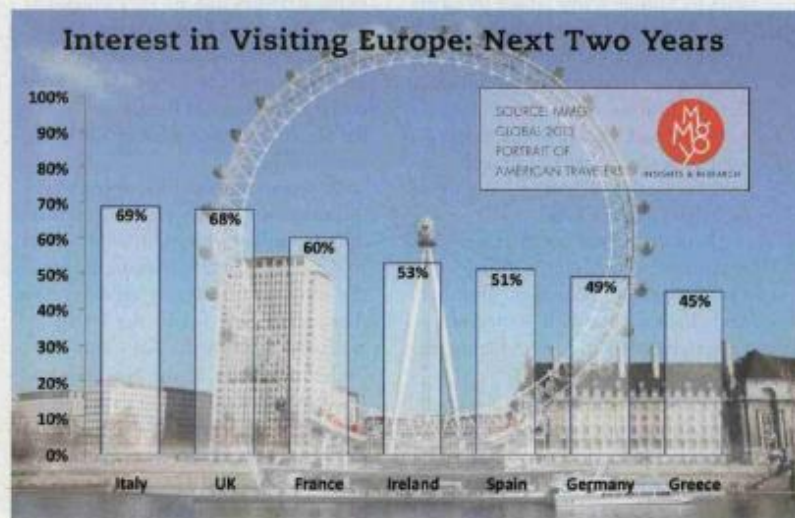
In Italy, a sister hotel of the Portrait Suites in Rome is slated to open this

spring in Florence when the Ferragamo-owned Lungarno Collection expands with the launch of Portrait Firenze. Overlooking the Arno River and the Ponte Vecchio, the hotel will have just 34 rooms and suites.

Emerging destinations are getting some attention as well. With the 2014 Winter Olympics set to begin soon in Sochi, hotels have been rising in Russia. Capella Hotels and Resorts will open Capella- and Solis-branded properties as part of the new Anapa destination resort in the Black Sea coast in the Krasnodar region of Russia. Adapta, the project developer and primary investor, is creating a destination where both hotels will be part of the oyster-shaped glass

St. Petersburg, as *Hotelier Middle East* reports. The hotel is currently under development and is expected to open within the next three years. It will be developed within the Wavelberg House, a building of national cultural importance built in 1912, on the corner of Nevsky Prospect and Malaya Morskaya Street, one of the most prominent addresses in St. Petersburg.

Wyndham Hotel Group is also expanding its presence in Central Europe, and will rebrand 17 hotels with more than 2,300 rooms across Germany and Austria, including the first Wyndham Hotels and Resorts-branded property in Austria. Other new Wyndham properties include a Wyndham Grand hotel



Note: Figures don't add up to 100% due to multiple responses.

structure overlooking the Black Sea, and designed by architect Hadi Teherani.

This Capella hotel will have 76 rooms and 42 villas, while the Solis hotel will have 672 rooms, with a casino. The Anapa hotel project will be Capella Hotels and Resorts' second venture in Russia, as the company will unveil the Solis Sochi Hotel and Solis Sochi Suites in mid-December 2013, in time for the 2014 Winter Olympics.

Meanwhile, the Jumeirah Group has signed a management agreement with IFG Basis Project LLC to manage a luxury hotel on Nevsky Prospect in

Salzburg, and 16 hotels throughout Germany, including five hotels in Hamburg, Berlin, Dusseldorf, Dortmund and Cologne.

Tour Operators Chime in

Tour operators are also seeing a wide range of new trends for travel to Europe in the coming year. We reached out to four to gain their insights.

NEW DESTINATIONS: "We are seeing incredible increases to Croatia, Russia, Ireland, Eastern Europe in general and Turkey," said Marc Kazlauskas, president

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DESTINATIONS

Europe 2018: A Five-Year Forecast

Air traffic from the U.S. to Europe is expected to increase an average of 5.4 percent annually through 2018. Here is the breakdown of arrivals for each region along with their projected share of U.S. market.

Region	Arrivals from U.S. 2018	Increase from 2013	Share of U.S. Market 2018
Northern Europe	6.9 million	33.9 percent	9.9 percent
Western Europe	10.9 million	19.5 percent	15.7 percent
Southern Europe	6.9 million	16.2 percent	11 percent
Central/Eastern Europe	4.3 million	32.6 percent	8.3 percent

SOURCE: ETC/EUROPEAN TOURISM IN 2013: TRENDS & PROSPECTS. ANALYSIS BASED ON THE TOURISM DECISION METRICS (TDM) MODEL.

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of Insight Vacations. "We now have itineraries to every country in Europe with the exception of Kosovo." Next year, the operator will have 115 itineraries to Europe ("our largest program ever," Kazlauskas says) including new trips to Croatia; principalities such as San Marino, Andorra and Moldova; and Eastern Europe.

Brian Stack of CIE Tours, meanwhile, has seen a large increase in combined trips to Scotland and Ireland, or Ireland and the UK.

"Britain, Ireland and Italy of course remain top-selling destinations," said Paul Wiseman of Trafalgar. "Europe came back strong with 40 percent growth in 2013 and we're seeing the momentum continue with year-over-year growth for 2014 already. We're still seeing a post-Olympics and mid-Royal baby fever boom to Britain especially," he added. The company also created a new itinerary, the 14-day Balkans and Venice tour, which includes Bosnia, Herzegovina and Sarajevo, in response to demand for Central and Eastern Europe.

NEW TOURS: Individuality and exclusivity are increasingly in demand for escorted tours. At Insight, the Country Roads tours, which take visitors to smaller towns and hamlets, are up 23 percent. Similarly, the Gold Luxury series is "beating all expectations" with a 26 percent increase. "Clients are buying up and are looking for five-star hotels and meals," Kazlauskas said.

At Central Holidays, CEO Gianni Miradoli has also noticed increased demand over the past few years for

customized travel programs with experiential elements.

"Opting for programs tailored to an individual or group's specific interests offers travelers the opportunities to enjoy activities that are very unique to them," he noted. Central's new European itineraries include trekking and hiking programs in Italy, a luxury gulet cruise in Turkey, and the launch of sales for the 2015 Passion Play of Sordevolo events in Italy.

Wiseman, meanwhile, noted that multi-country tours were up almost 40 percent last year, which he credits to American travelers trying to get the most out of limited vacation time. Also, as this year marks the 100th anniversary of World War I and the 70th anniversary of the Normandy D-Day landing, Trafalgar's specialty trip World War I & II Battlefields has already seen more 2014 bookings than for all of 2013.

Trafalgar is also launching five new Europe itineraries next year, including its first-ever itinerary to Northern Spain, a tour of Switzerland's top cities and countryside, a fully guided London and Paris tour, an "At Leisure Discovery" trip across several European countries, and the previously mentioned Balkans and Venice tour.

Airlift Ahead

The ETC found a coordination between tourism and aviation that it credits for the success of destinations such as Malta (+9 percent), Croatia (+6 percent) and Portugal (+8 percent), who have benefitted from route expansion. On the flip side, Estonia's growth

was more "subdued", the report said, linking the lower numbers to route cuts with airports in Germany and the UK. Similarly, Finnair's strategy to focus on Asian routes exposed Finland's tourism sector to reduced accessibility from its key markets, as reflected in the destination's flat growth.

In April, Lufthansa will launch direct flights between Mexico City and Munich, complementing the airline's existing flights to Frankfurt. Later in the summer, direct flights will begin to Toronto as well.

Next July, Norwegian Air Shuttle will launch flights to London from New York, Los Angeles and Fort Lauderdale, with one-way fares on 787 Dreamliners between JFK and Gatwick. The flights will be available three times per week from New York and twice weekly from Los Angeles and Fort Lauderdale.

US Airways is launching a new service next spring from its Charlotte hub to Manchester, Brussels, Lisbon and Barcelona. The carrier already flies to all four from Philadelphia and serves six other European gateways from Charlotte. The new flights are expected to operate into the fall of 2014.

Austrian Airlines will expand summer capacity to Vienna by more than 60 percent from its three U.S. gateways. Austrian will add five weekly flights from Newark in addition to its daily flights from JFK. Austrian's daily flights from Dulles will be assigned to a larger 777 (adding 90 seats per flight). Service from Chicago will expand from five flights weekly to daily flights.

—JENA TESSE FOX