

Germany

How Consumers Purchase Travel

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Consumer Booking Patterns

- German travellers are **careful planners**, seeking detailed information from a range of sources prior to departure. They are savvy and shop around as part of their extensive planning process.
- The lead in time for bookings is still longer than in other markets. There is a growing trend for **shorter lead times** from the German consumer. The current instability in the world is making consumers hesitant to make long term travel plans.
- Germans are **confident long haul travellers** and longhaul destinations report increasing booking numbers. Asian destinations show slow but steady recovery following the Tsunami tragedy at the end of 2004.
- **Low cost carriers** have influenced the German consumer, not only do they offer cheap travel across Europe, they have also made consumers aware of how to organise their holidays independently of their travel agency. They book the flight and organise hotels and other ground arrangements themselves, quite often via the Internet.
- Researches predict that the **Soccer World Cup** will only have a minor effect on the number of holidays taken by Germans. Only 2% of the population claim that they will not travel due to the World Cup whereas 4% say that they will travel because of the World Cup to get away from it all. Approx 20% say that it will affect the time they take their holiday.
- **The German organised holiday market grew 4.4% to 15.4 billion euros** in the 2004/05 tourism year ending on October 31, according to this year's FVW "German Tour Operators" Analysis. The number of holidaymakers booking packages rose 6.1% to 28.2 million. The total market, according to market research by Rewe Touristik, grew from 34.8 million in 2003/04 to 36.9 million holidays this year, and from total revenues of 18.6 billion euros last year to 19.3 billion euros in 2005. These figures represent a **continued recovery in 2005** after the turnover in 2004.

When buying travel there are a number of distribution channels available to consumers. They may research and book their trip using a combination of traditional distribution partners and online options. The structure and function of distribution channels in this market are as follows:

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Online Environment

- The Internet is becoming a dominant tool for researching holiday destinations. While German consumers are confident to research over the Internet, they remain more comfortable purchasing long haul travel via a travel agent.
- Some travellers, especially those under 40, are feeling increasingly comfortable booking certain travel arrangements such as air and train tickets, accommodation and some other ground products via the Internet. The strong presence of both Internet based tour operators as well as low cost carriers in educating consumers to book certain types of holidays or holiday components via the Internet.
- Interactive selling via the Internet for Australia is only happening for simple products and individual holiday components such as campervans or accommodation. Due to their complexity, packages are rarely sold online.
- It is estimated that up to 59% of the German population use the Internet. 48,722,055 users (March 2005. Source IWS)
- TA's consumer site, www.australia.com delivered over 1.8 million pages to users in Germany for the 2005 calendar year. Australia.com is the main call to action for all consumer campaigns and promotions in Germany. A youth dedicated page is live since January 2006 - www.jobben.australia.com.
- TA maintains a German language site for consumers, as many are confident English speakers but prefer to research their holiday in German.
- An interactive itinerary planner allows consumers to explore itinerary options for an Australian holiday.

Retail Agents

Commission Level: 10-13%

- Germany currently has approx 15,636 travel agencies who sell travel as their main source of income; of these around 4,465 are IATA agencies.
- Consolidation in the retail sector is making it increasingly difficult for travel agencies to remain independent. More and more medium sized travel agencies see the need to join one of the travel agency alliances. Germany has **two new tourism associations**: The VNT (Verband Neue Touristik, new tourism channel association) with focus on all new media like home-shopping and TV-shopping and the VIR (Verband Internet-Reisevertrieb, internet touristic sales association) with focus on internet sales.
Members of VIR are the online travel operators Expedia, lastminute.com, Avigo, Opodo, Ebookers and Travel24, www.v-i-r.de.
Members of VNT are for example onlineweg.de, LMX, V-Tours, Billigweg.de and Schmetterling, www.v-n-t.de.
The two main overarching, touristic associations in Germany remain the DRV (German travel agents' association) www.driv.de and ASR www.asr-berlin.de (Association of mid-size travel agencies).
- Training retail agents is a key factor to success in the German market. Tourism Australia and the STO's have a focus on agent training. Tourism Australia is involved in a number of training workshops and roadshows run in conjunction with wholesale partners and tour operators. Retail training is focussed on the Aussie Specialist program
- The top 10 leading distribution systems in terms of overall tourism turnover in 2004/05 were:
 - TUI including TUI/RT-Reisen-Joint-Venture TUI Travel Star
 - Rewe Touristik incorporating RSG with Pro Tours/RCE, Deutscher Reisinger, Tour Contact, Prima Urlaub
 - QTA who work closely but not exclusively with TUI (also for Thomas Cook)

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- TMCV incorporating TSS and AER
- Lufthansa City Centre
- Thomas Cook including the brand Alpha
- OFT
- Karstadt Quelle
- BTI
- Carlson Wagonlit Travel

Aussie Specialists

- The Aussie Specialist program in Germany is an online program which presents significant opportunities to further develop the network of trained agents in a cost effective way. Tour operator (Dertour, Meier's Weltreisen, Gebeco and FTI) and 7 state modules deepen the knowledge of the agent.
- The current number of qualified Aussie Specialists is approximately 1,500 agents with an additional equal number currently in training.
- In May 2005, the second Discover Australia training event took place. Two hundred qualified Aussie Specialists travel to Australia in 15 family groups, visiting all States/Territories, followed by a two day workshop program. The event will take place in May 2007 again. In 2005, the workshop was held in Cairns, following individual group families in the specific states and territories.
- All training activities conducted throughout the year aim at recruiting new Aussie Specialist agents.

Wholesalers/Large Agents

Commission Level: 20 - 30%

- In Germany, wholesale operator services are almost solely distributed via travel agencies. A number of them are starting direct sell business as well, however presence in other travel agencies is still key for their distribution.
- There are approximately 70-80 tour operators selling Australia in Germany, distributing product via wholesale/retail agencies. The major companies selling Australia include DERTOUR, FTI, Airtours, Meier's Weltreisen, Gebeco, TUI and STA Travel.
- Direct sellers are also an important feature of the German market, producing a good share of the outbound travellers to Australia. Key direct sellers include Best of Travel Group, Explorer Fernreisen, Boomerang Reisen and Canusa.
- Several direct sell operators are actively growing their agency network throughout Germany and into neighbouring countries including the Netherlands, Switzerland and Austria.
- The trend towards late bookings that is developing in Germany, along with social and economic changes have reduced disposable income making the market tough for tour wholesalers in Germany.
- In the tourism market in general, the following tour operators were leading in terms of turnover in 2005:
 - TUI Germany selling Australia via TUI, Gebeco and Airtours brands
 - Thomas Cook
 - Rewe promoting Australia via DERTOUR, Meier's Weltreisen and ADAC
 - Alltours
 - Öger (mainly specialising in Mediterranean holidays)
 - FTI

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Inbound Tour Operators

Commission Level: Up to 30%

- Inbound tour operators form a key link in the distribution channel to German consumers.