INTRODUCTORY GUIDE TO THE
GERMAN TRAVEL MARKET

The top key accounts from the German-speaking markets include:

**Winter:**
ADAC
America Unlimited
Argus Reisen
Canusa
CRD
DERTOUR
Faszination Ski
FTI
Hagen Alpin Tours
Knecht Reisen (Swiss)
Meier’s Weltreisen
SK Touristik
Sport Scheck Reisen
Stumboeck Club
TUI

**Summer:**
ADAC
Airtours
America Unlimited
Canusa
CRD
DERTOUR
FTI
Hotelplan (Swiss)
Kuoni (Swiss)
Meier’s Weltreisen
Neckermann
SK Touristik
Sky Tours (Swiss)
Studiosus
Suntrek
Thomas Cook
Tour Consult
TUI
Wikinger Reisen
**MEDIA**

**THE PRESS**
Germans are among the world’s keenest newspaper readers. Some 85 regional and national dailies (incl. Sunday newspapers) reached a total circulation of 31 million readers per issue (including regional and local newspapers). Four nationally circulated subscription papers are the *Frankfurter Allgemeine Zeitung* (conservative-liberal), the *Süddeutsche Zeitung* (liberal), *Die Welt* (conservative) and the *Handelsblatt* covering politics and mostly news from the business world. These nationwide dailies represent a high standard of quality and up-to-date information.

About 10,000 periodicals are published in Germany, but no exact figure can be given. They cover entertainment, special interests, work, housing, customer service, but also include membership journals of small associations and large organisations, with circulations from 250 to the 13.8 million subscribers of the *ADAC* motoring club magazine.

The three leading weekly news magazines are *SPIEGEL* with a total circulation of 1.3 million, *Stern* with a total circulation of 1.2 million and *Focus* with a total circulation of 0.9 million per issue.

There are about 20 travel trade publications, some of them covering all aspects of the market and others concentrating on business travel, conventions, bus touring, air travel, etc.

The leading travel trade magazine covering all aspects of Germany’s travel market is the *Fremdenverkehrswirtschaft (FVW)*, published every 2 weeks with a circulation of approx. 28,000.

**BROADCASTING**
The eleven regional combined radio-TV corporations are linked together in a Standing Conference of German Public Law Broadcasting Corporations. Each broadcasts several radio programs and together they operate a national television channel, generally referred to as *Erstes Programm (ARD)* (First Channel). In addition, they produce regional *Third Channel TV* programs. The Mainz-based *Zweites Deutsches Fernsehen (ZDF)* is a television-only station transmitting the "Channel Two" program nationwide. These two public corporations have a great deal of competition from several of the leading private stations which are already dominating the sector of commercial advertising on television. Via satellite and through cable (provided by the German Postal System), Germans can extend the range of radio and TV programs they receive to between 30 and 50 German-owned private and foreign stations.
**T-ONLINE**  
The German computer online network, called **T-Online (Telekom-Online)**, is available for business and public usage and offers access to the Internet. A smaller portion of the German travel trade is currently making use of the T-Online network, including booking and reservations with wholesalers and hotels, as well as ordering promotional material from tourism offices. Approximately 1000 suppliers from the travel industry are currently offering their services via T-Online to some 10,7 million users in Germany.

**INTERNET**  
The Internet is rapidly gaining importance on the German market. In 2007 62 % of the German population over 14 years *(40.2 Million people)* used the internet, compared to only 28.6% in 2000. The average German Internet user has been online for more than 6 years *(69 months)*. The Internet’s importance is also gaining as a tool for buying, not only as a source of information and has become the 3rd pillar of daily media consumption in Germany.

The travel trade is very up-to-date and nearly all tour-operators provide their own website; online bookings continue to rise and 40% of the Germans **plan** their holidays by searching offers and information in the Internet.

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<th>Travel Profile</th>
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**THE GERMAN MARKET IN GENERAL**

Germany is the world leader in terms of trips and nights spent abroad, and comes second only to the U.S. in terms of travel spending. While the average German still out-travels and out-spends the typical American tourist by a country mile, the fact cannot be altered that there are three times as many Americans as Germans. Yet latest figures suggest that Germany may gradually close even this gap.

Germany comes out on top when the **aggregate outlay** is calculated as a share of private consumption. Vacation and travel therefore loom four times larger in German life. When it comes to lifestyle cutbacks, the Germans would rather save on hobbies, cars and entertainment than on travel, which ranks right behind food and drink, shelter and clothing on their list of priorities. But still, German travellers are very price sensitive and will make travel bookings to take advantage of special prices. January remains the peak month for Germans to make main holiday decisions.

Comparing the primary European travel markets, the affluent Germans part with more than twice as much travel cash outside their own country than do the British and French combined. Most of the money stays in Europe because the preferred travel destinations remain Spain, Italy, Austria, Turkey and Greece.
It is important to note, however, that the largest spending growth in recent years has gone to long-haul destinations outside of Europe. The reasons behind this include the Germans' increasing experience as travellers, low air fares for long-haul holidays, and new and attractive long-haul destination areas. According to a survey by U + R (Urlaub + Reisen) around 10% of the entire population of Germany is currently expressing the wish to visit North America within the next three years. Previous surveys have shown that around two-thirds of those planning long-haul vacations do in fact take these holidays.

Short city breaks in connection with no frills airlines, medical wellness and dynamic packaging in particular for North America rank among new trends. A continuing movement towards individually organised vacations has been noted. Increasingly, environmental considerations are also becoming a part of the travel decision-making process. According to a recent survey, two out of five tourists prefer to spend their holiday in an unspoilt environment, or pick a "green" (environmentally compatible) vacation spot. In terms of holiday activities, touring/excursions are accorded the highest priority (70%), followed by physical activities, such as water sports and hiking (54%), and shopping (50%).

For Germans, travelling belongs to the basic values of a "good life". Vacationing brings back motivation and energy. 72% of German travellers are looking for outstanding natural scenery, 68% expect a good value-for-money offer, 48% want cleanliness and a healthy climate and 41% are looking for a safe destination. For the first time, safety ranks higher in the mind of German tourists than the wish for sunshine (40%) or a good touristic infrastructure (38%).

**Competition**

Given the overall market potential, competition in the German market is intense. Some 100 national tourism offices (NTO's) vie for market share, together with their national and private carriers. Long-haul competitors for Canada are primarily **US destination**, followed by **various destinations in Asia** (Thailand, Hong Kong, Singapore, Indonesia), Mexico, Australia and South Africa. With respect to competitors' emphasis, theirs has been similar to Canada's, concentrating more and more on the combination of both urban and nature/outdoors appeals, while emphasizing "value for money".

**Tourism Industry Structure**

The tourism industry in Germany can be segmented into many different sectors. We have chosen four categories:

- Transportation (airlines, rail companies, maritime transport, car rentals)
- Lodging (hotels, resorts, campgrounds)
- Intermediaries (wholesalers, retailers, incentive agencies)
- Periphery organisations (attractions, guide books, the press)

**Travel Distribution Channels**

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WHOLESALERS & RETAILERS

The term wholesaler refers in this context to the idea of packaging. In Germany a wholesaler can sell his packaged product to the following entities:

1. Directly to the consumer (through advertising, direct mailings, the Internet, etc.)
2. Only through travel agencies (whether independent or linked to a network)
3. Simultaneously to both

The term retailer refers to the travel agency. The primary products sold in agencies are:

1. Airline tickets
2. Wholesalers= travel packages

If a retail agency decides to build its own packages, they then become a wholesaler. No additional permit is required by German law. There are approx. 18,000 tourism retail outlets in Germany (including retailers & wholesalers) and a great many of these already produce or sell Canada as a destination.

- FOUR CATEGORIES OF WHOLESALERS

Tour operators sell tourism products such as travel packages, theme tours and also propose à-la-carte services such as hotel stays, rental cars and attractions. Approx. 100 tour operators presently offer California as a destination.

Group specialists: These agencies specialize in offering group tour packages to companies, associations, municipalities who offer travel to their constituents, sports clubs and others.

The Incentive agencies specialize in offering unique travel experiences to companies who are seeking to motivate, thank or communicate a message to their employees or their clients. There are approx. 50 full-service incentive agencies (approx. 200 others that provide organization of the tour only) in Germany. This said, there are a number of more classical agencies who, from time to time, are asked to organize such trips as well.

Linguistic program operators number about 110 in Germany. Great Britain, Spain, France and the US are the dominant destinations in this market.
THE GERMAN WHOLESALER MARKET

The German wholesale market is dominated by some large operators led by TUI Deutschland GmbH, Thomas Cook AG and REWE Touristik (DER Deutsches Reisebüro GmbH / / ADAC/ MEIER’S WELTREISEN) and FTI Touristik. Together they represent somewhat over 50% of the operator market share.

More characteristic of the market, however, are the regionalized medium-sized operators. This no doubt results from increased destination and product specialization as well as good knowledge of the local consumer market.

In addition, some 500 specialist operators dot the country, most with less than 10 employees, and each with a high degree of product, transport or market segment orientation.

The largest operators pursue a diversified selling strategy, either selling through their own agencies, through contractors or through other travel agents. Some medium-sized operators will sell directly to the consumer, and almost all specialist operators will sell directly. Online sales are rising.

There are some 18,000 travel agencies in Germany, dominated by major chains which double as operators as well, such as DER, ADAC, TUI, Amexco, etc. Approximately 4,500 agencies hold IATA-appointments.

TOUR PROGRAM DEVELOPMENT

Tour operator catalogues are printed twice annually. For the summer catalogue, which is published in Nov./Dec., content is generally decided by mid-July, and final plans completed by September. For the winter catalogue, basic content is decided in March with final planning completed by mid-June.

Canada suppliers should note that the German operator cannot increase tour prices within a four-month period from the date of catalogue publication. As well, stringent consumer protection laws make the operator and travel agent responsible for all services mentioned in the tour program, even if these are rendered by a foreign agent or a secondary agent.

In this respect, it is recommended that Canada suppliers work through or with German tour operators to market their product rather than attempting to market it on their own.
List of “DOs” for the German Market

Canadian companies should keep the following list of “DOs” in mind when dealing with German business people:

**Follow up:** The Germans are more sensitive than most Europeans about lack of follow-up. Thank you notes and confirmation of arrangements should be sent to all people met, and copies of relevant correspondence should be sent to appropriate contacts. Be prompt; the Germans are rather impatient and expect prompt answers to their questions. Always send an email back, even if it is just to let them know that you are working on the problem.

**Be familiar with common terminology:** know the distinction between the various operators in Germany as previously outlined.

**Personal sales calls:** With an initial contact, try to make your appointments about two weeks in advance. The Germans are highly appreciative of a visit especially when your product is new.

**Always make an appointment:** Even after you have established a relationship with a German tour operator, you should always make an appointment to see them. It is acceptable to make an informal telephone call, for example calling in the morning and asking if the German operator has time to meet for lunch, but do not just drop in.

**Punctuality** is a virtue in Germany.

**Addressing correspondence:** In written correspondence it is appropriate to address each person by both the last name and title. When communicating in person, it is advisable to use the person’s last name.

**As to sales trip timing,** this should correspond with the operators’ schedule of catalogue development, as noted above. Generally, the period from April to early June is ideal. This allows for itinerary confirmation, and possible site inspection in the July - August period. Catalogue production takes place in the fall, with catalogue publication in November or early December.

**Suppliers planning overseas visits** should write or email directly to selected wholesalers and operators, requesting a meeting and referring to introductory letters and promotional materials previously sent - or to any previous meetings (during RVC or ITB, for example). Hotel accommodation should be arranged before departure through normal channels.

**Know details about your product:** Be able to provide all relevant details about your product, leaving nothing in doubt. The German buyer will want to know exactly what he/she will be able to offer his/her client.
It is customary to *shake hands* on arrival and departure. First-name usage is slowly becoming more popular, but follow the lead of your client in this respect.

**Learn what you can of your business contact in advance.** After the meeting, ensure that any follow-up required is taken care of immediately.

**Reservations:** As one booking quite often involves up to 10 single reservations, the supplier should avoid altering any confirmed booking for European visitors. Last minute changes are time-consuming and expensive, and can result in losing a customer.

When reservations come in from the wholesaler, suppliers should send replies immediately, even if it is to advise that the reservation cannot be confirmed at that moment. Suppliers should always give alternatives and a deadline for the wholesaler's confirmation or cancellation to this alternative.

**Useful Information**

**SUGGESTIONS WHEN DEALING WITH GERMAN BUSINESS PEOPLE**

Should you wish to do business in Germany, you must be prepared for the following:

- Provide a quality product.
- Provide on-line booking facilities!
- Have your fax machine working 24 hours and have it stocked with paper!
- Offer net prices or work in commission.
- Be familiar with the German distribution network (tour operator / travel agent / final consumer) and follow it. Take into account the mark-up that will be added to your initial price, as it may affect the competitiveness of your product. In relation to public prices (rack prices), net prices should reflect at least a 20% discount if a supplier wishes to deal with the accepted tour operator / travel agent network.
- Be aware that the Germans are rigid in negotiations.
- Be aware that the German tour operators may demand exclusivity. For example, they may demand that you keep hotel rooms reserved for them, and not for competing tour operators.
- German business people respect a healthy aggressiveness and an appreciation of their market. A business person must show a keen interest in doing business and have a good knowledge of German business practices, history and geography. Therefore, careful preparation is essential before promoting a product in Germany.