



press release

USTOA MEMBER SURVEY REVEALS SOLID EUROPE GROWTH & MORE

Orlando, FL – December 4, 2005 -- USTOA today revealed findings of an informal member survey showing a second year of strong sales growth in Europe. Despite a high Euro, 85% of responding members reported that 2005 sales of tours and packages to Western Europe were up over 2004, with 50% of those citing a growth of 10% – 25%. Ten percent reported that sales were down by less than 10%. Central and Eastern Europe were close behind, with 80% of USTOA members who serve that region saying their sales had increased, while 20% stated that sales remained the same.

In the western hemisphere USTOA members reported that Mexico leads the way in sales gains, with Central and South America following close behind. Seventy-five percent of companies serving Mexico cited sales increases, with half of those reporting that year-over-year sales were only up slightly (up to 10%). Another 25% reported flat sales. Respondents claimed that Hurricane Wilma had no effect on Mexico sales, in that companies were able to rebook clients to other destinations within the country. As for Central and South America 70% of respondents to that area said that sales had increased, while 20% said there was no change in sales over last year.

Sales in North America were not as strong, with 63% of responding USTOA members reporting sales to Canada up over last year, and most of those reporting slight increases of under 10%. Ten percent cited that sales were down slightly (under 10%), while 27% reported same year-over-year sales. Sixty percent of responding tour operators serving the U.S. reported sales increases, while 35% reported no change from the previous year.

Sales By Product:

As for sales by product compared to last year, survey results are summarized as follows:

- Niche Travel – Although a small number of USTOA members cover niche travel, 100% of those serving this market saw sales increases over last year.

- Independent and FIT packages - 93% reported that sales of independent (FIT) packages had also increased.
- Family Travel – 85% of respondents said sales of family products were up, with the remaining 15% reporting that sales were either flat or down.
- Escorted Tours - 80% reported an increase in escorted tour package sales, with 45% of those reporting sales increases of 10 – 25%. Another 20% reported that sales were the same as last year or had declined slightly (by under 10%).
- Cruise-Tour Packages - 77% of respondents said that cruise tour package sales were up, of whom 45% said sales increased from 10 – 25%. Similar to escorted tours, 20% of respondents reported either flat or slightly decreased sales.
- Student Travel - 55% of respondents said sales were up, while 45% reported that sales remained flat compared to last year. Significantly, no one reported a decrease in sales of student travel.

Fuel Costs Impact Prices

Although the price of fuel has dropped from its peak earlier in the year, the continued high price of fuel has impacted costs for tour operators. Seventy percent of responding USTOA members said that the high price of fuel has affected their costs. Of those, 45% passed on increases to the consumer, 20% held their prices through 2005, absorbing the increase; and another 20% said increases can be expected for 2006. One USTOA member remarked that “It becomes difficult for a tour operator to maintain consistent pricing.” As for long term effects, respondents’ reactions differed, from minimal impact to predicting higher airline tickets and costs overall, to more domestic travel.

USTOA members were also asked whether they found air to be a problem in 2005. Fifty-five percent said yes, while the remaining 45% said no. As to the Euro, 65% of respondents said the high Euro has affected their sales to Europe, while 35% reported no effect.

Europe/Eastern Mediterranean Account for 57% of Member Sales

While 35% of USTOA members said they specialized in Europe, a full 57% of USTOA respondents said that Europe and the Eastern Mediterranean account for the majority of their sales. Another 17% cited the U.S. and Canada as their major product area by sales.

Breaking down USTOA's membership by price point, quality of accommodations, style of travel, and extra services offered 39% characterized their product as Deluxe, while another 39% answered First Class. Nine percent each answered Luxury and Moderate, while only 4% characterized their company as Budget.

Survey results were based on 60% of USTOA's Active Membership, representing some 75 brands.

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