



THE MARKET

The World Tourism Organization recently confirmed that the travel industry had experienced its steepest decline ever in 2003, because of the combined negative effects of the global economic slowdown, terrorist attacks in popular tourist destinations, the war in Iraq, and the SARS epidemic in Asia. At the same time, consumers developed a stronger need to relax and escape from stress.

With only two weeks of vacation time per year, Americans are savvy consumers in search of a great value and a superior product when it comes to choosing where to go. Over 50 percent of Americans plan to travel, and 86 percent say they will travel only if they are given a deal. The all-inclusive market is one of the fastest-growing segments of the tourism industry that provides what consumers demand: a hassle-free vacation. However, with all the different kinds of all-inclusive concepts around, vacationers are left wondering what exactly is included in an all-inclusive vacation package.

Club Med has regained its leadership in this niche and relentlessly focuses on giving

customers what they have been demanding. Today's typical Club Med vacationer is thirty-something; two out of three come as part of a family. In addition, Club Med reaches out to the growing number of lone travelers, single parents, and mature vacationers. Whatever their age, a very high number of Club members — about 70 percent — return year after year to soak up the sun; meet like-minded people; indulge in some golf, tennis, or water sports; whiz down the ski slopes, or try a new sport for the first time. From the latest trends in music, entertainment, and fitness to deluxe accommodations that cater to the specific needs of its guests, Club Med combines the benefits of an all-inclusive vacation with a great price. Most important, the unique Club Med spirit keeps guests coming back for more.

ACHIEVEMENTS

Half a century ago, Club Med invented the concept of the all-inclusive getaway. Now Club Med is reinventing the concept, building a great future on a foundation of enduring values. As a first step, in 2003, Club Med launched Total All-Inclusive™ Vacations, introducing an open bar and snacking throughout the day and evening for one all-inclusive price. Today, family villages offer every amenity that parents and kids need for the ultimate escape. At the adult villages, Club Med redefines "sizzle."

Today, Club Med has more than 100 villages around the world, including 29 ski destinations, plus Club Med 2 — the world's largest sailing cruise ship, which is on the Mediterranean all summer and the Caribbean all winter.

Club Med has a total of 10 villages spanning the United States, the Bahamas, the Caribbean, and Mexico, and three in Brazil. It would be hard to overstate the importance of the U.S. Club Med market today, or its

potential for the future. After France — Club Med's historic home — the United States is the second biggest market, and thanks to a very aggressive marketing program, it may well become the number-one market within a few short years.



And Club Med feels completely at home in the United States. To the French recipe for gracious living, Club Med has added a measure of American vitality, a dash of Americans' love for action, and a little zest borrowed from Broadway and Hollywood. On the continental U.S., Club Med has two unique villages — Sandpiper-Florida, a country club-like resort with 19 tennis courts and a professional-caliber golf course on site — and Crested Butte, a one-of-a-kind ski-in/ski-out village in Colorado.

HISTORY

The year 2000 capped 50 years of Club Med history. The Club Med concept was born in 1950, when, during a camping trip with friends, Belgian sportsman Gerard Blitz recognized the need for a unique escape from the hardships of postwar Europe. He placed two small advertisements announcing the first all-inclusive vacation on the exotic island of Majorca. The response was overwhelming — and Club Mediterranee was born. The first village consisted of a number of army surplus tents in Alcudia, on the Balearic Island of Majorca. The first of Club Med's famous straw-hut villages opened in 1952 on the island of Corfu, Greece. Five years later, Club Med opened its first ski village in Leysin, Switzerland, becoming one of the world's first ski tour operators.

THE PRODUCT

Club Med offers dream destinations, and the company is just as concerned about the dreams as the destinations. Club Med is the original, and remains the largest and the most comprehensive of the world's all-inclusive vacation organizations. One price covers round-trip airfare and transfers, world-class accommodations, endless gourmet buffets, and open bar with premium drinks. It also includes an array of sports and activities with daily lessons, Mini Club Med programs, and nightly entertainment. Winter sports vacations include lift tickets and daily ski and snowboard lessons for the whole family.

Club Med has updated and improved its matchless array of activities—everything from sailing and golf



to circus and yoga. Levels of instruction range from beginner to advanced. Winter destinations offer many activities and excursions, including horse-drawn sleigh rides, dog sled tours, and snowmobile rides. Of course, Club Med continues to offer more traditional activities, including golf and tennis. And when it's time to relax, fabulous meals and spectacular shows await.

To book a Club Med vacation, guests become Club Members or Gentils Membres (G.M.s), making Club Med the world's largest and most cosmopolitan club.

The founders invented the notion of the "Gentil Organisateur" (G.O.) — a term that translates roughly as "friendly host." About 9,000 of Club Med's employees are G.O.s, and they are hosts, guides, friends, and coaches, combining a commitment to service with specialized skills and talents.

RECENT DEVELOPMENTS

In the summer of 2003, after 53 years of bar beads, books, and bracelets, Club Med redefined itself with the launch of its Total All-Inclusive™ vacations, allowing guests to enjoy an all-day premium open bar, all-day meal service, and upgraded amenities in each room, in addition to extensive sports and leisure activities, endless gourmet buffets, and live nightly entertainment, for one all-inclusive price.

Building on its reputation as the leader in discovering pristine, exotic locations throughout the world, Club Med recently opened Trancoso, its third village in Brazil. Trancoso resembles a traditional Brazilian fishing village. Its design is completely in harmony with the local architecture.



Marketing innovations allow Club Med to offer more customized solutions — with world-class comfort ratings plus upgraded amenities that help members find the village that best meets their needs and budgets. Villages are suitable for all lifestyles, whether guests are single, married, or with children; everyone can find the right village so they vacation their way. Club Med has invested more than \$100 million in a state-of-the-art worldwide reservations system, allowing sales staff to respond more quickly to customers' requests.

PROMOTION

Club Med is reaching new members with an integrated global communications strategy, focusing on "Total All-Inclusive™" value, high-quality accommodations, and the freedom to do what you want when you want.

Of course, you can come to Club Med to just chill out. But those who want to play can take advantage of dozens of sports, with all different

levels of instruction. Children (from four months to 13 years) can join in the fun in the award-winning children's programs, including Putumayo World Music Playground and Hip Hop Kidz dance lessons. A multitude of facilities and pros makes Club Med the world's largest golf club and tennis club.

The Club Med brochure, *The Trident*, is available in 10 languages and has a huge print circulation as well as a strong Internet presence. Promotional efforts have been intensified by means of international partnerships in over 40 countries, such as those signed with Coca-Cola and COTY.

In addition, www.clubmed.com is becoming a major international Internet player. The Web site now accounts for 8 percent of the brand's individual revenues in France and 10 percent of overall individual revenues in the United States.

BRAND VALUES

A key to understanding Club Med's brand is realizing that the company is committed to redefining what it means to have or be a brand. Club Med is not only a destination — it is an identity. It is not only a place people go to; it is something they become part of, and that becomes part of them. Club Med is a experience, a way of life, an attitude, an adventure. It is about being oneself and enjoying every experience to the fullest. These essential values define the Club Med brand.

Club Med is dedicated to constant improvement and innovation, building on its three strategic assets: its members, its G.O.s, and its brand. The goal is nothing less than total transformation, with a view toward achieving strong growth in all aspects of leisure, relaxation, sports, and vacation enjoyment.

THINGS YOU DIDN'T KNOW ABOUT CLUB MED

- More than 60 villages offer Children's Clubs. Club Med caters to an average of 1,000 children a day in the United States, Mexico, and the Caribbean villages combined.
- Club Med is the largest sports school, with more than 60 sports offering different levels of instruction; 30 sports are catered to children.
- The Club Med sports equipment list includes 700 tennis courts, 6,500 rackets, 1,000 bicycles, 1,500 bows, 950 sailboats, 1,500 sailboards, 1,000 scuba tanks, 11,500 pairs of skis and 12,000 pairs of ski boots, and 420 snowboards.
- Each Club Med village is located on an average of 50 acres in exotic locations that embody the local country's culture, architecture, and people.
- Club Med's 11,000-plus G.O.s (employees) represent more than 80 nationalities and speak a total of more than 30 languages.
- Club Med hosts more than 2 million G.M.s (guests) annually worldwide.
- Circus schools, complete with flying trapeze, are available to adults and children in more than 20 villages worldwide.