

Travel agency industry sales into the red due to reductions of travel service fares in 2014

The continuing economic downturn kept travel agencies on their toes for all of 2014. Numerous other global factors, including political unrest, natural disasters and disease epidemics took their toll on the travel industry both in Finland and the rest of the world. Travel service providers from abroad also increased competition and brought new challenges for Finnish travel agencies.

Projections for the economic turnover of travel agencies in early 2014 were not high to begin with due to the above circumstances in either business or leisure travel. The decrease in passenger numbers was not, however, as bad as initially feared. The fall in average travel service fares did still cause a dip in both business and leisure travel sales.

According to preliminary statistics gathered by the Association of Finnish Travel Agents (AFTA), the association's member agencies' and tour operators' overall sales in 2014 without the industry's own internal recurring revenue were approximately 1,918.3 million euros. The corresponding figure for 2013 was 2,027.2 million euros, indicating a 5.4 percent drop from the previous year. One year previously, sales had actually grown by 2.2 percent.

Business travel sales to corporate clients were worth some 649.2 million euros, which is approximately 5 percent less than one year previously. The biggest reason for the drop in business travel sales (in euros) was the aforementioned decrease in the average fares of travel services, especially flights. The weak prospects of the Finnish economy and the downsizing in many domestic companies had surprisingly little impact on business travel sales development. Especially towards the end of the year, an increase in business travel transactions, i.e. travel bookings, could actually be observed.

The sales of air-based package holidays in 2014 numbered at 736 million euros, which saw a 7.7 percent drop from the previous year. This slump in package holidays has in some circles been predicted for decades, but despite many changes affecting the industry, package holidays have mostly retained their popularity well among traveling Finns. The definition of a package holiday in terms of the EU directive-based Package Travel Act also affects the number of package holidays. An in-progress revision of the Package Travel Directive that may be approved by the EU in 2015 may actually multiply the number of package travel items many times over in the next few years.

Air-based package holidays have settled in the neighborhood of just under 900,000 and 1 million annual trips sold. In 2014, the figure was 883,000 among all the tour operators within the statistical sample. This was 5.9 percent less than in 2013. The serial nature of the compiling of statistics on leisure package holidays shows ever more clearly that not all travel agents are able to separate their package trip sales from their overall revenue. These travel package sales have been incorporated into "other travel agent sales" outlined below.

For a long while, travel has been the largest product group by far in online shopping. About 70 percent of air-based package holidays were sold via the internet in 2014. In 2013, the comparative number was 69 percent, meaning that the growth in online buying for these types of trips is already leveling off. Business travel services sold online continued their far clearer growth rate, being at 48.3 percent in 2014. One year previously, the figure was 44 percent.

No precise data is available for the value or distribution of other travel agent sales. Nevertheless, the AFTA has gathered ample preliminary information from its membership showing that other travel sales have also fallen in 2014 when compared to one year previously. Other travel agent sales were valued at approximately 533.1 million euros in 2014, representing a drop of 4.8 percent from the previous year. This figure includes a vast number of singly purchased travel services, so the drop in the average fares of these services explains in part the slump in other travel sales, as well. In addition to air-based package holidays, package travel made by bus and/or ship as well as packages built around a specific theme continue to retain their popularity among Finnish travelers. Many Finns opt to tailor their own trips separately from the travel services provided by travel agents online or in brick-and-mortar business offices.

International and domestic scheduled flights sold by travel agents

The gross value of international and domestic IATA tickets sold by travel agents (including taxes and other similar charges as well as fuel surcharges) was 921 million euros in 2014. The value of ticket sales decreased by about 1 percent compared to the year 2013. The number of tickets totalled at 2.647.141 which was 6.5 per cent more than in the previous year.

Credit card sales of international and domestic IATA tickets (including corporate travel accounts) have grown unmistakably over the past few years, owing perhaps to the volatile economic situation and to the desire among customers to ensure ticket fare refunds in the event of an airline's insolvency. Last year, the portion of credit card sales was at more than 50 percent (50.7 %). The figure was 49.9 percent in 2013.

Further information:

Heli Mäki-Fränti, Managing Director, Association of Finnish Travel Agents,
tel. +358 40 575 1303.