

Package holiday popularity soars

Travel agency sales increased greatly in 2017

Following years of recession, Finland's economy saw an uptick in 2017. The economic straits did not affect the travel industry as hard as others, but hard times brought on both domestic and international competition among travel agencies. The additional element of busy online sales has led to the severe cutting of travel agency staff.

Travel firms have also been affected in recent years by bouts of unfortunate world events such as political unrest, terrorism, disease epidemics, and destructive natural disasters. These phenomena were unfortunately also staples of 2017. Changes to global security may have contributed to travelers wanting to vouchsafe the safety of themselves and their loved ones abroad by turning more readily to travel agencies and tour operators. This trend is visible among both holiday-goers and business travelers.

All things considered, it was clear that travel agency sales would increase steeply in 2017. Preliminary data gathered mainly through member organizations by the Association of Finnish Travel Agents (AFTA) show that the travel industry's full turnover for 2017 (not including repeat sales) was approximately 1.972 billion euros. In 2016 the corresponding figure was 1.890 billion euros, representing a 4.3 percent increase. Sales of business trips, serial leisure travel, and other agency services grew drastically. The clearest gains were made in package holiday sales.

Corporate business trip sales along with event, meeting, and group sales totaled at some 655.3 million euros, showing a 1.6 percent rise from last year. A primary challenge to market growth has long been the continued downturn in average travel service prices, while the number of trips booked either remained the same or saw small improvement. With a strengthening economy, it is clear that the average prices of travel services are set to come to a halt. Another sign of an improved economic outlook is the popularity of event, meeting, and group sales.

In terms of leisure travel, one common industry issue in 2017 was the EU's new directive-based travel package legislation, which was finalized in December. Industry estimates hold that the new rules, which come into effect in July, 2018, will considerably increase the amount of deposit-based package holidays and combined travel services in Finland as well as elsewhere in the EU. Travel package design has changed over time, and additional customer-centered services providing picked and mixed trip deals have gained ground online, whether on the sites of travel agencies or other travel service providers. Some of these trips have already been counted as package holidays under the relevant legislation, while some have not. The new legislation is expected to ease competition-related tensions among providers and to increase consumer protection.

Our statistics on package holiday flights are based largely on calculated serial travel agency production, which shows more clearly than ever that, which is evidence that not all companies are able to differentiate package holiday sales from their overall sales. In terms of overall travel package volumes it is critical to know whether the sales of these packages are included in the other agency sales mentioned later.

Some 783,400 trips were included in travel package statistics in 2017 from agencies surveyed, 7.7 percent fewer than in 2016. The turnover of travel agencies included in the statistics – 723.3 million euros – represents an impressive 10 percent in growth.

Tourism is one of the largest product groups in online sales. Some 75 percent of package holiday flights were sold over the internet last year, staying quite level compared to 74.9 percent one year previously. The proportion of online sales in euros for business trips was 56.2 percent, another 11 percent higher than in 2016.

No definitive data on the value or distribution of other assorted travel agency sales is available. AFTA has nonetheless gathered a broad range of preliminary data from its membership, showing that other assorted sales saw meager growth in 2017; the value in euros of other travel agency sales was 593.3 million euros, a 1-percent increase. This figure – including bus and/or ship packages, along with specially themed travel packages – is made up of a very high number of individually bought travel services. A service that saw especially positive growth as part of other assorted travel agency sales was the so-called incoming trip service; meaning trips organized in Finland or nearby regions and which have been sold to foreign tourists either directly or through a third party.

Domestic and international scheduled flights sold by agencies

The gross value of agency-sold domestic and international IATA tickets in 2017 (including taxes and similar payments as well as additional fuel costs) was about 1.233 billion euros. The spike from one year previously is a substantial 13.9 percent. A total of 3,789,920 tickets were sold, which is 5.8 percent more than the year before. The cumulative average price of an IATA airline ticket was about 325 euros. Prices rose last year by 7.6 percent.

Credit card sales including company travel accounts accounted for just over half of domestic and international IATA ticket sales. The share of credit card sales fell from 52.7 percent to 50.1 percent in 2017.

Additional information:

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