



Travel agency sales still stumbling in 2021

- International travel and tourism slowly recovering

Despite the expectations raised by vaccinations, the COVID-19 pandemic did not ease its grip on the world during 2021. The pandemic has affected industries in very different ways; some sectors have benefited financially from the pandemic, while, for example, most companies in the travel and tourism industry have struggled to survive. Travel agents, tour operators, transport and accommodation companies, currency exchange companies, guides and numerous other actors, especially in international travel, have been at the mercy of the pandemic and government policies. International business and leisure travel was only able to be launched in a small scale during the year. Operators providing travel services to domestic customers have been most successful during the COVID-19 crisis.

In the autumn of 2021 there were hopes for a start of recovery of the travel industry. However, the effects of the rapidly spreading omicron virus variant were soon also visible in the tourism industry. Since battling the COVID-19 pandemic for a couple of years already, opinions that COVID-19 should be treated like any other respiratory illness have increased. As a consequence the attitude towards the pandemic will hopefully become more calm, societies will open up and, consequently, international travel will recover.

According to preliminary data gathered by the Association of Finnish Travel Industry (SMAL) mainly from its member companies, the travel industry's total turnover for 2021 (not including repeat sales) was approximately 307.4 million euros. In 2020, the corresponding figure was around 414.3 million euros. Before the pandemic in 2019, the industry's total turnover was a little over 2 billion euros. As a result, total sales in the travel agency sector continued to plummet in 2021, falling by 25.8 per cent year-on-year, with a collapse of 84.9 per cent from 2019.

The value of business travel sales to companies and organizations, as well as events-, meetings- and group sales was approximately 113.1 million euros, a decrease of 15.5 per cent on the previous year's sales of work-based travel. When comparing to the corresponding sales in 2019, the drop was as much as 83.6 percent. The recovery of business travel was slowed down by for instance fear of corona infection or exposure during the trip and possible quarantine. Only most business critical trips were made during 2021.

Statistics on air-based package holidays are based largely on calculated serial production of tour operators. The figures include packages tailored for customers by tour operators or by the customers themselves using the tour operator's website. Travel package sales left out of these statistics for air-based packages have been incorporated into the "other" travel agency sales numbers mentioned later.

Sales of air-based packages continued the downfall that began in 2020. The number of sold trips was about 116,700, a drop of almost 30 percent from the previous year. When comparing the number of trips to the situation in 2019, the dive was a massive 87 percent. The turnover covering the sales of these packages was 104.3 million euros. Compared to the previous year, the sales still fell by almost 41 percent. The sales in euro also fell by more than 86 percent compared to the numbers for 2019.

No definitive data on the value of distribution of other assorted travel agency sales is available. Over the years SMAL has gathered a broad range of preliminary data from its members. The statistics include bus and/or cruise packages as well as separately purchased travel services designed around special themes. Other travel agency sales also include the so-called incoming travel arrangements; meaning travel services organized in Finland or nearby regions and which have been sold to foreign tourists either directly or through a third party. The strict travel restrictions in Finland affected especially travel to Finland from abroad. On the other hand the restrictions on international travel increased domestic travel in Finland.



Calculating the value of other travel agency sales is even in normal times challenging, due mostly to the fact that large, internationally owned online travel agents are no longer physically present in the Finnish market nor under the SMAL umbrella. Based on the available data, the estimate of the value (in euro) of other travel agency sales was at the level of sales of work-related travel and air-based travel packages. The production and sales of business trips and leisure travel abroad is traditionally highlighted in the SMAL members' business, so other travel agency sales, including for instance domestic travel was 2021 stuck at the previous year's level. The estimated value of other travel agency sales in 2021 was approximately 90 million euro, a decrease of just over 14.3 per cent compared to the year 2020. Nearly 85 per cent of sales in 2019 were lost in this sector as well.

Domestic and international scheduled flights sold by agencies

The gross value of agency-sold domestic and international IATA tickets in 2021 (including taxes and similar charges) was about 158 million euros, an increase of 17.4 percent in comparison to sales during the first COVID-19 year 2020. However, in contrast to the time before the pandemic, for instance year 2019, it was still a staggering drop of 85.1 per cent. In comparison to the Nordic and Baltic countries, the so-called BSP sales continued to recover slowest in Finland. In Sweden and Norway, the growth of air ticket sales in 2021 as opposed to the previous year was less than 20 per cent (Sweden +19.96 % and Norway +18.7 %), but in both countries the decline in comparison with 2019 was more moderate than in Finland (Sweden -80.2 % and Norway -59.4%). The fastest annual growth (2021 vs 2020) in travel agencies' air ticket sales was seen in Iceland (+ 81.1 %), Estonia (+ 67.1 %), Lithuania (+ 55 %), Latvia (+ 50,1 %) and Denmark (+ 42,6 %). As of March 2021, the monthly air ticket sales of travel agencies in Finland also showed a positive mark compared to the corresponding months in 2020. However, the high growth rates indicate extremely low starting figures. Nevertheless the autumn of 2021 saw a clear recovery in air travel for both business trips and leisure travel, although towards the end of the year the growth rates of air ticket sales fell again.

Additional information:

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