

INTELLIGENCE FROM JOI

A BRIEF ABOUT THE NORDIC TRAVEL MARKET: DENMARK, FINLAND, NORWAY AND SWEDEN, AND RECOMMENDATIONS FOR 2010



ISSUES



TRENDS



ECONOMY



NEWS



OVERVIEW 2010 BY JENNY ÖIJERMARK

Eco is back. The turn of this decade brings an obvious shift in the global mind. Many things mark the changes that we are going through. It is about the survival of the planet that commands us to produce and consume in a sustainable way. No human can totally ignore this fact.

ECO IN COPENHAGEN

The capital of Denmark, Copenhagen, was the centre of attention for a couple of busy weeks during the COP15 climate summit for world leaders. Now no one can escape the sustainability issue. Eco is once again a buzzword and will drive new innovations and business models in the year to come. It is time to make the world a better place for real. At least this is how many of the consumers feel.

LOW BUDGET CONCEPT

In the same time the emerging markets are craving small, cheap and fast consumer goods. A trend that has reflected into the

WHAT WE DO IN THE PRESENT WILL ECHO IN ETERNITY

QUOTE FROM "GLADIATOR"

hotel business. Hotels are launching low budget lodgings in compact and cheap concepts. The big question is if the environment is going to be a top priority or is the wallet the true base for the majority of the decisions made when it comes to travels. Nordic consumers still wants to travel as far as possible for as little money as possible.

POSITIVISM

The financial crises seems to be over! Has the bad things gone away? Well there is nothing wrong with the attitude in the Nordic travel industry. Positivism is dominating and a warm feeling of relief seems to be spreading. The anticipated demand of travels turned out to be higher than predicted last year. Tour operators actually had to release more travels than planed in 2009 to meet the market and this year is looking even better for the industry. The purchase power only weakened among certain consumer groups, and some people travelled even if they had to extend their credits. This year the expectation on sales, is higher.

UNEMPLOYED YOUTH

Most trendwatchers are positive and predict a

slow growth in the year to come and stock markets and banks are recuperating but it is still going to be a shaky ride. Unemployment is disturbingly high among Nordic youths. In December 2009, 20.2 percent of young people in Finland between the ages of 15 and 24 were unemployed. This is an increase by 7.8 percentage points from December 2008. The trend is the same for Sweden. The bad economy has effected the young generation and many of them have sought their refuge to the universities. Even so, the unemployment among young people is as high as 30 percent in Sweden.

PRIORITY IN STABILITY

Young people that are growing up today are not as keen on backpacking as the previous generation. Today their priorities lays with starting a family, getting a steady job and buy a house instead of exploring the world. Perhaps the world does not seem as appealing as it used to? ☹

This intelligence report from JOI informs you about the developments in the travel market in Denmark, Finland, Norway and Sweden and will help your planning the future marketing of your destination.

COMMUNITY SERVICE » INDUSTRY VOICES » TRENDSPOTTING » CASE STUDY: HOTEL ILIO

IS THE WORLD BECOMING A VILLAGE?

Since the early days of charter, the highest priority for Nordic travellers on vacation is, lazy days in the sun. This is still true for the majority of the population whose only concern is to flip over in the right moment to get an even tan.

Recently the demand for volunteer travels has started to grow. It is a new way of thinking and a new way of travelling.

» These travels used to be very popular among young women who wanted to help out at orphanages and schools but now we are starting to get a lot of requests from families, men, older people and even companies, says Anna Korsvik at Volontärresor in Stockholm.

» Is it a coincidence that more and more tourists choose to spend their time off, caring for children or taking care of animals or nature in the same time as Corporate Social Responsibility is becoming an essential brand builder? It is likely

that more companies will choose to rather build a new school for poor children in the Third World rather than go for a five star Kick Off with the staff hanging around a poolside with a Singapore Sling in their hands. This kind of travelling makes a lot of sense to people.

» Volunteer travelling is great way of teambuilding and makes you a more attractive as an employer, says Anna Korsvik.

Volontärresor is a tour operator specialized in volunteer travels in Sweden, Finland and Norway with a global operation.

» We need to keep in mind that the Nordic workforce has 5-6 weeks of vacation each year and this means that we need to adjust our offer to a couple of weeks instead of of months, to meet this new demand from consumers and companies, she says.

» Our clients testify that they are gaining new friends, insights and a warm feeling of accomplishment this can be a life changing

experience, she continues. Many of them are aiming to learn languages as well as a new culture.

What did you do on your vacation?



VOICES FROM THE INDUSTRY



“If we want the destinations that we love to visit today to stay open for the next generation, then tour operators, authorities and consumers must to do all in their power to maximize the positive effects and minimize the negative effects of tourism.”

MAGDALENA ÖHRN
Head of Information at Ving

“Copenhagen Sustainable Meetings Protocol, CSMP was created at COP15 last year when 15 000 delegates and 5 000 journalists met in Copenhagen to discuss the global environmental challenge. The protocol is a guideline to help organize sustainable conventions based on lessons learned from the COP15. Even if companies have CSR-policies and wishes to arrange green meetings they are still not ready for any major alterations and few of them are prepared to pay more for green meetings.”

MEETINGS INTERNATIONAL
Trend Report 2010

CHARTER IS KING!

Despite the recession last year the demand for charter trips stayed up among Nordic consumers. Ving, one of the largest Nordic tour operators, had one of their best sales weeks ever for charter trips in January 2009.

Consumers search for cheap tickets, which is beneficial for the low price airlines, like Norwegian, Ryanair and Easy-jet and will challenge the bigger European airlines sales of regular tickets.

Risk management in the airline industry are in favour of charter for the obvious advantage of presales. The airline companies are going to aim to minimize the number of empty seats on each flight. The best bet if you want your destination to stay in traffic is to attract charter flights. The more turbulent the airline market is the more important charter is going to be.

Volume is important to attract investors in tourism infrastructure and a plenitude of accommodation in it self attracts more tourists. If a destination gains a rumour of being popular then this fact makes more people want to spend their holiday in that same place as well.

This might push the number of arrivals to the tipping point. That's when the destination can offer better prices due to the mass of clients. A destination that is popular and cheap is of course a winner.

If charter is king then train charter is wild card. More and more people wants to travel by train and this ongoing trend will continue during 2010. Train charter is a comfortable way of travelling suitable for families as well as more environmental friendly tourists.

GOING DOWN

▼ There was a 20% drop in "turn up and go" travel, with nothing booked in advance. "Transport only" pre-bookings rose by 20% (*reflecting the search for bargain prices and an unwillingness to be surprised by prices at the airport*), raising their market share from 16% in 2008 to 22% in 2009.

▼ Greece and Thailand risk to go down and neighbouring countries like Turkey and Malaysia may benefit.

▼ The euro steadily losing value and euro consumers fear for their vacations abroad.

Trendspotting

GOING UP

▲ Innovation, is the buzzword. Let's be creative and do things differently in 2010!

▲ The United Nations World Tourism Organisation estimate that international tourist arrivals declined by 4% in 2009 to 880 million, but with tentative signs of recovery emerging during the final few months of the year they will improve.

▲ Among individual destinations managing to grow the number of international tourist arrivals during the recession were Morocco, South Africa, Chile, Peru, Indonesia, Malaysia, Iceland and Turkey.

▲ The proportion of holiday trips booked with the help of the Internet exceeded those booked without for the first time in 2008, and the trend continued apace in 2009. The focus of growth is now firmly on trips actually booked (*if not paid for*) online, which rose by 11% in 2009, in spite of the decline in travel.

▲ World GDP fell by 1% in 2009, according to the IMF, and is currently forecast to increase by just over 3.1% in 2010.

▲ Low price airlines, like Norwegian, Ryanair and Easy-jet, will soon have a majority of the Swedish regular flight travellers. These airlines will challenge the bigger European airlines.

▲ In 2004-08, outbound trips by the "golden generation" increased by 21% – an average of 5% a year, compared with 4% a year for younger travellers (*overall, European outbound trips increased by 17% in that period, and trips by 15-54 year olds by 18%*).

UP OR DOWN

◆ Package holidays, including dynamic packages – tailor-made trips sold online as complete or partial package holidays – became victims of the crisis in 2009 on the Nordic market but is probably going up in 2010.

◆ Some 62% of experts believe that tourism in 2010 will perform "better" or "much better" than could be reasonably expected, while only 7% anticipate a year that will be "worse" than expected.

◆ Luxurious travel segment was hit the hardest by the recession in 2009 and may be the last segment to recover.

TRENDS AMONG:

DANES

Increasingly, Danes want hassle-free holidays. All-inclusive holidays abroad are becoming more and more popular, according to research by charter operator Star Tour.

FINNS

The current economic climate seems to have had a mixed affect on travel behaviour. Views are mixed – some plan on spending less on an abroad holiday this year, whilst others didn't feel taking a holiday was any less of a priority. Additionally people are taking shorter breaks than previously.

NORWEGIANS

An increasing number of Norwegians are travelling single, and tour operator Solia are the first to offer charter packages where single supplements don't apply.

SWEDES

The Swedish Institute also found that mobile phone ownership in Sweden is exceptionally high, with over 95% of the population owning a mobile telephone.

NORDIC E-TRAVEL

Almost 94% of the overall online package is booked directly via companies' websites. There is a high tendency to book hotel rooms directly via hotel chains' websites. Online intermediaries play a seriously less significant role than in other European markets and are used mainly for comparing prices not a real marketplace.



PUTTING HOTEL ILIO AND THE ISLAND OF ELBA ON THE MAP

Hotel Ilio had never before been marketed to Nordic tourists and has previously only had a minority of guests from Sweden, Denmark, Finland and Norway.

JOI was given the mission to increase the awareness of the Hotel and the island itself, since Elba is a rather unknown destination in these countries.

Positioning

Tuscany is a well-known and positive trademark. The concept of the Tuscan Archipelago was used to describe the location of the island. JOI communicates Elba as an undiscovered pearl in Tuscany. The fact that Elba has been a favoured holiday island for Italians themselves was publicized as proof of the attractiveness of the destination.

Even if the tourists travelling to Elba often, only seek to enjoy the sun and relax on

the beach, something more had to be added to the message to create an interest for the island. The historical background of the island with the exile of Napoleon Bonaparte was one theme that allured interest from the media.

Availability and personality

Elba became easier to reach in 2008 due to new flight routes and this is the reason for why Hotel Ilio entered the Nordic market at this time. Availability is an important key to success when marketing a destination.

Another aspect in the communication strategy treats the founder and owner of Hotel Ilio, Maurizio Testa. During the off-season, Maurizio spends his time on writing books about marketing, and he travels all across the globe to find inspiration from other hotels and resorts. By focusing on

Maurizio and his authorship and commitment, an interest for him as an individual was created. Journalists found it interesting to write about him and that is of course in the best interest of Hotel Ilio.

Positive media image

Press trips are an effective way of gaining publicity. JOI invited carefully selected journalists to Hotel Ilio and Elba and gave them the opportunity to experience a stay at the hotel and a visit to island.

Articles written by independent journalists have a high degree of credibility due to the unbiased source that is useful for consumers when seeking information and advice concerning their holiday plans. Online articles with links are very important since they drive traffic directly to the website and straight into the hotels booking system.

ABOUT JOI

JOI is a consulting firm within the areas of public relations, media and communication. Our customers are national and international companies, organizations within tourism, lifestyle, services and the public sector. We offer high availability and specialized competence in designated project teams. JOI's consultants are experienced in creating strong attractive brands in the Nordic region. We can show that the results of our pr-work is increased positive publicity in the Nordic media, a closer cooperation with the travel trade and an increasing number of arriving tourists. These objectives are reached by helping our clients to build good relations with media and trade in the Nordic market along with creating a higher awareness of what the destination has to offer the consumers. JOI knows the market well. We have been reporting about the development of travel trends, economy, and the travel industry in the region for several years, and we have a vast network of travel media in Denmark, Finland, Norway and Sweden. Hotel Ilio is one example of how JOI has helped an hotel, to be found by new clients on the Nordic travel market by using the power of pr.

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