Semiannual Report – USA
Winter season 2017-18 and outlook for summer 2018

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Factors affecting the results of the winter season 2017-18

Market Situation

2017 proved to be a boon year for US outbound travel to Europe. Following growth of 5 percent in 2015, and 10% in 2016, travel to Europe by Americans was up 16.5 percent in the period of January to November 2017. Just under 9 million US arrivals were registered in Europe in the peak travel months of May through September 2017. During that same peak period last year (2016), a little over 7.72 million US arrivals were registered.

US resident travel to Europe has been increasing since 2014 per data from the US Department of Commerce’s National Travel and Tourism Office, even though Europe’s market share of overseas U.S. travel has remained stable at about 17% of the overall US outbound market, the highest market share of any overseas region.

Scandinavia continued to do well in 2017 with US citizen bed nights up 26.5% throughout the region. All four countries reported double digit increases and this despite a weaker US Dollar. Competitive airfares, direct connectivity that has been steadily increasing since 2013, greater awareness of the region and its attractions, as well as new and revamped travel programs to Scandinavia offered by a greater number of North American tour operators have all contributed to the growth.
Factors affecting the results of the winter season 2017-18

US visitor overnights in Finland saw good growth, +17%, from US travelers. However, the winter season still lacks far behind the summer season. 69% of the US overnights take place during summer season, May-Oct.

The Scandinavian countries are often seen as a single destination, rather than as individual countries. Iceland made it, for the first time, in top 15 destinations for US travelers in Europe.

MMGY’s 2017-2018 Global Portrait of American Travelers reports that 21% of US travelers intend to go on an organized group tour in the next two years. However, the report also notes when it comes to millennial families, this number goes up to 47% vs. 6% of millennial couples and 19% of millennial singles.

The same study also found that 23% of overall travelers intend to use a travel agent to plan their vacation over the next two years. Taking a closer look at how millennials intend to work with travel agents, the study found that 51% of millennial families intend to use a travel agent to plan their vacation over the next two years compared to 12% of millennial couples and 16% of millennial singles.
Factors affecting the results of the winter season 2017-18

Reasons for the increase/decrease in travelling to Finland?

Seat capacity increased by 2% in total on **direct flights** from USA to Finland. The capacity increase was mainly due to more usage of A330 aircraft on JFK-HEL route and an additional flight from Miami to Helsinki in December. Arrivals from New York counted for 24%

There are lots of different cities of “indirect” origin on travel to Finland. Among the most typical cities of origin we can find: Boston, Minneapolis, Los Angeles, Washington DC., Atlanta, Seattle, Denver, Portland etc. Arrivals from these various cities increased in December and January +11,2%

Products that have been attractive are; Helsinki City Break, Lapland activity holidays with special accommodation (mostly iglus) and Northern Lights, Baltic Sea Cruises with Helsinki as one port. A popular package is combining Helsinki and Lapland. In Helsinki the focus is on culinary, design and shopping as in Lapland the packages include all the wonderful winter activities.

Helsinki (+20%) and Lapland (+26%) were the two most attractive regions among US travelers in Finland.

Campaigns, joint promotions results were successful. For ex. campaigns with Expedia and TouricoHolidays resulted in considerable growth in both passenger numbers and room nights.
Outlook for the summer season 2018

The overall outlook of travelling to Finland for the coming summer?

Many tour operators reported record bookings to Europe for summer 2017 citing lower airfares, increased flight capacity across the Atlantic, and greater consumer confidence as the main reasons driving the growth. Finland saw a +17% growth in summer 2017.

Prospects are looking healthy for 2018 as well. Finnair’s capacity from USA is increasing by 11% during Mar-Aug 2018.
Outlook for the coming summer predicts an 12% increase from USA. (Based on ForwardKeys – travel agency bookings.)

In addition to the traditional Scandinavian/Baltic&Russia round trips and Helsinki+Lapland packages there is an increasing interest among specialized tour operators to develop packages for niche markets, like for ex. bicycling and walking tours.
Outlook for the summer season 2018

The overall outlook of travelling to Finland for the coming summer?

Also an increasing number of tour operators who have not featured Finland before have now packages to Finland. Like for ex. Collette and VBT Bicycling and Walking Tours.

A very encouraging message from both of these tour operators is that never has any of their new tours sold so well in advance than the new Scandinavia (with Finland) and mono Finland packages!

The 2018 Travelport U.S. Vacation Survey of approximately 1500 U.S. residents reveals Millennials are most likely to spend more on their upcoming vacations than other age groups, with one out of three Millennials willing to spend $5000 or more on their vacations.

Overall, over one-third of Americans are more likely to take a vacation this summer compared to last summer. More than half of Millennials plan to travel more this summer compared to summer 2017.
Outlook for the summer season 2018

Ad hoc marketing opportunities

Finland being a long haul destination from US the booking window is quite long, around 120 days and up. I would rather consider, instead of ad hocs, the "regular" marketing opportunities, such as:

- Visit Finland’s joint promotion campaigns with tour operators focusing on increasing sales in winter 2018-2019 and summer 2019
- Fam trips for both tour operators and media
- Supporting fam trips arranged by US tour operators for their travel agency network
- Joining USTOA Marketplace & Conference in November
Prospects for the autumn/winter season 2018-19

The overall outlook of travelling to Finland?

What trends should be considered in product development to increase the demand in the autumn/winter time?

Activities and Unique Experiences are mainly driving the travel decisions. FB is influential in travel decisions for all three generations; Gen Z, Millennials and Gen X. All generations prefer hotel stays.

These are some of the trends, according to agencies, their clients are looking for; exploring a new destination one never seen before, learning about different cultures, finding a local culinary spot in a hip neighborhood, trips with adventure and excitement….

Which present target groups should be considered to increase the demand?

Millennial Families: A New Growth Segment - The 9.5 million households that are American Millennial families intend to spend 19 percent more on vacations during the next 12 months and intend to travel 36 percent more than the previous year. Compare that to U.S. travelers at large, who only demonstrate a 6-point increase in intent to travel this year.

This generational segment is also more likely to travel internationally.
Trends and other relevant travel related topics

Trends

Value & Exploration drive traveler sentiment. "You only live once" opportunities also rank high in consideration.

US travellers are also looking for destinations where they can explore outdoors and be active and they often opt for "off the beaten path" locations. Also visiting museums as well as filling up the travel itinerary with arts&culture is popular.

(Source: Expedia MediaSolutions study)

New distribution channels

B2B activities are and remain very important. Thru tour operators we reach the travel agents and the end consumers.

Online channels

Google is now ranked by U.S. travelers as the site most often used on a regular basis to obtain travel information and prices – a position that had been held by Expedia the last two years.

The top 3 sites to obtain travel information and pricing are:
1. Google
2. Expedia
3. Tripadvisor
Trends and other relevant travel related topics

Competitors’ actions

Our closest partners, also our competitors, Sweden, Norway, Denmark, have pretty much the same product/message than us; Northern Lights, Midnight Sun, adventure/soft adventure travel, family travel, fjords, culinary and cities.

Sweden had an incredible growth, +44%, in 2017. They had a very successful global campaign "Freedom to roam" in Airbnb
https://www.youtube.com/watch?v=C6671CL5fFg

Norway is heavily promoting the cost and fjords. They are also going "solo" and not working with the rest of the Scandinavian Visits – i.e. Finland, Sweden and Denmark. Three of us continue to cooperate in US market despite of termination of Scandinavian Tourism Board.

Iceland is working closely with Icelandair
Free word

Americans Expect to Continue Traveling a Lot for Leisure in 2018

According to The State of the American Traveler study conducted by Destination Analysts, a tourism research and marketing firm, leisure travel expectations in the U.S. have continued a stable positive path with 37% of surveyed Americans saying they expect to travel more for leisure in 2018, slightly down from a record 37.4% a year earlier. 55.6% of surveyed respondents expect to travel the same amount as last year.

Travel spending expectations are also high, with 36.5 percent of travelers expecting to increase their travel budget this year. In this most recent wave of the survey, the typical traveler reported having a maximum annual travel budget of $3,865, up 6.1 percent from a year earlier. 54% expect to spend the same.

The majority of Americans surveyed (65.3%) reported that leisure travel is at least somewhat of a budget priority. Respondents were asked to think carefully about their spending in the next twelve months, and to describe the importance of leisure travel in this context. More than a third (34.8%) said that travel would be an “extremely high” or “high” priority budget item.

In another positive sign for leisure travel, Americans are expecting to increase their travel budgets sharply this year. The typical traveller anticipates spending nearly $3,900 this year.
USA – Market review data
US overnights in Finland 2017

Year 2017: 268 700 (+16%)

Winter (Nov-Apr): 82 900 (+12%)

Summer (May-Oct): 181 300 (+18%)

Sources: Visit Finland Statistics Service Rudolf, Statistics Finland
US visitor overnights in Finland

Seasonal overnights in 2017 - 2018

**Finland**

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<tr>
<td><strong>Winter 2017</strong></td>
<td>37 900 (+7%)</td>
<td>55 100 (+15%)</td>
<td>113 500 (+18%)</td>
<td>59 000 (+15%)</td>
<td>44 500 (+17%)</td>
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<td><strong>Spring 2017</strong></td>
<td>55 100 (+15%)</td>
<td>55 100 (+15%)</td>
<td>113 500 (+18%)</td>
<td>59 000 (+15%)</td>
<td>44 500 (+17%)</td>
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<td><strong>Summer 2017</strong></td>
<td>113 500 (+18%)</td>
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<td><strong>Autumn 2017</strong></td>
<td>59 000 (+15%)</td>
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**Lapland**

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<tr>
<th>Season</th>
<th>Winter 2017: 6 600 (+73%)</th>
<th>Spring 2017: 6 600 (+111%)</th>
<th>Summer 2017: 5 600 (+35%)</th>
<th>Autumn 2017: 5 800 (+10%)</th>
<th>Winter 2018: 8 300 (+26%)</th>
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**Lakeland**

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<tr>
<th>Season</th>
<th>Winter 2017: 3 700 (-21%)</th>
<th>Spring 2017: 5 100 (-22%)</th>
<th>Summer 2017: 12 100 (+21%)</th>
<th>Autumn 2017: 5 400 (+5%)</th>
<th>Winter 2018: 3 600 (-4%)</th>
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**Coast & Archipelago**

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<th>Season</th>
<th>Winter 2017: 3 500 (+4%)</th>
<th>Spring 2017: 5 000 (+14%)</th>
<th>Summer 2017: 11 400 (+9%)</th>
<th>Autumn 2017: 5 100 (+15%)</th>
<th>Winter 2018: 3 800 (+6%)</th>
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**Helsinki area**

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<tr>
<th>Season</th>
<th>Winter 2017: 24 100 (+2%)</th>
<th>Spring 2017: 38 400 (+14%)</th>
<th>Summer 2017: 84 400 (+18%)</th>
<th>Autumn 2017: 42 800 (+17%)</th>
<th>Winter 2018: 28 800 (+20%)</th>
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Source: Visit Finland Statistics Service Rudolf, Statistics Finland