VF DACH Market Report
GERMANY, AUSTRIA, SWITZERLAND
November 2019

Visit Finland Country Representative
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Semiannual Report – DACH GERMANY, AUSTRIA, SWITZERLAND

Summer season 2019 and outlook for winter 2019-20

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Visit Finland

Factors affecting the results of the summer season 2019

Reasons for the increase/decrease in travelling to Finland?

Changes in demand

- German market is growing as more connections link the market to destination. Especially successful have been the the new routes with Finnair Stuttgart-Helsinki and Hanover-Helsinki. Also Easyjet and Ryanair are operating full planes to Finland

Finland's image as a travel destination

- There has been plenty of visibility since our 2017 celebration and the Grüne Woche, successful Rent a Finn campaign linked with happiness and the EU presidency have increased our visibility on the market. This all results in additional awareness and an improved image as a travel destination. The Nordic countries and the Baltic area are becoming trendier and the Mediterranean is losing on attractivity.

Changes in distribution channel

- The Thomas Cook meltdown has considerable impact in the classic distribution channels in Germany. Service providers are also cutting the former benefits for tour operators and the volatility on the tour operators markets speed this process

Changes in accessibility

- The lack Germania route Düsseldorf-Kittilä hurts us in the area with a -10 % at the moment. The overall winter still remains in a solid plus with Lapland getting the most of it.

Visit Finland

Factors affecting the results of the summer season 2019

Reasons for the increase/decrease in travelling to Finland?

Products that have been attractive

- Touring remains number one product group. Especially touring to several countries. Here Finland has partly a challenging location compared with other Scandinavian countries. If you take Baltic countries we are the link between the Nordics and Russia.

Regions that have been attractive

- Touring is attractive in all Finland. Regional partners from Saimaa area and West Coast have been happiest with the development.

Campaigns, joint promotions results

- In DACH area we have has 32 joint promotions mainly targeting summer and autumn periods. Direct results are increased production, promotion and sales in the partner areas.
- The Absolut Slow Down campaign tactical campaign is still online and a separate report can be ordered from Visit Finland.

Outlook for the coming winter season 2019-20

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

Increase/decrease and reasons for the increase/decrease

- We could not replace some capacity in the direct connections Germany-Lapland but it seems the scheduled services cover the loss and bookings look good.
- Main issue remains availability during the winter high season.

New winter products

- Soft activities are coming but the classic highlights in Lapland remain dominant. The softer or "slow" activities more south in the Lakeland could be a nice opportunity.

New sales channels

- The disruption in sales channels is speeding also as a result of the Thomas Cook crash the brand of classic tour operators suffer and a speeding shift to online seems inevitable.
- The demand remains high especially for Lapland.
- Ryanair and Easyjet are becoming more active and have started their own tour operating activities.

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Outlook for the coming winter season 2019-20

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

What are the trends for the winter 2019-20?

- Our winter product with the USP Northern lights/special accommodation/unique activities is our main product in the DACH area.
- With the activities to lift off the autumn there is a promising echo on the market for Lapland.
- We see Helsinki and also other cities become more attractive when accessibility is good and short breaks are promoted.

Which are the traveler segments?

- In the winter we have a younger audience 18-35 with higher income. Nature Wonder Hunter, Activity & Comfort Seekers are attracted by our products.
- We seem to have issues profiling our winter south of Lapland. One of the key elements in Lapland is snow guaranteed. We have seen many cases where the fear of black landscapes keep clients from booking. This is a big items in classic European winter resorts and the clients are very aware of the winter conditions in Finland.

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Prospects for the autumn/winter season 2020

The overall outlook of travelling to Finland?

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

- Attractive simple combinations like Christmas: Shopping-Christmas Market-Food
- Sauna-wellbeing is strong getaway proposition?
- City combinations air-sea like Helsinki-Tallinn

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

- To be frank all, but more bold and focused

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

- The high potential is in the south and younger than we think 18-35 is our main target group age. Here we only convert every 10th high high potential in to our client. There is room for marketing and products fitted for the young urban to discover Finland.

Theme check: Food tourism

What kind of demand or potential you find in the market you represent?

1. What is ”in” on your market in food tourism? Is food important for travelers on your market?
- Social eating, go-creation and culinary events, specialized and high quality. Food is important and still increasing but still only coming as the main motive to travel.

2. Is there any specialized tour operators for food tourism? Are “general” tour operators promoting food experiences?
- The latter is the case. We have a couple of specialists and influencers are starting to sell and host trips.

3. What kind of food tourism offerings should be developed more in Finland? *E.g. food related activities in nature (like foraging/picnic in a forest), cooking classes (like baking Karelian pies), food walks, home dining, food producers tours, local/Finnish restaurants, beverage tours/tastings, sustainable food, food routes etc.?*
-Yes to all: important is an authentic touch and entertaining infotainment kind drive: how to make a perfect salmon on open fire etc.

4. The best benchmark and examples (destinations or products)?
- Italy and France are leading destinations for foodies. Copenhagen has made fantastic work with food and hygge to profile themselves as all year experience.

Trends and other relevant travel related topics

Trends

- Business travel in changing. Ca 70 % of business travelers say the are willing add a few days off to discover the destination, ”bleisure”. Also taking family with you is becoming more common. Maybe this is a result of AirBnB?

New distribution channels

- We have noticed that some companies go to a booking system like Bokun with a zero comission policy. The basic idea for platforms like Expedia, Tripadvisor or Booking is to earn money and generate traffic with your product. If you go there you should go all the way, not just online but give capacity and adapt pricing to the parameters given by the retailers. So much below the classic 20 % might turn off the Viators from you.
- While doing the online comissions: they are same for the classic retail, so you can have both.

Online channels

- It is important to have more visibility on the inspirational part of online channels. This is done and our pledge for the trade is to update also seasonal pictures and text to your channels to increase your attractivity

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Trends and other relevant travel related topics

Competitors’ actions

Which countries have been active, where have you seen their promotion, what was the main message/content of the communication, competitors’ new products or activities with tour operators/sales channels

- Troms and Northern Sweden are gaining a better position on the market. Finnish Lapland still has a competitive product but is behind in marketing being dependend on its retails activities and investments.
- Iceland seems also be losing its grip on the European markets as image is damaged by overtourism and overpricing.
- The Alps are adapting to older audiences and changing climate with wellbeing and all year products like hiking.
- Many popular destination are shifting strategies from growing volumes to steering volumes and quality. This happens in Finland too as income grows more than volume.
- The Nordics record very good season 2019, so the Nordic trend remain strong in Germany.

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Trends and other relevant travel related topics

Free word

The debacle of Thomas Cook (TC)

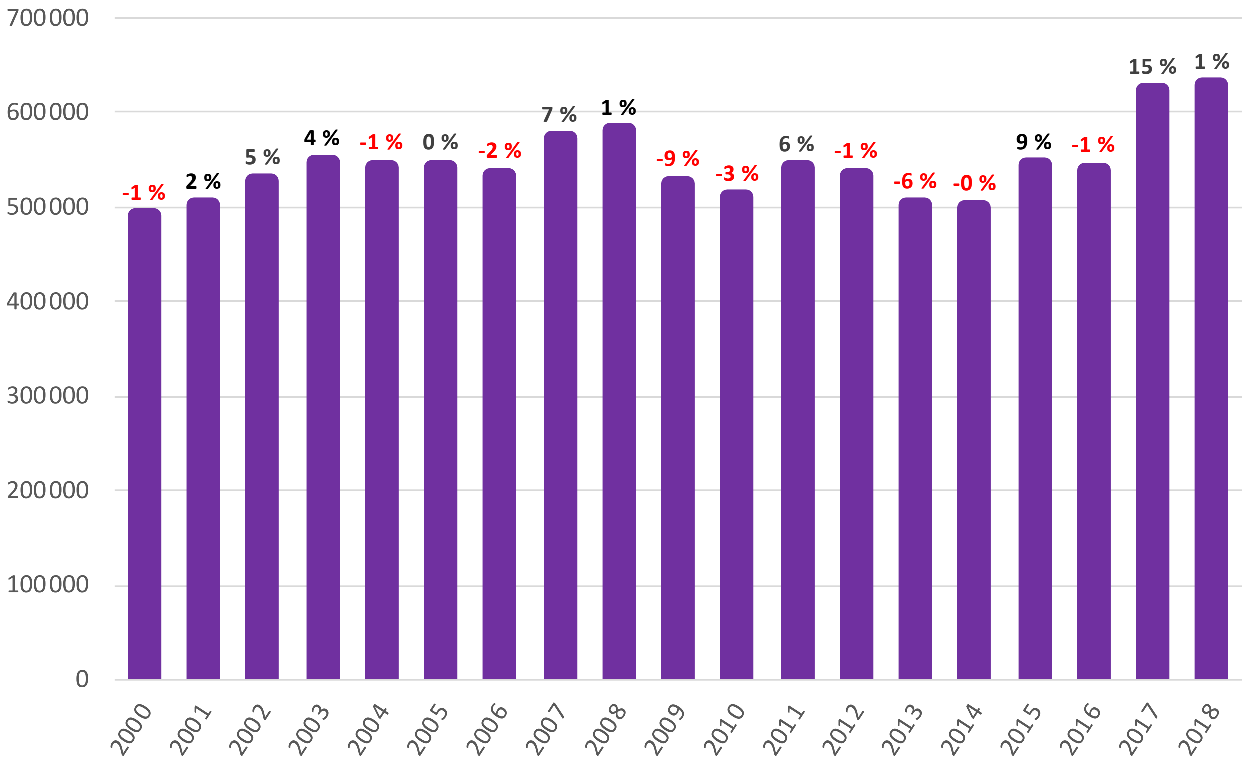
- Luckily Finland is not having thousands of unhappy TC clients wondering how to get home. The Thomas Cook bankruptcy has shaken the market widely also in Germany. Some of top brands belong to the TC and have been a part of the travel market for decades. The disruption to a more direct distribution in digital channels is one of the predicted results. Here some points to think about:

  - Event the most established brands are not safe from the change.
  - Be sure to get your share of the sales before the client arrives. It is normal for package tour clients to pay their trip some 4 weeks before departure.
  - 53 % of German long holidays are package tours and on a big market the change is slow, more like a generation issue.
  - The market share of package tours to Finland is about 24 %, so the package tour operators still remains one of the best ways to grow your business.
  - The disruption seems to be due to the business model and the hard competition on the market. All the generic tour operators are suffering from low margins and tight legal regulation within EU whereas specialists can serve the needs of the more demanding consumers better.

Germany – Market Review

Visit Finland

German overnights in Finland



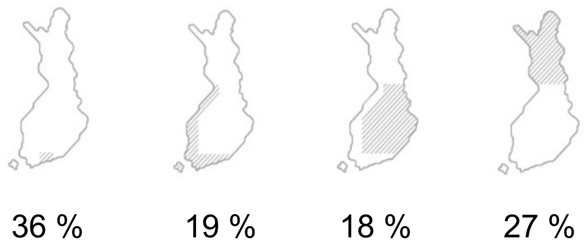
Year 2018

2nd in country rankings
with a **9 % share** of foreign overnights

Average change 2000-2018: **+1 %**

Change 2018 compared to 2000: **+28 %**

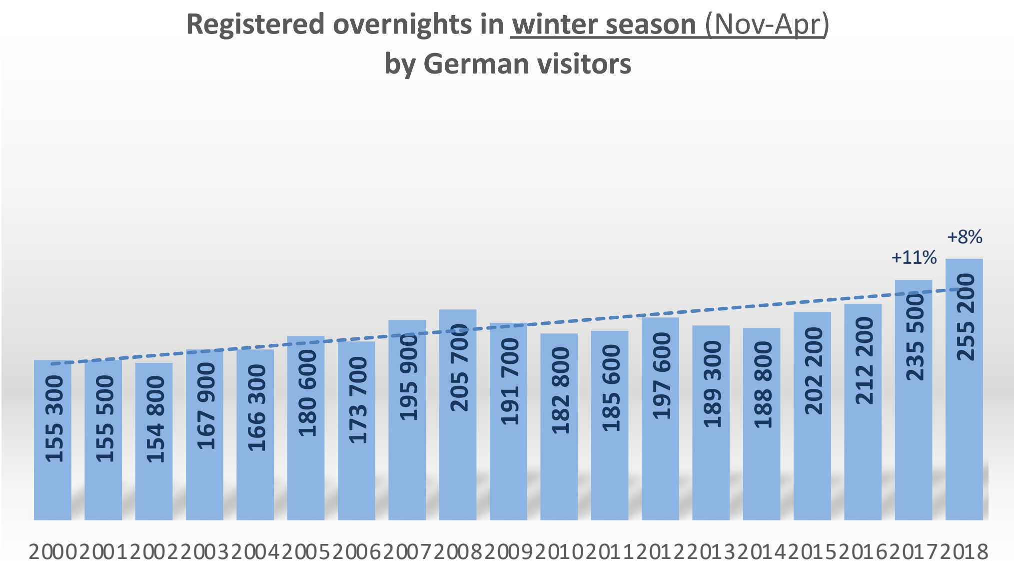
Share of overnights by regions 2018

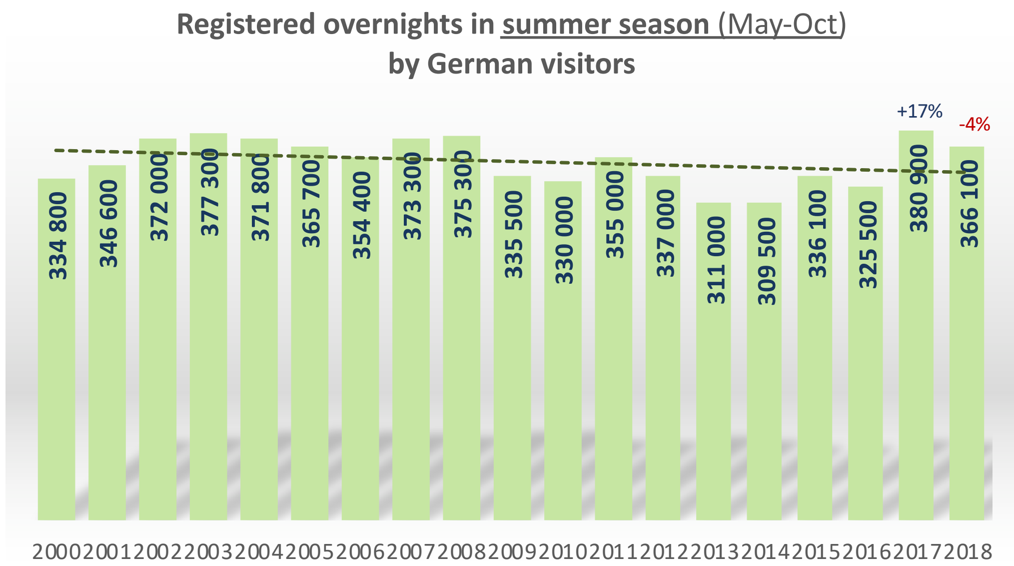


Sources: Visit Finland Statistics Service Rudolf, Statistics Finland

German overnights in Finland

Winter and Summer 2018





Winter 2018: **3rd** in country rankings with a **8%** share of foreign overnights

Average change 2000-2018: **+3%**

Change 2018 compared to 2000: **+64%**

Summer 2018: **3rd** in country rankings with a **12%** share of foreign overnights

Average change 2000-2018: **+1%**

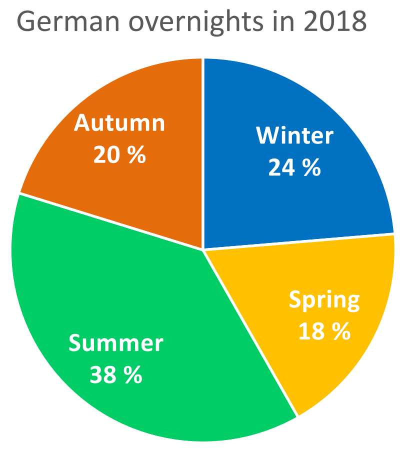
Change 2018 compared to 2000: **+9%**

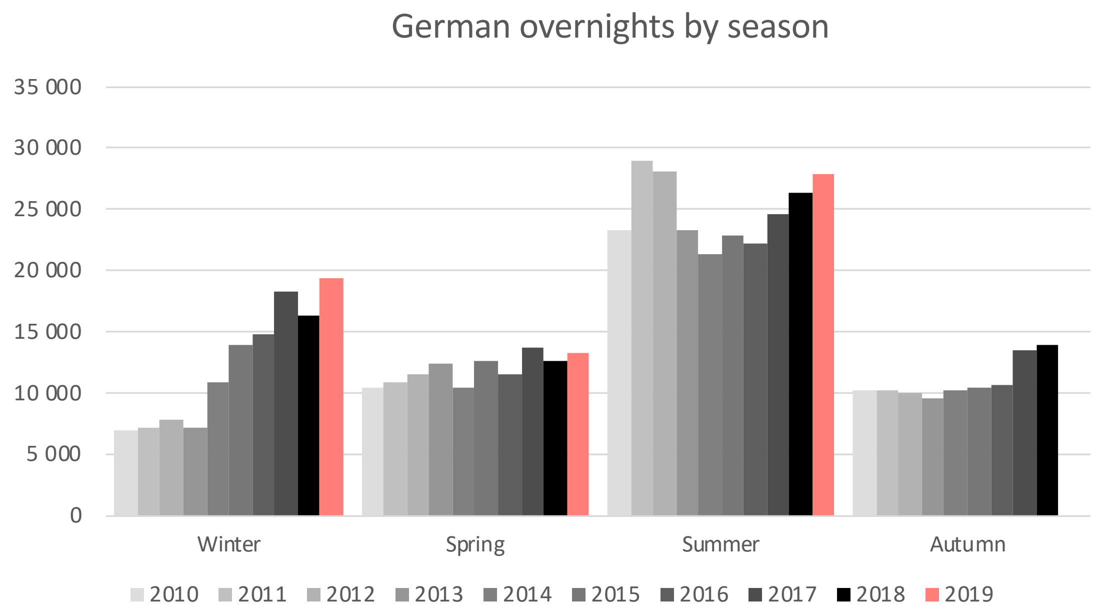
Visit Finland

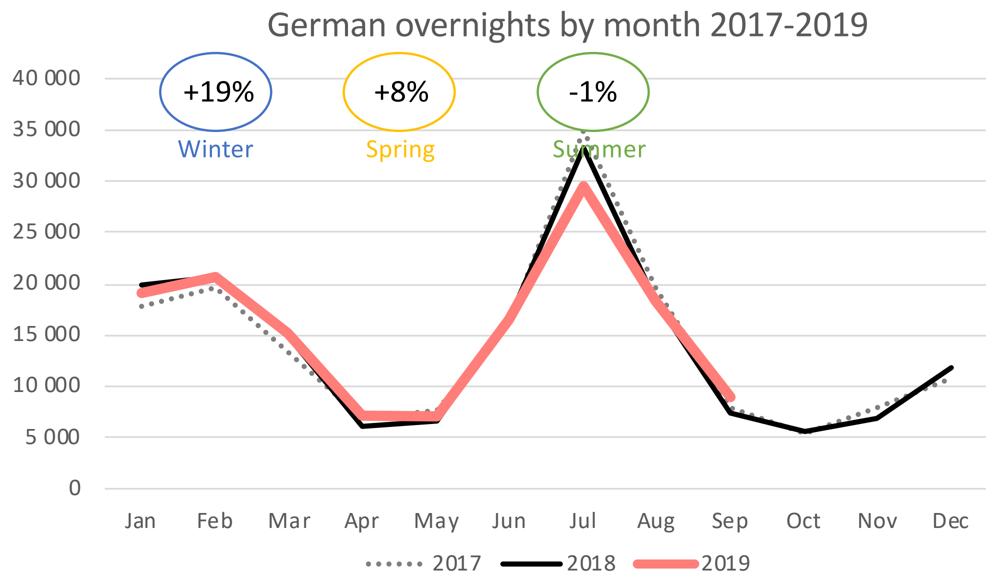
Source: Visit Finland Statistics Service Rudolf, Statistics Finland

Trends for seasonal overnights in Finland
German visitors

Summer is the most popular travel season among Germans. Steady growth in high winter season; growth also in spring and autumn travel.







Visit Finland

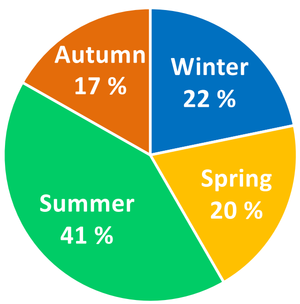
Source: Visit Finland Statistics Service Rudolf, Statistics Finland

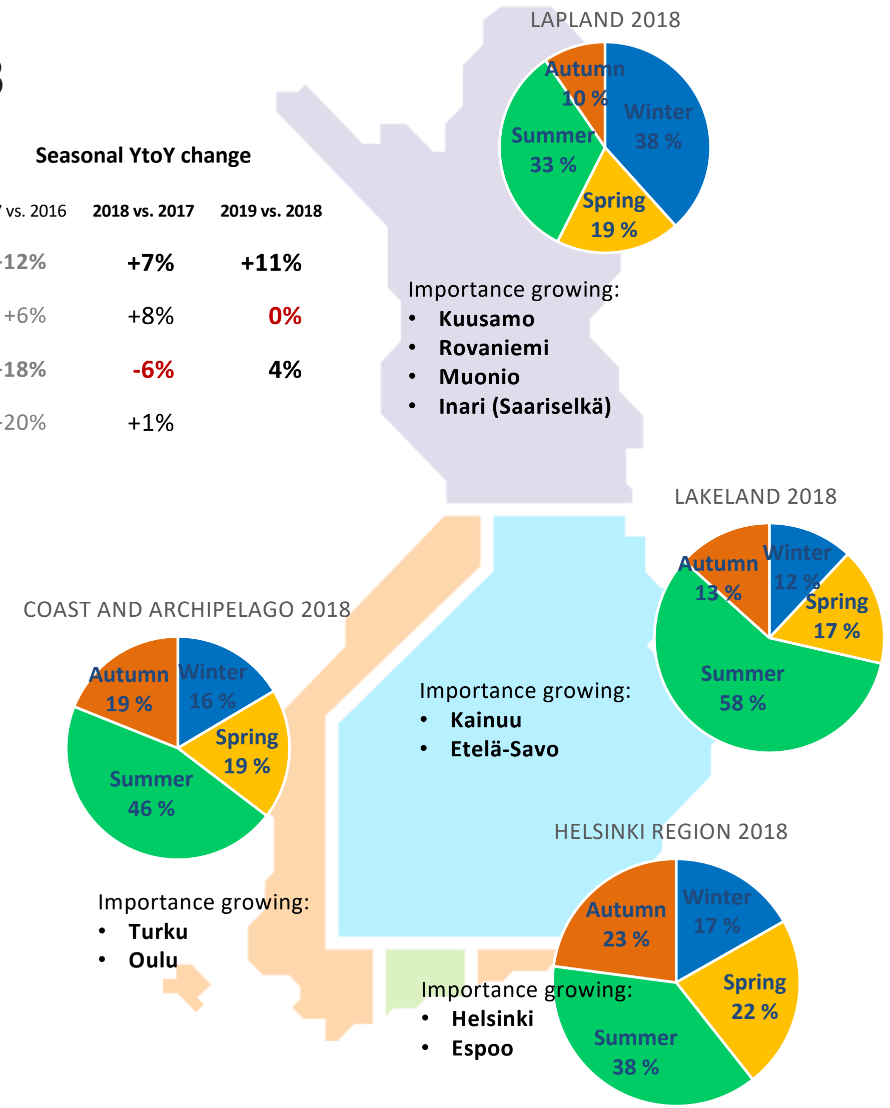
German overnights in Finland

Seasonal overnights in 2018

<u>**Whole Finland**</u>	No. of German overnights				Seasonal YtoY change		
	2016	2017	**2018**	**2019**	2017 vs. 2016	**2018 vs. 2017**	**2019 vs. 2018**
Winter (Dec-Feb)	113 500	126 900	**135 600**	**151 000**	+12%	**+7%**	**+11%**
Spring (Mar-May)	108 400	115 000	123 800	**123 700**	+6%	+8%	0%
Summer (Jun-Aug)	231 600	274 000	**258 800**	**269 900**	+18%	-6%	4%
Autumn (Sep-Nov)	86 400	104 000	104 600		+20%	+1%	

German overnights in Finland by season in <u>2018</u>





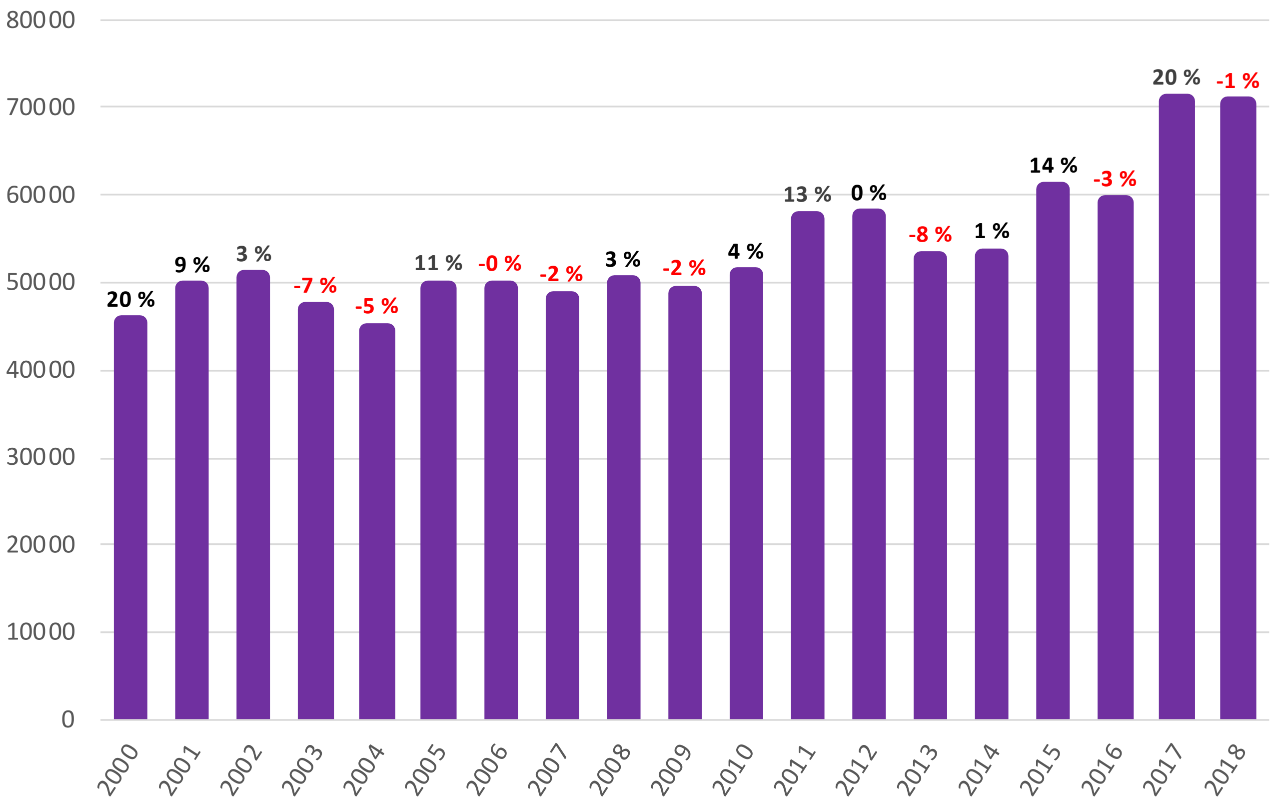
Visit Finland

Source: Visit Finland Statistics Service Rudolf, Statistics Finland

Austria – Market Review

Visit Finland

Austrian overnights in Finland



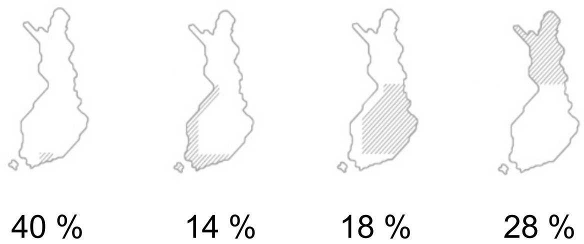
Year 2018

20th in country rankings
with a **1 % share** of foreign overnights

Average change 2000-2018: **+4 %**

Change 2018 compared to 2000: **+55 %**

Share of overnights by regions 2018

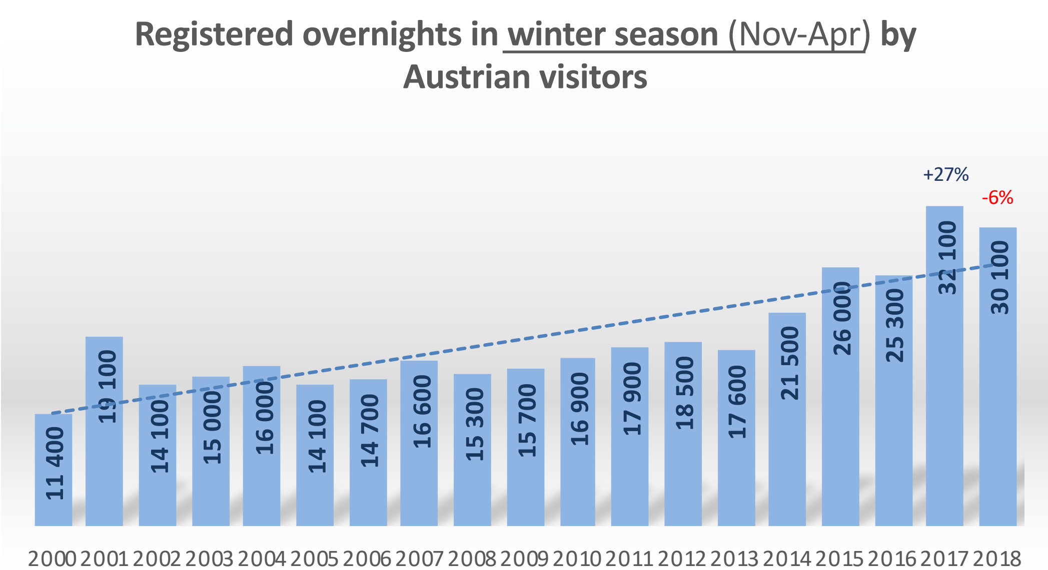


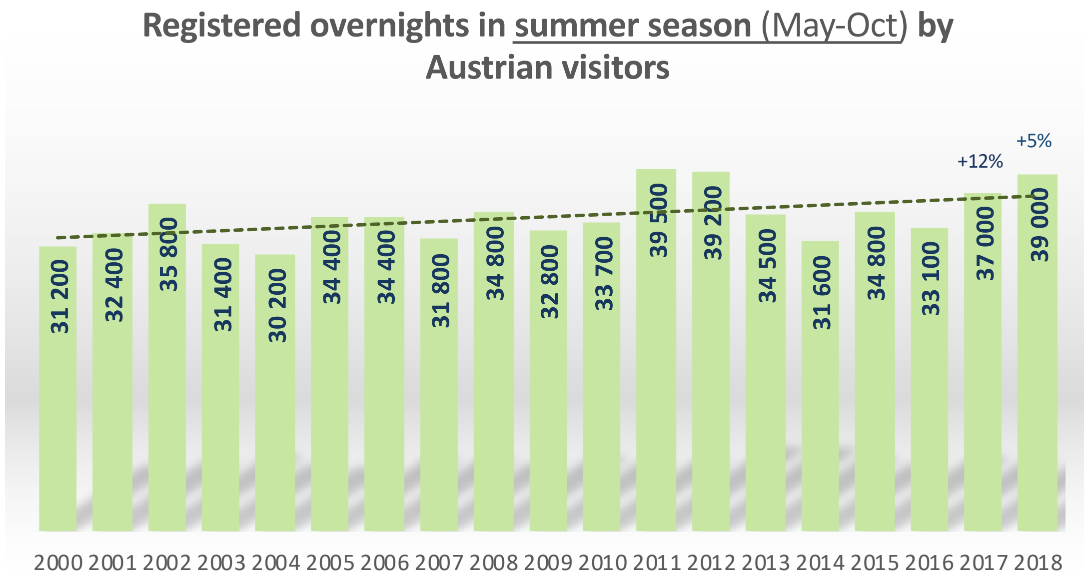
Visit Finland

Sources: Visit Finland Statistics Service Rudolf, Statistics Finland

Austrian overnights in Finland

Winter and Summer 2018





Winter 2018: **22nd** in country rankings with a **1%** share of foreign overnights

Average change 2000-2018: **+7%**

Change 2018 compared to 2000: **+165%**

Summer 2018: **20th** in country rankings with a **1%** share of foreign overnights

Average change 2000-2018: **+2%**

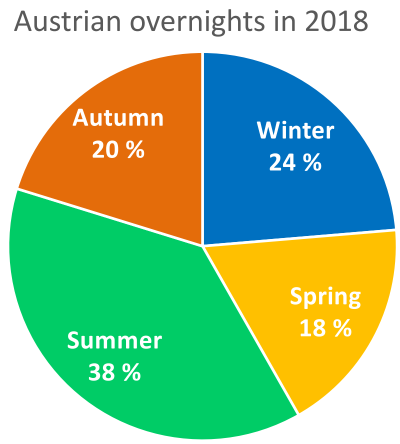
Change 2018 compared to 2000: **+25%**

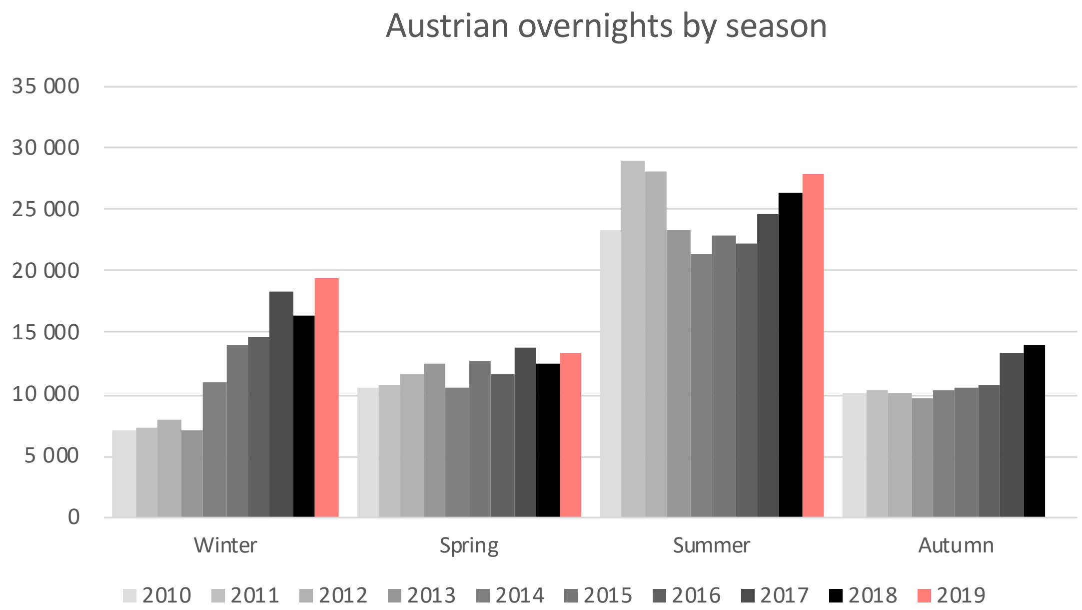
Visit Finland

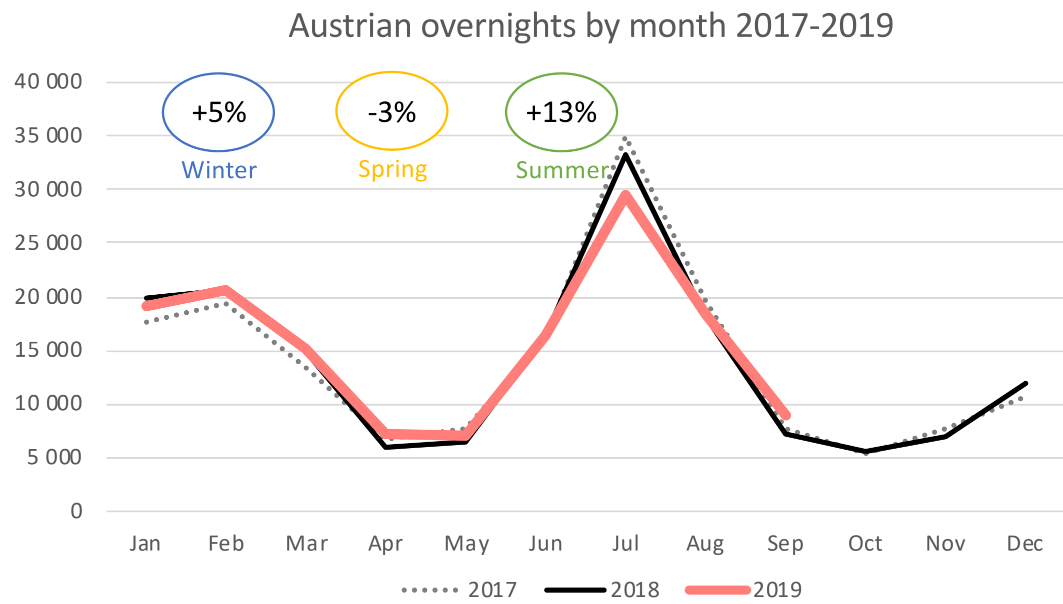
Source: Visit Finland Statistics Service Rudolf, Statistics Finland

Trends for seasonal overnights in Finland
Austrian visitors

Summer is the most popular travel season among Austrians. Rapid growth in high winter season; growth also in autumn travel.







Visit Finland

Source: Visit Finland Statistics Service Rudolf, Statistics Finland

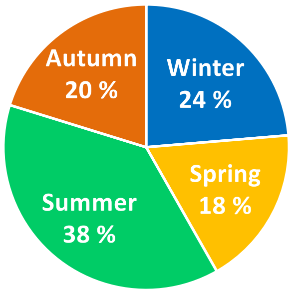
Austrian overnights in Finland

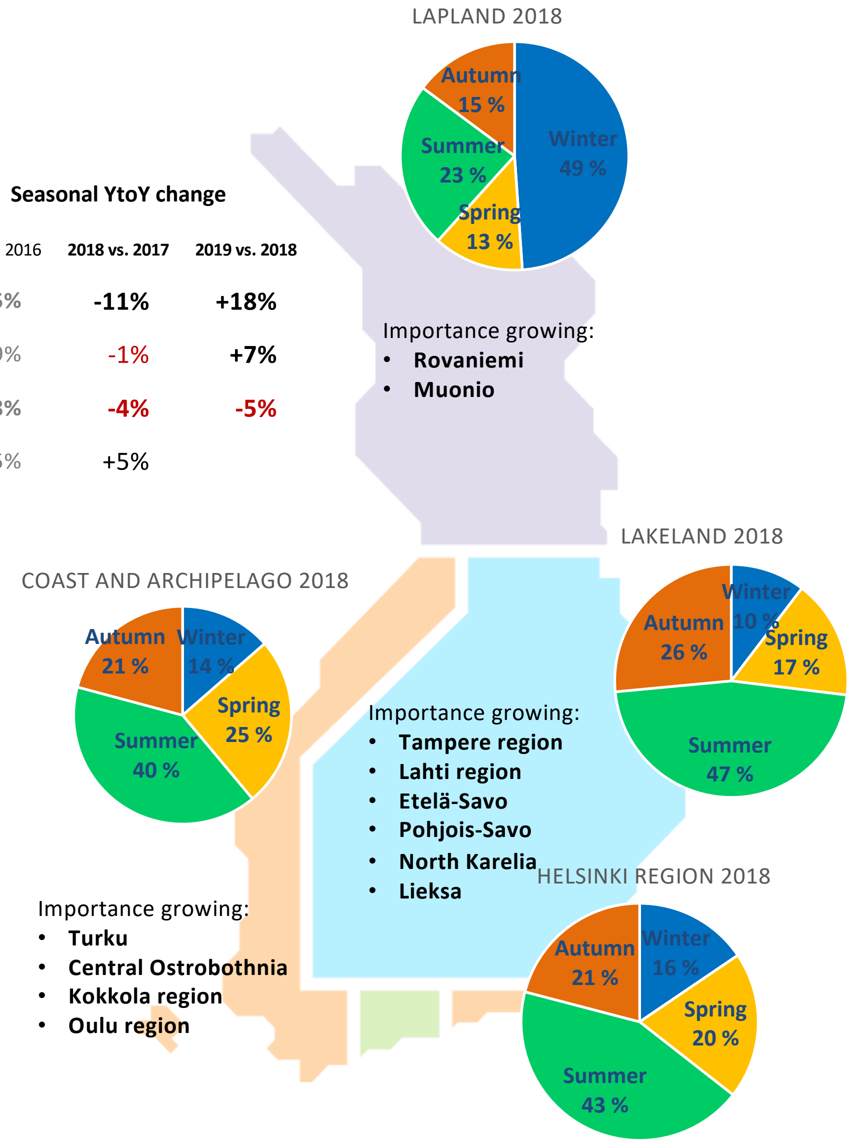
Seasonal overnights in 2018

Whole Finland	No. of Austrian overnights				Seasonal YtoY change		
	2016	2017	**2018**	**2019**	2017 vs. 2016	**2018 vs. 2017**	**2019 vs. 2018**
Winter (Dec-Feb)	14 700	18 400	**16 400**	**19 400**	+25%	**-11%**	**+18%**
Spring (Mar-May)	11 600	13 700	12 600	**13 300**	+9%	-1%	**+7%**
Summer (Jun-Aug)	22 200	24 700	**26 400**	**27 900**	+8%	**-4%**	**-5%**
Autumn (Sep-Nov)	10 700	13 700	14 000		+25%	+5%	

Austrian overnights in Finland by season in 2018

WHOLE FINLAND 2018





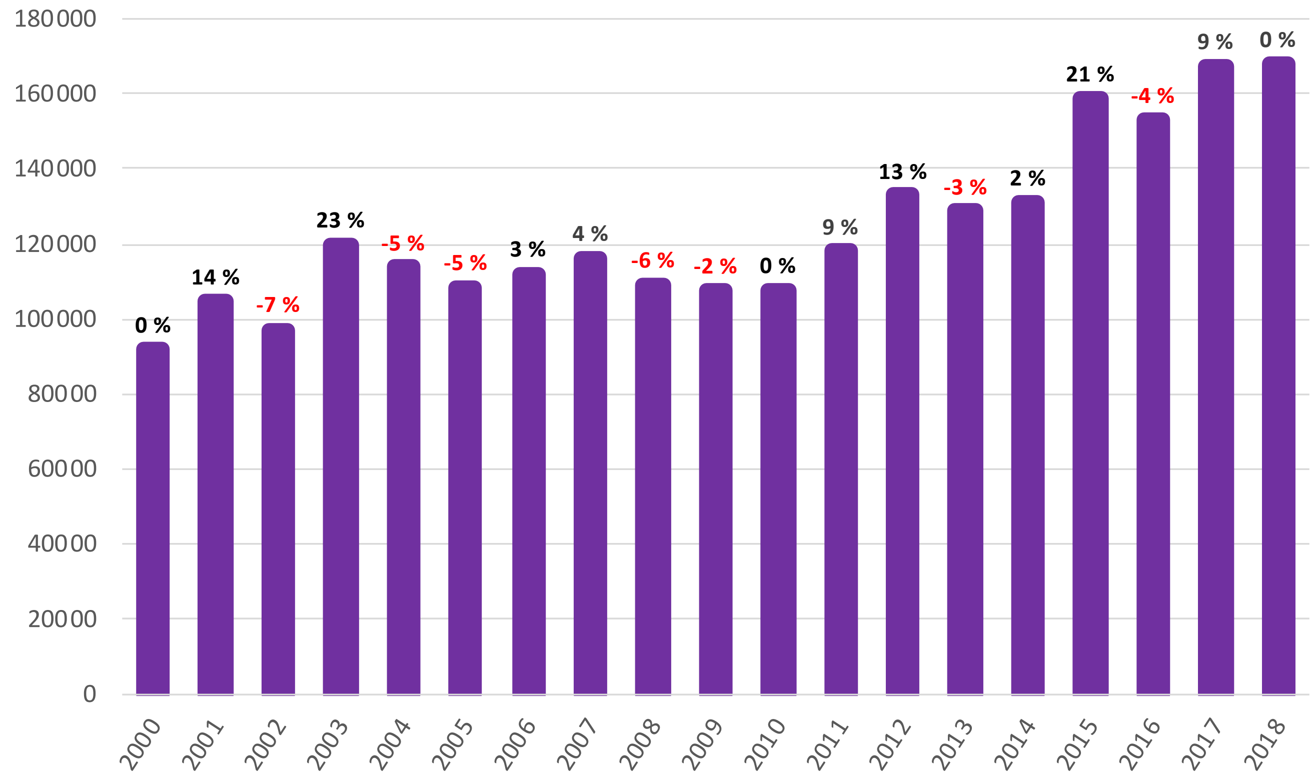
Visit Finland

Source: Visit Finland Statistics Service Rudolf, Statistics Finland

Switzerland – Market Review

Visit Finland

Swiss overnights in Finland



Year 2018

13th in country rankings
with a **3 % share** of foreign overnights

Average change 2000-2018: **+3 %**

Change 2018 compared to 2000: **+83 %**

Share of overnights by regions 2018

33 %

11 %

14 %

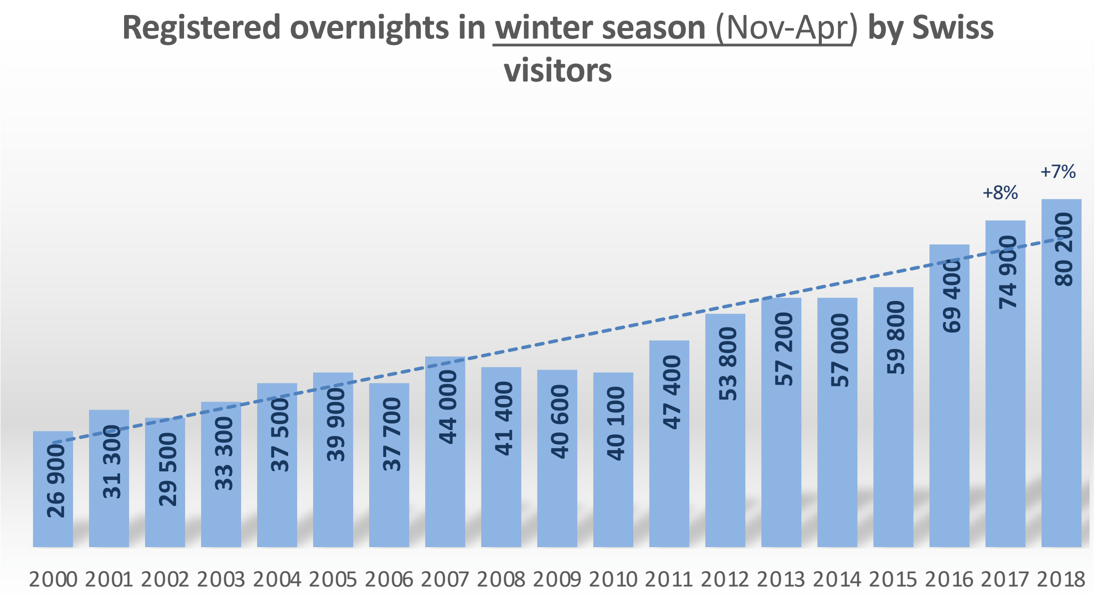
42 %

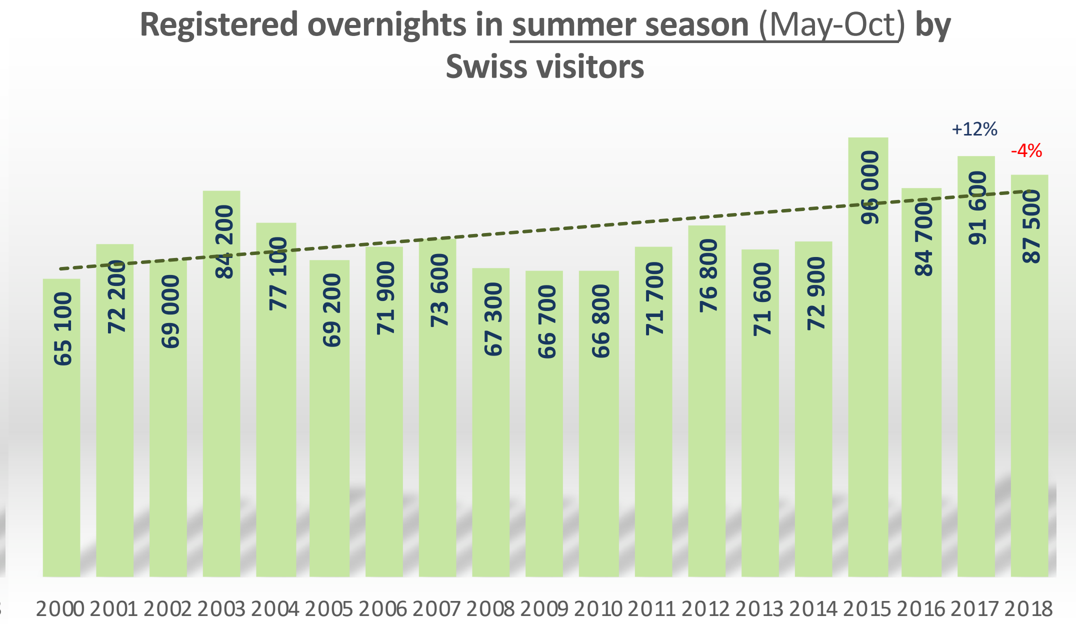
Visit Finland

Sources: Visit Finland Statistics Service Rudolf, Statistics Finland

Swiss overnights in Finland

Winter and Summer 2018





Winter 2018: **12th** in country rankings with a **3%** share of foreign overnights

Average change 2000-2018: **+6%**

Change 2018 compared to 2000: **+198%**

Summer 2018: **12th** in country rankings with a **3%** share of foreign overnights

Average change 2000-2018: **+2%**

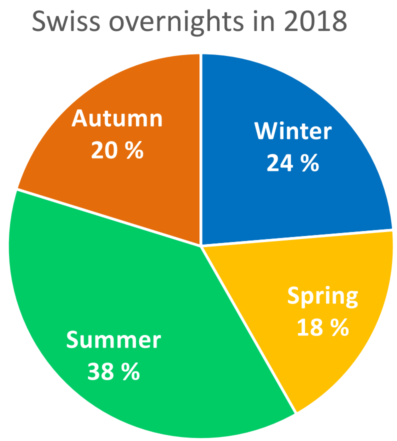
Change 2018 compared to 2000: **+34%**

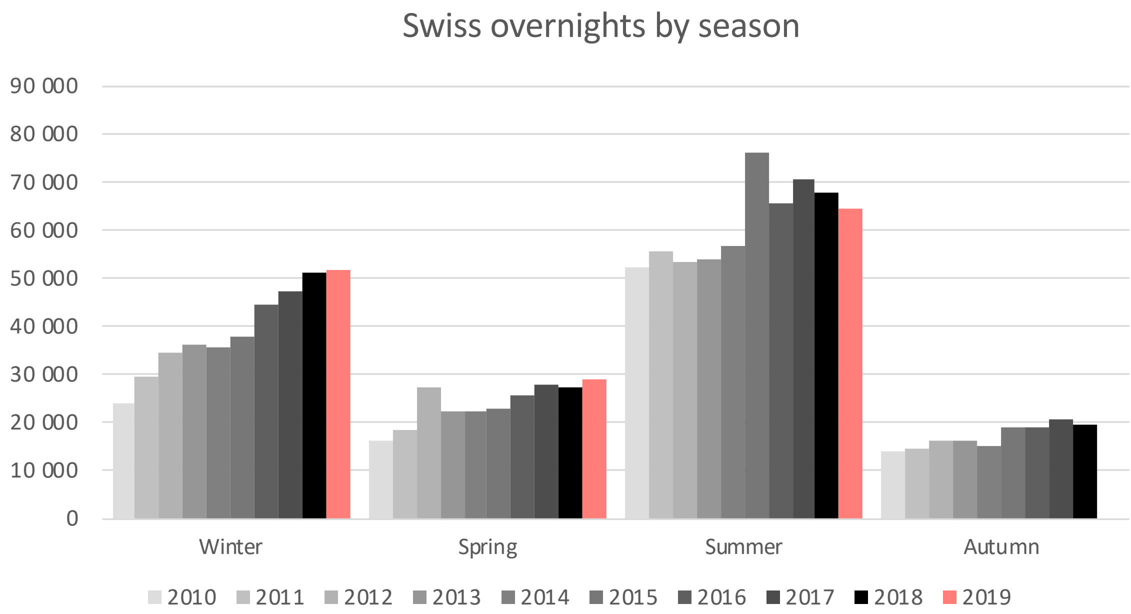
Visit Finland

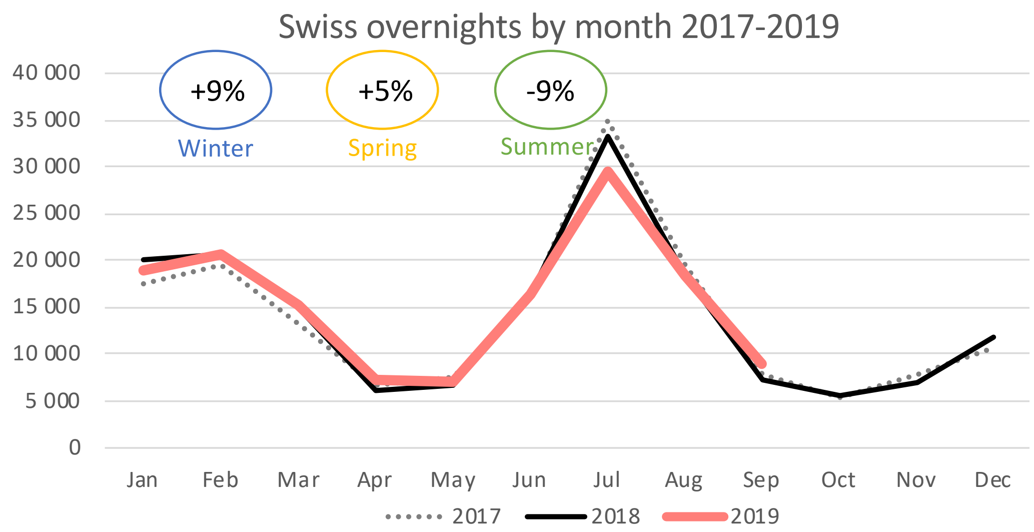
Source: Visit Finland Statistics Service Rudolf, Statistics Finland

Trends for seasonal overnights in Finland
Swiss visitors

Summer is the most popular travel season among Swiss visitors. Steady growth in high winter season; growth also in spring and autumn travel.







Visit Finland

Source: Visit Finland Statistics Service Rudolf, Statistics Finland

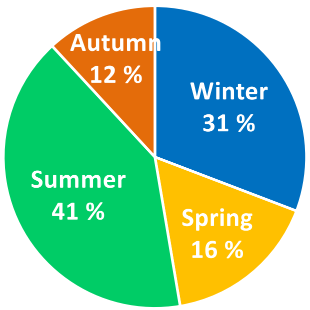
Swiss overnights in Finland

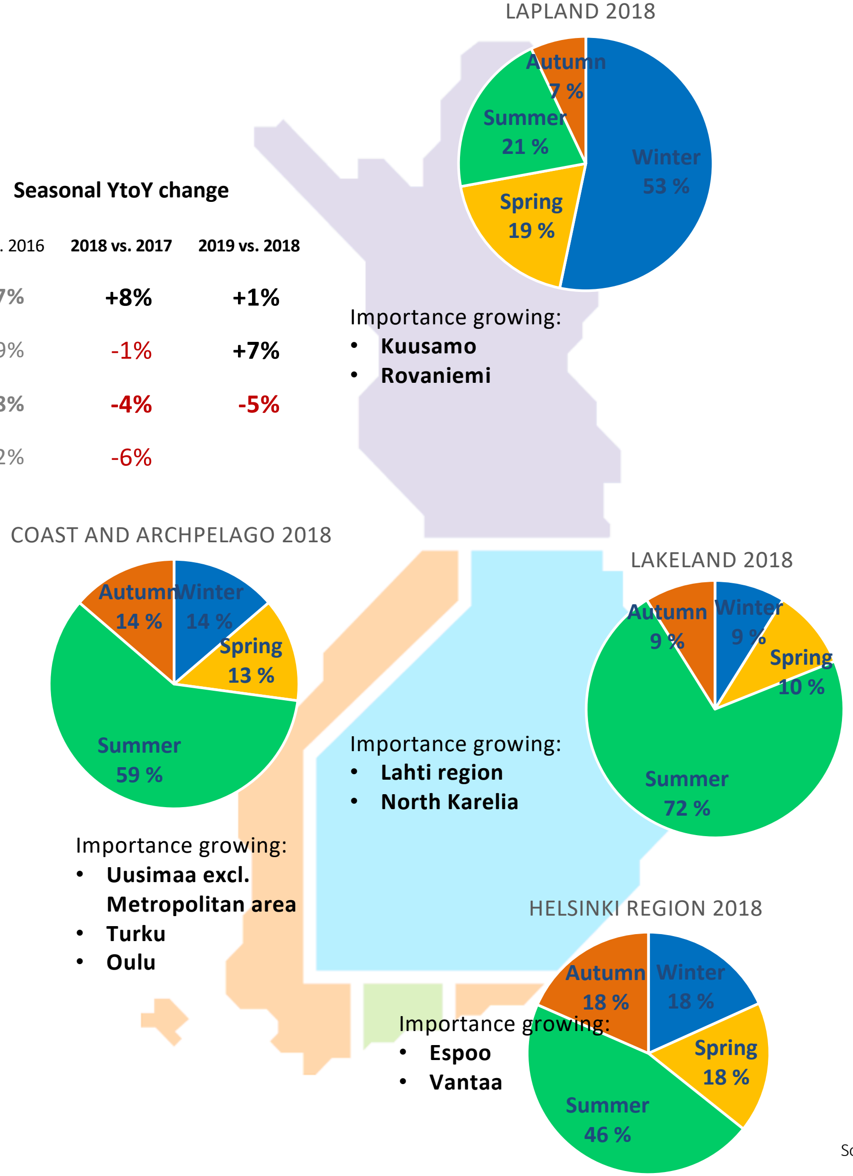
Seasonal overnights in 2018

<u>Whole Finland</u>	No. of Swiss overnights				Seasonal YtoY change		
	2016	2017	**2018**	**2019**	2017 vs. 2016	**2018 vs. 2017**	**2019 vs. 2018**
Winter (Dec-Feb)	44 400	47 600	**51 400**	**51 700**	+7%	**+8%**	**+1%**
Spring (Mar-May)	25 600	27 900	27 600	**29 300**	+9%	-1%	**+7%**
Summer (Jun-Aug)	65 500	70 000	**68 000**	**64 300**	+8%	**-4%**	**-5%**
Autumn (Sep-Nov)	18 800	21 000	19 800		+12%	-6%	

Swiss overnights in Finland by season in <u>2018</u>

WHOLE FINLAND 2018





Source: Visit Finland Statistics Service Rudolf, Statistics Finland