



International B2B status report

- in connection with the Covid-19 pandemic situation

March 2020

Questions asked in Innovation Norway's dialogue with tour operators/agents:

- *How are things going?*
- *What are your biggest challenges right now?*
- *Are you still getting a lot of cancellations?*
Are customers still keen to travel to Norway in the future?
- *How has the cancellation process with the Norwegian suppliers been?*
Have you experienced any changes in cancellation terms and conditions as a result of the situation we find ourselves in?
- *When speaking to your customers – have you been encouraging them to rebook for later? Have they wanted to rebook, or have they wanted to cancel completely?*
- *Is there anything else you want to share with us?*



Great Britain

The current situation and biggest challenges for the leisure segment



Many of the UK tour operators have furloughed a big percentage of their staff, some until end of May and some until July. Some we were not able to get hold of at all.



The biggest challenge for the tour operators is dealing with the amount of cancellations and people demanding refunds. They are encouraging people to re-book but not everyone is interested. People want their money now, as they're not sure what is going to happen, and many are in difficult financial situations.



One tour operator says they are approaching people who are going to transfer them money in June, who are nervous to part with their money even though their trip is not cancelled. They are trying to reassure them they'll get the money back if the holiday is cancelled at a later stage. They are taking it day by day dealing with clients that have trips booked. One tour operator said let's focus on 2021.



Some say they're lucky April was always a quiet month for them, whilst others say Easter was busy for them with a lot of repeat customers that they have managed to re-book for next year. Ideally, they would have wished the customers could re-book for later this year, but there seems to be too much uncertainty and people seem afraid to commit to anything too soon. Some say they really hope the situation has changed by June/July which are crucial months for them.



One tour operator says business is strange, but not fatal. They're busy at the moment chasing suppliers. All are pretty much dealing with excising clients and bookings and trying to get their refunds secure. They say airlines and train companies are the biggest hurdles and it seems to take a long time before they get any money in the bank, some say between 12-14 weeks.

Many are looking into the financial situation and how loans might work, how to apply, when they'll get the money etc.

Customers have the right for a refund after 2 weeks but many of the tour operators haven't got their money back from the suppliers, however some say that actually the clients have been understanding. EU countries have changed their rules, but the UK hasn't which puts tour operators here in a difficult situation.

Many say the key to dealing with this is keeping the dialogue going with the customers and to be transparent. Some offer travel vouchers to their customers, these can be used for travel in the future and are protected by ATOL.

One tour operator say they will roll over credit, but ski hire and ski lifts have been paid out for and they don't know when the money will come in from them. Most say the Norwegian suppliers have been accommodating and letting the tour operators keep the same rates for next winter.

ABTA is advising tour operators to keep the money in the business and not refund the customers until they had money back from suppliers. One tour operator have contacted all customers and offered refund credit notes until the 31st July – and they have been amazing and understanding.

UK is a resilient market

- we saw that after 2008 financial crisis. Some think the market will start coming back late autumn, possible after a period of caution, and we have to be prepared, the last thing the Brits will want is a staycation – they will be on a plane as soon as they can and take all the holidays they didn't get to take! They will want to get active and want experiences.

People might be more mindful - and possibly Scandinavia will be in a strong position for next winter.

The current situation for the MICE segment

- Generally all companies and individuals were extremely worried. But the ones with a marketing department, studios and digital capabilities less so.
- One company stated that the Coronavirus is much worse than the financial crash in 2008.
- One of the people I contacted had been made redundant before the furloughing (UK job retention scheme). Given the poor social security in the UK this is very worrying. Another was in the process of changing jobs, but her new employer had delayed her starting date 1 month.

What are the biggest challenges right now?

- Most of the companies were busy with cancelled events and working with furloughing staff. None of the people interviewed were furloughed yet, but many of their colleagues were. The ones left had a lot to do as they were picking up everyone else's work. Also, a lot of time is spent on brainstorming to come up with solutions, but it is very difficult due to the enormous uncertainty. General agreement is that live events are dead until September at the earliest. Most people are only working on events for Q4 or 2021 and most focusing on UK market.
- The biggest challenge for the small companies is running out of cash.

How has the cancellation process with Norwegian suppliers been? Have you experienced any changes in cancellation terms and conditions as a result of the situation we find ourselves in at the moment?

- Only one company reported to have planned an event in Norway and this has been put on hold rather than cancelled.
- With regards T&Cs, there were a lot of people saying that these will have to change in the future. Agencies will draw their own contracts rather than rely on the supplier's contract.

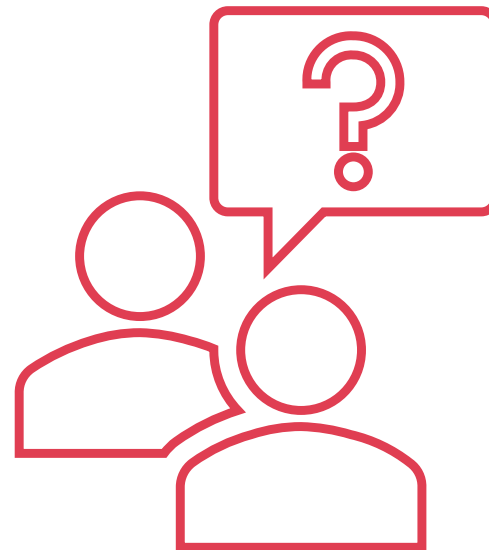
When speaking to your customers – have you been encouraging them to rebook for later? Have they wanted to rebook or cancel completely?

This varies from client to client, but smaller events are more likely to be cancelled whilst the larger postponed. There is a view amongst some clients that even if restrictions are lifted and the company finances are good (tech companies), the companies are hesitant to plan anything as they have to be seen to be responsible and arranging an event could be both insensitive and potentially pose a health risk.

There are likely to be new health and safety demands on suppliers once this is over i.e. How close people are seated, sit down meals rather than buffets etc.

Other agencies said clients have postponed incentives rather than cancelled but highlighted that the size of the incentive groups will be much smaller as the company is laying off staff.

Everyone was very concerned about their own roles as there is a belief that the market will shrink considerably going forwards.





Sweden

The current situation for the leisure segment

Whole Sales Agents with Bus-TOs as clients:

- Many small bus TOs in this segment = some bankruptcy during March but more to come during April. No numbers to show at the moment . The Whole Sales Agents *indicate* that this is a short-term solution for some and that most of them will start up again after Corona – just assumptions.
- Whole Sales Agents see that clients keep bookings as long as possible and are positive to supplier's flexibility with cancellation policies.
- Many bus TOs change bookings (keeping programs) till next year and tells that guests mostly rebook for later/next year

Cont.

Niche TOs (skiing, hiking, biking)

- Trips planed for March till May are cancelled.
- 80 % of the clients reebook/postpone till next year
- Good cooperation with smaller suppliers with flexibility in policies
- Almost 100 % of the staff has been temporarily laid off



The current situation for the MICE segment



Event agencies turn their services/business to deliver knowledge in professionally produced digital meetings (agendas, content and tech solutions)



50 % of the Swedish Event Agencies have been temporarily laid off.



Most communications agencies express a relatively positive outlook on the future. The majority of agencies have a strong belief that they will not need to dismiss staff and a belief that the economic downturn is temporary. [Learn more](#)

Insights from the market relevant for the Norwegian tourism industry



The situation for the industry in Sweden is the same as in Norway. Everyone struggles with no income that leads to redundancies and employee temporarily laid off. SRF (Sveriges resebyråförening) is working in close corporation with Visita and Svensk Turism to get the government's crisis packages to apply to the travel industry – just the same challenges as in Norway.



The Swedish Travel industry is severely affected by the current crisis. Of the 36,800 persons currently notified of termination by March (up to week 13), 38 % are employed in the Travel industry, and the immediate threat of bankruptcies is present throughout the entire value chain.



Germany, Austria, Switzerland

The current situation

The travel trade sector faces tough times these days.



Employees in travel agencies are put on short time. Also tour operators we talked to have all or most of their employees on short time work.

Tour operators had to get their guests back home and they have cancelled all planned tours until end of April these days. They are facing big financial challenges. Compared to the same period last year some have around 70 % less bookings. A challenging situation that could mean bankruptcy not only for many smaller companies.

As a tour operator said: "It is a turning point that will change tourism forever."
There is a big need to think about and plan the time after Corona and reopening of borders already now.

For the times after Corona another player sees good chances for Norway as a holiday destination since it can be reached by land-based transportation.

Innovation Norway's Hamburg-office have interviewed several TOs in the 3 markets Germany, Austria and Switzerland.

Interview with a TO from southern Germany

- Hard stop /closing the borders in Norway was difficult for tour operator, Finland did better, you could still let the guests travel. "In Tromsø it was like "pulling the plug". A German TO said.
- Overall description: You fight your way through.
- This TO from southern Germany is now canceling the summer. 70 % of what was booked is already gone and nothing new is coming. Customers do not rebook or postpone - Customers want to cancel free of charge – but the TO already paid for flight tickets.
- "We have losses in the tens of thousands - some medium-sized companies have a million losses .. We hold out for a few weeks - but then it has to go up again."
- At the moment: Hold on and save until the moment everything works again. "We are more flexible because we are smaller. Can react faster. Can screw down our own salary." While TUI asked for the rescue package very quickly. We wonder which of our Norwegian partners is still there."
- It was easy to cancel FIT- Hotels, in the group area much more difficult! Some Norwegian suppliers have tried to send an invoice anyway. However, since he has to pay customers money back, he obviously cannot pay the bill.
- Airlines are the hardest part- don't pay back. The TO would have to make the customer fly the same route at a different time - vouchers would be the best solution here. Travel law is disadvantageous for tour operators. Customers are entitled to get the money back.
- If the mood in Germany is bad, no one will travel. The Danish borders must be open before you think about driving to Norway. There are quite a few customers who are still traveling to Sweden because the Swedes are not that strict there. After the crisis it will go up, there are opportunities in it, "My concern is that it will take too long and many will not persevere - hotels in Norway that will not open afterwards, activity providers that are closing down.."
- Specific question: When will it start again, when will open Norway the borders again?

Interview with tour operator from West Germany

Hard stop from Norway was difficult - getting the guests out was a real challenge.

“Closing Norway at the weekend / at night was really stressful for us. We couldn't bring the guests home through Denmark, we got it through rental buses and Stena Line. That cost a few thousand euros extra.”

They have a total losses of 75,000-100,000 euros, hope for loans, all are in short-time work.

No booking for 14 days, normal would be 14-20 a day. Hope for voucher solution. Many travelers only want money back. “It burns everywhere - everyone hopes to survive.”

Don't know if they can sell/ travel in summer. “It is harder for colleagues who work on flights than for us who travel by bus and ferry. Scandinavia season is just beginning for them. June, July, August are the relevant months, before that they have no tours. It is doubted whether Norway will be a winner after the crisis. "Anyone who flew to the Maldives before does that afterwards."

Good news: They had the best winter season ever, 25 percent plus.

Interview with tour operator from Northern Germany

- TO specialist for Scandinavia. All employees are on part-time work from 1.4., some employees some days off.
- All trips from 15.3. until end of April have been cancelled. Cancellations at Norwegian partners went well. Some offered adjusted cancellation deadlines. TO offered eased cancellation policy.
- **Main challenges now:** financial situation, no income but fix costs. Get refunds on flights. Convince customers not to cancel summer tours.
- Rebookings: Customers mainly want to rebook to 2021. Some are open to pay rebooking fee.
- Next steps: Colleagues call customers now with travel start in May to find out about travel intention. TO expects normal business not before June.
- **Challenges after Corona:** What happens and will be done then? It will be a Hercules job to get business back on track and set Norway back on the travel list of tourists.
- **TO therefore asks Visit Norway to act already now and plan for the time after Corona restrictions. VN should be ready to kick-start activities to make Norway visible again** – as secure, safe and great travel destination. There are big and competent competitors. TO awaits big price competition. TO is also interested to participate in activities and campaigns. TO also says that some of the Norwegian partners are not aware of the seriousness of the situation.

Interview tour operators from Southern Germany (1)

Short-time work will be the order of the day next week.

We are broadly based - the school trips that make up our business are completely canceled. Are exposed until the summer holidays. Hopefully the group tours for adults will make up for it.

Now the first cancellations for Scandinavia are slowly coming, yesterday the first cancellation came for Finland at the end of May. People are afraid.

Spring trips to London etc. are all canceled. Norway only starts in summer. The cancellation wave is still coming - we have a cancellation period of 4 weeks. A tour of Norway has already been canceled because a customer / broker in Germany went bankrupt.

Stenaline cut was hard - we have a lot of guests on it, they have to be rebooked and will get more expensive.

Norway has no image damage. You hear absolutely nothing about the Scandinavian countries in the press in Corona times. Norway is considered safe and down to earth and solid among guests.

"Scandinavia is currently not as badly affected by us. I must cancel my first trip now because the customer opened the bankruptcy proceedings. My trips are mainly in June, July, August and I sincerely hope that the situation has calmed down by then. I think the big cancellation wave for Norway will only come in April / May if nothing changes until then. I am already working on 2021 and am still waiting for prices from the hotel chains. But that's actually always the case. Some have sent, others take their time ..."

Interview with second tour operator (TO) from Southern Germany (2)

- TO: well-established and economical stable. Offers worldwide study trips (FIT/ group). Most teams are in home office, about 50% are on short time work (applied for one year).
- **Main challenges:** Until 20.3. TO was busy with returning worldwide guests' home (existing pandemic plan helped). Cancellation of all tours until end of April (respectively according to country entrance restrictions). Next comes planning products to more nearby destinations – less long-distance travel. Norwegian partners were /are often difficult to reach to plan accordingly (Partners are still on "hibernation"/winter break). Finland in contrast reacts directly on requests.
- Most **costumers have not cancelled their tours yet** (for tours from May on). They wait on decision to come.
- Planned tours to Norway start start of June. Groups could come to Norway, if they would be allowed to enter Norway and if traffic routes would be open to travel to N. TO awaits decision on this.
- Almost **no bookings right now** – even young costumers wait. (normally well booked by now).
- Some Norwegian partners (small private hotels) have informed about being closed for the whole year 2020 and referred to a suitable neighbour hotel. Rebooking's went well. TO expects rebooking's from hotel chains also.
- TO would like faster feedbacks on product requests from Norwegian partners and update on travel restrictions.

After Corona - market thoughts about the future: TO believes Norway and Scandinavian destinations will profit from German tourists because of their widespread "lonely" nature. TO expects tourists not to travel to far away destinations, norto cities or to overcrowded places

Interview with third tour operator from Southern Germany (3)

- TO: middle sized, specialized on Scandinavia and economically stable. All 10 employees are on in short time work (good help) from 1st April. 1/3 of sales are done in Norway.
- TO had manageable amount of retrievals and cancellations in March, but with extra costs for new return flights. (somehow "lucky" Corona timing since winter tours were almost done and no tour bookings in April).
- **Main challenges:** refunds for advance payments esp. flight tickets. (airlines want rebookings in this year but customers would prefer rebookings in 2021.) Insecurity about May - August trips (mostly flight bookings, main income phase). Norwegian partners that might be insolvent
- No new bookings (income) in March. Few cancellations for May-August. Offers unchanged cancellation policy.
- A lot of German travel trade partners and a lot of jobs are dependent on the summer sales. TO hopes that Norway weighs the ease of restrictions decisions carefully.
- **TO would like to get info on change /end of restrictions asap.**

Interview with Swiss tour operator (TO)

- TO is a well-established and well-positioned TO. 60 % of employees are on short-time work. All tour operators are economically relatively good protected by the Swiss state rules.
- **Main challenges:** prevent important damages and economic losses. Until last week the TO was busy with returning all guests to Switzerland, organize rebookings (for all tours until 19.4.) and return payments. No problems with Norwegian partners here. But difficulties with Hurtigruten: HR "forces" customer to rebook and does not refund, most customers (often 70+) do not want rebookings though.
- **TO relaxed own cancellation policy** until end of april (same policy as if deadline was 1.3.). A possible big cancellation wave might come then, if restrictions go on. Right now customers still await new decisions on this.
- **Almost no bookings** these weeks. (only some Finnland and Norway winter). Swiss customers wait for relaxation of travel and meeting restrictions. (No income for TO.)
- **Next phase/week: work on future products and bookings – act instead of react.** Winter catalogue was soft-launched now – only online. Printed catalogue will be distributed from 24.4. on. Norway and Sweden are main destinations for summer holiday. Execution of summer tours are essential for TO.
- TO would like **Norway updates on a weekly basis on general situation and on tourism companies**, e.g. which company is still there/ bankrupt, what airports are open and when. Even rumors might be interesting.

After Corona - market thoughts about the future: Focus on **digitalization, rising awareness/sensitivity** of customer, **consolidation** of market.

Interview with tour operator from Austria

She and her colleagues have been sitting in the home office for longer than the Germans / Swiss.

“Our first focus was to bring people back. The last ones came back 25th of March. We have to cancel many trips until April 30th. We totally canceled 2000 guests until now.” From next week all will be in short-time work. We are a healthy company Many people in the company have hope that the trips will start again from June, July – “I am skeptical. I'm curious to see how it affects tourism. I think it plays into the hands of the nearer destinations like Norway.”

“I am these days putting everything online for 2021 so that customers can see that things will continue after the crisis”
Marketing funds have been completely cut to save money.

“We have some colleagues who have been in Ischgl and are in home quarantine, of 50 employees only six are in the office.”
Had to cancel many tours in Norway, ski tour would have been there for 10 weeks, came back already now. No cancellation rate with Norwegian partners, that was very positive.

“We pay the deposit back to the customer. We have already set the dates for 2021 and I hope that we can then fill the trips to Norway with ease. Vouchers are not an issue for us, customers have been asked if they want to rebook. “
Very good and positive partnership with the Norwegian partners, they work a lot with small companies.

“Flight teams have bigger problems, the biggest cost factor for us.”
Austrian Embassy in Oslo was a great help in organizing the return of guests. The wording that came from Norway was totally superficial and misleading and too little concrete. That created great uncertainty.

Bookings are already coming in for November and December and for 2021. Extremely much less than last year. Normal are 200 a day, just 2-4 in these days.

The company is planning something for Norway - will come back to us when everything has normalized.



France

The current situation leisure

Full lock down, work from home. For the bigger TO's, all personnel are temporarily on **lay off**, some are **fired**
Only managers and /or product managers left to keep the wheel going. Smaller structures are more flexible.

What are your biggest challenges rights now?

- Getting travellers home, but soon there... laying off staff
- No bookings (just one said they still have bookings for next winter)
- Cash flow
- Not being able to plan ahead as no vision on when and how things will get started again



Are you still getting a lot of cancellations?



Agencies, clients and TOs are following the recommendation of SETO (Syndicat des Entreprises du Voyage) ,



For now recommended postponing travels until the 15th of May. Travels for the summer have thus not been postponed yet.



Not so many cancellations, most clients accept postponing.



Are customers still keen to travel to Norway in the future?

Some think that the French might choose to stay in France

Most say it will depend of the duration of the crisis and the need to see the family, instead of going unemployed abroad

Will also depend on the inhabitants income due to unemployment

How has the cancellation process with the Norwegian suppliers been? Have you experienced any changes in cancellation terms and conditions as a result of the situation we find ourselves in?

- **The transporters have NOT been flexible! Specially the airlines!**
- In the beginning very chaotic and not enough info, some were very strict with cancellation conditions!
- After some time things got better and most suppliers are now flexible.
- Not easy to reschedule groups for next year, everybody should play the game
- How to replace groups this summer if the capacity is not there. Still hope for a return of activity before June
- Ideally the big companies should move in the same pace, but the problem is: Not same development in the different countries and not the same regulations ..

When speaking to your customers – have you been encouraging them to rebook for later? Have they wanted to rebook, or have they wanted to cancel completely?

- All TOs have encouraged the travellers to postpone not cancel, clients very cooperative. FIT easier than groups as more flexible. Not so many cancellations yet

Market insight relevant for the Norwegian tourism industry

Toughts about the reopening and pricing:

Some countries will open before others.

Rules for cancellations vs. postponing are different in the different countries.

Guarantee prices for the new dates, fear that the suppliers will not give the same prices, not fair /possible for TOs to lose their margin, work with loss.



Italy

The current situation

Italy was the first European country to be severely hit by corona virus and the first to take strong measures to try to stop the spread of it. Many restrictions were implemented already in the last week of February mainly in some Italian regions (Lombardy and parts of Veneto and Emilia Romagna, the three most productive and affluent regions in Italy).

On March 9th the Italian Parliament passed measures regarding a strict lockdown in all Italy. These measures implied that non-strategic sectors were obliged to stop or to reduce normal activities implementing home working. All citizens were obliged to stay home and to go out only for very important reasons (buy food, medicines and only in their hometown).

- The lockdown will go on at least until April 13th .
- This means that since the beginning of March most of the activities related to travels were stopped and it was just a question of bringing back all the tourists still around on vacation.
- All travel agencies were closed since then to the public (as most of shops) and TO's are working mainly from *home*.

What are your biggest challenges right now?

The tourist sector is facing one of the biggest crisis since the end of WWII.

Most of the tour operators and travel agencies have started to put their staff on temporary layoffs (one of the first actions taken by the Italian Government has been to prevent companies to fire people for 9 weeks and to give help to support temporary layoff for the same period).

All the employees of SAS Scandinavian Airlines and Norwegian Air Shuttle based in Italy are going to be put on temporary layoff.

At the moment all trips until end May / mid June has been cancelled but further cancellations are planned if the lockdown is going on.

The big question mark is to see how much time the lockdown will last and how much this will affect the travel industry this year first and in the future.

All tour operators are very worried about the future (some more than other depending also from the size/structure of their company).

Many TOs consider that long haul trips will be the most affected. Short/medium haul trip will start before which will be good for countries like Norway.

The cruise sector seems to be the one, among the most affected, which will take more time to recover after the crisis.

Are you still getting a lot of cancellations? Are customers still keen to travel to Norway in the future?

- Having started the lockdown early before the other countries the operations of bringing home clients from Norway have been probably smoother than in other countries (for example more problems have been faced in other countries like Finland).

How has the cancellation process with the Norwegian suppliers been? Have you experienced any changes in cancellation terms and conditions as a result of the situation we find ourselves in?

- In general Norwegian suppliers showed to be helpful with Italian Tour Operators with very few exceptions. The biggest problems are witnessed with airline companies and hotels chains.
- Some TOs witnessed some slowness in answering by Norwegian partners during this period of emergency.

When speaking to your customers – have you been encouraging them to rebook for later? Have they wanted to rebook, or have they wanted to cancel completely?



The decree passed at the beginning of the crisis gives the possibility to the TO/TA to issue vouchers to the client when cancelling but in many cases, it hasn't been accepted by the clients. This creates very big problems of liquidity to the TO/TAs that from one side get a voucher from the supplier and on the other hand have to refund the client.



The tours planned after June have not been cancelled but the outlook is not positive and most of the TOs are "prepared" to lose at least the summer season. Some are still hoping that there will be some traffic in August/September (mainly FIT and not groups).



At the moment the only TO who is planning to have a charter flight for the summer season to Norway (Giver Viaggi) has not cancelled it but is considering to do so if the lockdown is going on.



Spain

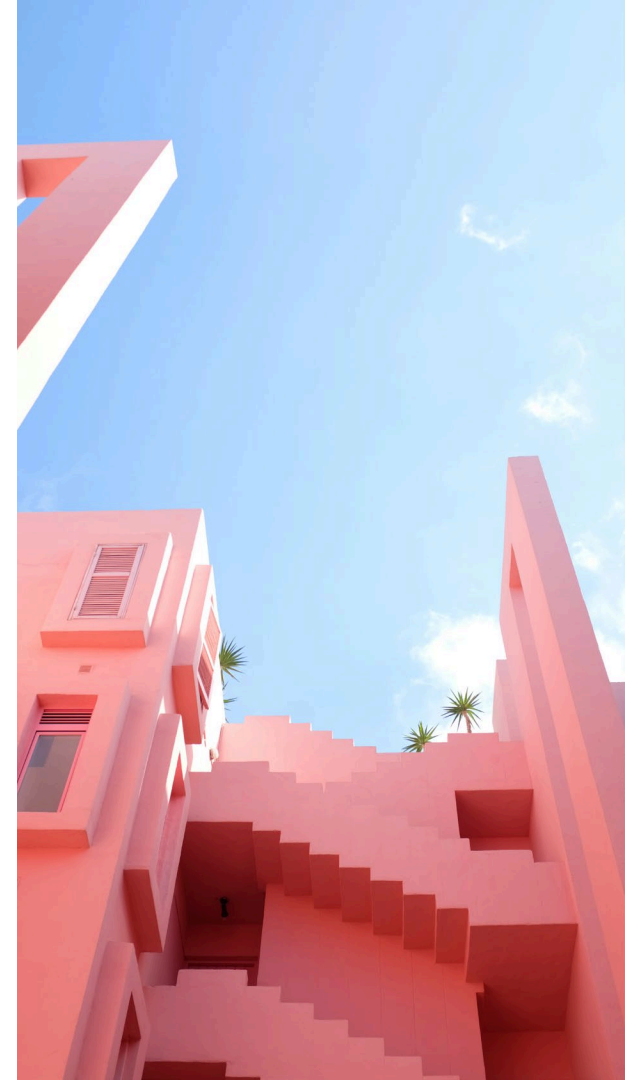
The current situation

The situation now is very complicated. The business from the beginning of the year has been very good, with a very positive trend, and February was also very good in terms of bed nights. In March, middle March we had this crisis that push our business from the sky to zero. Our government will create packages in order to save companies, so at the moment tour operators can apply for reductions of hours instead of dismissal of staff.

What are your biggest challenges rights now?

Spanish tour operators have been spending the last days in trying to bring their clients back to Spain. This has not always been easy due to the different rules of different countries all over the world. Nowadays the cancellations for Easter, May and June are in their desk as a priority.

The summer is faced with a big uncertainty. No plans can be made without knowing what will happen to country borders and to cancelled flight routes. Summer expectations are not positive at all. Not only for Norway but for outbound travel in general and, unfortunately, cancellations for the Spanish high season, July and August, have also started.



How has the cancellation process with the Norwegian suppliers been? Have you experienced any changes in cancellation terms and conditions as a result of the situation we find ourselves in?

For several tour operators has been very difficult due to the fact that many companies at the beginning were trying to think short terms and get money instead of thinking about future collaboration, so following the “cancellation policy” as in normal situations they where trying to charge the maximum as possible. Others norwegian providers were very helpful during the cancellation process . Unfortunately the air company Norwegian.com has been the worst example in helping tour operators.

The airlines (most, not all obviously) are acting considering only for their own economic interests, forgetting, even mistreating some operators, the intermediary channel with very little understandable actions. According to many tour operators one of the ones that has hurt them the most with their policy these weeks has been again Norwegian.com.

In other cases especially when Norway close down the borders, few suppliers did not what to do with the Spanish clients, and they “simply” invite them to leave the same day, so the tour operators did not have any option to re-allocate their client in others accommodation.

When speaking to your customers – have you been encouraging them to rebook for later? Have they wanted to rebook or have they wanted to cancel completely?

Of course rebooking and giving customers voucher has been the first option. Unfortunatly many of them at the moment are facing refund policy 100 %. In this process the tour operators and travel agencies are stuggling very hard, waiting for the governemt give them option in order to avoid cash refund the clients.



RUSSIA

The current situation in Russia

Russian travel market is down completely. There's no travel business at the moment. Russian borders are closed.

No forecasts as the situation is very fast-changing and unpredictable.

For the time being Russian tour operators do not have any new bookings on future trips.

Tourists are afraid to plan any trips because nobody knows when borders will be opened.

Most part of Russian clients keeps patience who have bought trips.

Russian tour operators postpone a final decision regarding summer tours till mid-May.

Russian tour operators got cancellations for the nearest future, some of them for summer period as well. Tour operators offer their clients to rebook the trip to the end of this year, or to the 2021.

The current situation in Russia

Quotes from some of the Russian tour operators:

- ✓ *"All cancellations with Norwegian partners were made according to the standard procedures. No one takes fines, Russian tourists don't have to worry about fines for cancelled trips"*
- ✓ *"All Norwegian suppliers cancel our bookings without penalties sanctions"*
- ✓ *"We have to cancel groups too close to departure. Only after boarder closed, we had no problems with cancellations. May groups we cancelled in time". (West Travel)*
- ✓ *"Quite OK. Good contact with most of suppliers"*
- ✓ *"In the Northern part, it was very difficult with cancellations to activities. Suppliers did not confirm the cancellation without fee and are not ready to return the money, only as subject to the provision of service in the future. With hotels were better and most of hotels confirmed late cancelations ddl for coming months /summer/ current year."*
- ✓ *"We haven't cancelled anything yet. Our partners show all possible flexibility in respect to cancellation policy".*

Russian tour operators confirm the interest to NORWAY:

- ✓ *"We still feel interest to trips to NORWAY from our clients"*
- ✓ *"We feel interest in Norway from tourists and agencies, however, they want to know what the situation will be for the future, and we can't give any guarantees"*

Russian tour operators hope to keep the company and continue their work after the crises. The main challenge is to survive a year without profit.

Additional market insight relevant for the Norwegian tourism industry



Russia stops international air traffic from March 27, 2020. The ban does not apply on repatriation, freight, postal, sanitary and humanitarian transportation.



Russian health resorts and public catering to suspend operation. The restrictions for any bookings in federal, regional and local resorts are announced for the period from March 28 to June 1, 2020. The operation of public catering companies (except on-line and distance selling) should be suspended from March 28 to April 5. The prime minister also recommended to the Russian citizens to restrict any travel trips.



In the week of March 28 – April 5, all non-essential work will be suspended, and workers will receive paid leave. Emergency services, medical services, pharmacies, stores, and banks will remain open.



Russian Tour Operators Cancel All Tours Till April 30.



In the first quarter 2020, the ruble lost 20,9 % to the dollar and 19,7 % to the Euro.



CHINA

Current situation in China

- **Working status of tour operators:**

- Only 15 % of tour operators have returned office to work, but only on shifts.
- 85 % of tour operators in China still work from home. Among them, 24 % of TOs are planning to resume their work before this summer and 76 % of them are working from home without notice when to return to office.

- **Sales status:**

- As the Chinese government has banned the sales of group tours and air ticket + hotel FIT packages from January 27, so basically speaking, 80% of the relevant products were cancelled. But many FIT travellers who bought the package in advance still carried on their pre-planned tour.
- No new sales were made afterwards Feb 2020.

The biggest challenges rights now:

- The uncertainty of governmental restrictions on international travels for China and destinations around the world. -40 %
- The financial deficit caused by no income due to the suspension of the business but the heavy outgoing operational cost such as rental and labour. -35 %
- The efficiency of anti-Coronavirus measures in destinations around the world. -15 %
- The weak consumer confidence so far -10 %.

Current situation in China

- Chinese travel agencies have already cancelled 80 % of their outbound travel products in May and June, and the cancellation rate is expected to increase further due to airline suspension and the global spread of the disease. Sales from the summer to the end of the year are not optimistic because of uncertainty. Although consumers have expressed desires to travel to the Nordics at a later stage, then only about 10 % of them have made the new bookings, while majority of consumers have chosen to wait until the outbreak is over globally.

The tour operators were also asked how the cancellation process with the Norwegian suppliers had been and if they had experienced any changes in cancellation terms and conditions as a result of the situation we are in:

Generally speaking, the cancellation process was smooth with the majority of Norwegian suppliers.

- 65 % tour operators have cancelled the booking without any penalty.
- 35 % tour operators shared the loss equally with the suppliers.

When speaking to their customers, TOs prefer to persuade the customers to rebook. But only 10 % customers kept their money on TOs' accounts for the future rebooking.

Market insight relevant for the Norwegian tourism industry



China (and SEA) are very quick to respond to “special price for you” offers. So to ensure a quick response, this would be the way to go.

China is more or less back to normal when comes to work and life now, but they are not considering travelling abroad, as the situation outside of China now is so uncertain.



JAPAN

The current situation

- *What are your biggest challenges right now?*
 - For all companies, the biggest challenge is that all tours scheduled up until the end of April are cancelled. Further, all companies are seeing cancellations for May and June as well. Some companies expect a return of traffic for July and August, but this is based on current speculation. All companies are therefore hedging the return of traffic not during the high season but during the coming fall and winter months.
 - With most destinations designated at “Level 2” on the Japanese government’s travel restriction list, which discourages travel outside of Japan, the current scenario will likely continue until this is lowered.
- *Are you still getting a lot of cancellations? Are customers still keen to travel to Norway in the future?*
 - All companies have indicated a constant stream of cancellations. All companies state there are no departures through the end of May. Per the above, all companies anticipate more cancellations for June and possibly into July and August if the travel restriction level is not lowered. The desire to travel to Norway is still there with the customers that initially booked their trips, but it is questionable whether all of them will re-book for future travel (more about this in section 4).
- *How has the cancellation process with the Norwegian suppliers been? Have you experienced any changes in cancellation terms and conditions as a result of the situation we find ourselves in?*
 - Tumlare Corporation, Finn Corporation and Hankyu International indicated that during the period when Norway was still “open” while the Japanese side was volatile and tours were canceled, Norwegian suppliers still demanded cancellation fees, hence negotiations were necessary. However, once the situation changed with Norway becoming volatile, the suppliers have changed their cancellation policies for the benefit of the buyers. Tabikobo, which works only with FITs, stated that Fjord Tours was very fast in waiving cancellation fees for their “Norway in a Nutshell” product. This was very much appreciated by Tabikobo.

The current situation

- *When speaking to your customers – have you been encouraging them to rebook for later? Have they wanted to rebook, or have they wanted to cancel completely?*
- All companies have encouraged customers who have canceled to rebook for later dates, but with varying success. This is due to the fluidity of the situation, as well as customers not being able to change their travel plans. One company says the rebooking rate of 20% while another has experienced only a 10% rebooking rate. All companies are contemplating to develop new products for the coming shoulder and winter season and hope they will recapture some of the customers lost during this period.



Market insight relevant for the Norwegian tourism industry

With the Olympics cancelled, IF the world is on the recovering side, the airlines need to fill seats with guests out from Japan. This can be positive for Norway. The Nordic countries will also be seen upon as a safe destination, compared to the rest of Europe.

The focus should be for Autumn (if the pandemic ends this Summer) and Winter.



Brazil

The current situation

How are things going?

- The market is very quiet – no movement. Everything is cancelled or postponed till later.

What are your biggest challenges rights now?

- No income for the TA/TO/DMCs. Costs on salaries, office etc still running.

Are you still getting a lot of cancellations? Are customers still keen to travel to Norway in the future?

- There is a mix between cancellations, and postponing their trips. No one say they will NOT travel to Norway as a result of the Covid19. There will be a need for a strong campaign after this crises to have Norway on top of destination. Assupmtion is that people will prefer more remote places than cosmopolitan cities after the outbreak.

How has the cancellation process with the Norwegian suppliers been? Have you experienced any changes in cancellation terms and conditions as a result of the situation we find ourselves in?

- As they are in the same situation, there is an understanding about the cancellations, and no fees have been charged.

When speaking to your customers – have you been encouraging them to rebook for later? Have they wanted to rebook or have they wanted to cancel completely?

- Some prefer the refund (as their economy also is tight), while others want to rebook.

Market insight relevant for the Norwegian tourism industry

Scandinavia, and then Norway, might recover earlier than other destinations.

The client profile of travellers choosing Norway, shows they have higher income, so the economical impact might be smaller on them than the average traveller which ususally travels to regions such as Spain and Portugal.





India

Sum-up of the current situation

• *How are things going?*

- Due to this unprecedented situation, business is on a complete standstill
- The current government directive of shut-down will be in effect till 15th April. This may be reviewed in the coming or following week
- Lots of cancellations
- If situation is normal by May, it will pick up in the following months
- Focus on higher numbers in Autumn break and Winter vacations
- Middle class may see an impact but the rich will not be affected economically. Most travellers to Scandinavia are wealthy or rather recession proof.
- Lockdowns have been frustrating, so some of the travellers want to get out as soon as situation improves but they may be a bit cautious and watchful before they travel
- In terms of our group series, we have had to release all tours for April given the current situation
- Currently, everything is slow as customers are following the government policy
- It is more like a wait and watch situation

• *What are your biggest challenges right now?*

- Refunds and cancellations / Airlines credits and coordination
- Getting refunds for cancelled bookings is the biggest challenge as clients want a refund but the airlines and the hotels are only agreeing to give a credit note
- Rescheduling future holidays
- Inspire and encourage travellers once the situation improves that it's safe to travel
- No new queries / bookings post mid-March 2020
- Uncertainty is the biggest challenge and we don't know when the travel eco system will be up and running.
- Our industry was first to hit and will be the last to revive. So, we need to stay positive & be aware that sooner or later we will bounce back

Sum-up of the current situation

Are you still getting a lot of cancellations? Are customers still keen to travel to Norway in the future?

- Most cancellations happened by mid-March. Depending on the situation maybe by July / August / winters but the main season of April May June is lost
- Some still have bookings for June but we are not sure whether they will be able to travel.
- We are getting cancellation requests from about one third of them wanting refund, one third have decided to postpone and the other one third is undecided
- Most of them have expressed that Norway has been a dream destination and they will want to travel there as soon. Some of them can be inspired to travel in Autumn or Winters

How has the cancellation process with the Norwegian suppliers been? Have you experienced any changes in cancellation terms and conditions as a result of the situation we find ourselves in?

- Cancellations happened just in good time / Most travel was from April
- Most bookings were cancelled well in advance and hence, there was no problem with the Norwegian suppliers
- Scandinavian DMC partners have been helpful and supportive. If clients don't cancel at all and travel at a later date, it will be mutually beneficial
- Very few travellers have postponed their travel to September. However, operation of most tours will largely depend on the situation in September
- Post 15th April, our members will re-assess the situation and take a call on the May departures. Our teams are regularly in touch with Scandinavian suppliers / DMCs and hotel partners who are aware of the on-ground condition and depending on the situation we will jointly look at re-instating the tours
- Most feedbacks suggest that the suppliers have been supportive

Sum-up of the current situation cont.

- *When speaking to your customers – have you been encouraging them to rebook for later? Have they wanted to rebook, or have they wanted to cancel completely?*
- Presently no discussion but some may be open to travel once it's safe to travel.
- Encouraging to postpone but due to the uncertainty, 50-60 % travellers prefer to cancel
- The travel companies are in constant touch with their existing bookings and trying to convince them to postpone their travel and not simply cancel. They have been successful in majority of the cases
- Currently, some companies are proposing to offer full refund or credit note to travel in the next 12 months (select a later date of travel)
- Yes, we are encouraging rebooking and trying everything possible for people to reconsider travel cancellation





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