



International B2B status report

- in connection with the Covid-19 pandemic situation

March 2020



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 **customers 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.



Tusen takk!
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