

Market Update

US Markets

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- Market Size and Scope
- Economic Update
- Intent for Norway
- COVID-19
- War in Ukraine
- A Surplus of Shortages
- Booking Trends
- Importance of Travel Trade
- Demand for Long-Haul Flights
- Sustainability
- Inclusive Travel, Community Travel
- Final Thoughts





330MM
Population

25% of Americans live in major US cities.

\$67,521
Median HHI

Median income in 2022

42%
Hold Passports

85% of Americans go on vacation but less than 15% travel abroad regularly

\$156B
Outbound Spend

Annual American tourism expenditure on international travel

#1
Long Haul Market

The US sends the most long-haul travelers into the world

CHARACTERISTICS



Holiday Time

Americans receive much less holiday time than other developed countries with no government mandated time off and an average of just 11 days taken per year.



Seasonality

American travel patterns are highly seasonal around school holiday with peak travel period being June-August and around the December holidays. Key booking periods are Jan-Mar and Sep-Oct.



Destinations

Over 93 million international trips were taken by Americans in 2021 with Europe being the #1 long-haul destination (17.7MM).



Target Audiences

US metropolitan/populated areas - North East, South East, West Coast and niche nature/activity areas such as Pacific Northwest and Colorado.

Despite two consecutive quarters of negative GDP growth, the US economy is **not currently in recession** given strength across a number of sectors and the extremely tight labor market.

However, it is expected that a **broad downturn** is on its way. This outlook is associated with persistent inflation and rising hawkishness by the Federal Reserve. It is forecasted that real GDP growth will come in at 1.3 percent year-over-year and that 2023 growth will slow to 0.2 percent year-over-year.

Air travel in the United States, bolstered by huge numbers of tourists, has nearly **recovered to pre-pandemic levels** — even topping 2019 numbers over the Labor Day weekend. Inflation — and especially this year's sharp rise in airfares — raises concern about how long vacationers can afford to keep flying at their current pace. Fortunately, airlines say they see no signs of a slowdown in leisure travel.



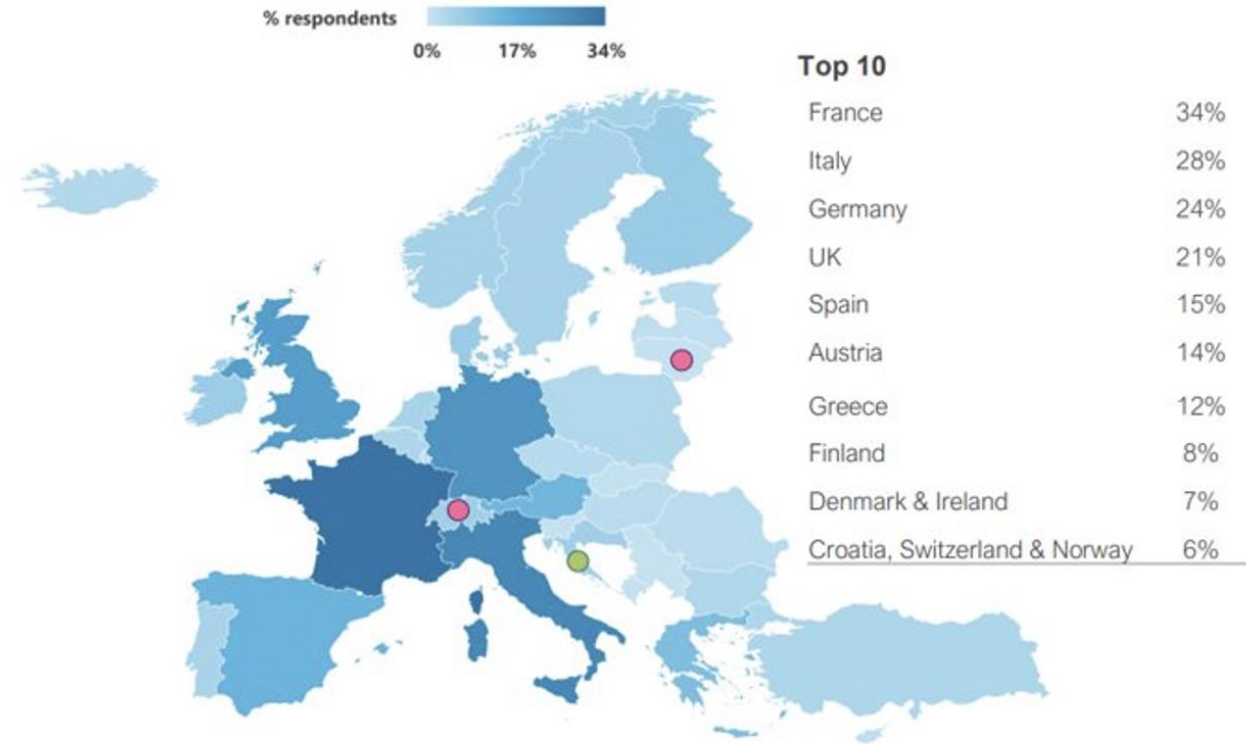
According to Forbes Magazine, after a dismal 2020, the year 2022 will be remembered for the rebound in destination travel, especially in the US. The top indicators across the board in luxury travel that reinforces the trend of renewed interest and demand from destination travelers include:

1. Increases in the booking window
2. Longer lengths of stay
3. Higher average order values
4. **Increased preference for visiting places they have never been to over places they've visited before**

All of these are music to the ears of travel leaders, as it supplies them with the ability to manage their inventory better, drive pricing power and maximize occupancy.

INTENT FOR NORWAY

Preferred destinations & transportation services to move within Europe



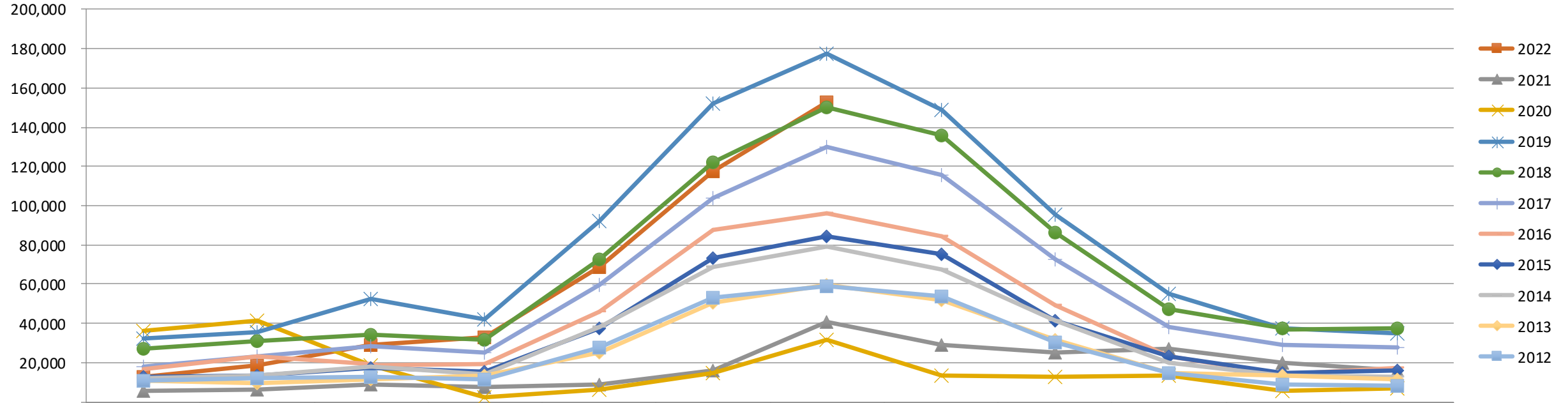
Preferred destination types



The majority of Americans now report a willingness to travel internationally. With negative COVID-19 tests no longer a requirement to enter the U.S., American travelers' likelihood to travel internationally this year immediately skyrocketed and led to a surge in travel bookings.

31.0% of American travelers say that the dropping of the COVID testing requirement to enter the U.S. has specifically made them more likely to travel internationally this year.

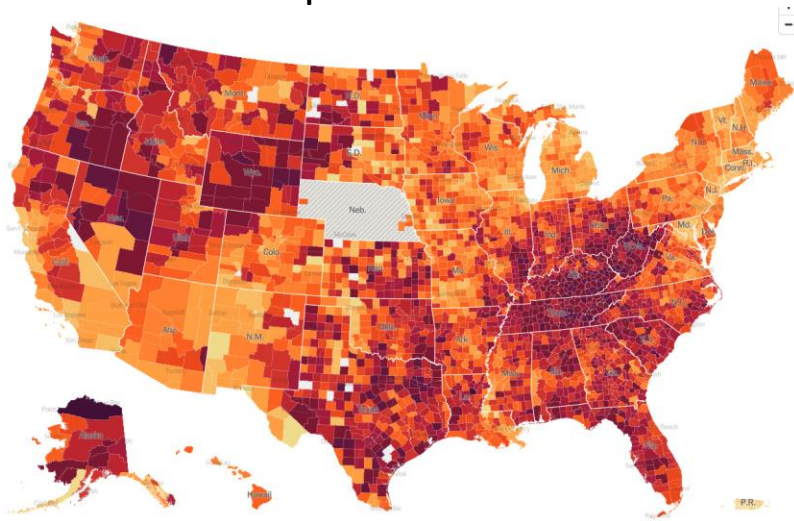
INTENT FOR NORWAY (BEDNIGHTS)



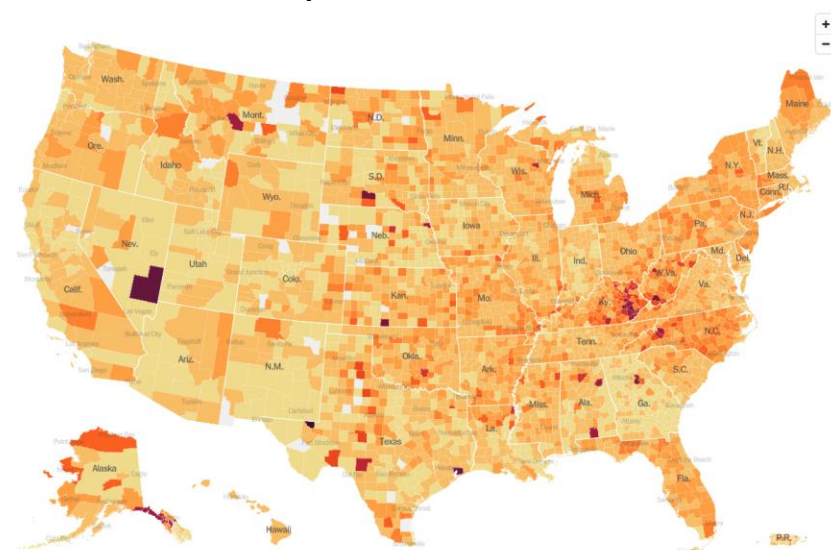
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
2022	12,485	18,766	28,798	33,256	68,935	117,586	152,969						
2021	5,587	6,407	8,804	7,776	9,081	15,990	41,086	28,980	25,056	27,083	20,064	15,782	211,696
2020	36,150	41,228	18,339	2,396	6,459	14,781	31,729	13,426	12,778	13,774	5,935	6,959	203,954
2019	32,331	35,772	52,287	42,179	92,497	151,899	177,486	148,934	95,579	54,900	37,345	34,965	956,174
2018	26,830	31,015	34,363	31,953	72,753	122,381	150,293	135,992	86,361	47,461	37,270	37,488	814,160
2017	17,972	23,395	28,724	25,291	59,387	103,795	129,644	115,331	72,913	38,147	29,110	27,506	671,215
2016	17,023	23,134	19,501	19,588	45,720	87,678	96,236	84,094	49,320	23,117	13,882	17,041	496,334
2015	13,067	13,474	17,421	15,135	37,752	73,098	84,358	75,200	41,385	23,319	14,966	16,014	425,189
2014	12,351	13,391	18,001	14,030	37,901	68,547	79,195	67,181	41,576	19,919	13,197	12,485	397,774
2013	10,665	9,874	11,492	13,253	25,285	50,249	59,802	51,775	31,814	14,477	13,217	11,296	303,199
2012	10,861	12,119	12,771	11,822	28,075	52,997	58,738	53,520	30,488	14,609	9,124	8,116	303,240

Average daily cases is still 55,591 with 400+ daily deaths. However nearly all **COVID era restrictions are now lifted** even in the most liberal and hardest hit areas of the country, such as New York and California. This includes mask mandates in schools. Most Americans are mentally **DONE with COVID-19**.

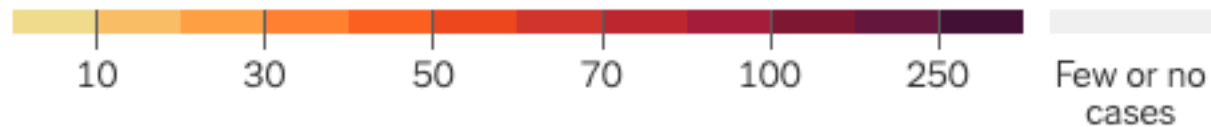
September 2021



September 2022



Average daily cases per 100,000 people in past week



WAR IN UKRAINE

- The attack currently being perpetrated by Russia on Ukraine is largely seen as an **attack against democracy itself** and has led to an outrage so strong it has managed to unify a United States that has grown increasingly divided since the election of Donald Trump in 2016.
- For the most part, tour operators are **not seeing large impacts in bookings caused by the war** except to destinations directly impacted such as Ukraine, Russia and Poland.
- **People are still eager to travel** and prioritize that post-COVID “bucket list” trip that they have been waiting two+ years to take.
- Overall, **bookings across the world are strong** and we have seen a return to pre-COVID levels this fall with bookings finally surpassing 2019 numbers.
- Despite sharing a border with Russia, **Norway is often perceived by American travelers as far removed from Russia**, and Europe as a whole. This perception, although not based on reality, could ultimately help Norway to maintain demand for travel and tourism throughout this crisis.
- It is yet to be seen **what sort of long-term tolerance Americans will have** for increased fuel prices as related to travel. The US is much more energy independent than Europe.
- Higher fuel prices mean **more expensive airfares** just at the moment our industry seeks to break free from COVID -19, and a raft of new air routes are scheduled to begin in the spring.



A SURPLUS OF SHORTAGES

FDA acknowledges delays in response to US Infant formula shortage

The FDA acknowledged that US infant formula shortage was slowed by delays in processing a whistleblower complaint and test samples from the nation's largest formula factory.

Topics
US FDA | USA

AP | Washington
Last Updated at September 21, 2022 10:34 IST

97 Percent of U.S. Hotels Are Short-Staffed

BY REBECCA BAIRD-REMBBA JULY 1, 2022 2:14 PM

REPRINTS



TSA tackling staff shortages



TSA STAFFING SHORTAGES
RECRUITING EVENT AT DELTA MARRIOTT TODAY

45°
6:30

xfinity STOCKS NASDAQ 11,448.40 ▼ -103.95

AIRLINES

The U.S. has a pilot shortage — here's how airlines are trying to fix it

PUBLISHED TUE, SEP 13 2022-8:30 AM EDT UPDATED TUE, SEP 13 2022-11:50 AM EDT

Shawn Baldwin

WATCH LIVE



Hundreds Of Flights Were Delayed Or Canceled Over The Labor Day Weekend

Air travel is in disarray this Labor Day as airlines struggle to meet the record-breaking travel demand.

BY RILEY PICKETT
PUBLISHED SEP 05, 2022

f t i e



A Natural Gas Shortage Is Looming For The U.S.

By Irina Slav - Sep 19, 2022, 7:00 PM CDT

BOOKING TRENDS

- 76% of American travelers are in a **ready-to-go** state of mind.
- One-third of American travelers report they will **take more leisure trips** in the next year, and nearly 25% say they are planning to increase their international travel
- Almost a third of American travelers booked their international trip **three to six months** before arrival. A quarter booked last minute (within one month before arrival)
- 70% of Americans **book their travel and accommodation together**. This is higher than the average international visitor (50%)
- Three-quarters of active leisure travelers (73%) visit an **online travel agency (OTA)** on a regular basis when researching or booking travel
- After a long, cold winter, many Americans head to Europe during **Spring break** in search of warmer weather. In 2019, just under 1.4 million US citizens travelled to Europe in the month of April
- **June and July** are the most popular months for Americans to visit Europe, each month registering over two million US arrivals in 2019



IMPORTANCE OF TRAVEL TRADE

The travel trade structure in the US is made up of tour operators, online travel agents (OTAs) and front-line retail travel agents:

- Tour operators: this category covers escorted tours, FITs and 'Special Interest' (which can incorporate both niche interests, such as antiques, gardening tours through to University Alumni large escorted group tours)
- Retail travel agents: this category covers independent and / or home-based agents, consortia co-ops and franchise networks
- Online travel agents: this category is dominated by Expedia and The Priceline Group with many subsidiaries being searched by the consumer, such as Priceline, Travelocity, Booking.com, Hotels.com and Kayak

It is a relatively complex mix as operators can sell consumer-direct or via travel agents; whilst travel agents compete head-to-head with OTAs mainly on air and accommodation and yet offer a more detailed and tailored service for those consumers wishing to book a more complex trip



MARKET ANALYSIS

DEMAND FOR LONG-HAUL FLIGHTS

Significant increase in demand for long-haul flights (4+ hours), as travelers look to go further afield.

During Q2, we saw more than a 50% year-over-year increase in global traveler demand for long-haul flights.

Q2 delivered over 100% year-over-year growth in traveler demand for flights from the U.S. to Europe.

London, Paris, and Rome account for the top 3 European destinations for U.S. travelers during Q2.

New flight routes and airlines are launching all the time.



<input type="checkbox"/>	jetBlue	5:29 pm – 8:49 pm JetBlue	nonstop	6h 20m JFK - SEA		0	\$766 Blue Basic JetBlue
<input type="checkbox"/>	jetBlue	3:35 pm – 11:35 pm JetBlue	nonstop	5h 00m SEA - JFK			View Deal Blue \$830

Best						1 0	\$479 Basic Economy United
<input type="checkbox"/>		5:50 pm – 7:55 am ⁺¹ United Airlines	nonstop	8h 05m EWR - BER			View Deal Economy \$629
<input type="checkbox"/>		9:55 am – 1:35 pm United Airlines	nonstop	9h 40m BER - EWR			

Best						0 0	\$406 Kiwi.com ⚡
<input type="checkbox"/>		11:55 pm – 1:30 pm ⁺¹ Norse Atlantic Airways	nonstop	7h 35m JFK - OSL			View Deal
<input type="checkbox"/>		7:50 pm – 10:00 pm Norse Atlantic Airways	nonstop	8h 10m OSL - JFK			

The world's increasing population and improving economy is leading to growth in global travel. More people are seeking to explore and discover the world than ever before, leading to increased environmental concerns and impact on vulnerable areas.

Sustainable travel will be the new norm, and people will be more and more conscious of where they travel, what they travel and the physical and societal impact their travel has on the areas and communities they visit.

The global tourism industry needs to work together, through the whole value chain, to find a way that tourism and the tourism industry can be maintained long-term without harming natural and cultural environments whilst still maintaining profitability.

What's IN Doing About It?

Innovation Norway has partnered with the United States Tour Operators Association (USTOA) to establish a framework for sustainability within the travel and tourism industry that prioritizes minimizing environmental impacts while understanding the need to maintain profitability. USTOA hosted their first ever "Sustainability is Responsibility" summit in Bodø in May of this year.



INCLUSIVE, COMMUNITY FOCUSED TRAVEL

People around the world are increasingly seeking ways to have more meaningful and conscientious travel experiences, and looking for inclusive and accessible tourism.

As the travel industry continues to rebuild, there is an opportunity to reimagine a world where everyone is welcomed equally and differences are celebrated, in which travel accommodations, transportation options, and experiences include travelers of all types.

According to Expedia's recent Inclusive Travel Insights Report, 7 in 10 consumers would choose a destination, lodging, or transportation option that is more inclusive of all types of travelers, even if it's more expensive.

What's IN Doing About It?

Innovation Norway is partnering with Tourism Cares, a non-profit organization dedicated to the long-term survival of the travel + tourism industry dedicated to inspiring travel as a force for good, ensuring prosperity of the people and places who rely on it, and creating mutual respect and commitment between people and the planet. Tourism Cares will host their annual summit in Northern Norway in 2023.



FINAL THOUGHTS

1. Travel bookings have more-or-less returned to pre-pandemic levels with booking for the fall in many cases exceeding 2019 levels even in the face of inflation, high fuel prices, and a potential recession.
2. We're seeing an overall increase in booking window, length of stay and spending.
3. The war in Ukraine is top of mind for everybody, but is not stopping Americans from wanting to travel, including to most of Europe. Americans are less reliant on Russian oil than Europeans.
4. After having been cut off from selling Norway for two years, the travel trade is now once again selling Norway and eager to re-educate themselves on the destination and what they have missed.
5. Air service has returned to Norway with new routes on legacy carriers and new airlines coming to Norwegian airports in line with greater demand for long-haul flights and in many cases, fares between the US and Norway are as good as they were pre-COVID thanks to new partners like Norse Atlantic.
6. Sustainability, inclusiveness and community are all factors of increasing importance to travelers and the travel industry alike and areas Norway can play in very successfully.



Thank You

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