# Quarterly Market Update: Sweden

Quarter 3: October to December 2009

## Outlook for Travel to Britain

- The forecast for early 2010 is positive. The Britain product offer remains strong in Sweden, especially in terms of accessibility and great value for the short break and business tourism sectors. Even if the B2B sector has experienced a difficult year, reports from key operators indicates a slightly more positive trend than during 2009.

## Britain in the News

- The extent of H1N1 (swine) flu cases in Britain received media coverage in quarters 2 and 3, however the focus quickly moved to the situation in Sweden during the third quarter. As the swine flu situation in Sweden escalated, the focus shifted to an intense domestic focus in late October. Furthermore, there has not been any travel advisory issued for the UK due to the swine flu. Consequently, all in all, it is not believed that the swine flu outbreak has influenced travel to the UK from Sweden to any notable extent.
- Most recently, the flooding in Cumbria received extensive media coverage in Sweden. However, VisitBritain Sweden did not receive any press or consumer enquiries regarding the flooding. This can be due to the fact that not many Scandinavians travel to Cumbria. Consequently, the current attitude on traveling to the UK seems unchanged and positive.

## General Market Mood

- Employment is set to contract further, and is forecast to fall by 2.3% during the fourth quarter - 2009 and 1.5% in quarter 1 - 2010. The demand for labour continues to falter in the construction sector, resulting from diminishing gains in both residential and non-residential building activity. Other economic sectors are also likely to endure further employment losses in line with weaker economic conditions. (www.scb.se )
- Headline CPI inflation remained negative in November for the seventh straight month, at -1.5% year-on-year. In the face of this, and the deep recession, the Riksbank has kept the repo rate at a record low of 0.3% since July and looks likely to hold rates at this level well into next year. (Oxford Economics)
- SCB reports an increased support for Euro in Sweden. If there were to be a referendum on the euro in November 2009, about 44% would vote yes while about 42% would vote no. The difference between the yes and the no votes is not statistically significant. About 14% say they do not know how they would vote. The percentage of yes votes has increased compared to May 2009. More men than women are positive towards the Euro - about 50% compared to about 37%. (www.scb.se )
- Integration - foreign-born persons on the labour market: Every other foreign-born person has work after five years in Sweden, nearly 56% of men and roughly 44% of women are employed. There are considerable differences among different groups of immigrants. Asylum seekers have the lowest level of employment, but with increasing time in Sweden the differences with other immigrant groups decrease. (www.scb.se )
- Party Preference Survey November 2009, The Party Preference Survey shows that if a Riksdag election were to be held in November, the government parties (Centre Party, Liberal Party, Moderate Party and Christian Democrats) would have received 42.5% of the votes. The opposition parties (Social Democrats, Left Party and Green Party) would have received 50%. (www.scb.se )

- Sweden is one of the countries in Europe where international travel has reduced most, according to a new report. The risk is that it will decline even more, because of higher air fares could be expected. So far in 2009, the foreign travel from Sweden has decreased by 10% compared to 2008, according to World Travel Trends Report from the travel fair in Berlin. This means that Sweden finished in third place on the list of countries where tourism is decreasing the most. The most decreases in travel from the United Kingdom (15%) and Russia (12%). (World Travel Trends Report)
- As of 15 December £1 is equal to SEK 12.05 (www.forex.se).

## Consumer Behaviour

- The Swedish travel industry, including airfare, hotels, trains, boats and event tickets had a total turnover of sales in 2008 of 244 billion SEK, (£21 billion). E-commerce in Sweden, had sales of SEK 30 billion (2.6 billion £) during 2008 in travel and tourism industry. This is an increase of 20% percent compared to 2007. According to the report the Online travel agencies in Sweden are increasing rapidly and will within 2010 be the most used way of booking travel and accommodation. The traditional travel agencies with offices will be used more for tailor made trips and special services. (Tillväxtverket rapport 0036, 2009).
- Several of the major telecom companies in the world have planned for an early start to the fourth generation mobile communications, 4G, in 2010. Now TeliaSonera has managed to become the first in the world of 4G by a surprising launch this year. It was a much earlier 4G launch than expected for TeliaSonera. As of 15 December, the company opened its new mobile network for regular customers in Stockholm and Oslo. Initially it will be a very small group that can use the new technology.

## Media Matters

- It's clear that we are watching a fragmentation of the Swedish mass media – where it is spread over a variety of platforms as well as a growing number of channels and titles. TV, radio and printed newspapers are still important mass mediums, however figures show that a number of important target groups are spending more time on the Internet. The consumption of media is more diversified than ever. Swedish newspapers, radio stations, TV-channels and magazines have well established web pages as an integrated part of their business. Radio is broadcasted online and offered as downloads, many newspapers have two newsrooms - offline and online, TV-channels such as SVT is accessible online and young people spend more time in front of the computer than watching TV. Social medias such as Facebook and twitter are a vital part of many citizens life. Being a part of this development is vital for VisitBritain in the Nordic region. We have an opportunity not only to work with established mass media off- and online but also to work integrated with several channels simultaneously and to create our own online material.

## Routes and Fares

- The Swedish Airport Authority LFV reports that in the period January - November 2009 the number of passengers at LFV Airports decreased by 11% compared with the same period last year. The number of international passengers dropped by 11% and domestic passengers by 12%. - We see a small increase in the number of passengers for November which is a clear sign that traffic development is stabilising. The greatest slump in traffic should be behind us, says Lennart Bergbom, Analyst at LFV Airport Marketing. (www.lfv.se )
- British Airways warns of massive chaos due to the threat of a strike by Cabin Crew over Christmas and the New Year. Members of the cabin crew union Unite have voted in resounding majority to go on strike on 22 December. (Source: www.travelnews.se ). The strike was postponed after a legal action.

- Return fares from Stockholm to London booked one month in advance:
  Ryanair from: £ 82, British Airways from: £ 139, SAS from: £ 118.

## Business Tourism

- Allegations of price manipulations disrupt business travel agents profitability, squeezed by the extremely low fees from customers. This has lead to accusations of price dumping and cheating with extra administration fees on airfares.
  - "Fees right now are completely absurd, and many engage in predatory pricing", says Åke Lindell, CEO of Travelnet.
  - "We see the transaction prices of ten crowns, or even zero crowns quite often now and I am surprised that there are more customers who question the contracts", says John Wilson, vice president of Carlson Wagonlit in Sweden. (www.travelnews.se )
- The group & conference operator 'A Travel Agency Company AB', showed a profit for its first year of operation. Despite the current economic situation agent A Company had a result that is very unique amongst B2B agencies in 2009. "As a new business it is a top priority to reach out to customers, which has resulted in many contracts from companies in different industries. The combination of activities, adapted structure and economy are the main factors of A Company's success", says CEO Caroline Malmberg.

## Leisure Travel Trade

- Swedish travel agents have been hit hard by the global downturn as companies and households hold tighter to their wallets and skip extravagance. During the third quarter sales tumbled almost one fifth, according to new statistics by Association of Swedish Travel Agents. (www.srf-org.se)
- VIA Travel opened an office in Sundsvall in a reversal of the current trends elsewhere.
  - "We see that trend being reversed. More and more travelers looking to the online discover that they can save both time and money to take the help of experts who can provide both personal service and customized web solutions",said John Lundmark, managing director at VIA Travel. (www.travelnews.se)

## Competitor Activity

- In May next year Scandjet Aviation Group opens a charter flight to the Croatian city of Split. Efforts to get a direct line to Croatia began two years ago with Örnsköldsvik Municipality and the airport in the lead. -. The route will be operated on Saturdays between 8 May and 12 June and between August 28 and October 2 on Viking Airlines. (www.scandjet.se )
- In a Historic moment for Sweden Tourism, For the first time ever more currency flows from foreign visitors in Sweden, than the Swedish Krona spent abroad by Swedish travelers. Recent statistics on the so-called travel cash balance from the Riksbank and Statistics Sweden show that foreign visitors have consumed for 100 million Krona in Sweden during the third quarter of this year.
  - "This shows that Sweden is becoming increasingly attractive as a destination", says Thomas Brühl, CEO of Visit Sweden. (www.travelnews.se)
- Charter operator Ving makes a profit despite the recession, The fiscal year that ended in September, showed a record result. Operating profit increased by 11.6%, compared with last year, to SEK 222 million. It is the sixth consecutive year that Ving sets new performance record.
  - "A balanced product mix and a successful bet on great hotel products is behind the result", says Eivor Andersson, CEO Ving Sweden AB.
- The Swedish regional marketing agency and owner of ski resorts in Norway & Sweden Skistar, is preparing for yet a strong winter season, of the total planned accommodation sales already 78% is booked. Top ski destinations are Trysil in Norway and Åre in Sweden. – "It is very gratifying that the demand for alpine skiing remains strong and we look eagerly forward to the winter season",

says CEO Mats Årjes.

- SAS & MR Jet launched Winter / Ski holiday campaign this week, In January the cost of flights from Sweden to: Zurich - £138, Milan - £92, Geneva - £126, Munich - £99.

## VisitBritain Activity Update

- Nordic e-newsletter sent out to B2B database.
- Participation in Antor Sweden travel trade event for 90 Swedish operators.

Upcoming activity

- Sherlock Holmes film promotion.
- Cities promotion.
- Nordic Golf Network – B2B workshop in Stockholm, 5 – 6 February 2010
- TUR (Swedish Travel Trade Fair) in Gothenburg, 25 - 28 March, 2010.
- Coordination of Best of Britain event program in March for Swedish travel trade.

## Who's in Town?

- Eddie Izzard – Stockholm Globe Arenas and Scandinavium – City of Gothenburg – 19 & 20 December.
- Depeche Mode - Stockholm Globe Arenas – 31 January 2010.
- La Roux – Berns – Stockholm – 3 March 2010.
- Jane Irwin – Konserthuset – Stockholm – 13 March 2010.
- MIKA - Stockholm Globe Arenas – 18 March 2010.