

Changing Travel Booking Patterns in European Travel Agencies

Stefan Nigg

1 Introduction/Methodology

The year 2009 was characterized by the consequences of the worldwide financial crisis.

Many consumers worried about the safety of their jobs in the future, which became explicit by very cautious spending habits.

The following article outlines which impacts the crisis had on the booking habits of holiday-makers.

This evaluation is based on results from GfK Travel Insights, the tourism panel of GfK Retail and Technology GmbH, which is now available in six countries, namely Germany, the UK, Italy, France, the Netherlands and Russia. The information source for this instrument are booking arrangements made at travel agencies with a focus on leisure travel, i. e. the suppliers of these data are a representative selection of travel agencies who have agreed to make all their bookings available on a weekly or monthly basis. In Russia and the UK, additional data are received from tour operators which can also be evaluated.

The size of the sample in these six countries is approximately 7,500 travel shops and, to give a picturesque example – the German sample consists of 1,200 representatively chosen travel agents who supply around 80,000 data sets per week, that is around four million data sets per year. This high annual total permits a very precise measurement of booking trends in very short reporting intervals (monthly or even weekly).

2 Traces of the Crisis in Booking Habits

2.1 Overall Booking Trends

A look at [fig. 1](#) makes it clear that in particular in Italy but also in the UK a negative booking trend was registered in the winter season 09/08, in contrast to Germany, where still a 5.4 percent plus could be established. This was due to strong

business months in terms of booking in July and August for the beginning of the winter season, when the financial crisis had not yet reached the awareness of the consumers. Of course the summer season that followed was characterized by a negative trend in all countries, and equally the successive winter season and the start into the new summer season 2010. The economic recovery at the beginning of the year 2010 was associated with a recovery in bookings, visible especially in the UK but also in Germany.

GfK Travel Insights

Sales Value +/- %

Last 3 Seasons and Current Year

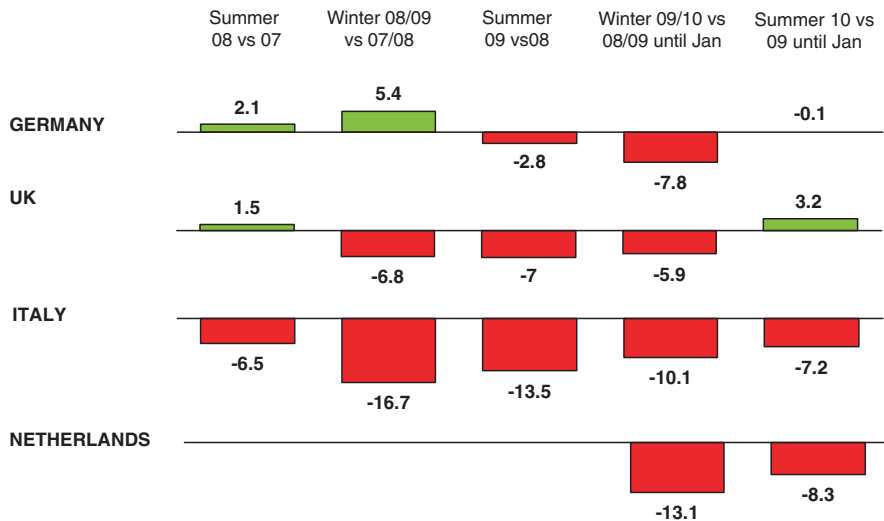


Fig. 1. Growth rates per country

Source: GfK-RT, www.gfkrt.com

Yet the booking rates differ in that the consumer refuses to fix himself as early as in the past years. Although attractive early booking discounts were around, he considered the economic background as insecure and especially worries about losing the job let him make a short-time decision to go on a holiday rather than booking early.

There, however, it has to be considered that booking habits differ per country (cf. [fig. 2](#)). While in the UK, but also in Germany or in the Netherlands, people tend to book very early, consumers in France and Italy and in particular Russia resolve rather shortly to go on vacation.

TRAVEL INSIGHTS

Sales Value %
Summer 09

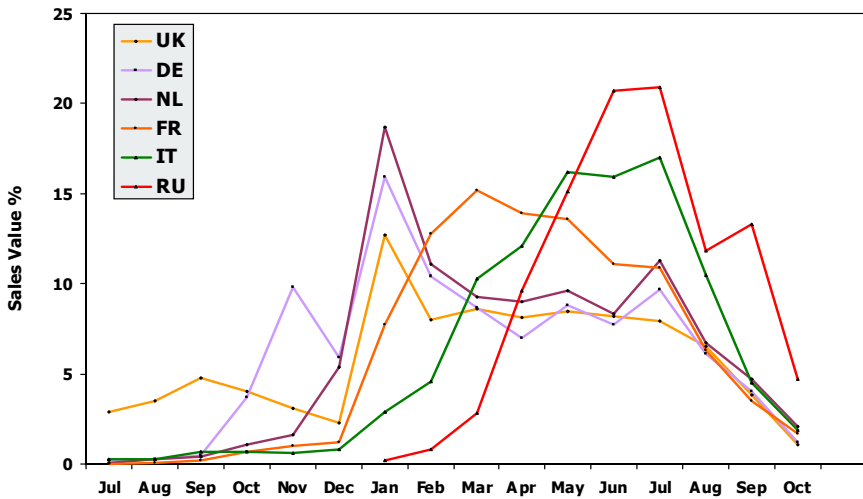


Fig. 2. Booking seasonality

Source: GfK-RT, www.gfkr.com

TRAVEL INSIGHTS

Sales Value %
Summer 09

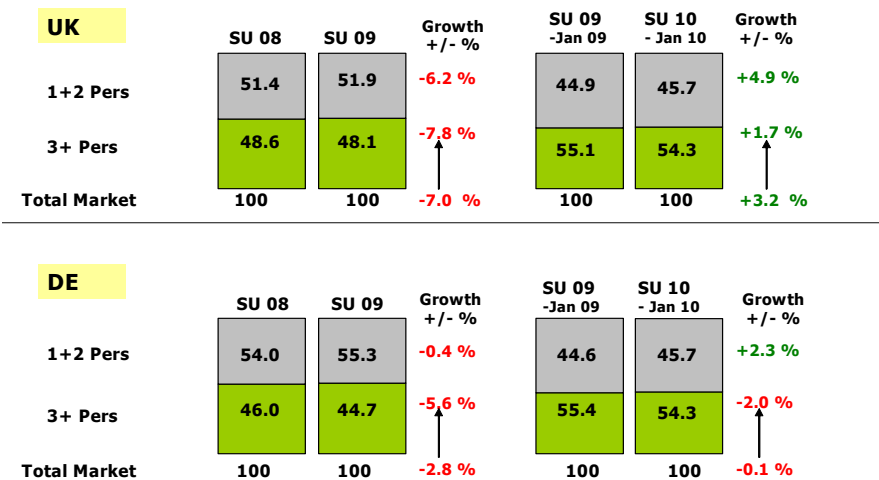


Fig. 3. Number of persons

Source: GfK-RT, www.gfkr.com

2.2 Specific Changes of Booking Habits

Families vs. Singles and Pairs

Effects of the financial crisis led to hesitancy about travel booking especially among families. In Germany and the UK, the rate of bookings for three persons and more has developed weaker than the average (see [fig. 3](#)).

A Tendency to “All Inclusive” and “Flexible” Stays

Two-week holidays are still prevailing especially in the UK, but also in Germany. Over 40 percent of all expenses in the UK, and one-third in Germany, are covered by this period of stay. In the other countries, by contrast, a holiday of one week has far more importance (cf. [fig. 4](#)).

Yet, even here, consumer habits are subject to change. In Germany, for example, the importance of a holiday of 8–13 days is on a rise (see [fig. 5](#)).

For destination areas this means that flight connections have to be provided at different days of the week in cooperation with airlines in order to meet the consumers' need for flexibility. Besides Egypt, especially Turkey is registering the steepest increases in this segment at the moment.

TRAVEL INSIGHTS

Sales Value %

Summer 09

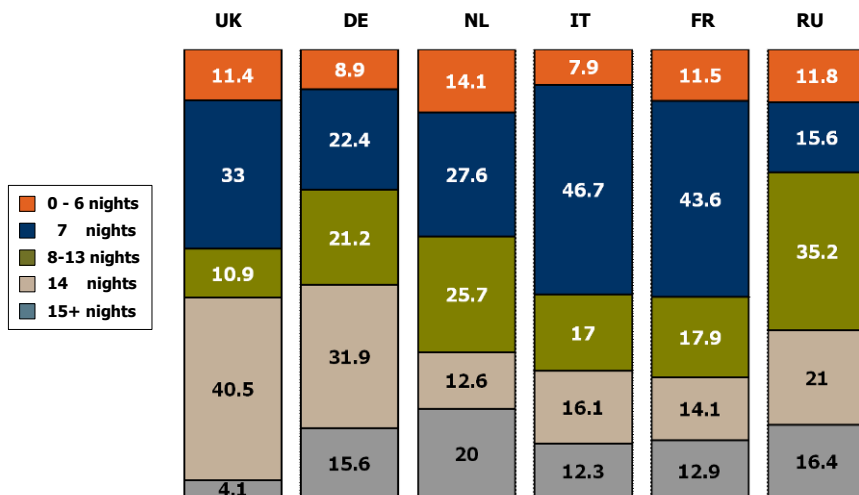


Fig. 4. Duration

Source: GfK-RT, www.gfkr.com

TRAVEL INSIGHTS

Sales Value %
Summer 09



Fig. 5. Duration: development 8–13 nights

Source: GfK-RT, www.gfkr.com

Another aspect which is accountable for the temporary positive development of both destinations is the high proportion of All Inclusive offers in both countries. This is a way of structuring the total expenses for a holiday, and the travel budget is not further encumbered by additional spending for meals.

Mounting Pressure on Prices

The decline in demand caused over-capacities and led to increasing pressure on prices. The example Germany demonstrates, that the continuous price rise of the past was interrupted and has been retrograde since January 2010 in terms of bookings for the winter and the summer season alike (see [fig. 6](#)).

The same trend can be observed in all destination regions. Whether long haul, earthbound or to the Mediterranean, the negative price trend recurs everywhere.

Opportunities of Growth Even in the Luxury Segment

There are reasons to conjecture that the fear of losing the job allied with the savings trend in tourism might lead to profits for destinations which are not so far away. However, even though trends of this kind become visible indeed, a not underestimated percentage of the population is really in a position to afford a more luxurious vacation.

A good proof of this is the rising attractiveness of cruises (cf. [fig. 7](#)).

GfK Travel Insights

Price (per Night) per Person %
Last 5 Winter Seasons booked until Jan

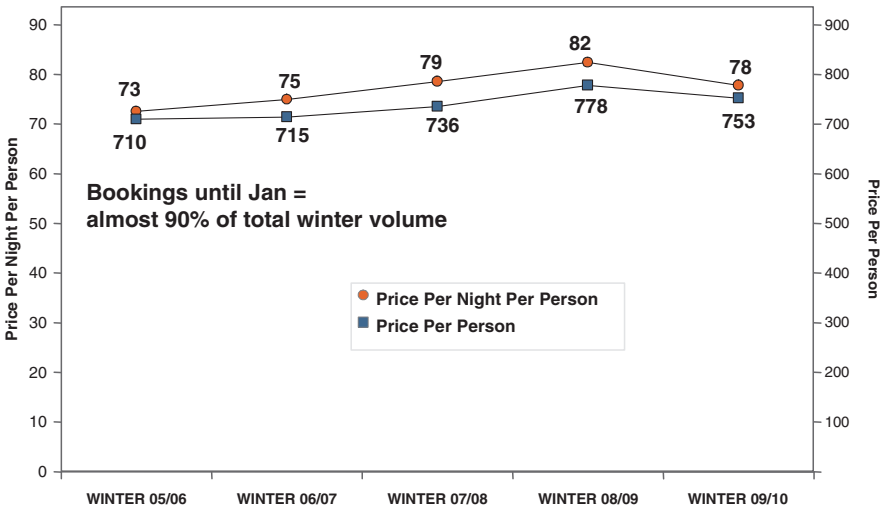


Fig. 6. Price development tour operators' bookings (Germany)

Source: GfK-RT, www.gfkr.com

GfK Travel Insights

Sales Value %
Summer 09 vs. 08

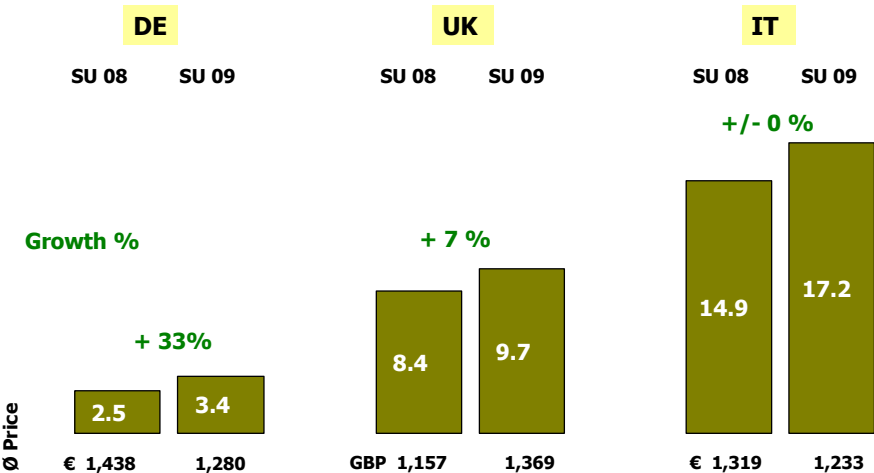


Fig. 7. Share of cruises

Source: GfK-RT, www.gfkr.com

With an increase rate of 33 % in Germany, this segment represents a paramount growth area in tourism. The importance of cruises in Germany is still small with a 3.4 percent share in total value in comparison with other countries. In the UK, already one-tenth of the overall spending for holidays are covered by cruises with a rising tendency in the market, and in Italy, cruises account for over 17 percent.

3 Conclusion

The worldwide crisis has led to a change in consumer habits. All in all fewer bookings were arranged and the holiday trip is booked less in advance than it used to be in the past. Families tend in particular to save money on a holiday. The conventional two-week holiday is losing importance, while flexible stays from 8 to 13 days are on a rise. “All-inclusive” is gaining importance because of expenses which can be calculated in advance and because of a good price performance ratio. Despite this, growth segments can be found in the upper price level even in days of crisis, as “cruises” can show for example.



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