New Landscape Report 2022

NORDIC

TRAVEL SOUTH USA

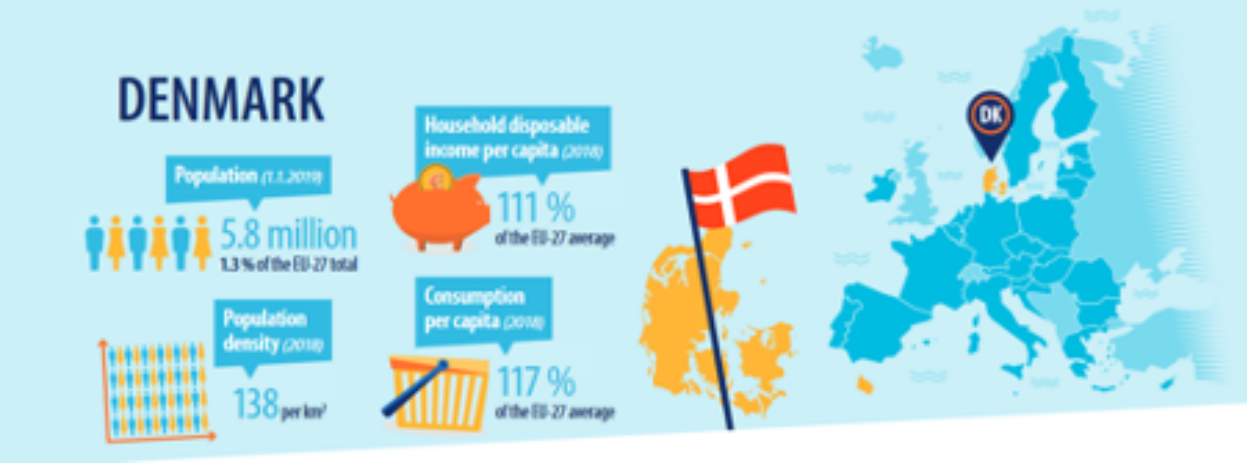
EXECUTIVE SUMMARY

- The Nordic countries represent a combined market of just under 27 million people
- Nordic citizens have a historically high level of disposable income and extensive vacation days
- Current savings rates are high with significant 'pent-up' demand for post pandemic travel
- Vaccine roll-out rates are higher in the Nordics than the rest of the EU, particularly in Denmark
- The link between COVID-19 case rates and hospitalisation/death has largely been broken.
- Restrictions are ending fast despite still high COVID-19 infection rates
- 2022 bookings widely expected to be at 60-65% of 2019 levels
- Motorhomes and motor biking tours increasing in demand
- Consumers are discovering benefits in using tour operator and agencies – accessibility is better and affordability is on par with OTA's
- Direct service from Iceland to Raleigh-Durham in summer 2022

Overview

Factors Affecting Travel

ECONOMICS



Economic Outlook

The Danish economy is recovering strongly from the COVID-19 crisis, with growth of 4.7% this year,

projected to ease to 2.4% in 2022 and 1.7% in 2023. A rapid rebound in private consumption as the economy reopened from March saw GDP and employment exceed their pre-crisis levels in the second quarter of 2021. Further virus outbreaks are the major risk, but there are also upside risks to growth and inflation if households choose to spend excess savings accumulated during the crisis and labour shortages become more persistent. Exceptional fiscal support is being removed as the economy recovers, with DKK 4 billion (0.17% of GDP) set aside in 2022 for further COVID-19-related measures. The government should be ready to step in with more substantial targeted support if a deterioration of the health situation threatens the recovery, or to tighten macroeconomic policy in case of overheating. Further policy measures are under consideration and will be necessary for Denmark to meet its target to reduce greenhouse gas emissions by 70% by 2030 and to manage adverse outcomes for vulnerable households.

The recovery is well-established

A gradual reopening from March 2021 enabled an early rebound in household consumption, driving strong GDP growth of 2.8% in the second quarter and 2% in the third quarter. One of the highest vaccination rates in the OECD, with almost 90% of the adult population fully vaccinated, enabled the removal of all virus containment measures from the start of September. However, the vaccination rate is lower among younger adults and proof of vaccination or a recent negative test was again required for visits to restaurants, travel and large events from 12 November as case numbers rose. The rapid recovery has led to tightness in the labour market, with the unemployment rate falling below its pre-crisis level in July 2021 and a high share of

ECONOMICS cont…

businesses reporting labour shortages across a broad range of industries, including construction, manufacturing, hotels and restaurants. Private sector wage growth has picked up to just over 3%, slightly higher than before the crisis and reflecting some catch-up from postponed wage negotiations. Rapid energy price growth saw headline inflation also pick up to over 3% in October, while core inflation is still under 1.5%. The balance of consumer expectations of consumer prices over the 12 months from October was the highest since 1980.

Economic Growth

Economic growth will remain strong this year, but soften nonetheless—partly due to a less favourable statistical effect. Domestic demand will continue to strengthen thanks to a tighter labour market and continued wage growth, sustaining activity. That said, high household debt levels could cap the overall improvement, while uncertainty over the pandemic remains a risk. FocusEconomics analysts see the economy growing 2.8% in 2022, which is down 0.3 percentage points from last month's projection, and 2.1% in 2023.

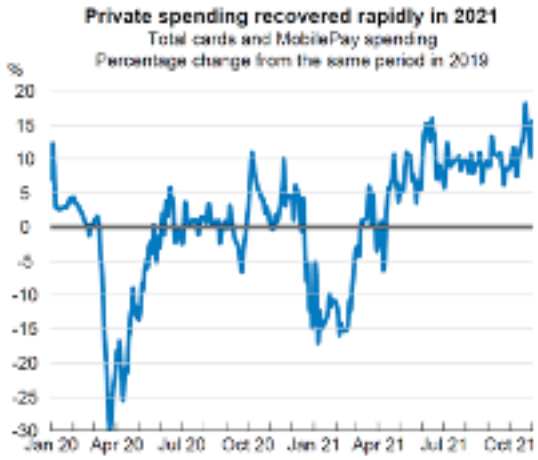
Exceptional support during the crisis has largely been withdrawn

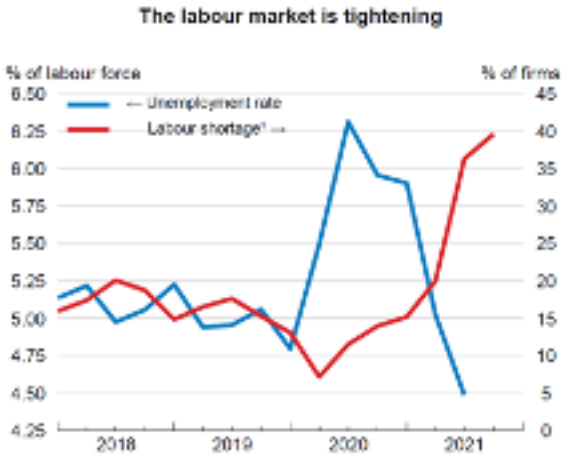
Fiscal support helped Denmark weather the crisis through its job retention scheme, transfers to households and liquidity support for firms. The job retention scheme and access to interest-free loans finished in June 2021, with repayment of loans beginning from April 2022. The deficit in 2021 was amplified by one-off expenditure of around 0.7% of GDP to compensate the mink industry for mandated stock culls during 2020. The underlying primary balance is projected to improve by 0.3 percentage points of GDP in each of 2022 and 2023. The government's recovery plans include over DKK 10 billion in measures assessed to have positive environmental impacts, including tax deductions for emission-reducing investments by firms, support for energy renovations, green innovation and transportation, as well as measures to rehabilitate carbon-rich soils. Much of this is financed by EU grants for Denmark's recovery and resilience plan, 59% of which are allocated towards climate initiatives. Monetary policy became more expansionary from October 2021, with the current-account rate cut by 0.1 percentage points to -0.6% in order to maintain the peg to the Euro, and interest rates are projected to remain negative in line with European Central Bank policy rates.

ECONOMICS cont…

Economic Data

Destination	2015	2016	2017	2018	2019
Population (million)	5.7	5.7	5.7	5.8	5.8
GDP per capita (USD)	53,737	55,152	58,040	60,880	61,008
GDP (USD bn)	304	315	334	352	354
Economic Growth (GDP, annual variation in %)	2.3	3.3	2.0	2.4	2.4

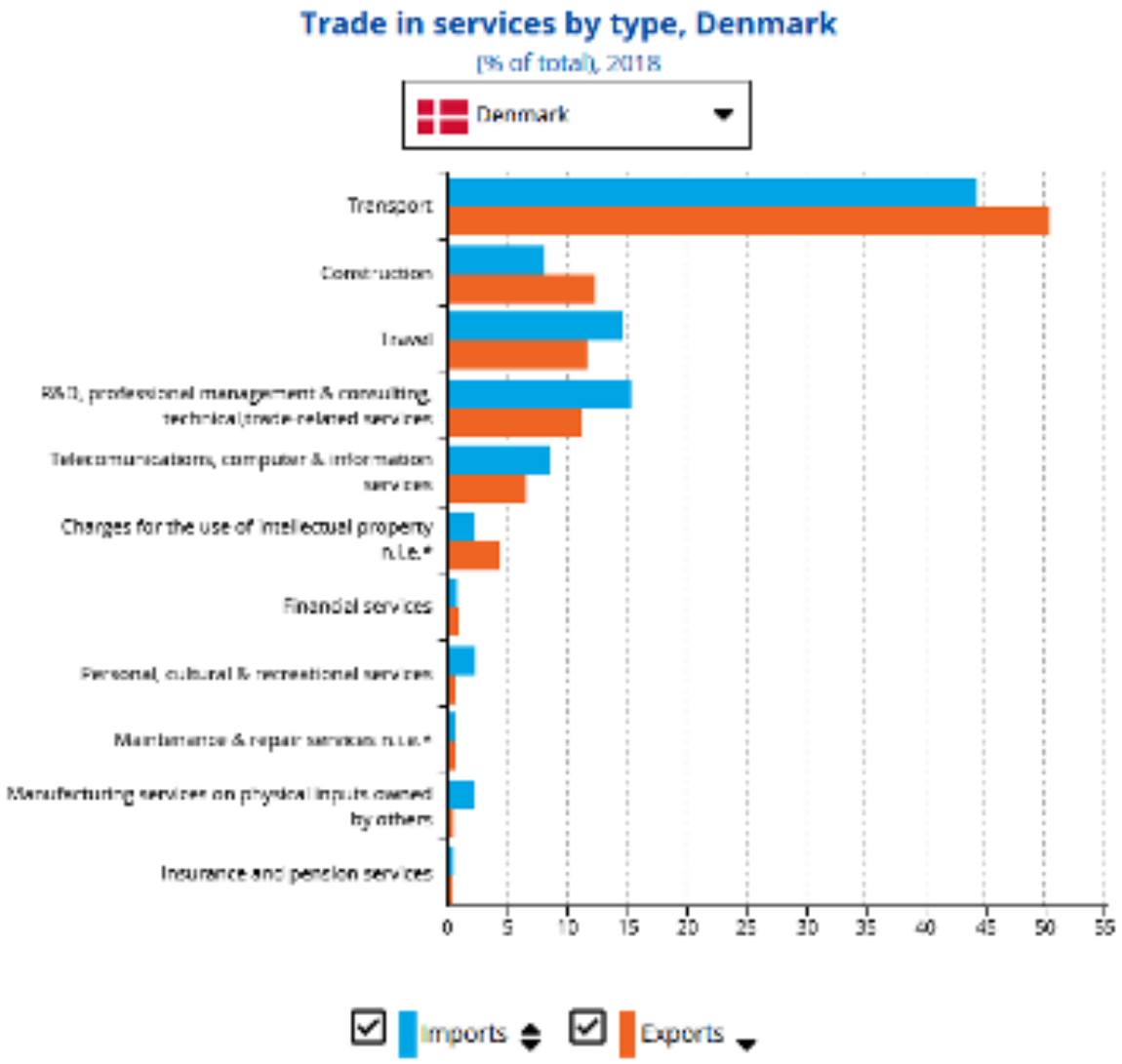




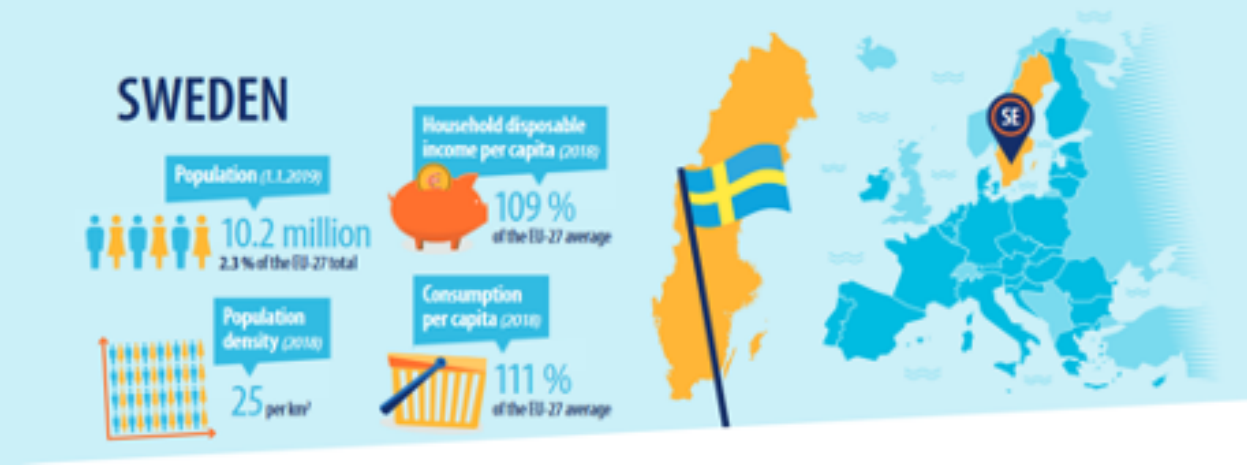
1. Simple average of the share of firms reporting labour shortages in manufacturing, construction and services.
Source: Danske Bank; OECD Economic Outlook 110 database; and Statistics Denmark, Statbank tables BAR03, KBYG33 and KBS2.

ECONOMICS cont…

Importance of Outbound Travel (Imports)



ECONOMICS cont…



Economic Outlook

The Swedish economy has caught up with its pre-pandemic level, and is steaming ahead, with projected GDP growth of 4.3% in 2021 and 3.4% in 2022, fuelled by the removal of COVID-19-related restrictions and a continued rebound of consumption and investment, before easing to 1.6% in 2023. Demand is supported by falling unemployment and rising employment and wages. Inflation is projected to peak in 2022 before falling back towards the 2% target. Monetary policy should remain accommodative as long as core inflation remains low and inflation pressures mainly come from volatile energy prices. Mortgage amortisation requirements have been reinstated to dampen house price and household debt growth. Sound public finances allow fiscal policies to remain supportive. Investments in skills and job matching are needed to meet structural change and bring down long-term unemployment, which has risen significantly during the crisis. The economic recovery continues as restrictions are lifted Economic activity continued to recover in the summer and autumn, spurred by strong consumption and investment, returning GDP to its pre-pandemic level by the third quarter of 2021. 82% of the population 16 years and older had been vaccinated by mid-November, and almost all COVID-19-related restrictions were lifted in late September. Vaccine passports are being introduced for large-scale events. Household and industry confidence are at very high levels. Exports have levelled off, as manufacturing industries, notably the automotive industry, grapple with supply chain disruptions. Registered unemployment has steadily declined since July 2020, as demand for customer-facing services has picked up and job vacancies have climbed to historical highs. Wages, which are largely centrally negotiated, have increased only slightly faster than before the pandemic. House prices and household debt, which have grown strongly throughout the crisis, are now slowing down. Headline inflation in October is at its highest level for a decade, driven largely by higher energy costs, but core inflation has remained below the 2% inflation target.

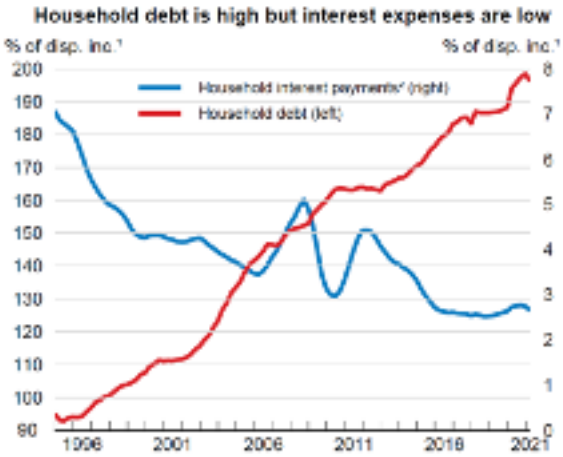
ECONOMICS cont…

Economic Growth

This year, economic growth is set to slow after 2021's healthy rebound. Easing private consumption growth will drive the slowdown, while a normalization of global trade dynamics will see export growth moderate in turn. Pandemic-related uncertainty amid the potential for new variants, and protracted supply chain disruptions remain key risks to the outlook. FocusEconomics panelists see **GDP expanding 3.3% in 2022**, which is unchanged from last month's forecast, and **2.1% in 2023**.

Economic Data

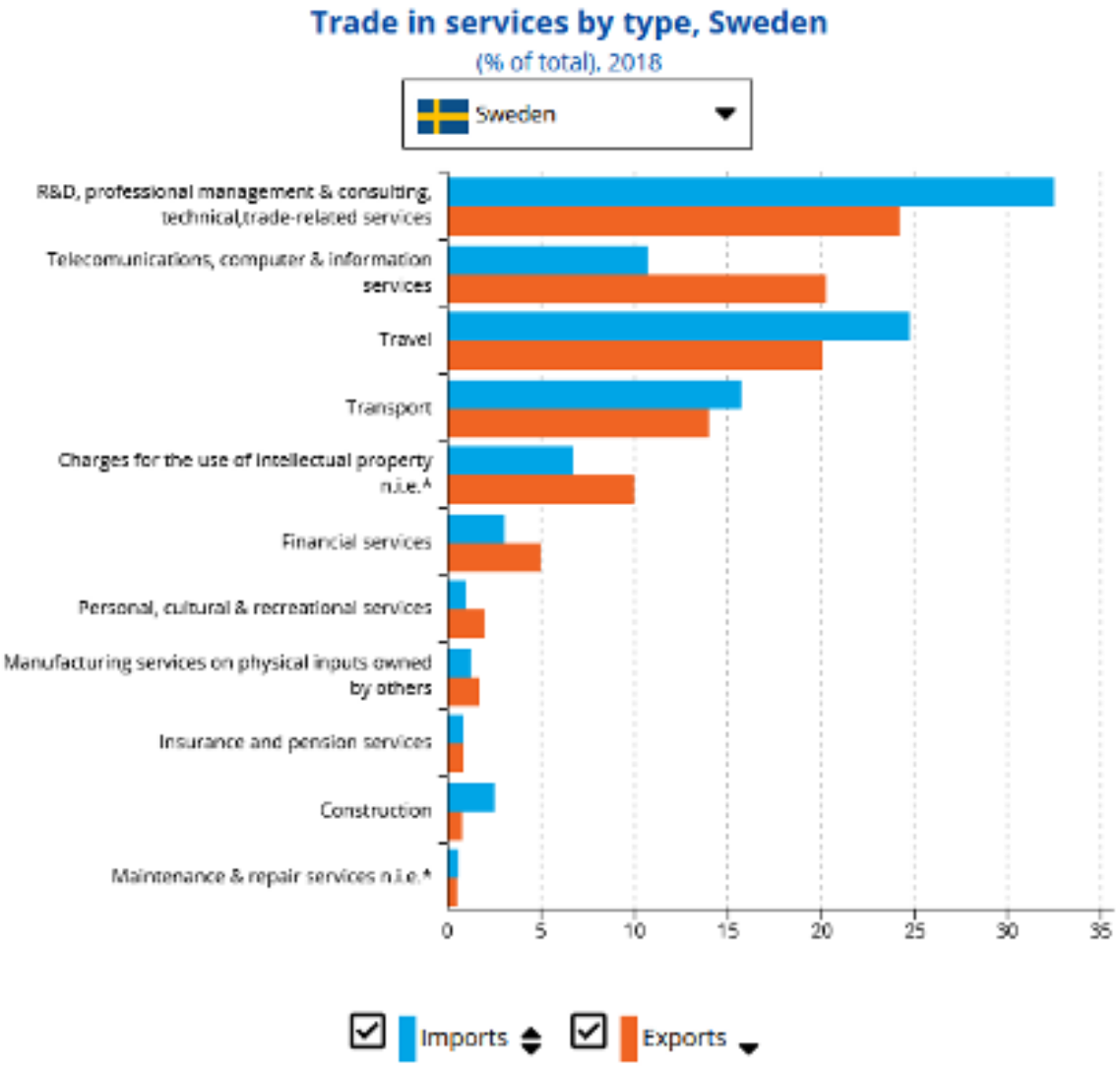
Destination	2015	2016	2017	2018	2019
Population (million)	9.9	10.0	10.1	10.2	10.2
GDP per capita (USD)	51,287	51,600	53,493	54,256	51,431
GDP (USD bn)	505	516	541	555	531
Economic Growth (GDP, annual variation in %)	4.5	2.1	2.6	2.0	1.2



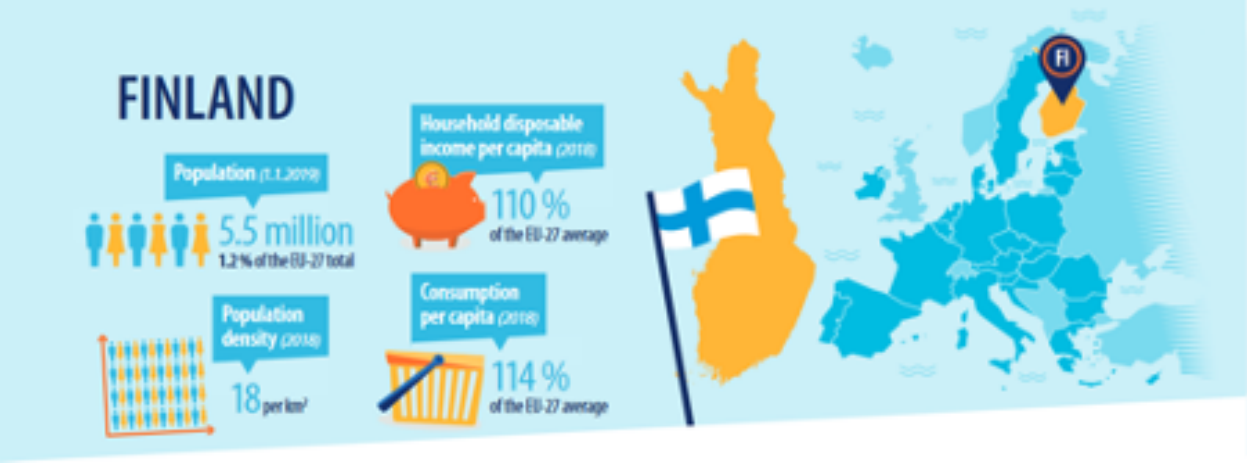
1. Per cent of net disposable income.
2. Adjusted for interest tax deduction.
Source: OECD Economic Outlook 110 database; and Sveriges Riksbank.

ECONOMICS cont…

Importance of Outbound Travel (Imports)



ECONOMICS cont…



Economic Outlook

Economic growth is projected to slow from 3.5% in 2021 and 2.9% in 2022 to a more sustainable rate of 1.5% by 2023. Private consumption expenditure will slow as support from a declining saving rate diminishes and government expenditure will fall as COVID-19-related support terminates. The unemployment rate will fall below the pre-COVID-19 rate by 2022, but the inflation rate will remain considerably higher. The main downside risk to the outlook is that vaccination rates, booster shots for vulnerable groups and intensivecare - unit capacity do not turn out to be sufficient to avoid future containment measures. To increase the employment rate, incentives for early retirement on disability benefit should be removed and activation services strengthened. The transition between secondary and tertiary education should be eased to reduce skills shortages and increase productivity. To reduce greenhouse gas emissions, heat production using peat should be subject to the same tax regime as other fossil fuels used for heat production, whereas agricultural subsidies should be progressively replaced by subsidies for environmental benefits.

The economy has strongly rebounded from the COVID-19 shock

Following a strong rebound from the coronavirus shock, real GDP exceeded the pre-COVID-19 level by the second quarter of 2021 and continued to grow, albeit more slowly, in the third quarter. The fourth coronavirus wave has slowed growth since then, but the effect has been smaller than during past waves thanks to high vaccination rates. Retail sales growth has slowed in recent months, despite buoyant earnings and excess household savings. In contrast, housing starts remain strong and business investment is picking up. The employment rate and job vacancies have returned to pre-COVID-19 levels and the unemployment rate has fallen to 7½ per cent, one percentage point higher than before the pandemic. Nominal wages have accelerated, with a rise of 2.4% in the year to the third quarter. Consumer price inflation increased to 3.2% in the year to October, driven mainly by increases in housing-related costs and petrol and diesel prices. Consumer and industry confidence have increased to high levels.

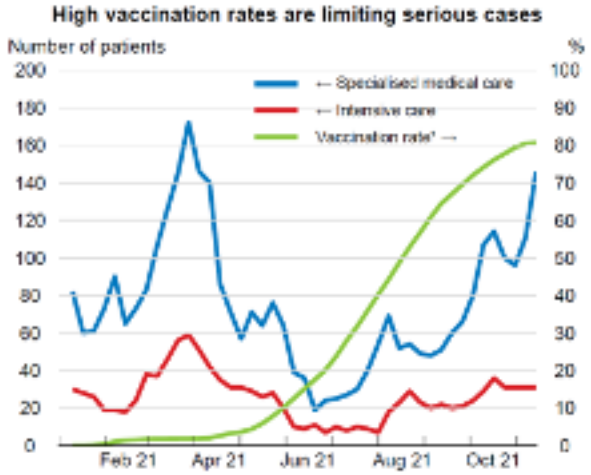
ECONOMICS cont…

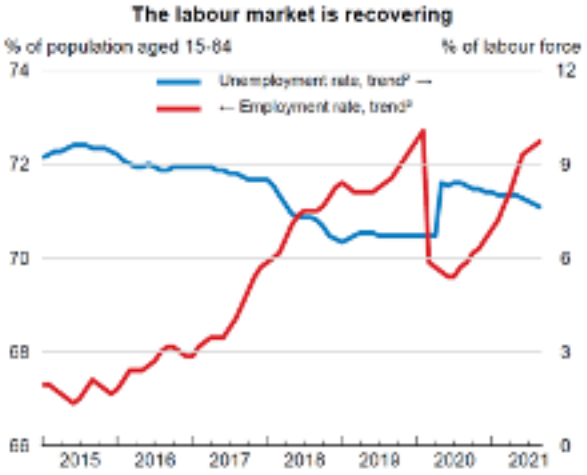
Economic Growth

This year, the economy is set to grow at a more moderate rate, following 2021's projected solid bounce-back—partly reflective of a less favorable base effect. More robust capital spending and export growth will support activity. Still, the gradually aging population might lead to increased fiscal pressure going forward, posing a downside risk to the outlook. FocusEconomics panelists project GDP to grow 2.7% in 2022, which is down 0.1 percentage points from last month's forecast, and 1.7% in 2023.

Economic Data

Destination	2015	2016	2017	2018	2019
Population (million)	5.5	5.5	5.5	5.5	5.5
GDP per capita (EUR)	38,630	39,642	41,039	42,376	43,508
GDP (EUR bn)	211	218	226	234	240
Economic Growth (GDP, annual variation in %)	0.5	2.7	3.1	1.7	0.9

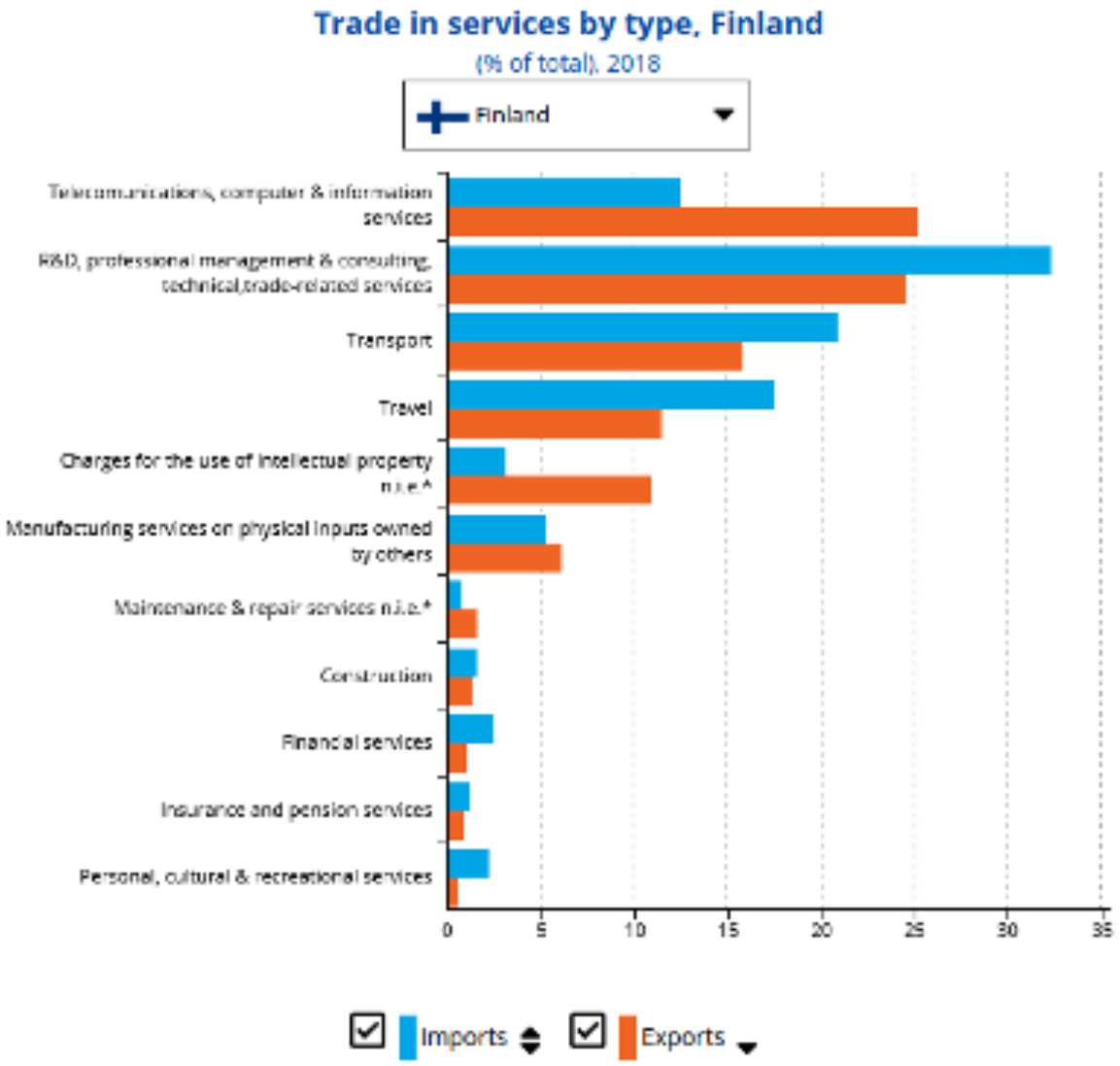




1. Fully vaccinated, in per cent of population aged 12 or over.
2. Statistics Finland trend series, which are adjusted for both seasonal and random variation.
Source: Finnish Institute for Health and Welfare; and Statistics Finland.

ECONOMICS cont…

Importance of Outbound Travel (Imports)



ECONOMICS cont…

Economic Outlook

Real mainland GDP growth of 4.2% is projected for both 2021 and 2022, as the economy recovers to its pre-pandemic path. In 2023 output growth will be 1.7%, in line with potential. Consumption growth will remain strong as households lower their saving ratio. Employment already exceeds the pre-pandemic level and unemployment will fall further. Headline consumer price inflation should ease as electricity price increases and supply bottlenecks unwind, then rise gradually, along with wage growth, as spare capacity is absorbed. However, the current price pressures may spark an earlier acceleration in overall wage and price growth. Monetary policy normalisation should continue given the outlook for price inflation, the output recovery and the ongoing financial imbalances reflected in high household indebtedness. Most temporary government support for households and businesses has been withdrawn. This is helping bring the mainland fiscal deficit towards target. Measures aimed towards the green transition, higher labour force participation, and a better environment for business should continue. Output growth has been strengthening. More than 70% of Norway's population is fully vaccinated against COVID-19. However, a recent surge in cases has brought a rise in the number of hospitalisations. Economic recovery, damped by restrictions early this year, has resumed apace; mainland output grew by 2.6% in the third quarter (non-annualised). Savings accumulated during lockdowns are boosting household spending power. Most of the sectors worst affected by the crisis have substantially recovered. Indeed, strong demand in the hospitality industry has contributed to a spike in job vacancies and wage pressures in that sector. Continuing strength in the global oil price and large increases in natural gas prices are bolstering income and brightening prospects for investment. Headline consumer price inflation has seen sharp increases in recent quarters, largely due to electricity price increases. Pressures on consumer prices from global supply bottlenecks are present but, so far, have played only a minor role. The benchmark annual wage increase in the centralised bargaining system was set at 2.7% for 2021. Strong wage growth in the third quarter suggests increases may exceed this benchmark in some sectors. Norway's strong house price growth during the pandemic has added to already substantial long-term increases. Household

ECONOMICS cont…

borrowing has also increased further. However, the market may be cooling; prices in Oslo have been flat in recent months.

Macroeconomic support is sensibly being reduced

Fiscal revenues have grown and spending on government transfers has diminished as economic activity strengthens. The government has been able to remove most of the temporary support provided to households and businesses. The projections envisage a substantial decrease in the oil-adjusted fiscal deficit in 2022. Norges Bank began raising its key policy rate in September with an increase from zero to 0.25%. The projections assume an increase in the policy rate to 1.5% by the end of 2023. The Bank emphasised concern for financial imbalances, including the high level of household indebtedness, in its decision to start rate normalisation.

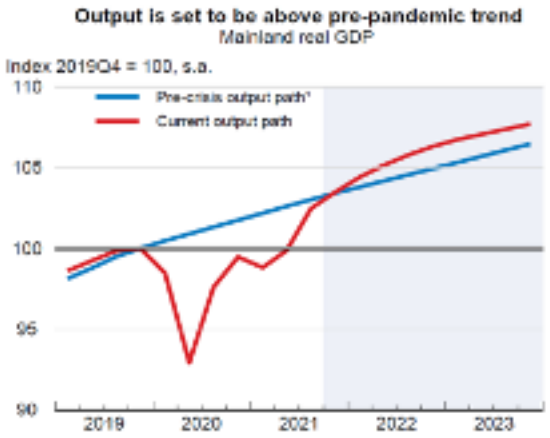
Economic Growth

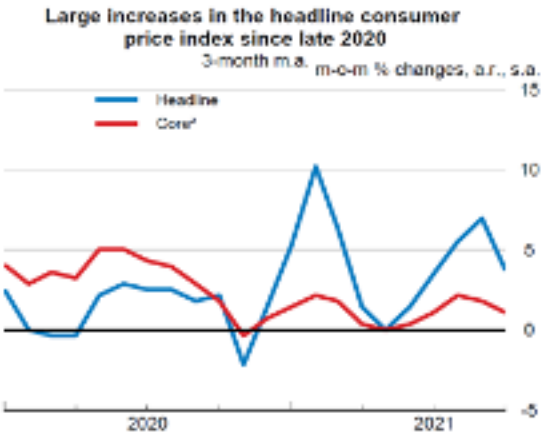
While GDP growth is seen softening this year from 2021's projected strong rebound, it will remain solid. Stronger growth in private spending will be sustained by a tighter labor market, and brisker export growth will further support activity. Ongoing uncertainty surrounding the Covid-19 pandemic and the evolution of housing prices continues to cloud the outlook. **FocusEconomics Consensus** Forecast panelists estimate total **GDP to grow 3.6% in 2022**, which is up 0.2 percentage points from last month's forecast, and to expand 2.1% in 2023. Our panel sees mainland GDP increasing 3.8% in 2022, which is down 0.1 percentage points from the prior month's projection, and growing 2.0% in 2023.

Economic Data

Destination	2015	2016	2017	2018	2019
Population (million)	5.2	5.3	5.3	5.3	5.4
GDP per capita (USD)	75,973	70,495	74,367	81,369	77,724
GDP (USD bn)	395	370	393	433	416
Economic Growth (GDP, annual variation in %)	2.0	1.1	2.3	1.3	1.2

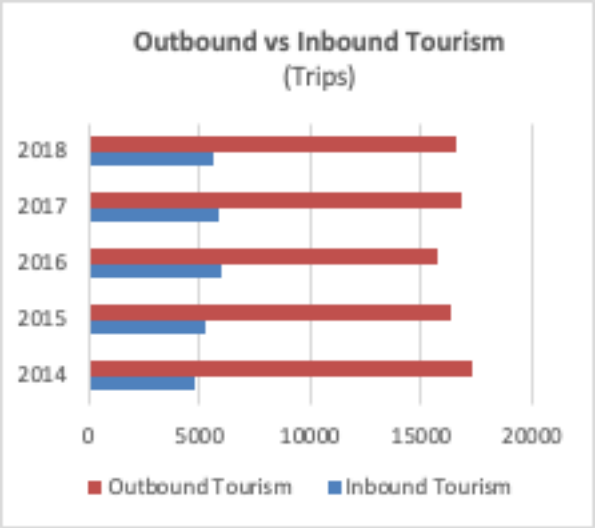
ECONOMICS cont…

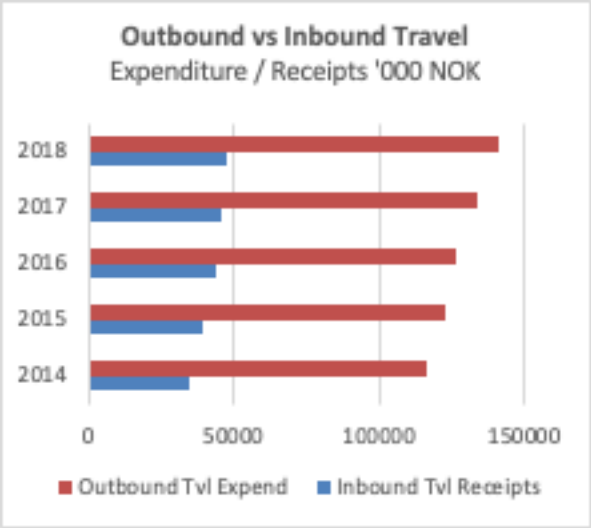




1. The pre-crisis output path is based on the November 2019 OECD Economic Outlook projection, with linear extrapolation for 2022 and 2023 based on trend growth in 2021.
2. Core inflation is Statistics Norway's CPI-ATE measure which adjusts for tax changes and excludes energy products.
Source: OECD Economic Outlook 106 and 110 databases; and Statistics Norway.

Importance of Outbound Travel (Imports)

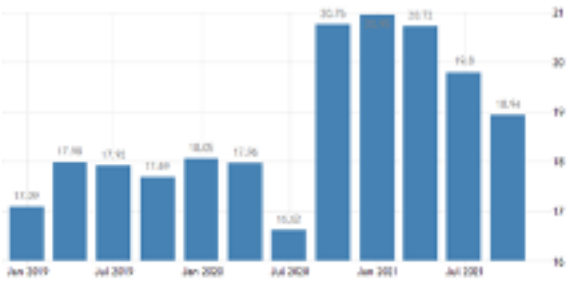




INCOME, SPENDING & SAVINGS

In common with most developed countries that imposed restrictions on society and travel, the Nordics saw a sharp decline in personal spending during the first phase of the pandemic. This was offset by generous salary support packages which meant that for most, income levels were protected. Saving rates across the region, and in particular Sweden have significantly increased since before the pandemic. This is partly due to increased bank saving deposits but also tax accrual rates and a move towards investments into stock, shares and other savings instruments as households seeks improved returns in a low interest rate environment.

Sweden



Denmark

Norway

Finland

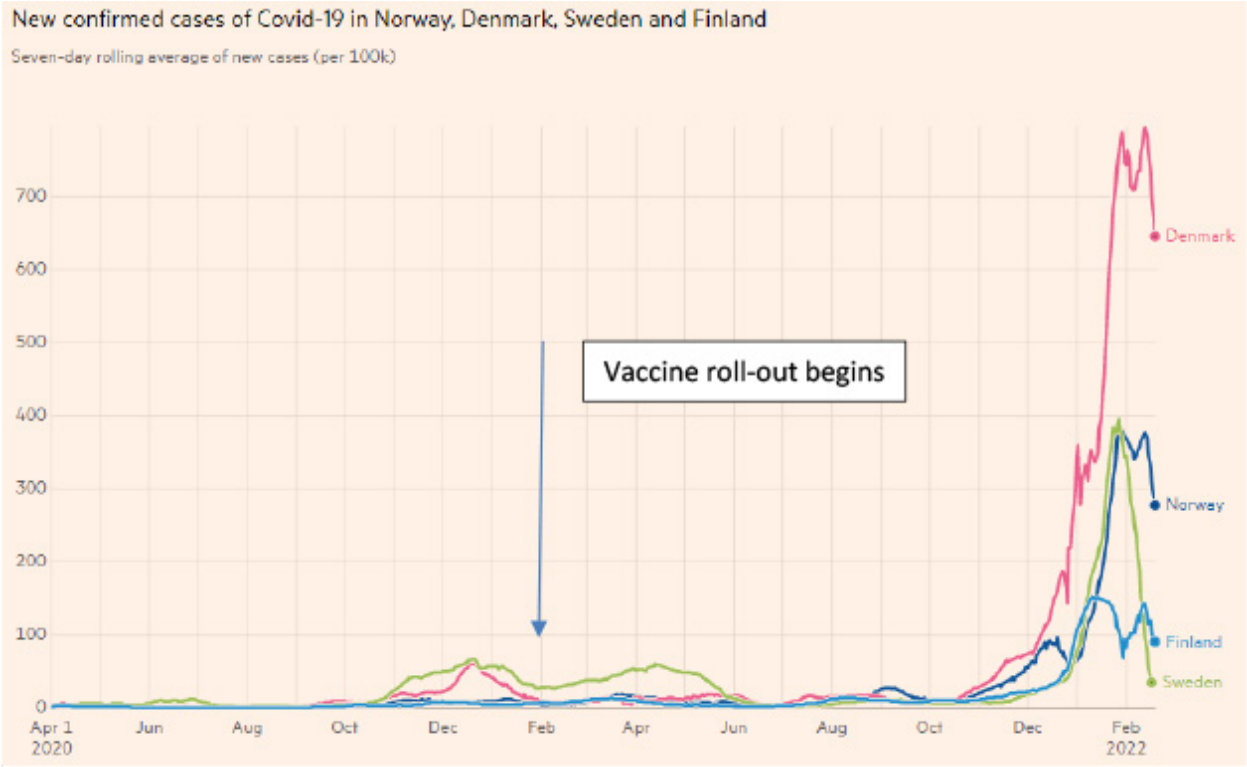
RESTRICTIONS ON SOCIETY

Of the three markets Sweden was the country with the most relaxed level of restrictions in the early stages of the pandemic as they followed a 'herd immunity' policy. This strategy seems to work initially but by fall COVID-19 case numbers started to spike and 'recommended' restrictions had to be introduced.

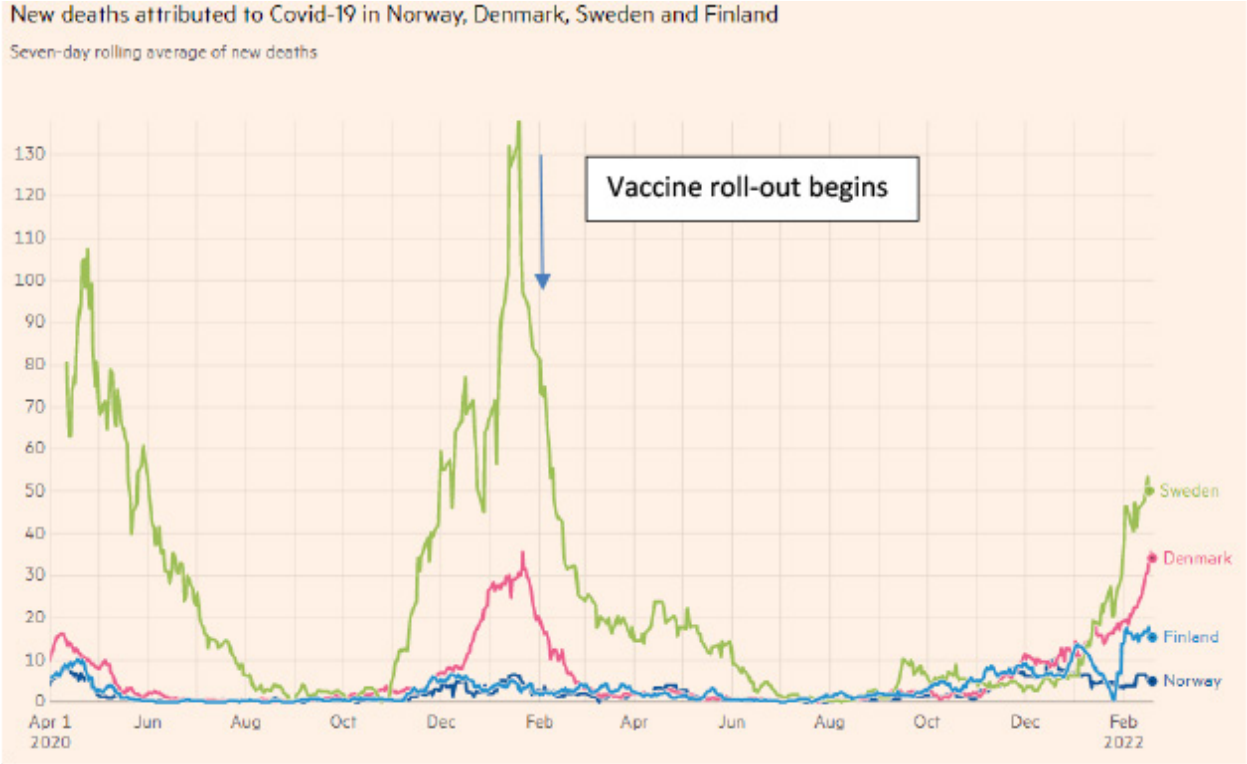
Introductions of 'Corona-pass' and similar programs allowed Nordic countries to manage restrictions effectively as cases rate rose and dipped. High vaccination rates have helped, to a certain extent, the link between infections and hospitalisation/ICU rates. With the less severe Omicron variant this link is being further eroded.

Sweden has suffered the worst in terms of rates and deaths of the Nordic countries and there has been much debate on the overall effectiveness of their response. Scientists in Sweden point to the fact that, whilst enjoying many similarities to their Nordic neighbours, the socio-economic make up of their country with its far higher migrant and levels of poorer residents has also played into the different outcomes.

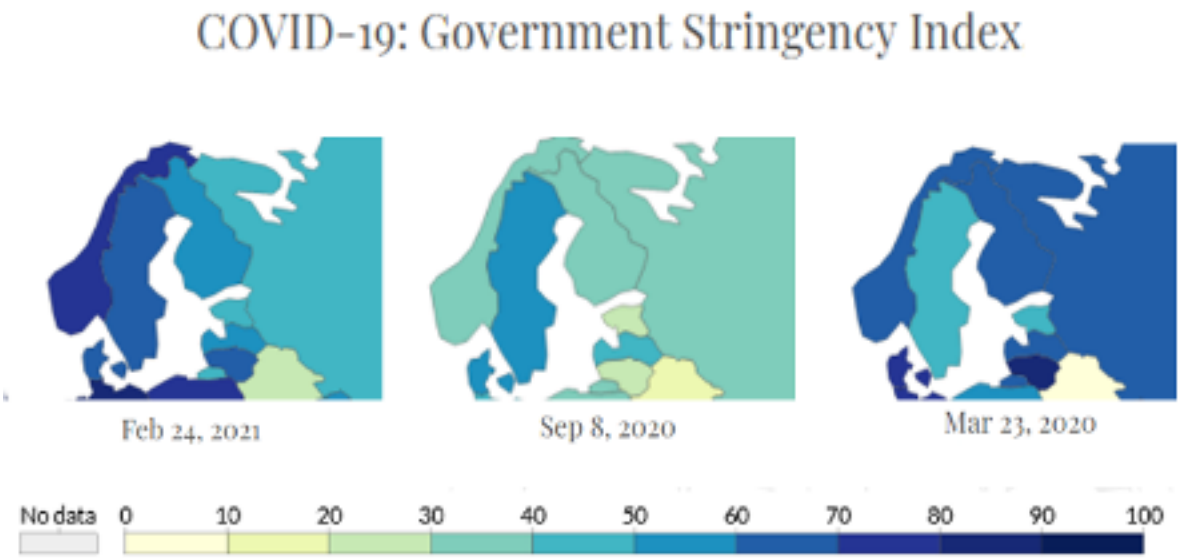
The link between Case and Death rates have been broken by the Coronavirus Vaccination Roll out



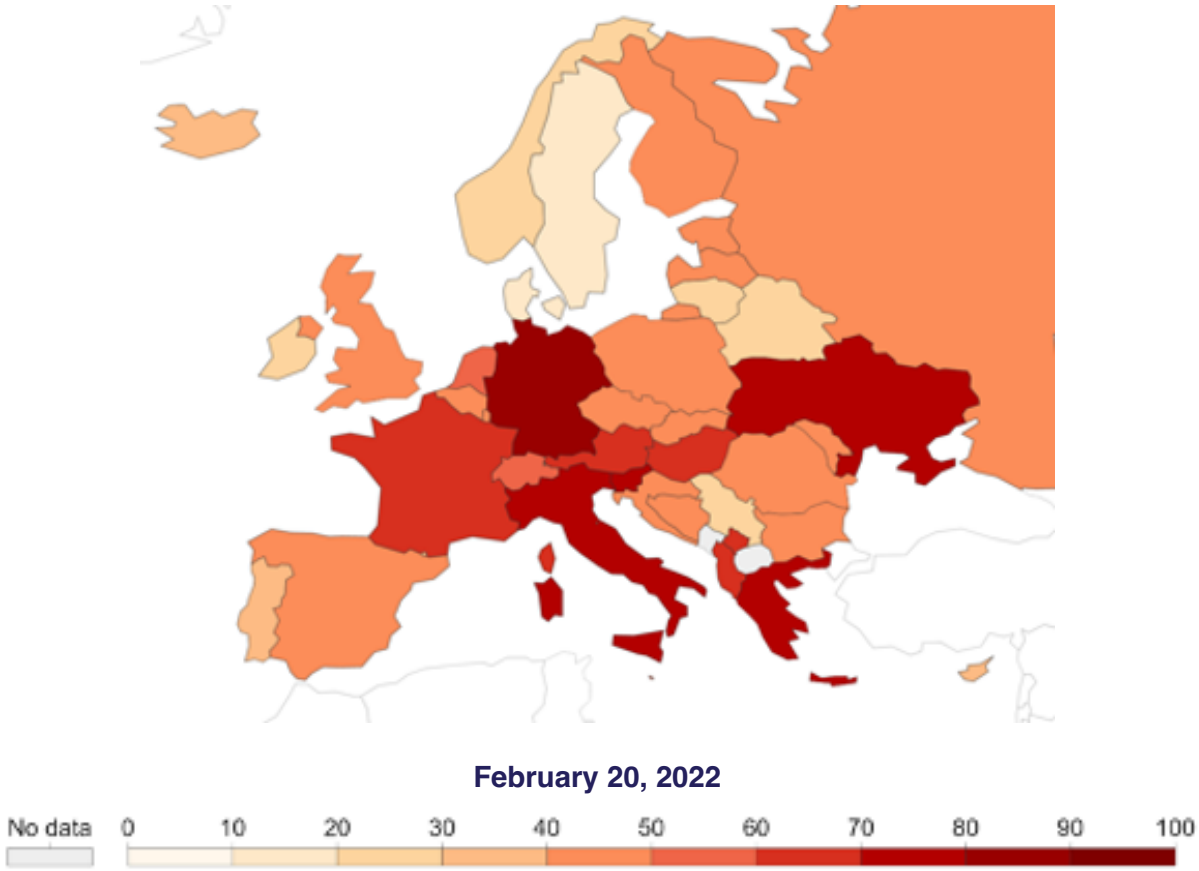
RESTRICTIONS ON SOCIETY cont…



RESTRICTIONS ON TRAVEL



This is a composite measure based on nine response indicators including school closures, workplace closures, and travel bans, rescaled to a value from 0 to 100 (100 = strictest).



RESTRICTIONS ON TRAVEL cont…

Compared to February 2021 (when the first landscape report was compiled), the Nordic countries have far fewer restrictions in place. Indeed, compared with much of Europe the Nordics markets are far more open.

Sweden

Fully vaccinated persons can enter Sweden for any purpose without the need to test or isolate. At least 14 days must have passed since your second dose of the vaccine and the vaccine must be approved by the European Medicine Agency.

Unvaccinated persons need to show proof of a negative PCR or antigen test (taken no more than 24 hours before entry) or proof of exemption from the testing requirement (e.g. previous infection)

Denmark

Effective 1st February, 2022 visitors are exempt from testing or self-isolation upon entry to Denmark if you are fully vaccinated with a recognised vaccine or have been previously infected. Unvaccinated visitors are required to provide evidence of a negative antigen or PCR result from a test taken either within 48 hours of arrival.

Norway

Effective 18th February, 2022 the statutory requirement to obtain a negative test prior to entry into Norway along with the requirement to register entry upon arrival have both been discontinued.

Finland

Effective 1st February, 2022 visitors (over 16 years of age) are exempt from testing or self-isolation upon entry to Finland if you are fully vaccinated with a recognised vaccine or have been previously infected.

Unvaccinated visitors must have a certificate of a negative COVID-19 test less than 72 hours OR a proof of a first dose OR take a COVID-19 test at point of entry. In addition these visitors will be required to have a second test within 3 to 5 days of arrival into Finland.

VACCINATION POLICY, ROLL-OUT & DIGITAL VACCINE CERTIFICATED

The EU decided on a centralised procurement approach to the vaccine meaning all had the same level of access to the first vaccine approved by the bloc, the Pfizer-BioNTech vaccine, doses of which were jointly procured and made available simultaneously in proportion to the size of each member state's population.

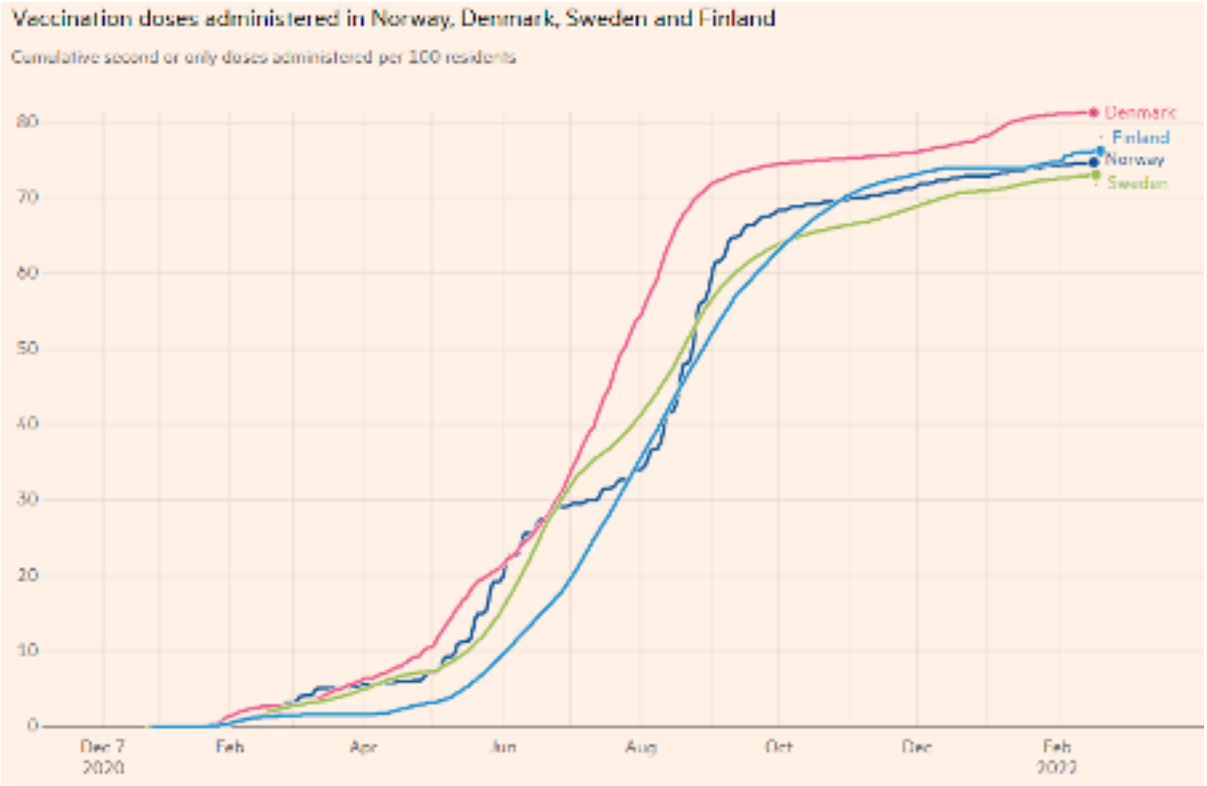
Denmark led the way in the Nordic region regarding the COVID-19 vaccination rollout out, outstripping other EU countries in the beginning of 2021. With an excellent health service the Danish government were quick to get their population to high rate of two dose (at the time 'fully vaccinated). This has been followed by a third, booster vaccination with the arrival of the Omicrom variant at the end of 2021. Behind Israel, Denmark was the second country to offer a fourth booster vaccination to those most vulnerable citizens. The Danish 'Coronapass' has been made valid on an indefinite basis for those residents having had the third dose – 54.6% of the population has taken this up.

The vaccination rollout in **Sweden** had a slower start than in many EU countries and there are some concerns they will not be able to reach the goal of offering a vaccine shot to all adults who want one by the end of June. This deadline was later moved to August and the start of September before a final deadline of 19th September. Sweden decided to continue with its recommendation not give AstraZeneca's Covid-19 vaccine to people older than 65, ignoring guidance from the World Health Organization. Vaccine hesitancy has been one of the major challenges to vaccination program with 26% of the population stating they do not wish to get vaccinated when surveyed. This has been attributed to cultural and socio-economic factors with Sweden having a far higher immigrant population that its neighbours.

Norway has done relatively well in its vaccine rollout but has been beset with policy problems that have hindered the process. Vaccination supply delays and the threat of more infectious variants including B117, which has recently been detected in the Oslo area, had been cited as criticism has mounted towards Norway's decision to freeze half of all incoming doses of the Pfizer vaccine. This was further compounded when Norway pulled the Astra Zeneca vaccination due to a European study related to a very small number of deadly side effects from this vaccine. As of 2022 only Pfizer and Moderna vaccines are being used on the general population with Pfizer the sole vaccine being used on under 18's.

In **Finland** COVID-19 vaccination is offered to everyone aged 16 or older who is willing to take the vaccine. According to the vaccination order in Finland, COVID-19 vaccinations are first offered to social and healthcare personnel with a higher risk of exposure, risk groups, and those aged 70 years and older. Slower in their initial vaccination program, by October Finland had jumped to become the second most vaccinated population behind Denmark.

VACCINATION POLICY, ROLL-OUT & DIGITAL VACCINE CERTIFICATED cont…



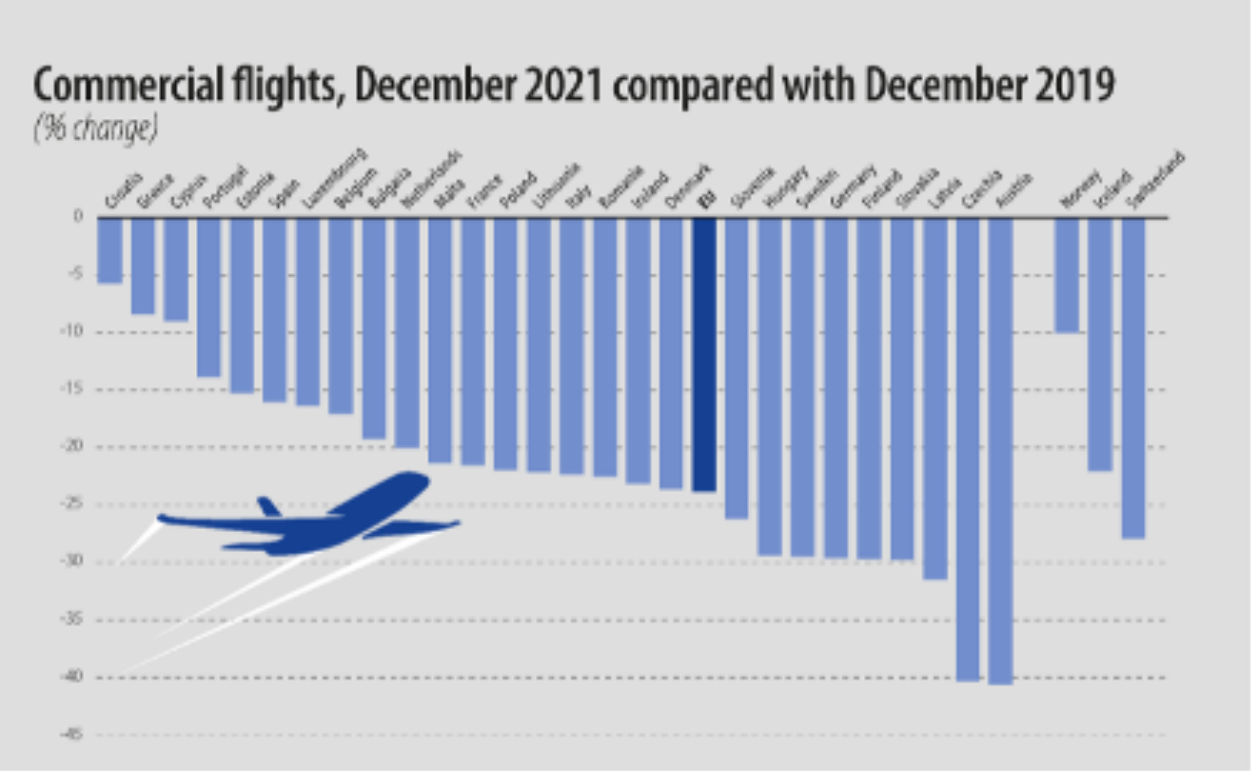
COVID-19 Vaccination roll-out by market – December 2020 to February 20, 2022

Officials believe it could be technically possible to obtain information from the database, and this could be used as a certificate of vaccination.

PUBLIC SENTIMENT

The final factor affecting travel is public sentiment towards travel. This can easily shift as it has done in the UK with a successful vaccination program. The Nordic markets are not at the same stage as the UK and whilst there is growing confidence they are still in a more hesitant and cautious mode. They are very much 'waiting to see how things unfold'.

Impact of COVID-19 Pandemic on Aviation



The impact on air capacity and are travel brought about by European governments in response to the COVID-19 pandemic was rapid and sharp. Overall, for 2020 European air traffic was down 52.5% versus 2019 (Compared with 17.1% for North America). For 2021 the overall reduction was around 24%.

Scandinavian countries too suffered along with other European markets with an immediate drop in traffic of around 90% for Denmark, Sweden and Finland. Norwegian and SAS began to reintroduce local services in 2021 bringing the 2019-21 average to around minus 20%.

In Norway traffic started to steeply decline 16 March, however domestic regional flights held the lowest point at "only" -73% compared to 2019 on 13 April 2020. This market has seem the sharpest bounce back to sit at around 10% below 2019 capacity levels.

PUBLIC SENTIMENT cont…

Current aviation landscape (Feb, 2022)

SAS, Finnair & United

13 Daily Direct

11 Routes

11 US Airport

5 Gateways (KEF, CPH, STO, HEL, OSL)

Reykjavik			
Reykjavik	New York	Icelandair	Daily
Reykjavik	Chicago	Icelandair	4 Weekly
Reykjavik	Boston	Icelandair	Daily
Reykjavik	Orlando	Icelandair	4 Weekly
Reykjavik	Denver	Icelandair	3 Weekly
Reykjavik	Washington	Icelandair	4 Weekly
Reykjavik	Seattle	Icelandair	Daily
Reykjavik	Anchorage	Icelandair	TBA
Reykjavik	Baltimore	Icelandair	TBA
Reykjavik	Minneapolis	Icelandair	TBA
Reykjavik	Portland (OR)	Icelandair	TBA
Reykjavik	Raleigh-Durham	Icelandair	4 Weekly
Reykjavik	Fort Lauderdale	Norse	TBA
Reykjavik	NYC (Stewart)	Norse	TBA
Reykjavik	Ontario (CA)	Norse	TBA
Reykjavik	Baltimore	PLAY	TBA

Copenhagen			
Copenhagen	Los Angeles	SAS	Daily
Copenhagen	San Francisco	SAS	Daily
Copenhagen	Boston	SAS	Daily
Copenhagen	Washington	SAS	Daily
Copenhagen	New York	SAS	Daily
Copenhagen	Miami	SAS	3 Weekly

Stockholm			
Stockholm	New York	United	Daily
Stockholm	Miami	SAS	4 Weekly
Stockholm	Miami	Finnair	3 Weekly
Stockholm	Chicago	SAS	Daily
Stockholm	New York	Delta	Daily

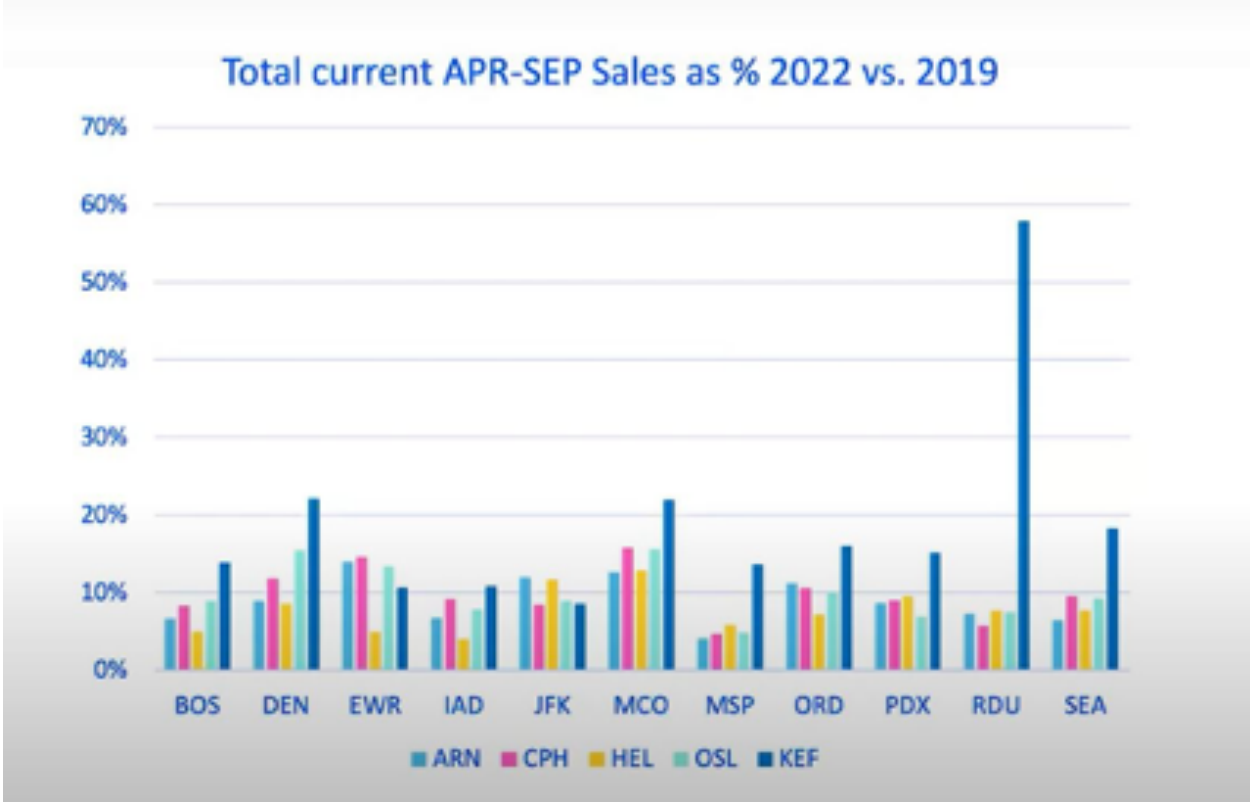
Oslo			
Oslo	New York	SAS	Daily
Oslo	Miami	SAS	2 Weekly

Helsinki			
Helsinki	New York	Finnair	Daily
Helsinki	Miami	Finnair	3 Weekly
Helsinki	Los Angeles	Finnair	3 Weekly
Helsinki	Chicago	Finnair	3 Weekly
Helsinki	Seattle	Finnair	3 Weekly

Winter Schedule 2021/2022
Additional Service Summer 2022
Possible Start-up
Travel South Summer 2022

PUBLIC SENTIMENT cont…

Forward bookings 2022



NORDIC TRAVELER PROFILE & PREFERENCES

Demographics

Sex	Denmark %	Sweden %	Norway %	Finland %	The general Nordic Traveler %
Female	49.1%	50.2%	48.3%	49.3%	49.2%
Male	50.7%	49.6%	50.9%	50.3%	50.4%

Age	Denmark %	Sweden %	Norway %	Finland %	The general Nordic Traveler %
18-24 years	6.2%	4.4%	7.2%	6.8%	6%
25-34 years	15.4%	18.6%	12.8%	12.2%	14.4%
35-44 years	13.6%	16.4%	18.4%	18.6%	16.5%
45-54 years	15.2%	16.8%	19.8%	15.8%	16.7%
55-64 years	16.8%	14.8%	16%	20.4%	%
65-74 years	21.4%	18%	17%	20.6%	19.1%
75+ years	10.4%	9.4%	9.2%	4.6%	8%

Civil Status	Denmark %	Sweden %	Norway %	Finland %	The general Nordic Traveler %
Single	31.7%	36.6%	32.7%	35.9%	34.2%
In a relationship	16.2%	11.8%	12.1%	16.6%	14.2%
Cohabiting/Married	52.1%	51.6%	55.2%	47.5%	51.6%

NORDIC TRAVELER PROFILE & PREFERENCES cont…

Household income and Travel Budget per year

- Average Household Income for The general Nordic traveler is 60,877.64 EUR
- Average Household Income for The Danish traveler is 71,196.29 EUR
- Average Household Income for The Swedish traveler is 51,897.61 EUR
- Average Household Income for The Norwegian traveler is 69,155.94 EUR

- Average travel budget for The general Nordic traveler: 3776 EUR
- Average travel budget for The Danish traveler: 3938 EUR
- Average travel budget for The Swedish traveler: 4021 EUR
- Average travel budget for The Norwegian traveler: 4177 EUR

Norwegians will reduce their travel budget to most – with 18.4% indicating that their travel budget in 2022 will be smaller than previous years.

Danes seems to be least effected: only 13.2% will have a smaller budget and 13.8% will even have a higher budget.

Inspiration

More than half of the Nordic travelers find inspiration among friends and relatives – followed by search engines, travel company websites, and tv programs as the main source of inspiration.

Finns find inspiration via search engines to a higher degree than the average Nordic traveler, while Norwegians are more inspired by online media than the other nationalities.

Swedes and Finns are the fondest of print media, while Norwegians prefer online travel agencies more than other Nordic travelers.

Factors affecting choice of destination

More than half of the Nordic travelers find inspiration among friends and relatives – followed by search engines, travel company websites, and tv programs as the main source of inspiration.

Finns find inspiration via search engines to a higher degree than the average Nordic traveler, while Norwegians are more inspired by online media than the other nationalities.

Swedes and Finns are the fondest of print media, while Norwegians prefer online travel agencies more than other Nordic travelers.

NORDIC TRAVELER PROFILE & PREFERENCES cont…

Preferred types of vacation

Sun and beach holiday is the preferred type of holiday among Nordic travelers – especially Finns and Swedes like this type of holiday. Danes and Norwegians are also very fond of city breaks. Finns are much fonder of cruises than the other Nordic travelers.

Roadtrips or other kinds of multi-destination travels are becoming increasingly popular too – so people can explore more destinations during same holiday.

People will tend to travel less times per year – but for longer time. Especially due to environmental reasons. So instead of going long-haul twice a year, many will just go once; and instead they will extend the stay. And stay more weeks in the same destination/region/continent.

In terms of luxury, the definition of this term is also changing. The future of luxury will be time, friendliness, service, responsibility. Not just high comfort, minibar, aircondition, wifi and flashy consumer goods. People want local produce, high quality ingredients, mindfulness, benefitting to the local community, etc.

Accommodation

Nordic travelers prefer to stay at 3-4* hotels, city hotels, or rent holiday homes.

Norwegian and Swedes are fonder of globally recognized brands than the other nationalities, while Finns value budget hotels and hostels much higher. Finns are the fondest of spa hotels, while they don't prefer luxury hotels.

Norwegians are the fondest of luxury hotels – and the least fond of budget hotels/hostels. Danes are the fondest of Luxury suites and villas.

Swedes value BnB's higher than the other nationalities.

Booking

Nordic travelers prefer to book flight and hotel online – either separately or as a package. More than every fourth Nordic traveler use price comparison sites when booking their holiday, while more than every fifth book directly on the hotel's website.

Looking at national differences, Norwegians are most fond of booking hotel and flight separately, while Finns and Swedes prefer package holidays.

Danes book via travel agents on the phone to a higher extent than the other nationalities.

Due to the nature and complexity of Travel South Itineraries, tour operators are generally preferred over online channels for multi-destination and self-drive road trips.

Travel Industry Landscape

The travel trade industry has suffered with a stop-start approach to restrictions and border openings. This has led to widespread cancellation, re-booking and further postponements to travel for Nordic consumers. With the link between cases and hospitalisation/death having been broken by the vaccination program, as of February 2022, there is a growing sentiment that with Spring approaching, overseas travel will pick up quickly. However with case numbers still high, customers are wary of countries that still require 'close-in' PCR or Lateral flow testing as there is a real risk their travel plans may be ruined.

STATUS OF TOUR OPERATORS & AGENCIES

Immediately following the first lock-down in 2020 tour operators and agencies made drastic and sweeping changes to their workforces. Businesses have, by and large, emerged intact (thank in part to government support) but now are struggling to hire (or re-hire) staff to meet the expected return of demand. This seems to be a major challenge across markets.

Many operators specialising in the USA markets have diversified their product and continue to do so. Motorhome tours continue to develop and this will be a key area to focus in on going forward.

Demand is picking up and there still appears to be plenty of un-spent accrued savings looking for a home. Destinations that make it easy and are welcoming to visitors will benefit in 2022/23.

STATUS OF TOUR OPERATORS & AGENCIES
cont…

Albatros Travel

Largest escorted touring operator in Scandinavia

Lisbet Pors now handles all product enquiries for Albatros. Remaining staff that were kept on a part-time basis are slowly returning, some to the office and other are still working virtually. Lisbet thinks the escorted touring business will rebound strongly, some on 2022 but in a large way in 2023.

Benns Travel

Operates in both Denmark and Norway

Following a near halving of staff following the start of the pandemic business is starting to pick up strongly for 2022. Southern product offering has remained and increased product since the lockdown. Specifically, a Washington to Miami itinerary that includes the mountain regions of North Carolina and Tennessee.

FDM Travel

Largest self-drive operator in Denmark to the USA

FDM was oe of the operators that quickly and effectively shifted business to doemestci and Scandinavia product that they did not have before. Despite this, 40 staff were laid off and Jesper Ewald states his biggest challenge is hireing new staff to meet demand. FDM Southern product was strong prior to the pandemic and has remained intact and in place. Jesper feels the motorhome market has real potential for the South. Jesper is expecting business in 2022 to the US to be at 60-65% of 2019 levels.

STATUS OF TOUR OPERATORS & AGENCIES
cont…

MyPlanet
Part of Travelopia Group

Travelopia has undergone a major re-structure in 2020 with the local product manager leaving and her role being consolidated into a position located in Germany. We have maintained contact and existing strong Southern product is still in place and being promoted now restrictions are lifting.

Nyhavn Travel
High-end tailor-made operator

Having 'hibernated' its way through the pandemic Nyhavn have undergone a strong promotional campaign timed to hit with the peak selling season in Q1 2022. Signs are that this has worked well, especially for Thailand and the Indian Ocean Islands. Interest in the USA is good and consistent. Nyhavn has added Southern product since the pandemic (Carolina/Georgia Coast).

Swanson's Travel
The major Swedish serving the USA

Tommy has undertaken a complete revision of his Southern product brochure lay-out, making it a much more diverse and comprehensive offering. This has been replicated on their new website which now features destination introduction pages as well as accompanying tours. Swanson's is getting plenty of bookings but these are largely re-booking of existing business. Tommy expects business levels of 60-65% of 2019 levels in 2022.

STATUS OF TOUR OPERATORS & AGENCIES
cont…

AmericanSpecialisten / USA Specialisten

Nordmann Travel

AmerikaSpecialisten was already the key USA specialist in Norway when, in mid to late 2022 AmerikaSpecialisten and USA Specialisten merged operations and are run by the former USA Specialisten CEO June Arlen Eggesbø Lundeby. This has created a significant organisation which now dominates the USA market. This is particularly important as AmerikaSpecialistne has introduced 10 new southern tours since the merger. AmerikaSpecialisten has stated that they expect to be at 60% of 2019 levels in 2022

USA Rejser

Specialist US operator base in central Copenhagen.

Of the five staff in place at the beginning of the pandemic only two remain. The owner and our main contact Christian Willumsen. Whilst restrictions are in place very little enquiries are coming in and they are focusing on their domestic brand 'Norwegian Travel' Christian has confirmed that all product remains in place ready for the return when it comes. Existing Southern product is still in place and Christian is keen to work on joint promotions in 2022/3

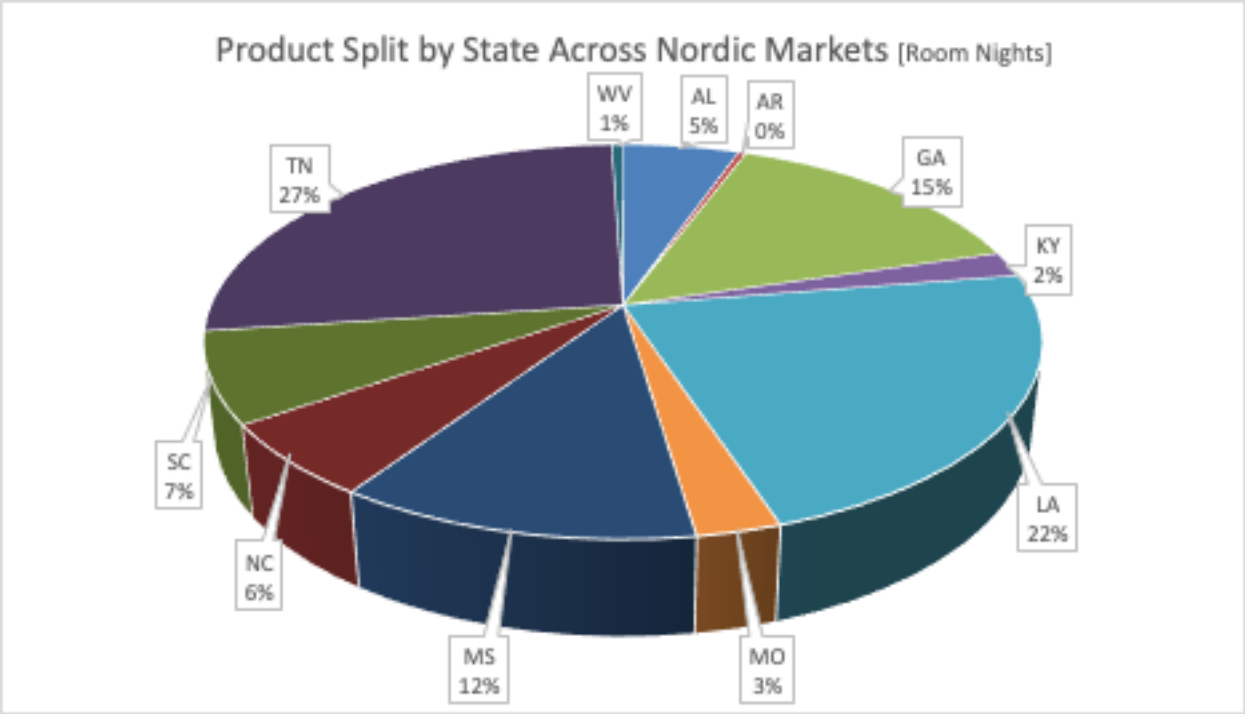
PRODUCT UPDATE

Two years into the pandemic, there remains an impressive range and types of tours being sold in the Nordic marking, from regular self-drive and escorted tours to RV, Motor Cycle and B&B products. As you will see, based on future trends this mix may change to meet new consumer demands – especially motors homes and outdoor activities. There has been a little drop

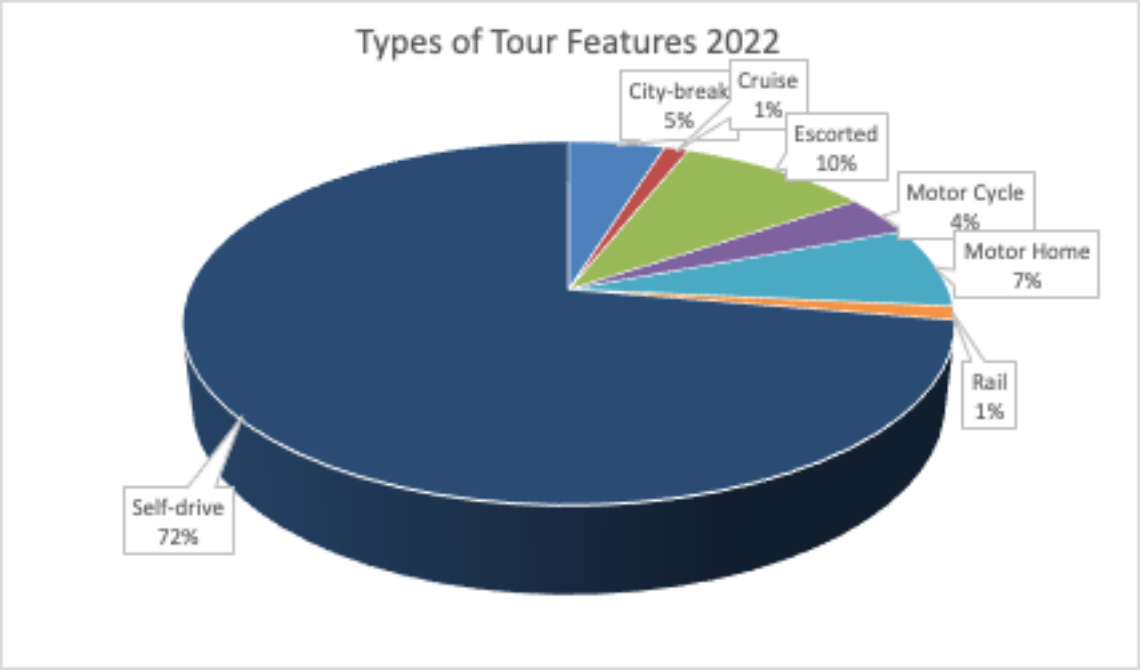
The Rhythms or the South cities, Carolinas and Memphis feature strongly in the product mix and this is an historic situation. Other states are starting to feature where they were unknown prior to Travel South entering the market. This has supported the regional approached that has been adopted in recent years.

State	All Products	Tour	Hotel
Alabama	9	8	2
Arkansas	2	1	1
Georgia	18	14	6
Kentucky	4	2	1
Louisiana	21	13	13
Missouri	2	2	0
Mississippi	15	14	6
North Carolina	14	13	5
South Carolina	15	13	5
Tennessee	18	16	7
West Virginia	4	3	1

PRODUCT UPDATE cont…



Self-drive is still by far the predominant type of tour with RV and escorted tours the next most featured. The mix has stayed pretty similar to 2021 with a slight increase in self-drive and motor home.



FUTURE TRAVEL TRENDS

Based on discussions across the industry with tour operator partners a clear trend for post pandemic travel is emerging with strong preferences for:

- Outdoors / Open Spaces
- 'Closer to home' in the summer (Scandinavia & Europe)
- 'Further afield' in Spring and fall
- Driven to destinations where testing is non-existent or minimal
- More independent travel / Less large escorted groups / Increased tailor-made & private tours
- Increased interest in motorhome holidays
- Short notice trips AND planning trips much further out (Tactical)

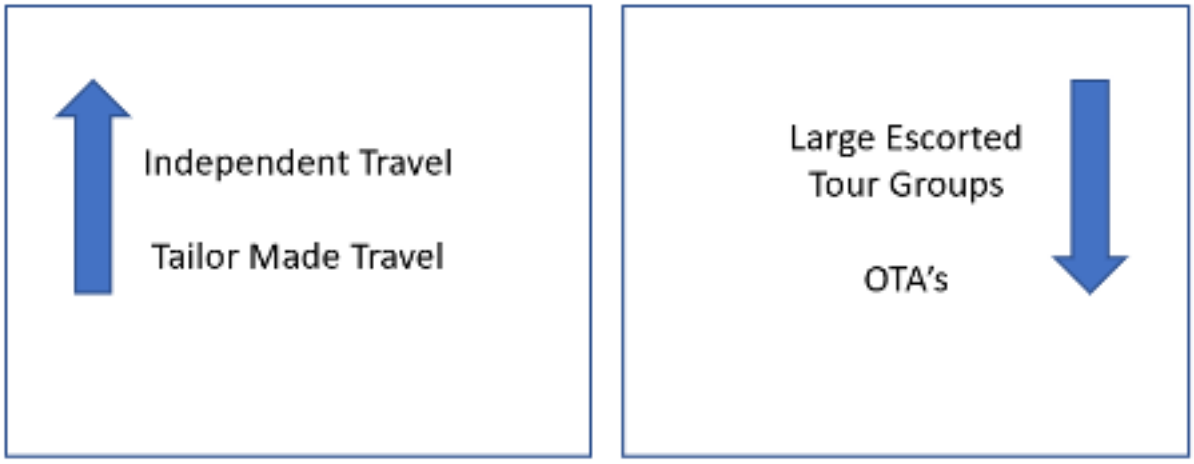
Fear of failing testing regimes at the last moment is driving consumers closer to home and markets where this is little or no such requirement – e.g. Norway and UK.

Across all markets there are high disposable income and savings with a strong desire to travel once restrictions are lifted. The US remains the top choice for long-haul travel, just ahead of Thailand with other far eastern countries and Australasia further behind but popular.

Environmental concerns also feature strongly and will factor again once Nordic societies open up.

ROUTE TO MARKET

With a switch to more independent and away from large groups we will see changes in route to market. Tour Operators, especially established and family-owned ones have done a good job in refunding, re-booking and generally helping their customers. Conversely, and in defiance of Government edicts, OTA's and direct suppliers have been poor at refunding and re-accommodating customers. There has definitely been a shift from OTA's to traditional tour operators. Consumers are both incredulous at operator pricing (just how good value it is) and far happier at the refund policies and responsiveness to issues and queries.



BOOKING FACTORS

With many customers having to wait months for refunds and others being denied compensation and re-accommodation several related booking factors have emerged. These include:

- Cancellation and refund policies
- Scope and level of insurance policies
- Flexibility of booking conditions
- Being able to book at short notice to lessen COVID associated risks
- Destinations where testing is minimal or non-existent

TOUR OPERATOR CANCELLATION POLICIES

From having very specific and time constrained policies during the initial restrictions. Lock-downs and border closures in the early stages of the pandemic a looser and more general approach is being used.

1 Cancellation and refund policies

2 Promoting the usage of tour operators as being refund friendly and providing easy and timely access for concerns and queries.

KEY INDUSTRY EVENTS

All of the major consumers travel shows across the region that normally take place in Q1 have been cancelled or postponed.

Feried for Alle – Herning

February

Ferie for Alle has just taken place over the last weekend in February 2022 and is the first travel event to have taken place in-person since the pandemic started. Normally attracting over 60,000 visitors during the weekend, this year's event was considerably smaller and more domestic and Scandinavian travel focussed.

Reiselivmessen – Oslo

January

Norway's major travel show. This event has been cancelled to January 2023. This would be new for Travel South and will assess later in the year.

Swanson's Travel Day

March

Sweden's key USA operator consumer event – Postponed on severval occasions from March to October. It was postponed in March 2022 to October 2022 due to mass gathering Omicron restrictions. Travel South has committed to this event.

FDM Travel - America Day

March

Denmark's key self-drive operator. Postponed to 31st October 2021, then March 2022 and now to October 2022. Travel South has signed up for this event.

Discover America USA Travel Show – Denmark

March

Denmark (March) – A key B2B event. Postponed to November 1st 2021 and now to March 2022. Due to it's proximity to ITB, Swanson's and FDM shows (all of which have been cancelled) Travel South will not be able to generate a suitable partner contingent. US government is also advising against travel to Denmark at this time.

Media & Social Media Landscape

Nordic media have in general not written much about the US as travel destination the past years due to the pandemic.

When Nordic media write about the US, focus is often on either roadtrip, city breaks or nature experiences in national parks. Some media also do "the best 10 experiences in XdestinationX" articles with a more general focus on hidden gems and highlights.

Lifestyle media also tend to do the city break articles as "insider's guide" with a local/expat giving their best tips for the city.

TRADITIONAL MEDIA

Media use

With many customers having to wait months for refunds and others being denied compensation and re-accommodation several related booking factors have emerged. These include:

- 81% of the Nordic population (age 16-74) read news online; the average for all 28 EU countries is 58%.
- 60% watch tv from tv broadcasters online (streaming or live); the average share in the 28 EU countries is 30%.
- 88% of the Nordic population uses the internet daily or almost daily; in all 28 EU countries the average share is 71%.
- Among the 16-44-year-olds, 96% use the internet daily or almost daily.
- 78.8% of the Nordic travelers use the internet to search for inspiration when planning their holiday trips.
- 88% of consumers trust online recommendations as much as personal recommendations.

(Statistics from 2020, we have not been able to find recent similar numbers)

TRADITIONAL MEDIA cont…

However, despite the heavy internet usage in the Nordics, broadcast media and traditional print media are still very important – especially among the older target groups (because they are seen/heard/read AND because they have online platforms as well) when it comes to building awareness and keeping a destination top of mind. They are an important complement to maximize reach over all platforms.

Thus, the heavy internet usage also reflects the change in TV usage; more and more people tend to choose TV on demand rather than flow TV, especially among younger generations. None the less, TV is still a very popular and important, medium – with more and more viewers taking advantages of watching their favorite program when it fits their private schedule.

As many people outside the major cities are dependent on commuting by car, this also means that radio is an important medium, especially in the mornings when people are travelling to work.

National differences

Media consumption is very much alike across the four Nordic countries. The media landscape is thus fairly similar in all four countries, with a handful of national dailies, 20+ regional dailies and two-three leading TV-channels (terrestrial TV) in each market.

There are also several special interest magazines, where food, wellness, sport and design are the main trends dominating in the region today.

In addition, there are a selected number of lifestyle and travel TV programs.

However, there is a difference in how Danish, Norwegian, Finnish and Norwegian media respond to story pitching and press releases. These nuances should be taken into account when sharing stories with media in the Nordic countries.

EMERGING TRENDS IN CONSUMER AND TRAVEL TRADE PRESS

Media landscape

- Increasing consolidated media landscape with a few big players that owns and run several major media.
- Nordic media have a very high integrity and want trustworthy, factual, and reliable information – they are not impressed by campaign related messages or marketing-based content. It needs to be newsworthy and relevant, and they rely on speedy service, e.g. in assistance with images.
- They may not publish everything from press releases but use a lot for inspiration and save for future round up-articles, press trips or stories (if not time sensitive), keen on stories that are linked to trends and tendencies, statistics, etc.
- Nordic media still send journalists on press trips – but more and more don't have their own travel journalists and thereby send freelancers (pointed out by the travel editor at the newspaper/magazine)
- Increasing economic targets also affects the media, meaning they are in need for advertising and the articles need support financial targets in the sense that online articles get a lot of clicks, it needs to attract new readers as well as advertisers. Economic investment, e.g. advertisements, native ads – can make the editors more keen to write about certain destinations: but they will still be very strict when it comes to content/angle/themes of the article. They will dictate the story to not jeopardize their integrity.

EMERGING TRENDS IN CONSUMER AND TRAVEL TRADE PRESS cont…

Do's

- Press releases and pitches on new openings, statistics, top lists, surveys
- Media meetings (informal lunches for example) to brainstorm ideas
- Press trips – let the journalists explore the destination first hand and also explore the destination "off the beaten path"
- Native/content partnerships – a way for to get continuous coverage in tier 1 media, in a trustworthy manner (A Nordic brain study shows that native articles have higher trustworthiness than ordinary ads – as the content, even though it is paid, is still leveraging on the media brand's trustworthiness. Further, native advertising is even better at creating brand memory compared to editorial articles.)

Don'ts

- Press conferences and interviews with VIP persons – Nordic media are not impressed by titles or positions, they'd rather speak to a local inhabitant, the person behind it or a person with a Swedish connection, to give it a more authentic feel.

SOCIAL MEDIA & INFLUENCERS

Bloggers and Social Media Personalities

There are a lot of influential lifestyle bloggers/Instagrammers (or both) in the region. These are often "ordinary people" sharing their life online to inspire consumers to follow in their footsteps – both regarding dining experiences, shopping, lifestyle and travelling. They have high credibility and are found trustworthy; portraying a lifestyle many people are influenced by and want to copy. These personalities are important to target as they usually reach a very relevant and loyal target group.

In addition to the personal and very trustworthy travel stories on blogs, blogger reviews are also online quickly – which gives an instant return on investment. Online reviews are important as Nordic consumers search online for travel inspiration – and as these blogs are often very popular, the reviews will have high SEO value and most likely be found by other travelers (also not common readers of this specific blog) searching for travel inspiration.

Celebrities and Influencers

Celebrities are important when inspiring the Nordic people – and affecting their travel habits. This is even more true now, as most of them have their own social media channels with a considerable number of followers.

Inviting celebrities (both "real celebrities" like actors and singers as well as social media influencers) to a destination is important for image purposes and will inspire other consumers to go.

YOUTUBERS

YouTubers are especially important when targeting younger generations and children, and with approximately one in five families that have the children's help in gathering inspiration by searching online, YouTubers can have a weighty influence on choice, especially on family products.

Podcasts

Podcasts are also growing in popularity, often chosen by the listeners in relation to topics that match their personal interests (travels, mindfulness, lifestyle, etc.) or interviews with key personalities.

TIKTOK'ERS

Tiktok is already well established in the Nordics but continues to become more popular. With 2.7 million monthly users in Sweden, 1.4 million in Norway and 1.1 million in Finland and Denmark respectively, it provides great opportunities for reach and engagement. While the main audience is Gen Z, Millennials are also becoming more interested in the social media platform, especially women. TikTok is developing rapidly in Sweden and Norway, currently 3.6% of Norwegians and 2.8% of Swedes find inspiration for their next holiday destination here.

SOCIAL MEDIA USAGE

Sweden

- There were 8.32 million social media users in Sweden in January 2021.
- The number of social media users in Sweden increased by 330 thousand (+4.1%) between 2020 and 2021.
- The number of social media users in Sweden was equivalent to 82.1% of the total population in January 2021.

Denmark

- There were 4.85 million social media users in Denmark in January 2021.
- The number of social media users in Denmark increased by 120 thousand (+2.4%) between 2020 and 2021.
- The number of social media users in Denmark was equivalent to 83.6% of the total population in January 2021.

Norway

- There were 4.53 million social media users in Norway in January 2021.
- The number of social media users in Norway increased by 230 thousand (+5.3%) between 2020 and 2021.
- The number of social media users in Norway was equivalent to 83.2% of the total population in January 2021.

Finland

- There were 4.46 million social media users in Finland in January 2021.
- The number of social media users in Finland increased by 250 000 (+6.1%) between 2020 and 2021.
- Social media penetration in Finland stood at 80.4% in January 2021.

SOCIAL MEDIA USAGE cont…

Online travel content and guides are key

The rise of blogging and the popularity of social media has shifted traditional marketing towards word-of-mouth with influencers. They are recognized as a trustworthy source of information, and their audience are keen to follow them, like what they are liking, and go where they are going. Influencers are great at creating a buzz around a particular brand or destinations and are usually seen as being "first movers" and trend spotters. Many of the most prominent influencers today are ordinary individuals. So, although celebrities are the original influencers, the democratization of the internet and social media has allowed ordinary individuals to become very powerful influencers.In addition to the personal and very trustworthy format on blogs, blogger content is, as said, also online quickly – which gives an instant return on investment. It is also shareable which means that the impact is exponential, and in addition many blogs have more segmented visitors than e.g. newspaper sites, meaning it's a very effective way to reach a specific target group – e.g. families. Further, the high number of visitors on blogs will make sure their reviews will have high SEO value and most likely be found by other travelers searching for travel inspiration online. In general, it is shown that using influencers within certain target groups converts far better to sales than traditional digital advertising and that influencers are three times more likely to influence a purchasing decision than a traditional brand statement alone. Therefore, influencers is important to include in the media mix.

TRAVEL SOUTH USA FY 2022- 2025 ROAD MAP

Product development

- Focus on 'take the highways & byways' / 'off the beaten track' aimed at increasing length of vacation and associated activity and spend
- Focus on specific regional events, such as 2024 Solar Eclipse that takes in MS, AR and KY
- Investigate and develop niche markets, such as fishing, mountain biking/cycling, birding and hiking
- Target niche associations. E.g. schools for Civil Rights& sports base trips
- Work with key receptive operators to match their product with needs of Nordic operators.
- Increased participation at Travel South showcase with specific aim to increase the scope of product held by tour operators and agencies.

Always On Advertising & Marketing – digital and print for inspiration and storytelling

- Affinity marketing partnership with Webber Grills on 'BBQ trail across the South' / 'Southern BBQ Trail'. To include trade and airline partners with the provision of destination prize using all the partner communication channels. Promoting the competition across Facebook, Instagram and Webber's platforms and newsletters – feeding inspirational pictures of the Southern USA, focusing on the key messages.
- Whilst the themes of, Food (a particularly important segment) and History and culture are key we will to expand and encompass niche themed opportunities. This would involve publications and website specifically associated with the niche activities involved.
- As airlines enter into service for southern destination, Travel South will partner on specific activity that is being undertaken to promote the launch. This might involve inaugural activity, trade events and functions as well as targeted city fam trips.

TRAVEL SOUTH USA FY 2022- 2025 ROAD MAP cont…

Expansion of trade relationships

- Undertake a multi-year sponsorship of Discover America Nordic IPW event providing increased awareness and commitment to the region. Branding opportunities and keynote speaker opportunities.
- Undertake Danish / Norwegian roadshows to take our destination to the trade customer. Either standalone or in conjunction with Discover America. Key cities would be Oslo, Copenhagen and Stockholm but might also include Aarhus, Rander (DK), Osby (SE) and Bergen and Stavanger (NO).
- Introduction and development of regional online training program aimed at gradual increase in trade knowledge of the region. Creating an 'expert' level for those staff selling more diverse or in-depth product.
- Introduction of the online training platform as a trade-based communication portal to maintain a regular dialogue with counter and selling staff
- Increased participation at Nordic consumer events, possibly in conjunction with a trade partner.
    - **Quality Travel Show.** Organised by VAGABOND, Denmark's largest travel magazine. 3-day trade/consumer event. High end consumer visitors
    - **Matka** – Finland's largest consumer travel show. Associated events with Discover America and US Embassy
    - **Travel Expo/Explore the World.** Consumer events with main focus on Oslo but also targetted city specific events held across Norway as part of a Travel Exp/Explore the world 'on tour' program.
    - **Ferie for Alle**, Scandinavia's largest consumer travel show. Participation as partg of the Discover America stand and potentially in conjunction with a trade partner. There are also opportunities to hold lectures and presentations.

TRAVEL SOUTH USA FY 2022- 2025 ROAD MAP cont…

Focused growth of earned media & social media promotional efforts

- Influencer coop campaigns with relevant airlines, partnering with 1-2 influencers as brand ambassadors.
- Objective: Promote Southern USA as the bucket list destination – focusing on the highlighted key messages.
- Create inspiring video content that can be used to brand the campaign, e.g. on a micro site (e.g. one-minute video) and a shorter video to push the campaign via social media (ten sec. approx.)
- Build a landing page in the airline's universe with content from Travel South USA and the influencer(s) – to generate bookings.
- Marketing of the campaign with the video of the influencer (10 sec.) – to be posted on all airline's own channels.
- Media and influencer events in key cities across the Nordic region.
- Develop 'native' content and advertising campaigns based around the core themes of music, food and history and culture.
- Paid social advertising to focus on niche activity searched for on social media by users.