

Euler Hermes reports package tours on the wane as holiday-makers go in search of adventure



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Press Release Author: [Euler Hermes UK](#)

Industry: [Financial](#)

Press Release Summary: Euler Hermes reports that mainstream package holiday sales are declining with more peak-season failures possible

Press Release Body: Greater demand for customised holidays, activity-based holidays, long-haul destinations, city breaks and cruises are eating into demand for the traditional package holiday according to a new report from **Euler Hermes UK, a company of Allianz.**

The latest [Euler Hermes](#) report - entitled '**Package Holidays – all wrapped up?**' - suggests that whilst there were more than 18.8 million package holidays taken in 2006, the proportion of such holidays compared to more personalised adventures is declining at speed. Greater price transparency in the market, prompted by new business models and innovations in technology, has significantly increased competition.

Consumers have enjoyed the ride and will continue to do so as the market evolves, according to the report's author, **Emma Holland, Senior Credit Analyst at Euler Hermes UK:** *"In the short term, the boundaries between High Street retailers, online agents and tour operators are expected to become increasingly blurred. More and more travel agents – and consumers themselves – are expected to move*

into the online arena and piece together their own packages in direct competition with the traditional tour operators."

Emma Holland continued, *"To make sure their own journeys are not cut short, tour operators and travel agents must focus on providing unique offerings to ever more adventurous, discerning and demanding holidaymakers. Successful players will be those who differentiate their customer base and target them appropriately."*

The report also signals a note of caution in relation to proposed changes next year to **ATOL (Air Travel Organiser's Licence)** bonding, and the rules that state that any company that currently sells a package must be bonded by a DTI-approved body such as **Euler Hermes UK's** sister business, [Euler Hermes Guarantee](#).

As Emma explained: *"The proposal is to replace ATOL bonding from April 2008 with a £1 levy on each booking, called an ATOL Protection Contribution (ATC). Whereas tour operators have welcomed the change, the bonding and insurance industries are concerned that failures may be more frequent without adequate financial vetting and monitoring. We predict more peak-season failures with the levy system as the banks will have little incentive to keep companies afloat if they have no exposure to bonding and can simply pick the most favourable time to cancel facilities."*

"It is also questionable whether the £1 levy will be sufficient to top up the Air Travel Trust Fund (ATTF), which is still £21 million in the red due to a large number of large failures including Laker Airways going back 25 years."

"Customers booking lower-priced holidays will therefore pay proportionately more levy than those on luxury or longer haul breaks."

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Notes to editors:

Euler Hermes is the worldwide leader in [credit insurance](#) and one of the leaders in the areas of [credit management](#), bonding, guarantees and collections. With 5,900 employees in 49 countries, **Euler Hermes**

offers a complete range of services for the management of B-to-B trade receivables. The group posted a 2.01 billion euro turnover in 2006.

Euler Hermes is a subsidiary of AGF and a member of Allianz and is listed on Euronext Paris. Standard & Poor's rates the group and its principal credit insurance subsidiaries AA-.

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