

WHY A LIMITATION OF TRAVEL PACKAGE PREPAYMENTS

DOES NOT WORK?

- EC Proposal:

 > 20% at booking
- > 80% 28 days before departure

FOR A FAMILY OF 4

Let's take an example

- Flight to Tunisia x 4 6 nights in 4* hotel
- Package organiser fee

- 500€
- 1300€
- 200€

PACKAGE

- Packages are set up 2 years in advance
- Can be fully paid by organiser before \varTheta cheaper price
- Most flexible in terms of payment facilities for travelers
- Charter flights/own airlines is often used

PAYMENT BY INSTALMENT:

- Ex 400 €/month
- Duration 5 months

NOTPOSSIBLE ANYMORE

- Imposes max 2 payments 80% to be paid a month before
- Impact on low income families & most vulnerable consumers
- Less spending power at destination

DEPOSIT 400€



VARIOUS WAYS TO BOOK

DYNAMIC PACKAGE

FLIGHT X

- Mostly scheduled airlines
- 100% payment at booking

HOTEL (C)

- Payment depends on B2B contract
- Up to 100% prepayment

TYPICAL PREPAYMENT FOR TRADITIONAL PACKAGES: 20/30%

- Possibility to pass on costs and organisers fee to travellers
- Share of traditional package is shrinking 23% in 2013 to 9% in 2017

DEPOSIT

- HOTEL 400€ 100€ • • • • • • • FEE
- COMPLETING PAYMENT 1200€
- FLIGHT 200€ • HOTEL 900€

• FLIGHT 300 €

• FEE

100€ •••••

TYPICAL PREPAYMENT 40%-60% UP TO 100%

- In particular for non-EU accommodation
- Depending on B2B conditions

DEPOSIT 1000€

- COMPLETING PAYMENT 1000€
- FLIGHT 500 € • HOTEL 400€
- 100€ ••••• • FEE

• HOTEL 900€ 100€ ••••• • FEE

2. 99% OF 80.000 TA/TO ARE SMES. THEY WILL BE FINANCIALLY MORE FRAGILE:

mostly for vacation during the summer period

Increased risks for insurers

(28 days before departure).

SMEs become banks of the airlines)

Higher insurance and insolvency protection costs, more collateral

IT CANNOT WORK

1. A LIMITATION OF PREPAYMENT = NO INCOME OF THE

January-April, with most of incomes to be expected only from June

Situation will be worse if suppliers costs are not covered, organisers

will have to advance money to suppliers (by opening credit lines,

60% of the yearly bookings are done between January and April,

Massive investment from the organiser during the period

PACKAGE ORGANISER DURING THE FIRST SEMESTER:

3. COST OF PACKAGES WILL INCREASE BY AT LEAST 3%

- Traveller are first and foremost price driven
- Higher price of package = less attractive for consumer
- Standalone products will be preferred = less consumer protected

SYSTEM CAN NOT SURVIVE

PACKAGE TRAVEL 61FT BOXES

- Completely different business model
- 100% prepayment
- No alternative



FOR DYNAMIC PACKAGE 20% LIMITATIONS MEANS

- Opening credit line to suppliers (in particular airlines)
- If costs over 20% can not be passed on travellers,

organiser is not paid before departure