

# GERMAN TRAVEL GIANT'S PROFITS GROW, CRITICS POINT OUT GREEDFLATION



German travel giant, TUI, has reported record revenue for the financial year that ended in September. This was due to a successful summer for hoteliers, airlines, and car rental companies in Spain, Turkey, and Greece. However, an increasing number of Germans are unable to afford a holiday. This has raised concerns about whether travel providers are overcharging for their services.

## Over 20% Price Increase

The Hanover-based travel giant has successfully doubled its pre-tax profits and is now back in the black, marking its first return since the outbreak of the Corona crisis. **TUI has earned around 456 million euros, a substantial increase from the previous year's loss of over 213 million euros.**

However, the success came at a cost, as customers had to pay higher prices. Tourism industry experts have noted that the high turnover was mainly achieved through price increases. As a result, prices are now over 20 percent higher than before the Corona crisis, while passenger numbers remain a little over 10 percent below 2019 levels. Like all tourism companies, TUI had to pay customers higher fuel, energy, staff, and food costs. The price increases were far higher than the high inflation rates of recent months.

## The Travel Association Appeal

It appears that the German travel giant is among the companies accused by the European Central Bank (ECB) of raising their prices excessively, often referred to as "greedflation." According to sources from central bank circles, German companies are particularly adept at this. Even the German Travel Association (DRV) acknowledges this issue, though they typically avoid criticizing their members. Torsten Schäfer of the DRV notes that while high inflation worldwide has led to significant cost increases for all providers, overcharging customers is unacceptable. Schäfer urges all parties, including airlines, holiday countries, and tour operators, to avoid excessive price increases so that holidays remain affordable for all.

## Vacations Have Become Less Affordable for More Germans

It is becoming increasingly difficult for more and more Germans to afford summer vacations. According to a German Editorial Network (RND) study, over 20% of Germans can no longer afford to go on a summer holiday. This trend is on the rise, with the sharp increase in the cost of energy, food, and housing leaving many with no financial leeway.

Single parents with children are particularly affected. This is causing concern for the travel industry, especially in the low-cost travel market segment, where customers are breaking away. The number of package holidays this year is still 12% below pre-COVID levels. The German Travel Association believes that politicians must stimulate demand and provide relief. Overall, it's about putting more money in people's pockets for spending again.

However, there is little hope for the upcoming winter season and the following summer season.

**While the inflation curve is flattening somewhat in the tourism sector, the industry still expects prices to continue to rise.** This is good news for TUI's shareholders. The stock, which was severely affected by COVID times and was sometimes only a penny stock, increased by up to 11% at times last week.

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