

Budget Airlines Transform Tourism In Europe

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Since the introduction of budget airlines in Stockholm in 1997, figures have shown an upsurge in overnight stays from 5.8 million in 1997 to 7.4 million in 2005.

Growth in tourism was especially strong after the announcement by Ryanair to open Skavsta airport as their Scandinavian base. Since then, international over night stays have shown an average growth of almost 10% per annum.

Chris Martin, Senior Vice President, Jones Lang LaSalle Hotels said: 'Budget airlines have had a large impact on tourism in Stockholm in the last ten years. However the Swedish Government's proposal to introduce a new airport tax could slow growth in tourist numbers and effect the hotel industry which already has several new hotels currently in the pipeline and expected to open in the next 3 years.'

The emergence of low cost carriers (LCC) has created a gradual evolution in European tourism. Statistics show that in 1994 less than 3 million passengers used LCC in Europe, by 1999 this figure increased to 17.5 million and then in 2003 to a staggering 85 million; a year later there was a further rise of 24% to 107 million. Only now we are seeing the affects of this transport revolution on tourism, and Stockholm is a case in point.

'Jones Lang LaSalle Hotels has studied the importance of the LCC sector on tourism and discovered that since its conception in the late 1980s there have been three effects. The most common result is the 'push effect' where destinations register a strong increase in tourism some years after the introduction of LCC. This is evident in Stockholm where hoteliers have reported growth in occupancy levels of 5% in 2004 and 6% in 2005. Barcelona, Budapest and Prague have also become prime tourist destinations,' said Chris Martin.

The 'pull effect' where cities experience a decrease in long-term tourism demand, caused by a decrease in domestic demand as domestic tourists use LCC to travel abroad. This negative impact often offsets any growth experienced in international demand. The 'pull effect' is evident in gateway cities such as London and Paris. The other effect is the 'derived effect' where secondary airport regions grow in terms of hotel supply and room demand; an example of which is Stansted, on the outskirts of London.

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