

Fourth Consecutive Year of Growth in 2007 for Europe's Tourism

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ETC report confirms that Europe's tourism growth has continued to exceed the long-term UNWTO forecast

European Tourism Insights 2007 - and Outlook for 2008, the European Travel Commission's (ETC's) fourth annual report on the state of the region's travel and tourism industry, shows that Europe enjoyed another year of good growth in 2007 - above the long-term forecast established by the World Tourism Organization (UNWTO) - with international arrivals and overnight volume rising by 4-5%.

The result is especially impressive given that 2007 was a fairly uneventful year in terms of regional tourism draws. After an exceptional crop of mega-events in 2006 (including the Winter Olympic Games in Turin, the FIFA Football World Cup in Germany, the Ryder Cup in Ireland, and a whole host of cultural events linked to famous artists and musicians), they were thin on the ground in 2007. The most important were arguably the Rugby World Cup in France and the America's Cup in Spain.

On the positive side, there were no major terrorist incidents or health scares in Europe. Nevertheless, the region did face several challenges during the course of 2007 that clearly had some impact on tourism demand. These included higher oil and, therefore, fuel prices, higher taxes, stricter safety and security controls at airports, and continuing erratic weather in many parts of Europe.

Once again, much of the increase in 2007 came from Europeans taking more frequent short breaks, usually flying with the growing number of low-cost/no-frills airlines linking regional airports as well as capital cities. However, most of this growth came from secondary markets last year. Indeed, there appears to have been a marked slowdown in the growth of such trips from leading sources, notably the UK, as people have started to cut back on the number of secondary trips they take annually.

Although Europe's overall increase was below that of all other world regions in 2007, it represented around 20 million additional arrivals - or about 45% of the total world increase - reflecting Europe's continued dominance as a world tourism region, as well as its importance as a source market.

The big winners in terms of growth in arrivals and/or overnights were Montenegro, Serbia, Iceland and Turkey - all recording around 20% or higher growth. However, a number of other destinations also achieved double-digit increases - notably Greece, Lithuania, Malta (in arrivals but not nights for all three) and Romania. Arrivals generally rose faster than overnight volume, reflecting the continued trend towards shorter trips but increased travel frequency.

Among the region's tourism destination leaders, France comfortably retained its top spot, recording a 4% increase in arrivals - the same as that for Italy - while Spain's arrivals rose more modestly than in recent years (+2%) and Germany averaged around +3.5% in both arrivals and overnights for the full 12 months. UK arrivals remained unchanged and Austria was up 2.5% (and 1% in nights). All figures quoted are rounded.

Despite its dominant position in world tourism, Europe has faced increasing competition over the past decade as new destinations have emerged onto the world's tourism stage - a trend perhaps masked to some extent by the growth in short breaks. This is also certain to intensify in future, especially given the strong appreciation of the euro against the US dollar and other currencies, and the apparent shift to more attractively priced destinations in 2008.

Europe is all the more vulnerable since many governments of the region's leading tourism destinations see tourism as an 'industry' that should be driven by the private sector and one that does not merit continued public sector support.

'By contrast,' says Rob Franklin, ETC Executive Director, 'governments of many emerging economies have earmarked tourism as a means of diversification and, as a result, are making huge investments in tourism infrastructure development and marketing to support the sector, as well as facilitating and stimulating private sector investment in tourism.'

Short-term forecasts for Europe's tourism remain, nevertheless, fairly bullish, according to ETC members. The region enjoyed a strong start to 2008, particularly among Europe's winter sports destinations such as Austria and France.

However, a number of trends and developments could have a negative impact through the remainder of 2008 and 2009. These include the strong Euro, European Union visa policies, concerns over the diversionary and stay-at-home effects of the 2008 Summer Olympics, and doubts over the performance of two key markets, the USA and Japan. In addition, it seems likely that the generalised rise in prices worldwide will cause a big increase in operating costs and a decline in disposable incomes.

A copy of the report European Tourism Insights 2007 - and Outlook for 2008 can be downloaded from ETC's corporate website (www.etc-corporate.org).

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