

Tourism Industry Intelligence

Strategic Information for Decision-Makers

Prospects for Switzerland in 2001

January 2001

A stable economy

Switzerland is a prosperous and stable modern market economy with an estimated **GDP of US\$197 billion in 1999** and a real growth rate of 1.4%. The country has a population of 7.2 million and a population growth rate of 0.3%. Inflation is quite low, at 1%.

Travel trends

Despite a decline in disposable income over the past five years, the Swiss still possess money to travel. **They enjoy one of the world's highest per capita income levels.** Travel intensity of the Swiss is estimated at 71% higher than that of Italy, France, and the UK.

Important travel months

July, August and September are the peak holiday months for the Swiss, accounting for 37% of all trips. Travelling during the remainder of the year is relatively evenly spread with no major troughs except for November, which records the lowest travel. **April-June accounts for 23% of all trips.** About one-third of the population (35%) take both a winter and summer holiday while long-haul travel occurs mainly during the winter months.

Growing markets

Most trips are organised by the Swiss themselves. Almost two-thirds do their own planning, about 10% arrange through the big tour operators and the remaining 26% book through other tour operators.

How much the Swiss spend

Swiss who book package tours spend US\$611 (CHF 1,100) per person according to 1998 estimates. Individual travellers have complete expenses of US\$388 (CHF 700).

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Places to stay

The Swiss tend to stay in a hotel or vacation apartment. Visits to friends and relatives are still popular.

Activities undertaken

The most popular activities undertaken by the Swiss while travelling are: walking, shopping and talking to other people. The Swiss also like to spend time with their family and to read.

The future

Opinions are divided as to the longer term prospects for outbound travel from Switzerland. On the one hand, Swiss leisure travel intensity is already close to its ceiling. **Travel frequency is also high – much higher than in most parts of Europe.** The traditional strength of the Swiss franc, which has underpinned growth in the past, can no longer be relied upon to boost demand in the future. But **there are encouraging signs**, such as a planned increase in airport and airline capacity. And that is likely to increase competition and stimulate demand.

Switzerland - Winners and Losers

	Country	%Change 1998/99	No. of Months	Total 1999
Hungary is a winner	Hungary	230.0	12	154,190
	Egypt	154.4	12	78,790
	Brazil	28.2	12	85,300
	Italy	24.7	12	1,668,353
	Cuba	23.9	12	26,111
	Australia	11.9	12	45,100
Egypt, Brazil and Cuba are performing well	Netherlands	10.9	12	153,000
	Hong Kong	7.6	12	36,181
	Germany	6.9	12	988,200
	Portugal	5.4	12	90,600
	Spain	1.7	12	1,446,457
	Denmark	1.3	12	25,811
	Canada	-3.0	12	100,856
	Austria	-0.4	12	696,947
	Singapore	-0.8	12	47,845
	United States	-1.2	12	405,626
	Thailand	-1.3	12	108,632
	Israel	-2.2	12	34,702
	France	-3.6	12	3,550,900
	St. Lucia	-11.5	12	969
	Belgium	-13.6	12	49,047
	Turkey	-44.3	12	38,728

Source: World Tourism Organisation, 2000

Market & Consumer Trends

Holiday habits and professions

A lot can be said about a person's holiday habits from their profession. According to a survey conducted by *Thomson Holidays UK*, **secretaries** are among the most frequent travellers: 38% travel abroad at least 3 times a year, **favouring long haul destinations such as Mexico and Thailand**. **Accountants** favoured active breaks with skiing, rock climbing and snowboarding as their pastimes. The **biggest party animals are nurses** with 45% selecting clubbing in Ibiza as the perfect holiday.

Business travellers turning to the Internet

Business travellers are turning from travel agents to the Internet to make their own travel arrangements, according to an *IATA* survey. Independent travel agents handled 43% of all summer holiday sales thorough retail outlets this year and 48% of all winter sales.

Cruise News

Cruise and hotel chain form alliance

Ultra-luxury cruise line **Silversea Cruises** and international boutique hotel association **Relais & Chateaux** announced **plans for an exclusive alliance featuring a signature collection of land programs, culinary cruises and reciprocal marketing benefits**. This partnership between the world's leading small ship cruise line and the association of the world's most intimate and distinctive hotels and restaurants is unparalleled in the hospitality world bringing together two of the most internationally lauded travel entities to create unique and memorable experiences for today's luxury traveller.

Cruise companies tackle the MICE market

Five of the world's top cruise companies, **Cunard, Seabourn, Silver Seas, Crystal and Radisson Seven Seas**, have **united to make major advances into Europe's conference and incentive market**. Europeans currently comprise 2% of the cruise companies' overall conference and incentive market share and the aim is to increase this to 15% in the next five years.

Focus: The Ski Market

A lucrative market

Many people are heading for the slopes and are enjoying different activities and higher levels of service, making for a favourable outlook for the ski industry. The ski market has significant opportunities for growth.

Consider that:

- Favourable demographic trends with families with children and groups representing the highest growth categories for new business;
- Average length of stay for skiers remain 5-6 days;
- More activity options for skiers such as alpine skis, shaped skis and snowboarding;
- New mountain resort companies providing higher levels of amenities and services;
- Profit growth through higher resort revenue per skier per day;
- Ongoing consolidation within the industry; and
- Trends in the nature of the trips include more non-skiing activities such as snowmobiling, spa treatments, more on site lessons and rentals of ski equipment.

World ski areas

The main ski areas are spread throughout the world. The major areas are:

Europe: Austria, France, Germany and Switzerland

North America: Canada

South America: Argentina and Chile and the

Pan Pacific: Australia and New Zealand.

The UK Ski Market

The number of **Britons taking ski holidays in 1999 was 740,000 compared to 780,000 in 1998**. The biggest destination for the British skier is France, which captures about 30% of the market. Switzerland and Austria each have 20% with Italy having between 10-15% of the market.

Ski bookings increase via the Internet

The Internet was the principal factor responsible for increases, and in some cases record bookings for ski holidays. As much as 85% of tour companies reported increases with some firms stating their businesses went up between 20-30%. Consumers are increasingly relying on the Internet for inquiries and transactions, which are often quicker and more efficient, than phoning reservation sales staff according to a survey conducted by *SKITOPS*.

Skiing and the environment

Ski resorts are big consumers of natural resources with water being a prime requirement for snowmaking. Due to the development of this industry environmental risks are posed to the mountainous regions such as: impact on wildlife, water quality and stream health, air pollution and developmental sprawl. **To ensure the proper development of the ski industry and the conservation of the environment, developers must take proper steps to ensure the sustainability of the industry.** Global warming and the lack of snow in some areas also pose a major challenge to this resource-based industry.

The future

A boom in the “echo” generation skiers those between 10-24 years old will drive the future of this industry. This age group is expected to number 64 million by 2005 up from 54 million in 1990. Snowboarding, advances in ski equipment technology and the Baby boomers’ focus on leisure should also spur growth.

Source: *The Environmental Magazine* www.britannica.com, www.realitytimes.com, www.skiindustry.com, www.pbpb.com, www.powerlinx.com

Editorial

We have seen in our report 'How the British will Travel 2005' that cruises will be the most preferred holiday type of British Travellers in the next five years and indeed, Britain is the second fastest growing cruise destination after the USA. Cruise lines themselves have done a great deal to corner this market position – from the range and flexibility of cruise duration and destination itinerary on offer to the range and flexibility of their pricing structure. Cruise lines are also continuously innovating. They are firmly developing the cruise and stay market, targeting the meetings and incentives business and now, strategic alliances with hotel chains a la Silverseas and Relais Chateaux. The future of the world cruise tourism industry looks very bright. If growth continues at this pace, there will be more floating beds in the Caribbean, for example, than in land-based hotels.

Trends to Watch

TUI moves into time-sharing

TUI, Germany's largest tour operator group, is to expand big time into the time-sharing business. The first projects are likely to be in Spain. The plan is that TUI group will initially use existing time-share projects as well as re-design parts of some resort properties. This is already happening in the new Riu club hotel on Gran Canaria.

Virgin looks for long-haul domination

Virgin Holidays sets plans for 2001 in its bid to become UK's leading long haul operator. In 1986, its launch year, Virgin Holidays carried 26,000 passengers and its estimates for 2001 are 300,000. Sir Richard Branson, chairman of Virgin Travel stated that Virgin Travel is the biggest operator to the USA and the Caribbean and aims to be number one in every region across the world. Virgin is now organising holidays for Canada. In addition, a brochure is dedicated to South Africa only and Virgin now has access to Singapore Airlines routes, which have the number of destinations available in Asia and the Far East.

Hotel & Resort Trends

Club Med recovers

French Tour Operator Club Mediterranee has announced its highest-ever operating profits of US\$97.4 (£64.9) million for the year to the end of October 2000. Net profits were US\$55.8 (£37.2) million. The group also announced that its three-year recovery plan has been achieved and its goal is placing ClubMed as the global leader in all aspects of leisure.

Disney adds new park

Disney has expanded its complex in Anaheim. **The new 55-acre theme park, along with a new hotel costing US\$1.4 billion is known as Disney's California Adventure.** This project is designed to infuse some energy into the existing park and to broaden the resort's traditional appeal beyond families and young children.

Skill shortage of hoteliers

The European hospitality industry's comparatively slow adoption of new technologies and new business methods has prompted potential high-flyers to look elsewhere for jobs. **Hoteliers fear they could be facing a serious skills shortage within the next few years since it is believed that other faster-moving industries have snapped up the brighter recruits as the appeal of the hospitality industry has declined according to delegates to the 2nd European CFO Forum.**