

# Tourism Industry Intelligence

Strategic Information for Decision-Makers

## Prospects for the Austrian Market in 2001

June 2001

### A growing economy

Located in Central Europe with a population of 8 million, Austria is a well-developed market economy with a high standard of living. In 1999, the GDP grew at 2% and the GDP per capita was US\$23,400. The inflation rate is quite low at 0.5% and unemployment stands at 4.4%.

### Austrians continue to travel

In 1999, four-fifths (80.3%) of the Austrian population travelled abroad. Outbound travel decreased by 1.7% in 1999 from 6,638,308 travellers in 1998 to 6,529,828 travellers in 1999. However, Austrians continue to travel abroad.

### High spenders

In 1999, a total of US\$9,803 million was spent by Austrians on travel abroad. The spend per head was US\$1477, among the highest in the world. Total expenditure in 1999 declined by 5.3% over the previous year.

### Travel intensity

The travel intensity of the Austrian population in 1999 was 44%, a decrease of 4.2% over the previous year. Travel is highest amongst those living in the Wien region, civil servants and those in the age group 30-39. Travel participation among the rural population and those in the age group 65 and over was the lowest.

### Top destinations

The top outbound destinations for Austrians, with the exception of the United States are all within Europe. The Czech Republic tops the list, followed by Italy, Hungary, Germany and France. Four of the top ten destinations are in the former Eastern Bloc.

### Holiday preferences

The travel intention of Austrians has been stirring. Prior to 2000, 41% of Austrians had already made a decision about the upcoming holiday season. Austrians plan to travel to the following destinations: Austria, Italy, Greece, Spain, Turkey, France, and USA/Canada.

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### Length of stay

In 1999, the average length of travel by Austrians was 12.6 days. This represented a slight increase from 12.4 days in 1998. Austrians tend to travel abroad for a longer period of time because they have 26.5 days of annual vacation leave as well as 11.5 days in public holidays.

### Main motives for holiday

Austrians take holidays for three main purposes. These are bathing, relaxing and studying and sightseeing holidays. The majority of Austrian travellers are leisure travellers.

### Future prospects

Austrians place a great deal of emphasis on planning their vacation. They give greater preference to destinations that place emphasis on nature, clean landscapes and places where they can relax and enjoy the peace and serenity.

## Austria: Winners and Losers

|  | Country<br>1999/98   | %change      | No of months | Total 1999     |
|--|----------------------|--------------|--------------|----------------|
| <b>Egypt leads</b>                       | Egypt                | <b>52.4</b>  | <b>12</b>    | <b>85,463</b>  |
|  | Israel               | 16.2         | 12           | 31,311         |
|  | Netherlands          | 11.1         | 12           | 54,000         |
|  | Canada               | 10.0         | 12           | 32,900         |
|  | Germany              | 7.0          | 12           | 743,274        |
|  | <b>Brazil</b>        | <b>5.2</b>   | <b>12</b>    | <b>25,360</b>  |
|  | <b>United States</b> | <b>4.3</b>   | <b>12</b>    | <b>194,230</b> |
|  | Italy                | 4.1          | 12           | 1,698,170      |
|  | Hong Kong            | -1.2         | 12           | 16,962         |
|  | Czech Republic       | -2.5         | 12           | 198,717        |
| <b>Brazil and US are performing well</b> | Singapore            | -5.1         | 12           | 16,725         |
|  | Seychelles           | -5.9         | 12           | 2,096          |
|  | Croatia              | -22.1        | 12           | 374,276        |
|  | Belgium              | -26.9        | 12           | 38,468         |
|  | Poland               | -28.9        | 12           | 284,955        |
|  | <b>St. Lucia</b>     | <b>-55.1</b> | <b>12</b>    | <b>1,018</b>   |
|  |                      |              |              |                |
|  |                      |              |              |                |
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Source: World Tourism Organisation 2001

## Market & Consumer Trends

### Women are online more than men

Women are spending more time online than men for the first time according to a survey by *NetValue*. Of the 13.9 million people who logged on from home during May, 58% were men and 42% were women. However, **women spend more time online with a total of 462 minutes each month, which averages at 15 minutes per day. Men spent a total online time of 414 minutes, which averages at 13 minutes and 20 seconds per day.**

### Growing demand for golf holidays

There has been a huge growth in people taking up the game of golf. **The number of golfers in the UK is increasing by 7% each year. The value of golf holiday bookings is certainly on the increase. In just 2 years, the average spend in short-haul golf packages to Spain has risen by 16% to US\$957, with long-haul bookings worth US\$1800 per person, *Travel Weekly* reported.**

## Hotel & Resort Trends

### Hotel chain to own CRS

Cendant has agreed to acquire the technology company, Galileo, for US\$2.9 billion in cash and stock, plus assumption of US\$600 million in debt. **When the deal closes, Cendant will be the first non-airline supplier to own a CRS.**

### Choice Hotels to sell Friendly

**Choice Hotels International is considering the sale of 70% stake in Friendly Hotels**, the company which holds the European franchise for Choice Hotels Europe and runs over 500 Quality Inns, Comfort Inns, Sleep Inns and Clarion Hotels.

### Wyndham offers hurricane benefits to meeting planners

While many Caribbean hotels are promising vacationers refunds in events of hurricanes, **Wyndham International is going a step further and offering an umbrella of incentives to meeting planners**. If a hurricane directly hits Wyndham and the event is cancelled, Wyndham will allow the meeting planner to forward all deposits to a new date. The resort also offers a guarantee policy period where adjustments can be made prior to a meeting if affected by a hurricane.

## Focus: The M. I. C.E. Market

### Development of the M.I.C.E. market

The Meetings, Incentives, Conferences and Exhibitions (MICE) market was developed in Europe in the mid to late 20<sup>th</sup> Century. **Traditionally the continents with the oldest M.I.C.E. activities are North America and Europe. However, since the 1980's new destinations for M.I.C.E. activity have emerged, with Asia growing most rapidly.**

### Size of the M.I.C.E. Industry

The contribution of the M.I.C.E. market is difficult to estimate. It is estimated that the business travel market as a percentage of the total travel market is between 6% and 35%. **The M.I.C.E. market is estimated to be worth between 0.2% and 0.8% of the total travel market**, according to *Tourism Intelligence International* estimates.

### Europe dominates

Europe is the leading venue for international meetings, holding three times the number of meetings than its closest competitor, Asia. **In 2000, Europe held 56% of the market share (704 international meetings) while Asia only had 15% (190 international meetings) market share. Other leading destinations were North America (11%), Australia/Pacific (10%), South/Central America (6%) and Africa (2%).**

### The top five

Although Europe dominates as the leading region to hold international meetings, **the leading country for meeting destinations is the USA, holding a market share of 7.9%**. The USA is followed by UK, Spain, France and Germany. Japan is the leading Asian destination ranking as the 8<sup>th</sup> leading destination for international meetings.

### Length of meetings

**Meetings tend to be the longest in the USA and shortest in Europe.** In 1998, the average length of international meetings per continent was 5.9 days in Africa, 5.1 days in North America, 5 days in Australia/Pacific, 4.8 days in South/Central America, 4.6 days in Asia, and 4.3 days in Europe.

### Size of meetings

**The average number of delegates in international meetings in 2000 was 1,080.** North America had the largest meetings in the world averaging 1,575 delegates. This was followed by South/Central Asia (1,453), Europe (1,064), Asia (989), Australia/Pacific (886) and Africa (498).

### Technological changes

Technology is the most important factor that is affecting change in the industry. Information technology (IT) has significantly affected communication abilities and the Internet provides faster communication and rapid access to information. **Technological changes are likely to occur in online conference management, delegate facilities, conference session venues, remote tele/video conferences and resources.**

### Costs of the M.I.C.E. industry

The M.I.C.E. market does not come without its costs. **One major cost is that of building new conference and exhibition venues. These facilities when built have high operating costs. Research suggests that the average convention centre has direct expenses which exceeded revenues by over US\$80,000.** Other costs of this industry are indirect costs such as problems within the host community through increased use of highways, airlines and airports.

### Benefits of the M.I.C.E. industry

The main direct benefits of the M.I.C.E. market include: **local government and private sector investment, the high level of delegate spending and increased employment. Convention centres are also an important tool for regenerating and stimulating economic and physical revitalization of cities, increase in hotel occupancy rates as well as redevelopment of areas.**

*Source: The Meetings, Incentives, Conferences and Exhibitions Industry, Travel and Tourism Intelligence, 2001.*

## Editorial

Until now, global reservation systems have almost exclusively been the domain of airlines. With the number one hotel chain in the world, Cendant, owning a CRS, the game may change. One wonders however, whether this move is not "too little, too late". With the Internet almost superseeding the CRSs, one has to ponder how effective merely owning a CRS will continue to be. At the same time, great strides are being made in other areas of technology adoption: in-flight web surfing and gambling.

## Trends to Watch

### Flight delays set to hit worst level

Flight delays this summer are expected to be at an all high. **Airlines fear that more than 1 in 3 flights within Europe will be delayed.** Already for the first three months of this year almost 1 in 4 flights suffered substantial delays. This was due to lack of co-ordination between Air Traffic Control networks and inefficiency in some countries.

### Internet gambling to increase

**Internet gambling generated US\$1.6 billion in revenues in 2000. It is projected to grow to US\$5 billion in 2003.** Over 1,400 websites are operated by 250 companies in several different countries. Approximately 4.5 million Americans have gambled online at least once and 1 million do so every day.

## Cruise News

### Cruise passengers rise

**The number of cruise passengers worldwide increased by 12.6% in 2000 compared to 1999, passing the 12 million mark for the first time.** There were 10.6 million passengers in 1999 and five years ago there were just 8.3 million. These figures underline cruising as the travel's industry fastest growing sector.

### Alaskans want cruise control

**Cruise Control, an Alaska based citizens group, is launching a campaign to establish a statewide US\$50 per-passenger "excise tax" and a "corporate income tax" on cruise operators.** Several cruise lines operating in Alaska are not participating in voluntary waste-water sampling program and are discharging untreated gray water into the ocean. Many communities feel their infrastructure is being taxed and this duty will help relieve the stress placed on resources and services by cruise-ships.

## Aviation Update

### Airlines to offer high-speed in-flight web surfing

**American Airlines, United Airlines, Delta Airlines and aircraft maker Boeing Co. plan to start offering high-speed in-flight web surfing and other data services.** This service will cost US\$20 an hour and offer e-mail, access to the Internet and live TV broadcasts. **On the other side of the Atlantic, Airbus also joined the competition to provide in-flight e-mail and Internet access to travellers.**

### Exclusive airline for business people

**Richard Branson plans to launch an exclusive airline for business people, Virgin JetSet.** Branson wants to use secondary airports for business flights. Virgin Airlines is in talk with aircraft maker Bombardier to supply the executive jets that may cut journey times by 30 minutes.