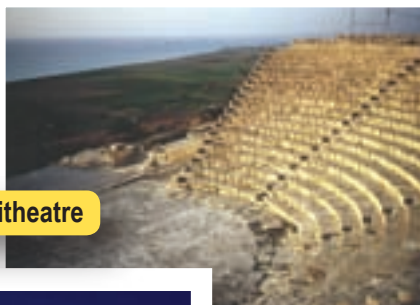


# The European tourism industry in the enlarged Community

Gaps are potentials and opportunities



Bulgaria, Sofia



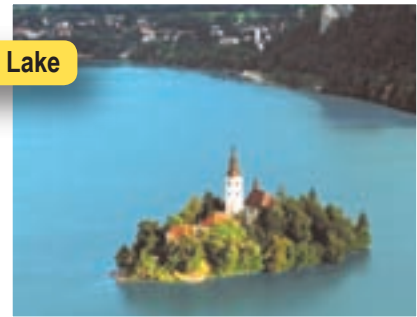
Cyprus, Amphitheatre



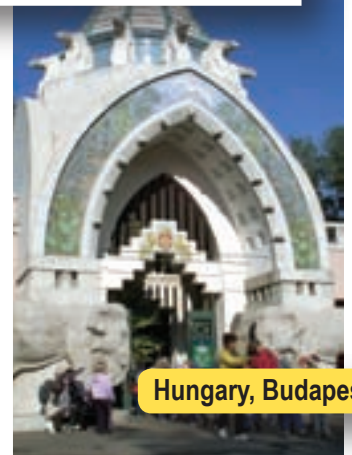
Malta, Valletta



Belgium, Brussels



Slovenia, Bled Lake



Hungary, Budapest



Czech Republic, Prague



## 88 % of European tourists prefer European destinations

Preferred main destination by country of origin (trips of 4 nights and more)



Source: Eurostat, *Statistics in focus, Inbound and outbound tourism in the European Union, 5/2006, p. 5*

*The only outbound trips registered are those to the ex-15 EU countries, plus Poland, the Czech Republic and Slovakia.*

# **THE EUROPEAN TOURISM INDUSTRY IN THE ENLARGED COMMUNITY**

Gaps are potentials and opportunities

Rüdiger Leidner

January 2007

REPORT PREPARED FOR THE ENTERPRISE DIRECTORATE-GENERAL  
OF THE EUROPEAN COMMISSION

This report, finalised in January 2007, was prepared by Rüdiger Leidner and Marion Bender (tables and graphics) and published by the European Commission.

The views expressed in this publication do not necessarily reflect the opinion or position of the European Commission.

e-mail address: [Entr-tourism@ec.europa.eu](mailto:Entr-tourism@ec.europa.eu)

**Europe Direct is a service to help you find answers  
to your questions about the European Union**

**Freephone number (\*):  
00 800 6 7 8 9 10 11**

(\* ) Certain mobile telephone operators do not allow access to 00 800 numbers or these calls may be billed.

More information on the European Union is available on the Internet (<http://europa.eu>).

Cataloguing data can be found at the end of this publication.

Luxembourg: Office for Official Publications of the European Communities, 2007

ISBN 978-92-79-04945-3

© European Communities, 2007

Cover photo credit: European Communities, except for Prague (Czech Tourist Office)  
Reproduction is authorised provided the source is acknowledged.

*Printed in Italy*

PRINTED ON WHITE CHLORINE-FREE PAPER

# Table of contents

<b>Summary</b>	<b>1</b>
<b>1. Introduction</b>	<b>5</b>
<b>2. Tourism demand– Europe a stable and dynamic tourist destination</b>	<b>7</b>
2.1 The Euro as determinant for demand shifts within Europe?	10
2.2 The impact of enlargement on tourism: Increasing tourist flows between old and new Member States	12
2.3 Structures of tourism demand	17
2.3.1 Developing demand structures in the new Member States	20
2.3.2 Organisational modes of trips	21
2.3.3 The age structure of tourism demand	22
<b>3. The enterprise – rapid development in the new Member States increases competitiveness of the European tourism industry</b>	<b>27</b>
3.1 Main structures of tourism enterprise in old and new Member States	28
3.1.1 Hotels	29
3.1.2 High pressure for structural change in the travel organizer sector	31
3.2 Catching up and increasing competition	32
3.3 Structural change, competition and competitiveness	35
<b>4. Tourism fosters employment</b>	<b>37</b>
4.1 The tourism sector as job engine	37
4.2 Tourism enterprises reduce youth unemployment	38
4.3 A competitive tourism sector supports structural change on the labour market	39
4.3.1 Longer weekly hours and more part time-work in tourism	41
4.3.2 Huge differences of labour productivity within the tourism sector and between Member States	42
<b>5. Innovation and competitiveness</b>	<b>45</b>
5.1 Online information and online travel: rapid growth continues	46
5.2 ICT use of hotels and travel organisers above average	47
5.3 Competition and innovation increase competitiveness	50
<b>Conclusions</b>	<b>53</b>
<b>Boxes in the text</b>	
Box 1: Examples of the income elasticity of tourism related expenditure	15
Box 2: Choosing the right indicator and starting point	16
Box 3: The economic importance of tourism and its contribution to GDP in new Member States	27

### Figures in the text

Figure 1:	Annual GDP growth in old (EU-15) and new Member States (EU-12)	6
Figure 2.a:	International tourist arrivals 2001-2006	7
Figure 2.b:	Month-by-month growth rates of global international tourist arrivals in 2003	8
Figure 2.c:	Growth rates of international tourist arrivals by regions	9
Figure 2.2.a:	Increase of overnight stays in 6 old Member States generated from 3 new ones	13
Figure 2.2.b:	Overnight stays in 7 new Member States generated from 12 old ones	14
Figure 2.3:	Breakdown of holiday trips by geographical location of destination, 2004	18
Figure 2.3.1:	Use of accommodation by residential and non-residential tourists in old and new Member States in 2004	20
Figure 2.3.3:	The age pyramid	24
Figure 3.1.a:	Distribution in turnover among subsectors in old (EU-15) and new Member States (EU-12) 2002	28
Figure 3.1.b:	Distribution in turnover among the subsectors by country (2002)	29
Figure 3.2:	Increase of number of bed places in Member States 1996-2004 (%)	33
Figure 4.1:	Persons occupied in the HORECA sector and total economy - annual % growth, 2000-2004	37
Figure 4.3.1:	Share of full-/part-time jobs (%) in total employment, 2004, EU-25	42
Figure 5.1.a:	Geographic status for the European online travel market 2005	46
Figure 5.1.b:	The European online travel market 2005 by type of service	47
Figure 5.2:	Main type of customers ordering online (B2B, B2C, B2G)	48
Figure 5.3:	Trends in European Online travel market – by marketing channel	50

### Tables in the text

Table 2.1:	Growth rate of international tourist arrivals 2001-2004 by country of destination	10
Table 2.2:	Price level indices, 2002	15
Table 2.3:	Breakdown of trips by mode of transport used, 2004	19
Table 2.3.2:	Breakdown of trips by organisational mode, 2004	21
Table 2.3.3.a:	Per capita travel expenditure in 2004 by age groups, in EUR	23
Table 2.3.3.b:	Growing importance of domestic tourism during life time (2004)	23
Table 3.1:	Number of tourism enterprises in old and new Member States, 2003	28
Table 3.1.1.a:	The largest European hotel chains, ranked by number of rooms; EU-25, 2004	30
Table 3.1.1.b:	Number of accommodation establishments and occupancy rates, 2004	31
Table 3.1.2:	Number of travel agents and tour operators per 100,000 inhabitants and share of turnover, 2003	32

Table 4.2:	Persons occupied in the HORECA sector and all branches by age group, 2005	38
Table 4.3:	Share of employment in the HORECA sector on total employment in 2004	40
Table 4.3.1:	Usual weekly hours worked and share of part-time in HORECA employment and total employment, 2004	41
Table 4.3.2:	Apparent and wage adjusted labour productivity per person employed, 2003	43
Table 5.2:	Companies receiving orders from customers online	49

## **Annexes**

Annex A 1:	Composition of European sub-regions by country (UNWTO)	55
Annex A 2.1:	Arrivals in 8 new Member States generated from 12 old ones	57
Annex A 2.2:	Arrivals in 6 old Member States generated from 3 new ones	58
Annex A 3.1:	Overnight stays in 6 old Member States generated from 3 new ones	59
Annex A 3.2:	Overnight stays in 7 new Member States generated from 12 old ones	60
Annex A 4:	Receipts per arrival and expenditure per trip, 2004	61
Annex A 5:	Breakdown of tourists by age group and destination, 2004	62
Annex A 6:	Market for accessible tourism by country	63
Annex A 7:	Accessible tourism supply by country	64
Annex A 8:	Growth competitiveness index, rankings 2005/2004	65
Annex B 1:	Abbreviations	66
Annex B 2:	Technical terms	67
Annex B 3:	Bibliography	70





# Summary

This report updates the Commission's first analysis of the European tourism sector<sup>1</sup> and extends it to the tourism industry of the enlarged Community.

It reveals that Europe is a very stable tourist destination compared to other large regions in the world. The enlargement process contributed to this by inducing international arrivals not only in the new Member States, but also between old and new Member States. The still existing gaps in income – figure 1 on page 6 shows its rapid growth in the new Member States - and the differences in travel habits open a tremendous number of business opportunities and offer incentives to improve competitiveness.

Main findings:

## ***Enlargement increases tourism demand and creates business opportunities***

1. In the first years of the 21<sup>st</sup> century – despite an international environment that jeopardized the performance of global tourism – **Europe consolidated its position as tourist destination No. 1 in the world.** Whereas the growth rates of international arrivals worldwide even turned negative in 2001 and 2003 they continued growing in Europe.

Since 2004 global international arrivals have accelerated again. The increase continued irrespective of the rise in oil prices. This greater independence of a highly volatile price, such as the oil price, is a good example that environmental and economic sustainability are positively interconnected.

2. The enlargement process contributed to improving Europe's position as a tourist destination. The Community's accession policy and the market oriented policies in the new Member States facilitated astronomical increases in tourist flows between old and new Member States that continue. The overnight stays in the nearest old Member States generated by the three largest new Member States (Poland, Hungary and Czech Republic) grew by 56 % in the period 1997 to 2004 and 26 % in the opposite direction. Thus, the importance of intra-European tourism increased during the process of enlargement.

3. The divergent price levels in old and new Member States will incontestably intensify competition. On the other hand the high GDP growth rates in the new Member States foster the development of tourism and thus open new markets and business opportunities for tourism enterprises.

4. Due to the income gap between old and new Member States the number of overnight stays by residents is significantly lower in the new Member States. For the same reason the hotel capacity in the new Member States is more used by non residents. Since the main reason for this difference in the structure of tourism demand in old and new Member States is the economic situation, the rapid eco-

---

<sup>1</sup> European Commission: The European Tourism Industry – a multi-sector with dynamic markets, 2004. In the course of this report referred to as '*2004 report*'.

conomic growth in the new Member States will lead to approximation offering business opportunities during the period of developing demand.

5. The process of demographic aging is characterized by a growing share of people older than 65. Data show that, without significant differences between old and new Member States, tourists aged 65+ continue travelling and do not reduce their travel expenditure severely. Taking into account that **this age group prefers domestic destinations, the shift in the demand structure caused by demographic aging will open new markets** in particular for the regionally oriented smaller tourism companies as long as they meet the higher requirements of this age group concerning service quality and accessibility.

Within the process of demographic aging the number of tourists with activity limitations will rise as well. **A recent study estimates that it amounts to 260 mio people representing EUR 166 bn of potential turnover.** Since the share of tourism facilities meeting their needs currently is quite low in all Member States the catering of this market will initiate increases of service quality resulting in improved competitiveness of the tourism industry in general.

### ***Accelerated structural change increases competition and competitiveness***

6. The structure of tourism enterprise is quite similar in old and new Member States: More than 90 % are micro-enterprises employing 1 to 9 persons. 95 % (of all tourism enterprise) belong to the HORECA sector, whereas travel organisers account for 4.2 % of tourism enterprises (3.5 % in the old and 7.9 % in the new Member States yielding, however, 28 % of the turnover of the sector in the old and 19 % in the new Member States).

7. As response to the rapidly increasing tourism demand in the new Member States the number of bed places grows with a higher velocity (between 1996 and 2004 by 36 % in the new Member States and 11.3 % in EU-15).

Even when the number of hotels per inhabitant is on average significantly lower in the new Member States compared to EU-15, this process induces structural change in the accommodation sector that will incontestably raise quality and improve its competitiveness. Regarding competitiveness issues in the tourism sector it is important to note that, in particular for the 'immobile enterprises' of the HORECA sector, the competitiveness of the respective destination is the most important factor.

8. Whereas the number of hotels per inhabitant is significantly lower in the new Member States, the number of tour operators per inhabitant is markedly above average. Considering that the largest markets for tour operators are located in old Member States this hints at a **considerable pressure towards structural change in this sub-sector.**

### ***Tourism contributes to the employment goals of the Lisbon strategy***

9. Tourism is a job engine: The number of people occupied in the HORECA sector grows faster than the total labour force.

Employment in the HORECA sector particularly contributes to youth employment. The age group 15-24 years is more than twice as large (22.4 %) than in all branches (10.3 %).

10. The lower share of tourism employment on total employment in the Central and Eastern European new Member States should not be misinterpreted. Since in those Member States the importance of the service sector in general is still markedly below that in EU-15 which indicates the potential and pressure for the ongoing structural change share of tourism employment within the service sector and its importance to mitigate the structural change on the labour market in the new Member States is much higher.

11. The share of part time jobs is significantly higher in the HORECA sector (in particular in EU-15 Member States) compared to the total economy as well as to the service sector. Despite the higher share of part time jobs, the weekly working hours in the HORECA sector are on average 2.2 hours above those of all branches showing large variations between Member States in correlation to the importance of part time work.

12. The picture of the low labour productivity per person occupied in the tourism sector is characterized by the most labour intensive gastronomy sector (EUR 17 000 per person employed), whereas in hotels it is significantly higher (EUR 29 000). **The labour productivity in the tour operator and travel agents sector (EUR 56 000) is even higher than that of market services in general (EUR 41 000).**

When the wage differences in the sub-sectors are taken into account the differences are much smaller. This is also true with regard to the below average labour productivity of the Central and Eastern European new Member States and the wage level in these countries.

The low labour productivity indicates some potential for improving qualification and organizational measures. It should not be misinterpreted as the best indicator of competitiveness.

Competitiveness, in particular in the long run, depends on a multitude of other factors outside the enterprise such as public infrastructure and legal administrative framework. The World Economic Forum, for example, ranks the new Member States between position 20 (Estonia) and 67 (Romania), the old Member States between position 1 (Finland) and 47 (Italy).

### ***Tourism is an innovative sector fostered by innovation***

13. Innovation is of crucial importance for tourism, for it impacts on tourism demand as well as supply: The increase of international tourist arrivals since 1950 by 1745 % would not have been conceivable without the technological innovations in the transport sector that made car transport affordable to nearly everybody as well as air travel.

Innovation by the tourism enterprises themselves aims at lowering costs and improving service quality to increase competitiveness.

The same is true with regard to the uninterruptedly increasing online travel which not only changes consumer habits, but also facilitates new marketing strategies in the tour operator sector.

14. **Concerning the share of companies receiving orders online the tourism sector is above average of all branches.** The difference seems to be even bigger in new Member States. When the use of ICT for B-2-B-relations or management purposes is regarded, however, tourism enterprises are below the average of all branches.

15. Regarding product innovation **tourism is a very innovative sector.** Lots of new products (nature-based tourism, wellness, cultural tourism etc.) were developed to meet evolving demand. **Product quality and innovation are important factors to avoid the decline of destinations.** But since a tourist usually takes a decision in favour of the destination that offers to meet a bundle of wishes (accommodation, events, activities) the competitiveness of destinations can only be maintained or improved when the respective stakeholders are networking and the adequate public infrastructure is provided.

# 1. Introduction

The first sectoral report regarding tourism published in 2004<sup>2</sup> presented the essentials of tourism economics, the structure of demand and supply and the functioning of the several markets and sub-sectors, eg. hotels and restaurants and tour operators. Furthermore, it examined some problems of measuring the economic importance of the tourism sector. Inevitably its analysis was restricted to the European Union before enlargement, i.e., it considered the period 1950 until 2003.

The three years that have passed since the publication of the first report being simultaneously the first years of the enlarged Community suggest not only the need to update the first edition, but also to focus on the changes in European tourism caused by this process and its presumable impact on the competitiveness of Europe's tourism industry. For it is not only the dimension of these two enlargements – the population of the European Union grew by about one quarter from about 380 mio in EU-15 to 485 mio people in EU-27-, but in particular the heterogeneity of the new Member States with regard to their political and economic history as well as diversity as tourist destinations that give these two enlargements an unique character.

The enlargement of the European Union and the process of demographic ageing are the main challenges for its tourism industry.<sup>3</sup>

This second sector analysis mainly has the same structure as the 2004 report:

- Chapter 2 examines changes in tourism demand, global developments as well as the impact of enlargement and the Euro.
- Chapter 3 presents the structure of the enterprise sector including developments in old and new Member States.
- Chapter 4 – besides describing some peculiarities of the tourism labour market - highlights the contribution of the tourism industry to the goals of the Lisbon strategy.
- Chapter 5 concludes the report presenting findings on the use of information and communication technology in the tourism industry and the interconnectivity of innovation and competition, in other words the contribution of the tourism sector to the technology oriented goals of the Lisbon agenda.

Data collection was terminated in October 2006.

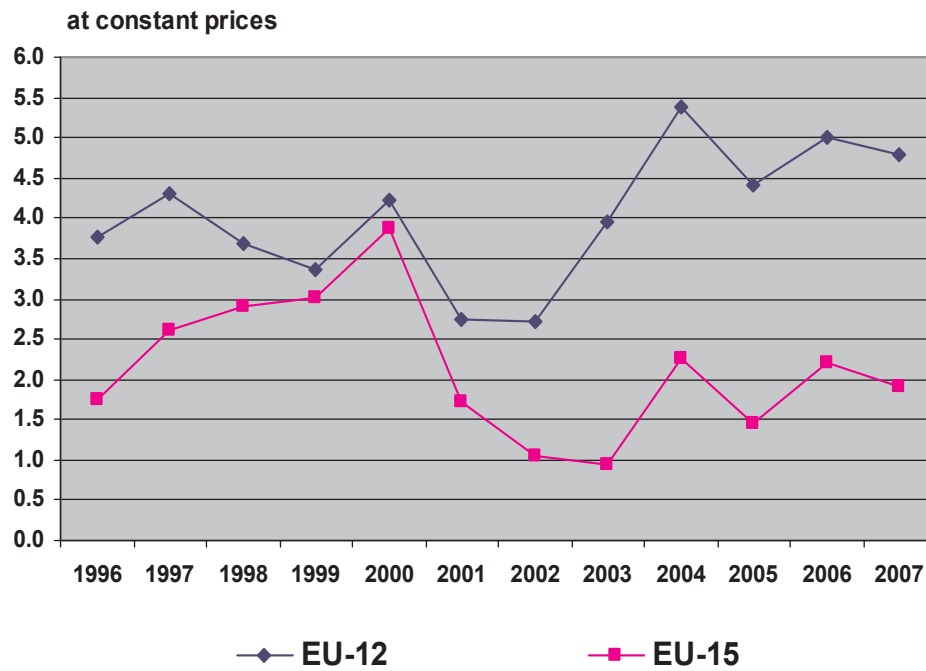
---

<sup>2</sup> 2004 report.

<sup>3</sup> Source: European Commission: Press release Commissioner Verheugen: 'Tourism among EU Commission's top priorities', Febr. 2005. See also the Communication on a renewed tourism COM (2006), 134 final [http://ec.europa.eu/enterprise/services/tourism/index\\_en.htm](http://ec.europa.eu/enterprise/services/tourism/index_en.htm), link: tourism/a big business for small businesses

## Enlargement supports economic growth

Figure 1: Annual GDP growth in old (EU-15) and new Member States (EU-12)



Source: Eurostat, Newcronos (in the following 'NC'), Economy and Finance, GDP and main components - Constant prices, incl. Romania and Bulgaria, not available (in the following 'n.a.'): Malta.

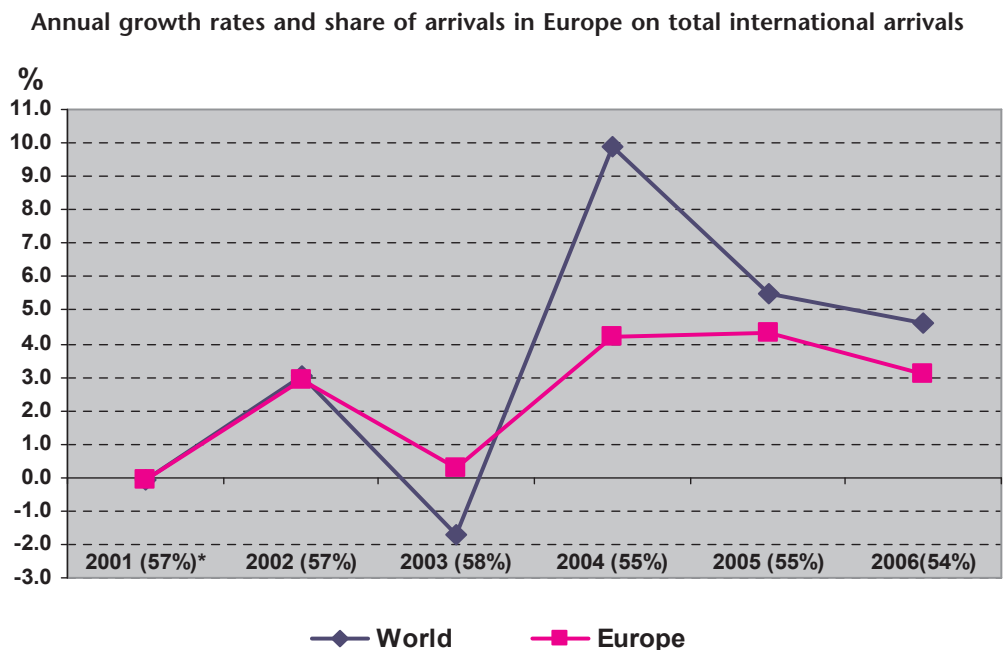
## 2. Tourism demand– Europe a stable and dynamic tourist destination

Tourism is one of the fastest running industries in the global economy fostering economic development worldwide. Between 1990 and 2000 international tourist arrivals globally increased by 51 %. International arrivals in Europe grew less than total international arrivals resulting in an increase of 41 %.<sup>4</sup>

Such developments led to rather pessimistic forecasts that the market share of Europe as a tourist destination would continuously decline.<sup>5</sup>

In the first years of the new century, however, world-wide international arrivals varied considerably. As figure 2.a shows, the annual growth rates were positive with the exception of the years 2001 and 2003.

**Figure 2.a: International tourist arrivals 2001-2006**



Source: UNWTO, *World Tourism Barometer*, Vol. 4, No. 1, January 2006, p. 3 and 5

\* figures in parenthesis represent the share of int. tourist arrivals in Europe on total int. arrivals

The slight global reduction in 2001 should not be exclusively attributed to the attack of 9/11, for the slow-down began already earlier in the year.<sup>6</sup>

The sharp decline in 2003, however, from worldwide around +3% in 2002 to -1.7% in 2003 seems to be linked to epidemic diseases such as SARS as well as to the military actions against Iraq.

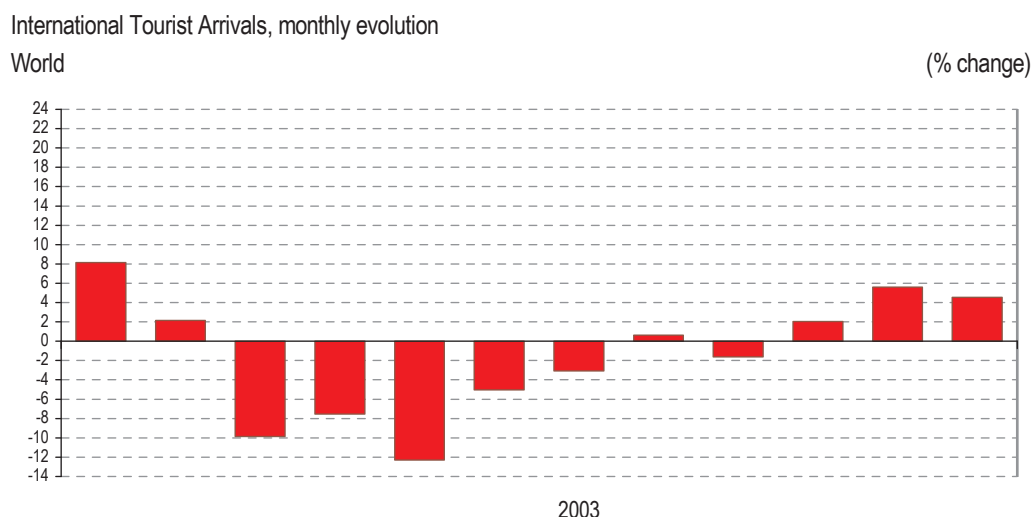
<sup>4</sup> Source: UNWTO: *Tourism 2020 Vision*, Vol 4, 2000, p. 9, UNWTO *World Tourism Barometer*, Vol. 4. No. 1, January 2006, p. 3. It should be noted that UNWTO considers Europe in its geographical dimension, i.e. it includes more countries than only the EU Member States (see annex A 1 on page 55).

<sup>5</sup> UNWTO predicted a decline from nearly 60% in 1995 to 46% by 2020. See UNWTO: *Tourism 2020 Vision*, Volume 4, 2000, p. 35.

<sup>6</sup> Source: UNWTO, *The travel industry's business model is broken. What's next?*, 2004, p. 1.

This becomes obvious when the growth rates of international tourist arrivals in 2003 are regarded month by month. They clearly follow the calendar of the air raids executed in March and April 2003.

**Figure 2.b: Month-by-month growth rates of global international tourist arrivals in 2003<sup>7</sup>**



Source: World Tourism Organization (UNWTO) ©

### ***A good example for environmental sustainability favouring economic sustainability***

After a recovery in 2004 due to the low level of arrivals in the reference year 2003 the growth rate of world-wide arrivals returned in the years 2005 and presumably 2006 approximately to the average of the decade before.

UNWTO concludes in a recent evaluation of oil price increases on tourism that the performance of tourism is much more influenced by economic growth than by variations of the oil price.<sup>8</sup> According to this analysis the impact of the oil price increase will be weaker than during the two crises in the last century because the economies of the oil importing countries are much more independent of oil than before.<sup>9</sup>

This result is a very good example that more sustainability and good performance of tourism which is necessarily based on travel are not conflicting goals, but, in contrast, contribute to a continuous tourism development. In other words: An environmentally sustainable tourism creates the preconditions necessary for its economic sustainability.

### ***Europe the most stable tourist region of the world***

As Figure 2.a revealed international tourist arrivals in Europe continued increasing even in the year of the sharp decline of global international arrivals (2003). This at

<sup>7</sup> Source: UNWTO, World Tourism Barometer, Vol. 4. No. 1, January 2006, p. 2.

<sup>8</sup> Source: UNWTO, The impact of rising oil prices on international tourism, March 2006, p. 10. It should be noted, however, that the UNWTO analysis is based on the performance of tourist arrivals only. Other parameters such as length of stay, tourism expenditure or turnover of tourism enterprise are not taken into account.

<sup>9</sup> Source: UNWTO, The impact of rising oil prices on international tourism, op. cit. p. 23.



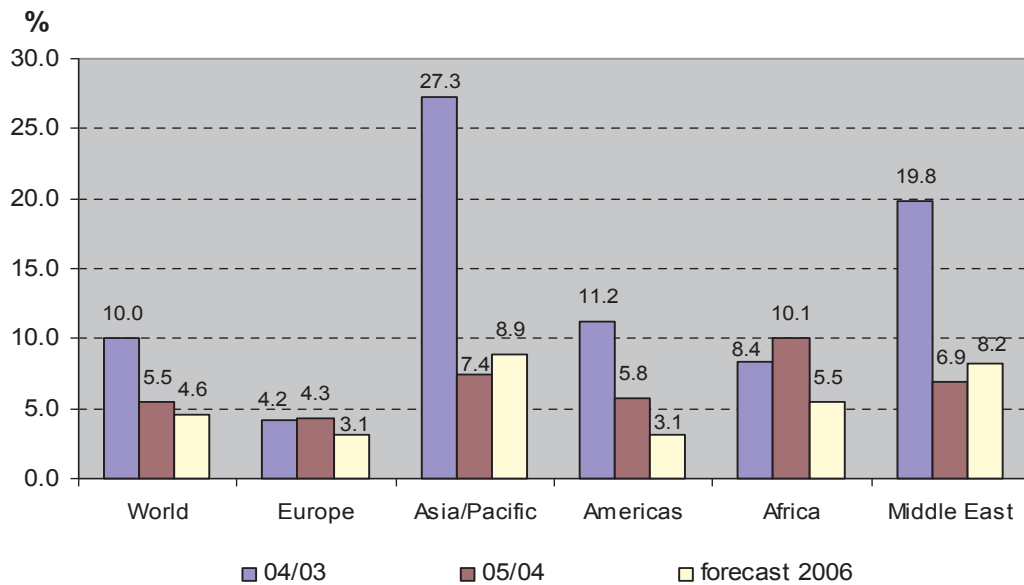
first glance surprising development, however, should not be misunderstood to mean that European destinations attracted more tourists from outside Europe, for the indicator ‘international tourist arrivals’ comprises all trans-border tourist arrivals, i.e. also those within Europe. The increase is more probably caused by European citizens changing their travel plans from long-haul travel to intra-European travel. Such shifts from long-haul travel towards short-haul or intra-European travel are also supported by the surcharge raised by airlines as a result of oil price increases.<sup>10</sup>

Moreover these figures do not allow us to conclude whether the European tourism industry as a whole benefited from this increase. It is plausible to assume that the accommodation sector recorded economic advantages, whereas airlines and tour operators yielded less turnover in long-haul business.

Such opposed developments, however, particularly in a region for which a long-term decline is predicted, again underline the importance of political safety for the direction of tourist flows.

The relative stability of Europe as a tourist destination becomes even more apparent when the performance of international tourist arrivals in Europe is compared to that in other large regions. Figure 2.c clearly shows the huge variations of arrivals in Asia and the U.S. compared to Europe.

**Figure 2.c: Growth rates of international tourist arrivals by regions**



Source: UNWTO, *World Tourism Barometer*, Vol. 4, No. 1, January 2006, p. 5

The share of international tourist arrivals in Europe on all international tourist arrivals remains at 55% or more (see figure 2.a on page 7. Its increase to 58 % in 2003, nearly the value of 1995, shows that it is not impossible to stop this forecast downward trend.

A comparison of the Vision 2020 forecast with the real development of international tourist arrivals reveals that the performance of global international tourist

<sup>10</sup> Source: UNWTO, *The impact of rising oil prices on international tourism*, op. cit., p. 29.

arrivals followed UNWTO's forecast, whereas international tourist arrivals in Europe are above the predicted trend.<sup>11</sup>

Since Central and Eastern Europe is one of the big winners, if not the cause of this development, the following sections try to shed light on possible contributions of enlargement and a sometimes presumed negative impact of the Euro.

## 2.1 The Euro as determinant for demand shifts within Europe?

Even when the development of international arrivals shows that Europe as a tourist destination gained stability at the beginning of the century, it cannot be ignored that the growth rates of international tourist arrivals within Europe vary remarkably.

The big winners in 2004 were Eastern Europe (+11 %) and Northern Europe (+9%), whereas Western and Southern Europe recorded only +2 % each.<sup>12</sup>

Two reasons seem to be conceivable: the introduction of the Euro as a single currency in 2002 and the impact of EU enlargement in 2004.

Enlargement is, as will be shown in the next section, an important condition for the development of tourism demand in the new Member States, but it cannot explain the high growth rates of international tourist arrivals in Northern Europe.

When the growth of international tourist arrivals in individual countries is regarded, the picture becomes clearer: Table 2.1 reveals that according to UNWTO data Member States not belonging to the eurozone on average have significantly higher growth rates in international arrivals than eurozone members.<sup>13</sup>

**Table 2.1: Growth rates of international tourist arrivals 2001-2004 by country of destination**

		growth rate '02/'01	growth rate '03/'02	growth rate '04/'03
Germany		0.6	2.4	9.4
Finland		1.7	-9.5	9.2
Netherlands	<b>E</b>	1.0	-4.3	5.1
Ireland	<b>u</b>	1.2	4.4	3.2
Spain	<b>r</b>	4.5	-2.8	3.1
Austria	<b>o</b>	2.4	2.5	1.5
Luxembourg	<b>z</b>	5.0	-2.0	0.8
Belgium	<b>o</b>	4.2	-0.4	0.3
France	<b>n</b>	2.4	-2.6	0.1
Portugal	<b>e</b>	-4.3	0.5	-0.8
Greece		0.9	-1.5	-5.0
Italy		0.6	-0.5	-6.4

>>>

<sup>11</sup> Source: UNWTO, Cabrini, Luigi, Impact of the European Union Enlargement on tourism development in Europe, Conference, Vilnius, Lithuania, 1-2 March 2006.

<sup>12</sup> Source: UNWTO, Tourism market trends, Europe, ed. 2005, p. 53 ff.

<sup>13</sup> For the countries available at Eurostat, the figures cannot be confirmed in all cases by Eurostat.

		growth rate '02/01	growth rate '03/02	growth rate '04/03
Romania		-2.9	10.6	23.0
Lithuania		12.4	4.4	20.7
Estonia		3.2	7.3	19.7
Czech Rep.		-11.8	10.8	19.4
Bulgaria		7.8	17.9	14.4
UK		5.9	2.2	12.3
Latvia		43.5	14.5	11.2
Slovenia		6.8	5.5	9.2
Poland		-6.8	-1.9	4.2
Malta		-3.9	-1.4	3.4
Cyprus		-10.3	-4.8	2.0
Sweden		0.4	-1.3	1.7
Slovakia		14.7	-0.9	1.0
Denmark		-0.9	1.1	-3.3

Source: UNWTO: *Tourism market trends, Europe, ed. 2004 and 2005, annex 7 (n.a. HU)*

The performance in Denmark (-3.3%) and Sweden (1.7 %) as non-eurozone members, however, seems to contradict the assumption that there is a direct effect from not belonging to the eurozone. But it must be considered that their currency is pegged to the Euro.

This difference in growth of tourist arrivals does not mean that the tourism industry in the eurozone lost demand to neighbouring countries to the same extent, for the figures above consider arrivals in these countries from all over the world.

Despite the widespread temptation to take the introduction of the Euro as a single currency as the most obvious explanation for the performance of the tourism industry, it must be admitted that the Euro exchange rate in 2004 can at the most give some reasons for the varying growth rates of arrivals between eurozone and non-eurozone members. But the performance in 2004 cannot answer the question of the impact of the Euro on European tourism, for nobody knows which development would have taken place in a Community with 25 individual currencies.

Moreover, the exchange rates of the national EU-15 currencies have been pegged already since 1999, three years before the Euro was introduced as the single currency in 11 Member States. As long as just the common exchange rate of the members of the later eurozone is considered, it of course can impact tourism in both directions.

Furthermore, the impact of the strength of the Euro exchange rate must be connected to the relative price stability in the eurozone. A situation with less price stability, however, could have been much worse for the tourism industry, for in this case it would be very likely that not only incoming tourism ceases and outbound grows, but in addition tourism demand within the eurozone decreases because of reductions in real income.

Last but not least, the table above only considers the change in arrivals, not the tourism sector as a whole, in particular not the impact on the tour operator business. They may benefit not only from a strong Euro exchange rate with regard to tourists leaving the eurozone, but also to Member States which are not yet

eurozone members and a strong exchange rate of their currency against the Euro.<sup>14</sup>

But instead of further deepening this question of the impact of the single currency which is of more or less academic interest, the possible impacts of enlargement on tourism demand should be clarified.

## 2.2 The impact of enlargement on tourism: Increasing tourist flows between old and new Member States

Many have asked the question about the impact of EU enlargement on the economy, in our context, on the tourism sector. Some of them said that the rapid increase of tourist arrivals in Europe in 2004 was caused by the accession of new countries to the EU. But figure 2.a on page 7 highlighted that in 2004 international arrivals all over the world recorded a remarkable increase.

Considering this it would be difficult to provide evidence that the growth of international tourist arrivals in the new Member States in 2004 was solely caused by their accession to the Community.

And how could the increase of arrivals to Romania and Bulgaria<sup>15</sup> as well as to the Candidate countries Croatia and Turkey<sup>16</sup> be explained, if in the new Member States it was just the impact of accession?

To evaluate the impact of enlargement, it must first be clarified what enlargement means in reality. Did its economic effects really start with a bang on 1st of May 2004?

One of the main elements or rather prerequisites of accession to the EU is the creation of a market economy with respect to the achievement of certain criteria as defined in the Resolution of the European Summit of Copenhagen in 1993. Economic liberalization in the Central and Eastern European new Member States already started soon after the fall of the iron curtain, and the first formal step towards accession was done by concluding the Europe Agreements at the beginning of the 1990s.

***Does this mean that 1st of May 2004 and 1st of January 2007 are of no economic importance for the tourism sector?***

This question can clearly be denied. The formal act of accession was the most important step in the enlargement process. For more than one decade the new Member States have undertaken - supported by the long-term oriented and consequently carried out accession strategy of the EU - all the efforts needed to meet the accession criteria. Without the final goal of accession this process would not have taken place in that manner and with such a remarkable velocity.

---

<sup>14</sup> The strong exchange rate of the Zloty, for example, made tour operators such as TUI with its branches Scan and TUI itself expect increasing turnover up to 35% in Poland. Source: brochure Europäische Veranstalter 2004, No. 13/2005, Beilage (supplement) to the magazine FVW international, Germany, p 22.

<sup>15</sup> See annex A 2.1. From 2004 to 2005 Bulgaria was even the fastest growing destination in Central and Eastern Europe. See: Wong, Clement: The future of travel and tourism in Europe, 11.5.2006.

<sup>16</sup> Source: Eurostat, Panorama on tourism, ed. 2006, p. 4.

But regarding economic impacts, enlargement should be understood as a process that began by concluding the accession agreements and crossed its first winning line on 1<sup>st</sup> of May 2004. For at that time most of the economic policy measures facilitating the development of the EU tourism market in the enlarged Community had been undertaken.

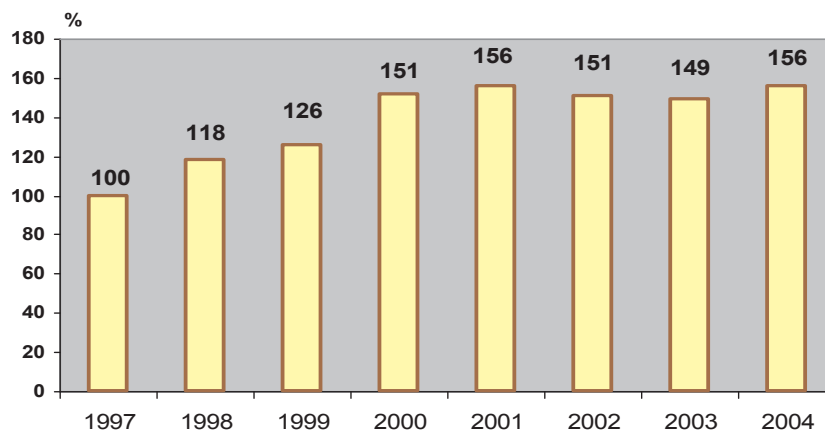
### *Rapid increase of tourist flows between old and new Member States*

Within that period the tourist flows between old and new Member States increased astronomically and much faster than arrivals or overnight stays by non-residents in the new Member States in total.

Unfortunately, data have not been available until 1995 (regarding tourism to new Member States generated by old Member States) respectively 1997 (in the opposite direction) and not for all of the new and old Member States on a country by country basis. But it can be assumed that – because of the lower starting point in the new Member States - the increase would be even more significant when taking into account also the very early years after liberalisation.

Figure 2.2.a below depicts that overnight stays generated from the three largest new Member States in the nearest old Member States increased by 56 % in the years 1997 to 2004.

**Figure 2.2.a: Increase of overnight stays in 6 old Member States generated from 3 new ones**



Source: UNWTO (1997 = 100) overnight stays generated from Poland, Hungary and Czech Rep. in Italy, Netherlands, Sweden, Finland, Germany, Austria

Unsurprisingly, as annexes A 2.2 and 3.1 on pages 58 and 59 show, the growth rates of tourist flows to individual Member States are not at all equal. The overnight stays in Italy, for example, grew by 81 %, closely followed by Austria (+71 %), whereas Germany – mainly because of the high level of tourist flows in the reference year - recorded only an increase of 6 %.

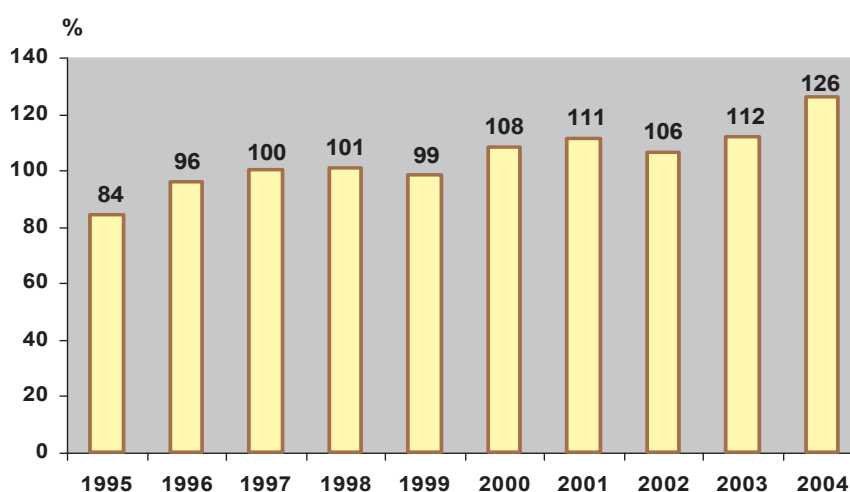
As five of these six countries belong to the eurozone and Sweden as a non-eurozone member ranks below average (+17 %) just as the eurozone member Finland (+15 %, both increasing in 2004), other factors than the Euro exchange rate are obviously more important.

Since, as will be shown later, the majority of holiday travel takes place among neighboring countries, the increase of overnight stays by residents of these three new Member States to Austria is markedly higher when Slovenia is considered additionally and Estonia with regard to Finland.

The growth rates show a remarkable slow down in the first years of the century. This slow down reflects - besides the peak reached in 2000 - the influence of the international environment. But there is no link to the enlargement process, for the growth of tourist departures from these countries to the world diminished much more.<sup>17</sup> It is one of the indications for the hypothesis that in 2003 Europeans altered their travel plans and switched from long-haul destinations to destinations that can be accessed via land transport and explains the increase of international tourist arrivals in Europe in 2003.<sup>18</sup>

When choosing the same starting point (1997) overnight stays in new Member States by residents of old Member States increased as figure 2.2.b shows only by 26 %.<sup>19</sup> As well showing remarkable differences with regard to the destination countries (see annex A 3.2 on page 60).

**Figure 2.2.b: Overnight stays in 7 new Member States generated from 12 old ones**



Source: UNWTO (1997 = 100) (Overnight stays generated from PT, LU, IE not available (in Slovakia also not from UK) 7 new MS covered: CZ, HU, LV, SI, PL, SK, RO)

### ***Differing GDP growth rates and consumer prices are the main reasons***

One of the main reasons for the different growth rates of tourist flows from old to new and new to old Member States is the growth of GDP and personal income. GDP growth in the new Member States between 1995 and 2005 was nearly twice as fast as in EU-15 (46 % vs. 24 %<sup>20</sup>). Since the income elasticity of tourism is quite high,<sup>21</sup> tourism expenditure grow (and shrink) faster than disposable income.

<sup>17</sup> UNWTO, electronic factbook (former Compendium), basic indicators.

<sup>18</sup> See page 9 and figure 2.a, p. 7.

<sup>19</sup> The growth rates of tourist flows to the new Member States show, as the tables in annexes A 2.1 and 3.2 depict, a much bigger disparity between the destination countries (pp. 57, 60).

<sup>20</sup> See figure 1 on page 6. Source: Eurostat, NC, Economy and Finance, GDP and main components – Constant prices, incl. Romania and Bulgaria, n.a. Malta.

<sup>21</sup> In the new Member States the income elasticity of tourism demand is even higher than in the old ones. Source: Smeral, Egon, *Die Zukunft des internationalen Tourismus*, Linde Verlag Wien, 2003, p. 66 ff.

**Box 1:****Examples of the income elasticity of tourism related expenditure**

High income elasticity means that with rising income the share of consumption expenditure on the additional income spent for 'necessities' such as food and beverages shrinks, whereas expenditure for 'luxuries' is increasing. As far as expenditure on tourism is concerned figures show that the share of expenditures on transport varies between 9.7 % and 16.1 % between the lowest and the highest 20 %<sup>22</sup> of the income pyramid, the share of expenditure dedicated to recreation and culture from 8.5 to 10.9 %.<sup>23</sup>

The huge divergences of growth rates between the 7 new Member States shown in annex A 3.2 on page 60 can be easily explained by their different starting points in the reference year 1997.<sup>24</sup> At that time (and already before) countries such as Hungary and the Czech Republic, for example, were well-known tourist destinations, whereas Latvia, the new Member State with the highest growth rate was still developing as a tourist destination.

The huge country-specific variations of tourist flows from new to old Member States and vice-versa show the intensifying competition for the tourism industry in individual Member States. The disparity of the consumer price indexes between old and new Member States highlights to which extent price competition has increased.

Table 2.2 depicts that the consumer price level in the new Member States, except Cyprus, is significantly below the average consumer price index in EU-25.

**Table 2.2: Price level indices, 2002 (Eu-25 = 100)**

	Recreational and cultural services	Restaurants and hotels
<b>EU-15</b>		
BE	97	99
DE	100	92
DK	123	147
EL	82	89
ES	88	89
FR	109	92
IE	106	130
IT	99	101
LU	101	105
NL	94	103
AT	112	103
PT	76	79
FI	118	132
SE	121	127
UK	121	128
<b>EU-10</b>		
CZ	46	49
EE	65	71
CY	79	111

&gt;&gt;&gt;

<sup>22</sup> Source: Eurostat, Consumers in Europe, Facts and figures, data 1999-2004, ed. 2005, p. 26 and table 1.26.

<sup>23</sup> Source: Eurostat, Consumers in Europe, op. cit., p. 27 and table 1.28.

<sup>24</sup> Latvia's astronomical growth rate of 132 % is closely followed by Poland (123 %), whereas Czech Republic showed a comparatively moderate increase and Hungary even a slight reduction with regard to the year 1997.

	Recreational and cultural services	Restaurants and hotels
LV	55	66
LT	52	64
HU	51	55
MT	72	78
PL	58	68
SI	71	68
SK	32	34

Source: Eurostat, *Consumers in Europe, facts and figures, data 1999-2004, ed. 2005, pp. 34, 35*

This disparity explains why the receipts per arrival are significantly lower in the new Member States (ranging from EUR 200 in Latvia to EUR 875 in Slovenia) than in the old Member States (EUR 435 in France to EUR 1.660 in Sweden and EUR 3.370<sup>25</sup> in Luxembourg). On the other hand, due the divergence in per capita income the expenditure per trip generated from new Member States is significantly below that of a trip generated in an old Member State.<sup>26</sup>

### *Increasing business opportunities*

This present gap represents growth potential and the business opportunities for tomorrow. For the higher GDP growth rates in new Member States will lead to a steady approximation in income which means, fast growing tourism generated from the new Member States and increasing tourism expenditure. Today the average lower income in the new Member States makes smaller and cheaper accommodation establishments more attractive for travellers from these countries constituting business opportunities in particular for the majority of family-run hotels giving them the opportunity to gain new customers and adapt their offer to changing wishes by developing long-term customer relationships.

#### **Box 2:**

##### **Choosing the right indicator and starting point**

Quite often the number of tourist arrivals and their growth rates is used to compare demand shifts between countries or regions. For the purposes of this report the year 1997 was selected as the statistical reference year because from that year on a continuous series of figures is available for a sufficiently large number of Member States. Choosing an earlier basis year might have led to other results, for with regard to individual countries the growth rates of tourist arrivals in respect of overnight stays were sometimes higher sometimes lower. Thus, the results presented above could be considered to be a random event. It is even possible, that the growth rates of tourist flows from old to new Member States would be higher than vice-versa. But even if such figures could be presented they cannot present evidence for a conclusion that the tourism industry of the new Member States profits more from enlargement than tourism enterprises in the old Member States. To come to such conclusions Tourism Satellite Accounts would be needed.<sup>27</sup> Tourist arrivals are only an indicator for tourist flows, not for the distribution of money between countries or tourism-subsectors. But even when only the growth rates of arrivals are regarded the very different starting levels in new and old Member States should be taken into account. The share of international tourist arrivals in Northern, Western and Southern Europe on all international tourist arrivals in Europe in 2004 still amounts to 79.5 % (41.4 % of the arrivals world-wide) whereas Central and East-

<sup>25</sup> The extraordinary higher value of tourism receipts per arrival in LU is explicable by the small size of the country and the definition of tourism receipts that include not only expenditure for transport, lodging and food but also for shopping and even the expenditure of same-day visitors (definition see annex B 2, p. 67).

<sup>26</sup> See annex A 4, p 61.

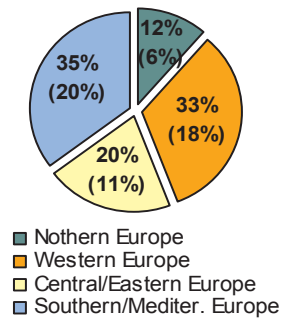
<sup>27</sup> TSAs present the tourism sector according to the internationally standardized SNA methodology (System of National Accounts). For a more detailed explanation see p. 14, box 2, of the 2004 report.



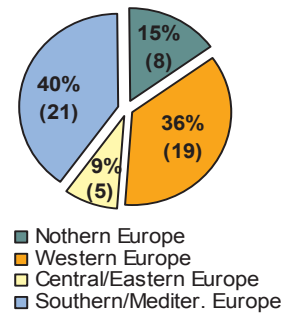
ern Europe holds a share of only 20.4 % (corresponding to 11.3 % world-wide). The same is true with regard to the distribution of tourism receipts between these regions.

Moreover it is to be acknowledged that intra-EU tourist arrivals have increased since 1990 by 3 percentage points reaching 88 % in 2004<sup>28</sup> which might be, besides the 'international effects' described above on page 7, a consequence of vital business activities leading to more business tourism<sup>29</sup> and an increase of consumer confidence to spend holidays in a region offering a multitude of tourist products to easily comparable prices. These factors behind the development of growth rates of arrivals or overnight stays enlighten the complexity of the process called 'enlargement' and its overall positive outcome for Europe as a tourist destination.

Int. arrivals, share of Europe and World, 2004



Int. receipts, share of Europe and World, 2004



Source: UNWTO: *Tourism market trends 2005, Europe, ed. 2005, p. 35, 37, annex 7,14*  
(figures in parenthesis = share on world tourist arrivals/receipts)

## 2.3 Structures of tourism demand

Since due to the high income elasticity of its demand tourism is a highly demand driven sector<sup>30</sup>, the markedly lower per capita income in the new Member States is supposed to have a significant impact not only on the level of demand, but also its structure. An analysis of the tourism sector has to encompass not only quantitative developments as in the previous sections, but also the most important structures and their changes. With regard to the new Member States and their impact on European tourism, it is of additional interest to determine whether significant differences in the structure of tourism demand in old and new Member States exist, and if so how they influence the future development of the industry.

### *Domestic trips prevail in old and new Member States*

As long as the number and destination of trips is regarded, no major differences seem to exist.<sup>31</sup> Figure 2.3 on next page depicts that most of the trips, even those lasting four nights and more, are domestic. The economic reason behind this is the high importance of transportation costs consuming a tourism product. Thus, it is

<sup>28</sup> UNWTO, *Tourism Market Trends, Europe, ed. 2005, p. 38.*

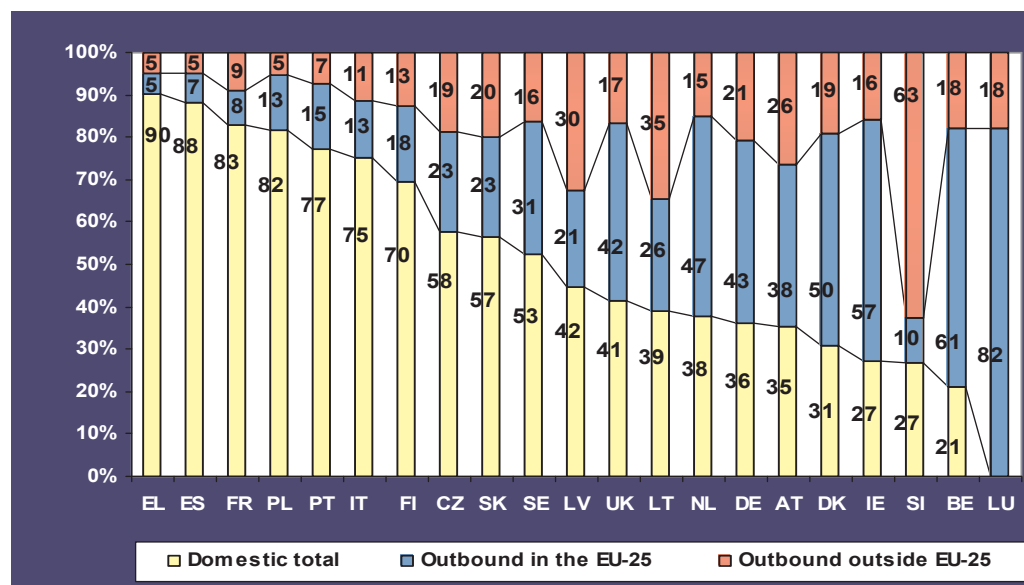
<sup>29</sup> Intern. tourist arrivals with business purposes are in new Member States far above the European average. Only in the first four months 2006 they increased in Lithuania by 15 %, Latvia 29 % and Romania by 12 %. Source: UNWTO: *World Tourism Barometer, vol. 4, No 2, June 2006, p. 14.*

<sup>30</sup> This close link between rising income and tourism demand exists not only with regard to personal income, but also on macroeconomic level. One of the most recent examples is the upswing in the area of package travel in Scandinavian countries in 2005 induced by the increase of GDP. Source: magazine *FWW international*, Germany, *Tempomacher*, 13/06, 26.05.2006, article: *Erholung für Europas Reisemärkte*, p. 20 ff.

<sup>31</sup> With regard to travel motives, however, in some of the new Member States (in particular Slovakia and Estonia) the importance of business tourism is significantly higher than in the others. Source: Eurostat; SIF, *hotels and restaurants in Europe*, 38/2004, p. 6.

not surprising at all that most of the trips undertaken are domestic or have destinations within Europe.<sup>32</sup>

**Figure 2.3: Breakdown of holiday trips by geographical location of destination, 2004**



Source: Eurostat, *Statistics in focus (in the following 'SIF') 18/2006, How Europeans go on holiday*, p. 2 (and own compilation). n.a. EE, HU, MT, CY.

If trips of less than four nights were included, it is even more obvious that most of the holiday trips are directed to nearby destinations. The fact that some of the new Member States show a higher share of extra-EU trips does not contradict this observation because of their closeness to non EU countries, whereas most of the old Member States are separated by the sea from extra-EU territory.

### ***Railway and coaches preferred in the new Member States***

Tourism and transport are irrevocably interconnected. This is particularly true with regard to air travel: About 80 % of total EU air travel is related to tourism, whereas across all means of transport, tourism-related-transport amounts to only 17 %.<sup>33</sup> Corresponding to the tourist flows between the Member States the main transport direction is from the north to the south (in particular towards France, Spain and Italy), whereas the contribution of the new Member States to the volume of tourism transport is markedly lower.<sup>34</sup>

Even though the share of tourism related transport on total transport is on average quite low, it should be noted that the environmental impacts vary largely between Member States (those most affected are large and centrally located Member States such as France and Germany) and seasons.

<sup>32</sup> Particularly remarkable is the example of Slovakia and the Czech Republic which are, as far as trips are regarded, mutually the most important tourist destinations (see the back of the cover page). But also in Denmark 2/3 of the turnover generated by non-residential tourists is created by travelers from Germany, Sweden and Norway. Source: European Commission, ESPON, 2006, draft final report, p. 109. The tourist flows between Germany and Poland confirm that context as well, cf: dwif, [www.s-tourismusbarometer.de](http://www.s-tourismusbarometer.de).

<sup>33</sup> Cf. European Commission: Feasibility and preparatory study regarding a Multi-stakeholder European Targeted Action for Sustainable Tourism & Transport, The Hague, 2004, p 39.

<sup>34</sup> Ibidem, p.38.

When the modes of transport used for tourist travels are considered, a striking difference between old and new Member States can be observed. Due to the income gap and the prevalence of nearby destinations **air travel is of less importance in the new Member States, whereas travel by railway and coach shows significantly higher shares than in the old Member States.**

**Table 2.3: Breakdown of trips by mode of transport used, 2004**

%	private vehicle	Air	Rail	Coach	Waterway
EU-25	57.5	25.2	8.1	7.6	1.6
EU-15	57.3	27.0	7.5	6.4	1.7
BE	57.8	29.8	4.8	6.4	1.2
CZ	59.7	10.7	9.1	19.9	0.5
DK	43.3	39.0	6.6	8.7	2.3
DE	53.5	28.6	7.5	10.4	:
EE	37.1	19.2	:	36.0	7.7
EL	55.8	8.4	1.8	13.0	21.1
ES	71.1	14.7	4.3	8.0	1.8
FR	72.5	12.1	12.3	2.4	0.6
IE	25.4	65.9	2.3	1.8	4.6
IT	60.9	19.0	9.3	5.0	5.8
LV	42.6	16.4	17.0	20.0	4.0
LT	48.8	13.5	18.9	13.5	5.3
LU	52.1	37.5	4.5	4.5	1.3
HU	64.0	5.2	15.0	15.6	0.2
NL	67.3	23.5	3.4	4.4	1.4
AT	55.4	30.5	6.5	7.0	0.4
PL	58.4	3.5	18.7	19.4	:
PT	64.6	21.5	2.8	9.1	1.9
SI	82.1	8.8	2.1	5.5	1.5
SK	47.9	14.7	11.0	26.3	0.1
FI	55.6	24.5	9.0	5.7	5.3
SE	52.0	34.5	4.2	5.8	3.5
UK	37.3	50.8	5.0	5.2	1.7

Source: Eurostat, SIF 18/2006, *How Europeans go on holiday*, p. 4, n.a. Cyprus, Malta

But this difference in travel habits can be easily explained by the difference in per capita income as well as travel expenditure and is supposed to diminish due to the approximation of income levels between old and new Member States. Nevertheless, they also hint at business opportunities, for it maybe expected that they will diminish due to the approximation of per capita income. This development will certainly be reinforced by the growing importance of low cost carriers.

To regard only the number and destination of trips, however, is not sufficient to answer the question whether the core of the tourism industry, the accommodation sector, is affected more by domestic or inbound tourism.

The number and destinations of trips only indicate the tourist flows and the use of transport infrastructure, but do not tell us anything about activities affecting private and public tourism facilities.

### 2.3.1 Developing demand structures in the new Member States

Notwithstanding the rapidly growing number of arrivals between old and new Member States and the fact that in all Member States most holiday trips are domestic, there are characteristic differences in tourism demand to be observed.

#### *Less overnight stays in the new Member States represent potential demand*

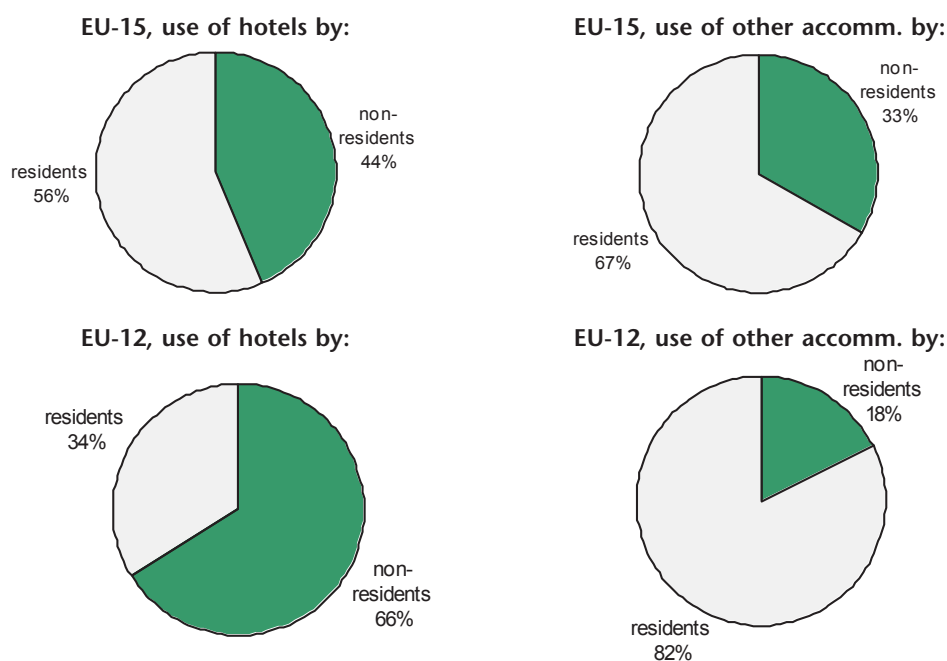
The number of overnight stays by residents and non-residents in all types of accommodation totals about 169 mio in the new and 1.9 bn in the old Member States. Even when the differences in geographical size and population are taken into account, significant differences remain. The number of overnight stays per inhabitant equals 2 in the new and 5 in the old Member States.<sup>35</sup>

That the reasons for these differences are clearly economic and are not interconnected with factors such as attractiveness can easily be shown when the demand structure is regarded.

The share of overnight stays in all types of accommodation by residents is significantly lower in the new Member States compared to old Member States (50 % vs. 60 %), whereas the share of overnight stays by non-residents is higher in the new Member States (50 %) compared to EU-15 (40 %).

The economic background of these structural differences in tourism demand in old and new Member States becomes even more obvious, when the use of different types of accommodation is regarded. Figure 2.3.1 below shows that in the old Member States, hotel capacity is used to 56 % by residents and only to 44 % by non-residents; in the new Member States residential tourists obviously prefer the so-called 'other accommodation' (camp sites, youth hotels, social tourism accommodation and private accommodation), whereas hotels are preferred by non-residential tourists.

**Figure 2.3.1: Use of accommodation by residential and non-residential tourists in old and new Member States in 2004**



Source: Eurostat, NC, industry, trade, services/tourism and own calculation (n.a. IE for EU-15 and RO for EU-12)

<sup>35</sup> Source: Eurostat, NC, industry, trade and services/tourism, population and social conditions/population (own calculations) n.a. Ireland and Romania in total.

The gap in per capita income which leads to a significant difference of travel expenditure (in 2004 the average travel expenditure per capita amounted to EUR 1555 in the old Member States for which data are available compared to EUR 298 in 5 new Member States.<sup>36</sup>) can easily explain the lower number of tourists in the new Member States staying in hotels. **The difference represents the potential of domestic tourism that will be developing in the forthcoming years of economic growth in that region offering business opportunities for locally active tourism enterprises and related branches.**

### 2.3.2 Organisational modes of trips

The 2004 report revealed a clear difference between southern European Member States and others concerning the organisation of holiday trips. It was striking that trips organised by tour operators were of less importance in the south. The reason assumed was that the main holiday motive is sun and beach which can easily be reached in southern Europe without the services of tour operators or travel agents.

An examination of travel habits in the new Member States now sheds new light on this question, for in Poland as well the share of trips organised by tour operators is very low, whereas direct reservation and trips without organisation clearly prevail.

**Table 2.3.2: Breakdown of trips by organizational mode, 2004**

	travel agencies and tour operators				domestic total
	total	of which		direct reservation/ unspecified	
	(% of total trips)	package	other		
<b>EU-25</b>	<b>23.7</b>	<b>69.4</b>	<b>30.6</b>	<b>76.3</b>	<b>56.9</b>
<b>EU-15</b>	<b>24.2</b>	<b>68.6</b>	<b>31.4</b>	<b>75.8</b>	<b>55.7</b>
EL	5.5	30.7	69.3	94.5	90.2
ES	22.8	45.3	54.7	77.2	88.1
FR	11.9	55.5	44.5	88.1	82.9
PL	6.5	73.8	26.2	93.5	81.8
PT	12.3	38.6	61.4	87.7	77.4
IT	19.4	67.1	32.9	80.6	75.1
HU	:	86.1	13.9	:	72.8
FI	22.3	81.1	18.9	77.7	69.5
CZ	22.7	88.8	11.2	77.3	57.9
SK	33.9	80.0	20.0	66.1	56.6
SE	50.3	83.2	16.8	49.7	52.5
EE	34.0	83.3	16.7	66.0	50.7
UK	25.9	64.3	35.7	74.1	41.4
NL	35.3	53.4	46.6	64.7	37.7
DE	31.9	86.4	13.6	68.1	36.0
AT	29.3	18.9	81.1	70.7	35.3
DK	28.6	66.4	33.6	71.4	30.9
IE	33.0	55.5	44.5	67.0	27.4
SI	18.8	52.3	47.7	81.2	27.0
BE	31.1	66.7	33.3	68.9	21.2
LU	26.8	45.9	54.1	73.2	0.7

Source: Eurostat, SIF 18/2006, *How Europeans go on holiday*, pp. 2, 6 (direct reservation/unspecified own calculation)  
n.a. MT, LV, LT, CY, BG, RO

<sup>36</sup> Czech Republic, Lithuania, Slovenia, Slovakia, Poland. Source: Eurostat, NC, industry, trade and services/tourism (own calculation).

With regard to the organization of trips there is no principle difference between old and new or southern and northern Member States. Table 2.3.2 on previous page rather shows that the variable explaining the lower share of travel organized by tour operators or travel agents is the importance of domestic trips in a country.

Considering the impact of demand structures evolving in the process of rising incomes in the new Member States as pointed out above in section 2.3.1 it is mainly the hotel sector that will benefit from this and less the tour operators,<sup>37</sup> at least as long as the share of domestic trips remains high.

### 2.3.3 The age structure of tourism demand

According to the Center for Tourism and Service Economics at the University of Innsbruck (Austria) the current situation of the tourism industry is characterized by a lack of innovation, with only 'cosmetic changes in the product', to meet the main future challenges such as demographic aging. It recommends '... innovation-driven changes in production and marketing processes that reduce costs or product changes that offer more varied tourism experiences for quality conscious customers'.<sup>38</sup>

Before regarding the impact of innovation and structural change in the tourism sector in the following chapters, the qualitative and quantitative impacts of changes on the demand side in the process of demographic aging will be evaluated.

#### *Tourists 65+ maintain tourism demand*

As shown in detail in the table in annex A 5 (p. 62), the travel habits of the several age groups of tourists look very homogenous across all Member States.

As far as domestic and outbound trips in an individual Member State are concerned the travel habits across age groups are relatively stable. In Member States with high importance of domestic tourism such as the Czech Republic, Greece and Spain domestic trips remain important in all age groups and vice-versa in Member States in which outbound tourism prevails, eg. The Netherlands, Germany as well as the UK.

Unsurprisingly in all Member States the age groups travelling most are people between 25 and 64, i.e. the age groups with the highest share of people working and earning money. Across the 19 Member States for which data are available, without any significant difference between old and new Member States, their share amounts to 72% of all tourists spending more than four nights, whereas the share of tourists in the age groups of 15 to 24 years and 65+ represents 14% each.<sup>39</sup>

It is quite remarkable that the travel expenditure per capita in these age groups does not vary to the same extent as the number of tourists. **In particular in the age group 65+ the per capita expenditure is only slightly reduced compared to the younger age groups.**

---

<sup>37</sup> The gap in total travel expenditure per capita finds its equivalent regarding expenditure for package travel in old and new Member States which amount to EUR 427 per trip in the 4 new Member States for which these data are available (CZ, PL, SK, SI) compared to EUR 1007 in 8 old Member States (BE, DK, DE, ES, LU, NL, PT, FI). Source: Eurostat, NC, industry, trade and services/tourism (own calculation).

<sup>38</sup> Source: OECD, 2006, Innovation and growth in tourism, 2006, pp. 53, 54.

<sup>39</sup> Eurostat, NC, industry, trade and services/tourism + own calculation, 4 MS new = CZ, PL, SI, SK; 7 MS old = DE, ES, IE, LU, NL, PT, UK

**Table 2.3.3.a: Per capita travel expenditure in 2004 by age groups, in EUR**

	15-24	25-44	45-64	65+
7 old MS	1.639	1.613	1.885	1.724
4 new MS	241	331	319	199

Source: Eurostat, NC, industry, trade and services/tourism, NC, population and social conditions (based on stays of 4 nights and more)

This only slight reduction of travel expenditure despite the cut in income after retirement underlines that travelling has become an integral element of life style. Even the fact that in the 4 new Member States for which data are available by age group<sup>40</sup> the reduction in the age group 65+ is more significant than in the old Member States confirms this view. For it can certainly be assumed that the age group 65+ in the new Member States could not experience travelling during their working age to the same extent as citizens living in old Member States.

### **65+ stabilizes domestic tourism**

Distinguishing between domestic and outbound tourism in the above age groups makes it evident that the importance of domestic and outbound tourism changes during the life cycle.

Domestic tourism is of high importance in most age groups. Despite the fact that in some Member States outbound trips are increasing in the income earning age groups domestic trips remain of high importance during the life cycle.

In 19 Member States for which data are available the share of tourists undertaking domestic trips of four nights and more in 2004 varies between 49 and 46% in the age group 15-64. In the age group 65+, however, the share of domestic tourists suddenly increases to 55 %.<sup>41</sup>

This tendency is even more significant in the new Member States and explains, in combination with the lower price level, the lower per capita travel expenditure.

**Table 2.3.3.b: Growing importance of domestic tourism during life time (2004)**

	15-24	25-44	45-64	65+
<b>EU 19</b>	49	48	46	55
14 old MS	46	47	45	53
5 new MS	64	61	61	75

Source: Eurostat, NC, industry, trade and services/ tourism and own calculation  
14 MS: n.a. SE; 5 new MS: CZ, LT, PL, SI, SK

Taking into account this ongoing process of demographic aging resulting in a growing share of people older than 65 (and lower income) it means that tourism expenditure will not shrink in parallel to the reduction in income of a growing share of the population. It will rather result in an increase of the share of domestic and older tourists and turnover for the tourism industry catering for the domestic market.

<sup>40</sup> They represent more than 50 % of the population of the new Member States.

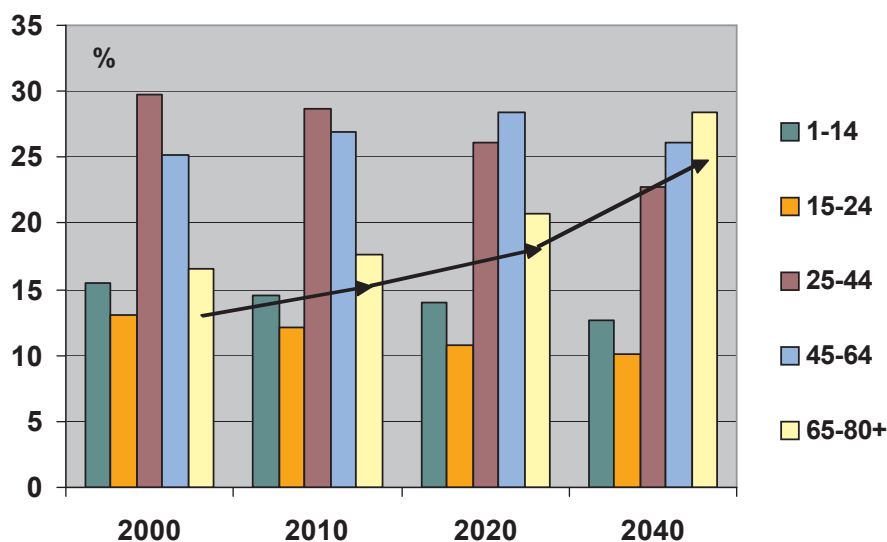
<sup>41</sup> Source: Eurostat, NC, industry, trade and services/tourism. If trips of 1 night and more were considered the importance of domestic tourism would certainly be even higher.

### *Increasing need for more quality and accessibility*

In the process of demographic aging the share of people older than 65 will be rising continuously from 17% in 2000 to 28 % in 2040.

In the course of this development the number of travellers with disabilities or activity limitations will rise as well, because about half of people with disabilities are older than 65 (see figure 2.3.3 below).

**Figure 2.3.3: The age pyramid**



Source: Eurostat, NC/population and social conditions

### *More accessibility creates turnover and improves service quality for all*

A recent study reveals that the number of people with accessibility needs in the European Union amounts to 127 mio. This figure comprises the 46 mio persons with disabilities in the age group 16 to 64 years and people older than 65.<sup>42</sup> To estimate the potential size of the market it is assumed that 70 % of disabled people are physically and financially able to travel, but that in particular disabled tourists are accompanied by travel companions and that in the case of families with disabled members travelling together the whole group can only travel when their accessibility needs are met.<sup>43</sup>

Thus the number of people requesting accessible products and services on the tourism market is much larger. According to the study it is estimated at 260 mio people corresponding to expected revenues of EUR 166 bn.<sup>44</sup>

It is striking that in contrast to this huge number of tourists demanding accessible tourism facilities the share of tourism facilities reported by Member States as being accessible – at least for wheelchair users - amounts to only 1.5 % of restaurants &

<sup>42</sup> Source: OSSATE, Accessibility market and stakeholder analysis, 20.10.2005, ed. 2006. For details see annex A 6, p. 63.

<sup>43</sup> 59 % of all families in the EU have a disabled member and on average 38 % of inhabitants have a friend with a disability. Source: OSSATE, op. cit. p. 60.

<sup>44</sup> Source: OSSATE, op. cit. p. 67.



catering facilities, 6.5 % of accommodation establishments and 11.3% of attractions.<sup>45</sup>

This very limited supply to meet accessibility needs makes clear that a large share of tourist demand and turnover remains unused. Other surveys reveal that many of those requesting accessibility do not travel because there are too many obstacles along the tourist service chain.

Therefore, the redesign of tourism establishments and services to this growing group of tourists will create opportunities and competition advantages as well as employment.<sup>46</sup>

---

<sup>45</sup> Source: OSSATE, op. cit., p. 75. For details see annex A 7, p. 64.

<sup>46</sup> Federal Ministry of Economic and Labour, Germany: 'Economic impulses of accessible tourism for all', documentation No 526, Nov. 2003.



### 3. The enterprise – rapid development in the new Member States increases competitiveness of the European tourism industry

Chapter 2 revealed the tremendous changes in tourism demand that took place in the process of enlargement. It would be surprising, thus, if in a competition based market economy the corresponding restructuring processes on the supply side did not follow with a comparable velocity.

From the economic policy view-point the question that interests most is not the process itself, but whether it will result in higher competitiveness and lasting economic growth increasing the number of jobs.

---

**Box 3:****The economic importance of tourism and its contribution to GDP in new Member States**

To avoid wrong expectations on the reader's side it should be clear that neither the rapidly rising demand described in chapter 2 nor the following sections allow any conclusions to be drawn about whether the economic importance of tourism in the new Member States is higher than in EU-15. Since the methodology of measuring the economic importance of tourism was already presented in the 2004 report<sup>47</sup> the considerations here are restricted to some additional remarks with regard to the new Member States.

Because of the lack of a supply side definition of the tourism sector, its contribution to GDP as the commonly used indicator to measure the economic importance of an industry is calculated with the help of so-called Tourism Satellite Accounts. This approach including the Commission's activities in that field was pointed out in the 2004 report.<sup>48</sup>

The contribution of the tourism sector in its narrow definition (direct impact)<sup>49</sup> to the EU GDP amounts to about 4 % on average of all Member States, but the contribution to national GDPs of Member States varies in the new Member States no less than in EU-15. Among the old Member States (Spain ranks at first place at nearly 7 %), in the new Member States Malta and Cyprus (13 and 11 %), whereas these relationships in all the others vary between 2 and 3 %.

These lower shares should not lead to the wrong conclusion that in these countries the contribution of tourism to the objectives of the Lisbon strategy would be negligible. For the growth forecasts of travel and tourism demand published by the WTTC clearly show the dynamic growth of tourism in the new Member States: Whereas the growth of travel and tourism demand in the whole Community is forecast at an annual growth rate of 3.5 % between 2007 and 2016, the annual growth rates in the new Member States are according to WTTC significantly higher varying between 4.3 % in Bulgaria and 7.9 % in Romania. Because of the higher GDP growth in those Member States the share of tourism on GDP will increase only slightly within the forecast period. Nevertheless it reveals that also in the new Member States it will contribute not only to higher growth rates of tourism demand on EU level, but also to achieving the growth and employment goals of the Lisbon strategy.

---

But since it is not a difference in number of enterprises or hotel rooms that answers the question whether tourism enterprises in the new Member States will contribute to increased competitiveness and growth and the job creation potential of the European tourism industry, the process of adaptation of tourism supply to the new market conditions during enlargement must be considered.

<sup>47</sup> 2004 report, op. cit., p. 11

<sup>48</sup> As the Commission's grant programme aiming at the establishment of TSAs in Member States did not yet cover all Member States, the figures used in Box 3 refer to the estimations published by the World Travel and Tourism Council (WTTC, UK), regional report: The 2006 Travel & Tourism Economic Research, pp. 3 and 7 as well as country reports ES, MT, CY, BG and RO p. 7.

<sup>49</sup> For an explanation of these terms see annex B.2 on page 67.

### 3.1 Main structures of tourism enterprise in old and new Member States

At first glance enterprise structures seem to be quite similar in old and new Member States. Regarding the type of enterprise, the restaurant sector provides the largest number, whereas the number of travel agents and tour operators is relatively small.

**Table 3.1: Number of tourism enterprises in old and new Member States, 2003**

number of enterprises in 2003	EU 27	EU 15	EU 12
Hotel and other accommodation	229,178	200,625	28,553
Restaurants, bars, canteen, catering	1,263,906	1,090,900	173,006
Travel agencies and tour operators	65,490	48,081	17,409
<b>total</b>	<b>1,558,574</b>	<b>1,339,606</b>	<b>218,968</b>

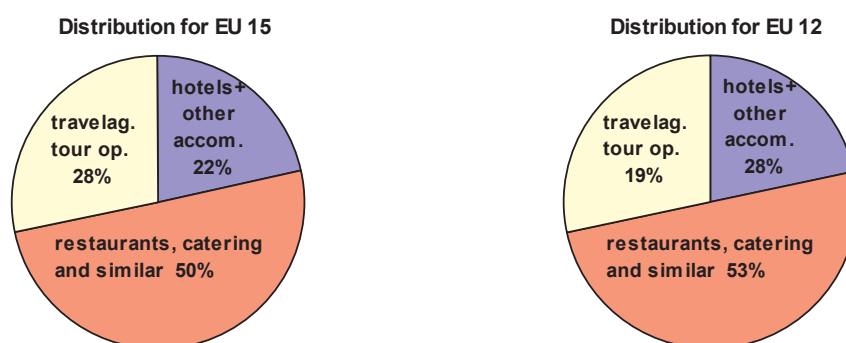
Source: Eurostat, NC, industry, trade and services/services

The vast majority of tourism enterprises (99 %) belongs to the SME sector (1 to 249 employees) in the new Member States as well as in EU-15. Even the shares of the prevailing size class - small and micro-enterprises employing 1-9 persons – are not much different (about 94 % in the new Member States compared to 92 % in EU-15).<sup>50</sup> In this size class, restaurants, cafes and canteens are even more predominant than in the other size classes, travel agents and hotels being below average.

As already pointed out in the 2004 report the number of enterprises in the three groups shown in table 3.1.a above does not represent their economic power. The share of turnover yielded by these three types of enterprises gives a completely different picture.

As depicted in figure 3.1.a travel agents and tour operators, representing no more than 3.5 respectively 7.9 % of tourism enterprises yield 28 % of turnover of all tourism enterprise in EU-15 compared to 19 % in the new Member States, whereas the overwhelming majority, restaurants, cafes and bars which represent 81 and 79 % correspond to 50 % and 53 % of turnover only.<sup>51</sup>

**Figure 3.1.a: Distribution in turnover among subsectors in old (EU-15) and new Member States (EU-12) 2002**



Source: Eurostat, NC, industry trade and services/services, n.a. Greece and Belgium in total, at travel agencies Ireland and Poland.

<sup>50</sup> Source: Eurostat, NC, industry, trade, services/services broken down by employment size class, n.a. Greece, Belgium and Luxembourg in total, at travel agencies Ireland and Poland.

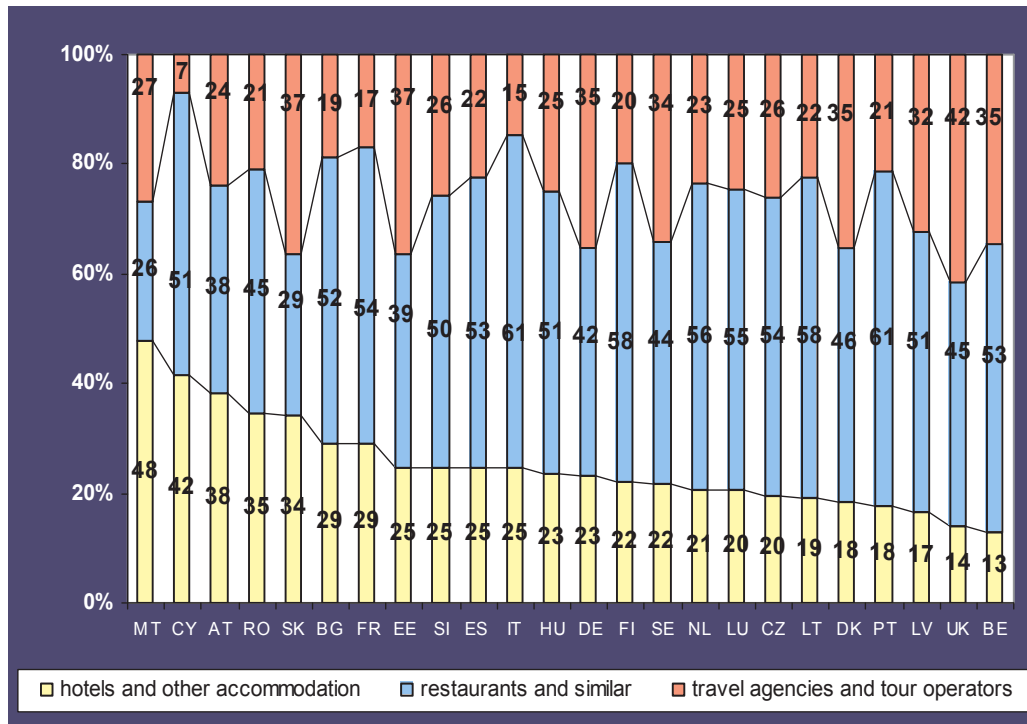
<sup>51</sup> A similar discrepancy appears when the shares on turnover of the several size classes of enterprises are compared. Despite the fact, for example, that enterprises in the HORECA sector employing more than 250 persons only represent 0.1 % of all HORECA enterprises, they yield 23 % of turnover and employ 19 % of people occupied. Source: Eurostat, SIF, Hotels and Restaurants in Europe, 38/2004, p. 2.

The higher share of turnover yielded by travel agents and tour operators in the old Member States mirrors the fact that the large tour operators are located in the old Member States. The list of the 150 largest European tour operators published annually by FWW presents the first company located in the new Member States as No. 113.<sup>52</sup>

Correspondingly and not surprisingly tour operators and travel agents in the UK, Germany, France, Italy and Spain account for about 80 % of the turnover yielded in all Member States (see table 3.1.2 on page 32) headed by the UK standing out by 37 %.

As figure 3.1.b below shows, the share of turnover yielded by hotels, restaurants and travel organizers varies widely among Member States. The quite low share of turnover yielded by restaurants in Malta is probably caused by purely statistical reasons: Here many hotels offer their restaurant services as full or half board which are included in hotels.

**Figure 3.1.b: Distribution in turnover among the subsectors by country (2002)**



Source: Eurostat, NC, industry, trade, services/services and own calculation n.a.: Greece, Ireland, Poland

Regarding tour operators, the Member State in which they yield the largest share of turnover is the UK (42 %) explainable by its geographical location and the preferred use of air travel.

### 3.1.1 Hotels

Large hotel chains play an important role in global competition and highlight the global position of the European tourism industry also in that area. As table 3.1.1.a on the next page shows, they are well positioned in the world-wide ranking.

<sup>52</sup> Source: brochure Europäische Veranstalter 2004, No. 13/2005, Beilage (supplement) to the magazine FWW international, Germany, p. 11 ff.

**Table 3.1.1.a: The largest European hotel chains, ranked by number of rooms, EU-25, 2004**

		Number of rooms (units)	Number of sites (units)	World ranking
InterContinental Hotels Group	UK	534 202	3 540	1
Accor	FR	463 427	3 973	4
Hilton Group plc	UK	102 636	403	11
TUI AG/TUI Hotels & Resorts	DE	81 398	285	12
Sol Melia SA	ES	80 834	326	13
Louvre Hotels	FR	66 834	887	16
Golden Tulip Hospitality/THL	NL	52 148	534	18
Rezidor SAS Hospitality	BE	39 353	190	21
Whitebread Hotel Company	UK	36 803	501	23
Club Méditerranée	FR	36 000	100	24

Source: Eurostat, *European business, facts and figures, data 1995-2004, ed. 2005, p. 313.*

Regarding their importance for the bed and room capacity of European hotels in total, however, it must be considered that their share accounts for no more than 20 %.<sup>53</sup> Furthermore, the large hotel chains in particular are concentrated in big cities<sup>54</sup>, for they need a higher level of seasonally independent (business) tourism to cover their higher share of fixed costs.

#### ***Accommodation enterprises in new Member States respond to demand adequately***

Global figures such as the number of tourism enterprises in old and new Member States as shown above, however, can easily lead to a wrong impression of the importance of the tourism sector in both groups.

The number of collective accommodation establishments, restaurants and tour operators/travel agents in new Member States is less than a sixth of that in EU-15 (218,968 vs. 1,339,606).<sup>55</sup> Despite a higher number of bed-rooms per hotel in the new Member States, the bed capacity of the 12 new Member States of hotels and similar establishments is far below that of the old Member States (0.928 vs. 9,6 mio).<sup>56</sup>

But taking into account the difference in size and population reveals that these total figures do not represent a bottleneck that limits the development of the tourism sector in the new Member States.

Table 3.1.1.b on next page shows that the difference in number of hotels (and similar establishments) per inhabitant between old and new Member States is much smaller than the global figures would suggest.

The difference is explained by the background of the divergent number of tourist arrivals and overnight stays in old and new Member States shown in chapter 2 (see page 13).

Relating the accommodation capacity (per room or per bed) to the number of overnight stays makes any divergence between new and old Member States disap-

<sup>53</sup> Source: PWC, quoted from the 2004 report, p. 40.

<sup>54</sup> Source: 1. Eurostat, *Regions: Statistical yearbook 2005, data 1999-2003, p. 141*, 2. 2004 report, p. 41.

<sup>55</sup> Source: Eurostat, NC, industry, trade and services/services (n.a. Malta, Greece, at travel agencies Ireland).

<sup>56</sup> Source: Eurostat, *ibidem*, link tourism.

pear totally and shows that there are good economic reasons for this gap. For as the last column in the table below shows, there are high and low occupancy rates in new Member States as well as in old Member States.

**Table 3.1.1.b: Number of accommodation establishments and occupancy rates, 2004**

Year 2004	number of hotels and similar est.	per 100 000 inhabitants	occupancy rate by residents and non-residents
<b>EU-15</b>			
Belgium	1,922	18	:
Denmark	480	9	36
Germany	36,884	45	34
Greece	8,899	80	61
Spain	17,402	41	53
France	18,689	30	59
Ireland	4,554	112	60
Italy	33,518	58	40
Luxembourg	297	66	28
Netherlands	3,129	19	42
Austria	14,435	177	35
Portugal	1,954	19	39
Finland	961	18	46
Sweden	1,833	20	34
UK	44,625	75	45
<b>EU-12</b>			
Czech Rep.	4,311	42	37
Estonia	267	20	47
Cyprus	803	109	58
Latvia	278	12	31
Lithuania	317	9	37
Hungary	1,952	19	41
Malta	194	48	54
Poland	2,139	6	32
Slovenia	350	18	48
Slovakia	873	16	35
Bulgaria	1,016	13	35
Romania	:	:	37

Sources: columns 1 + 2: Eurostat, NC, industry, trade, services/tourism, NC, population social conditions column 3: WTO, electronic factbook (basic indicators)

### 3.1.2 High pressure for structural change in the travel organizer sector

When the number of tour operators and travel agents is regarded per inhabitant, their number in the new Member States is higher than in EU-15 (17 enterprises per 100,000 inhabitants compared to 13 in EU-15).<sup>57</sup>

<sup>57</sup> Eurostat, NC, industry, trade and services/services (own calculation).

The 2004 report already pointed out that the number of travel agents per inhabitant is quite uneven among Member States<sup>58</sup> upon the time headed by Austria (24 travel agents/tour operators per 100 000 inhabitants).

Regarding the enlarged Community the deviation in the average number of travel agents per inhabitant became even bigger. The list is now headed by Cyprus (102 travel agents per 100,000 inhabitants). Apparently in the new Member States the well known destinations with high importance of incoming tourism show the largest number of travel organizers per inhabitant.

However, as table 3.1.2 makes evident, there is no positive correlation between the number of travel organizers per inhabitant and the share of turnover yielded in a country in EU-27 turnover. In contrast, the new Member States with their higher density of travel organizers represent only a small proportion (3.2 %) of the turnover yielded in EU-27, whereas five Member States with a much lower density (UK, France, Germany, Italy, Spain) account for 78.6% of EU-25 turnover.

**Table 3.1.2: Number of travel agents and tour operators per 100,000 Inhabitants and share of turnover, 2003**

EU-15	number per 100 000 inh.	turnover % *	EU-12	number per 100 000 inh.	turnover % *
Sweden	29	4.9	Cyprus	102	0.1
Luxembourg	23	0.2	Czech Republic	60	0.8
Austria	21	2.6	Slovenia	21	0.2
Spain	18	10.1	Estonia	18	0.1
Italy	18	8.9	Hungary	17	0.5
Finland	17	0.8	Bulgaria	13	0.1
Netherlands	13	3.2	Poland	13	0.8
Belgium	12	3.5	Latvia	12	0.1
United Kingdom	11	36.9	Lithuania	7	0.1
Germany	11	13.7	Romania	6	0.1
Portugal	10	1.5	Slovakia	4	0.3
Denmark	9	1.6			
France	8	8.9			

Source: Eurostat, NC, industry, trade, services/services, NC population and social conditions (own calculation), n.a. Greece, Ireland and Malta

\* turnover % = share of total turnover of travel agencies and tour operators in all countries listed

This significant discrepancy between the number of travel organizers per inhabitant in a country and the share of turnover yielded hints at the pressure for structural change that enterprises in a country are facing. This aspect will be developed in more detail in the next section.

## 3.2 Catching up and increasing competition

Even when the number of tourism enterprises in new Member States and their bed capacity – in total as well as per inhabitant – is small compared to those in EU-15, a rapid catching up process is going on. The huge increase in tourist flows to the

<sup>58</sup> 2004 report, p. 32.

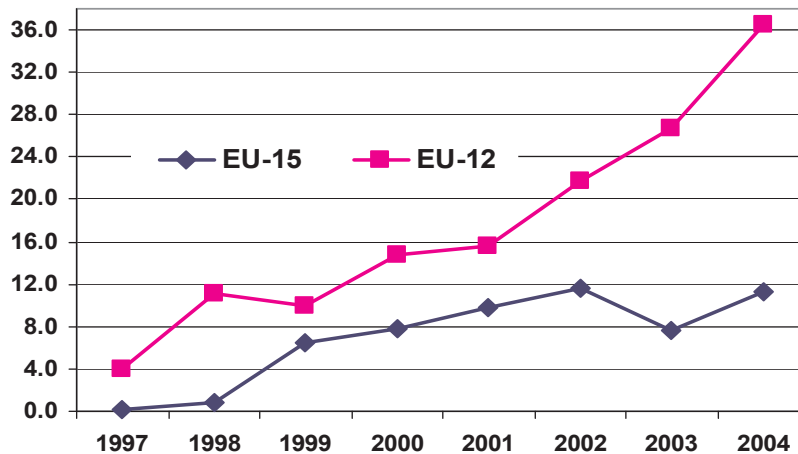


new Member States in combination with their lower accommodation capacity has boosted investment to respond to the growing demand.

The number of bed places in hotels and similar establishments in the new Member States rose by 36.5 % in the period 1996 to 2004 compared to 11.3 % in the old Member States.

Far above average in the new Member States are Estonia and Lithuania which increased their bed capacity by 109 % and 88 %.

**Figure 3.2: Increase of number of bed places in Member States 1996-2004 (%)**



Source: Eurostat, NC, industry, trade and services/ tourism (own calculation) n.a. Romania

#### *Size structure of hotels in old and new Member States is coming closer*

This growth in quantity is accompanied by structural changes. The room capacity of the average hotel in the new Member States is significantly higher than in the old Member States (37 vs. 23 rooms per hotel in 1996).

But investment undertaken in the hotel sector will bring both groups closer together.

The room numbers of newly established hotels in the new Member States is significantly below average. It increased by nearly 46 % in the period 1996 to 2004 and was markedly higher than the increase of bed rooms (+ 32%).

Thus, their average size in new Member States decreased from 37 rooms per hotel in 1996 to 33 rooms in 2004, whereas the restructuring and concentration process in the hotel sector of the old Member States (their number remained more or less stable (+ 0.1%) between 1996 and 2004 resulted in an increase in size from 23 to 26 rooms.<sup>59</sup>

#### *Increasing competition, a source for rising competitiveness*

The rapid increase in the number of hotels as well as bed capacity in the new Member States in a response to shifting demand will incontestably intensify competition in the sector. But it does not result in tighter price competition at first place.

<sup>59</sup> Eurostat, NC, industry, trade and services/tourism (n.a. 1996 Ireland and The Netherlands, and in total Romania and Bulgaria).

As pointed out in the 2004 report, one of the peculiarities of the hotel and restaurant sector – compared to other industries producing transportable products – is that the markets are relatively small because of the importance of transportation costs.<sup>60</sup>

Taking into account how tourists usually take their decisions – first on the destination and thereafter choosing a hotel in that destination<sup>61</sup> makes evident that a hotel cannot attract a significant number of new customers beyond a certain spatial distance by lowering its prices. The difference in price is only of interest to those customers who have already decided to visit that destination.<sup>62</sup>

In the tourism sector in general and in the context of a rapidly increasing hotel sector in the new Member States in particular, competition in quality as well as innovation is supposed to be of much higher importance. For newly constructed hotels can more easily meet new quality standards and evolving consumer wishes, in particular, when other tourist facilities in their destinations develop as well.<sup>63</sup>

Thus, enlargement offers the opportunity for the European tourism industry to respond to demand shifts, in particular those induced by the request for higher service quality and accessibility evolving in the process of demographic ageing.<sup>64</sup>

Some hotels in particular in destinations in old Member States may consider this growing competition as a challenge only. Their adequate response to this challenge, however, will, in the long run, increase the competitiveness of the European hotel industry as a whole.

### ***High competition pressure in the tour operator sector in all Member States***

The higher density of mostly small tour operators in the new Member States shown above on page 31 leads to an intensive price competition. Tour operators originating in new Member States are forced to adopt a more restrictive price policy because of the lower income of the majority of their customers on the one hand and the lesser importance of air travel (shown in chapter 2, p. 19) on the other.<sup>65</sup>

Despite this price competition, large tour operators located in old Member States are expanding. Some of them recorded a double digit growth of turnover in Poland, Slovenia and Hungary which is markedly above the growth of the local market.<sup>66</sup>

This development which is in full contrast to the competition processes in the hotel sector reveals that also the tourism industry in the new Member States will undergo a vehement structural change<sup>67</sup> and makes evident how difficult it is to evaluate whether 'the tourism sector' in the old or in the new Member States profits most from enlargement.

---

<sup>60</sup> 2004 report, 21. Incontestably the long term reduction of transportation costs, reinforced by low cost carriers also enlarged the market size and competition but compared to other industries the market for individual hotel and restaurant is still smaller.

<sup>61</sup> Source: Sinclair, M. Thea and Stabler, Mike: *The economics of tourism*, 1<sup>st</sup> ed. Routledge London 1997, 2<sup>nd</sup> ed. Taylor & Francis e-library 2002, p. 48.

<sup>62</sup> Source: UNWTO: *The Travel Industry's Business Model Is Broken. What's Next?*, Madrid 2006, p. 11

<sup>63</sup> For further remarks see section 3.3 below.

<sup>64</sup> See the 2004 report, p. 16 ff. and chapter 2.3.3 of this report, p. 22.

<sup>65</sup> Source: brochure *Europäische Veranstalter 2004*, No. 13/2005 Beilage (supplement) to the magazine *FWW international*, Germany, p. 22.

<sup>66</sup> Source: brochure *Europäische Veranstalter*, op. cit. p. 22 ff.

<sup>67</sup> The 2004 report pointed out that in the old Member States the UK was the country showing the highest share of tourism turnover falling on travel organisers and the smallest number of travel organisers per inhabitant simultaneously. See op. cit., p. pp. 31, 32.

Thinking beyond the (former) borders and regarding Europe as a single tourist destination – from the point of view of an extra-EU tourist perhaps – reveals that this competition process as well as the structural change induced by it will improve the (price) competitiveness of the European tourism industry.

### 3.3 Structural change, competition and competitiveness

As already pointed out in the 2004 report the 'production of a tourist product' needs more than just the three NACE categories attributed to tourism (hotels and restaurants (H 55), tour operators and travel agents (I 633) and attractions (O 92).<sup>68</sup>

Well-functioning transport systems at affordable prices are an indispensable 'production factor', for the tourist product does not come to its consumer, the consumer has to come to the product he wants or the place where the desired products are produced, the destination.

Thus, when speaking of competition in the tourism sector at enterprise level, one has to take into account that it is most intensive - and globalized – in the tour operator sector being part of the tourist transport system.

#### *Structural change and rising market concentration in the tour operator sector*

In the tour operator sector in particular an intensive structural change has been going on for years that has led to higher market concentration in the tour operator sector<sup>69</sup> and contributed to the steadily shrinking number of independent travel agents.

Quite often the disappearance of travel agents from the market is solely attributed to the growing importance of online travel. But it is not only changing consumer booking habits that would replace traditional travel agents by virtual ones. As will be shown in chapter 5.3 the internet rather offers traditional tour operators the opportunity to reinforce their direct marketing and competitiveness by cutting the commission rates for travel agents and circumventing them by opening up their own online channels.<sup>70</sup>

But the intensified competition in the tour operator sector is not restricted to tour operators and travel agents themselves. It also affects the accommodation and airline sector, for large tour operators in particular have completed their production and product range by integrating hotels or airlines to their company, eg. to diminish the risks of demand variations in their core business, and have resold these parts when the situation has changed.<sup>71</sup>

#### *Competition of destinations most important for HORECA enterprises and attractions*

In the sub-sectors with immobile companies (hotels, restaurants, cafes, attractions etc.), however, price competition at enterprise level takes place mainly within the

---

<sup>68</sup> Op. cit., p. 59.

<sup>69</sup> 2004 Repor, p. 60 ff.

<sup>70</sup> Source: magazine FVW international, Germany, Tempomacher, 13/06, 26.05.2006, article: Erholung für Europas Reisemärkte, p. 20 ff.

<sup>71</sup> Source: UNWTO, The Travel Industry's Business Model Is Broken. What's Next?, Madrid 2005, p. 13 and Report 2004, p. 62. The impact of the online travel market itself will be considered in chapter 5.

destination or within quite short distances which are limited by transportation costs. From the point of view of these enterprises which, as shown above, represent the vast **majority, competition at destination level is of much more importance in surviving and performing well.** But at destination level as well transportation is of high importance, with regard to the access to a destination as well as within it.

As was pointed out already in chapter 2, p. 7 ff., tourism demand is affected immediately – in quantity as well as direction – when air travel is considered to be unsafe.

Regarding access at affordable prices, low-cost airlines have become of high importance for the performance of tourism. Increasing competition in the airline sector lowered prices and thus supported the development of tourism. Unsurprisingly, arrivals at destinations being chosen by low cost airlines performed better than those at other destinations.<sup>72</sup>

Thus, safe, comfortable and sustainable ways of access to a destination are important elements of competition.

The rapid increase in fuel prices during the last years has again revealed that environmental sustainability leading to a higher degree of independence of fuel also favours tourism.

Since tourists when deciding to go on holiday rather take decisions on experiences they desire to be fulfilled by a bundle of products and services offered in a destination (accommodation, gastronomy, attractions, events, activities) **tourism-related stakeholders are well advised to foster networking in order to improve their position in the competition in destinations.**<sup>73</sup> 'The destination is like a stage and the different tourism companies are the actors on that stage.'<sup>74</sup>

Beyond this analysis of tourism demand and supply with regard to quantitative and qualitative developments, the tourism industry as essential part of the economy also plays a role concerning the objectives of the Lisbon Strategy. To consider this general economic and political frame the following two chapters will focus on the labour market in the tourism sector and the use of information and communication technology to assess its contributions within the Lisbon Strategy.

---

<sup>72</sup> Source: UNWTO, Tourism market trends, Europe, ed. 2005, p. 22.

<sup>73</sup> Source: see for example the 'Feasibility Study Networking' commissioned by the European Commission, and 'Innovation in tourism – How to create a tourism learning area – The handbook, 2006.

<sup>74</sup> Source: OECD, 2006, Innovation and Growth in Tourism, p. 57.

## 4. Tourism fosters employment

Due to the lack of a supply side definition of the tourism sector, the employment it generates is not easy to assess. In its most narrow definition the tourism industry represents about 8.6 mio people occupied, by comparison with 24 mio in the broad definition corresponding to around 4 and 12% respectively of total labour force.<sup>75</sup>

These global figures underline the importance of the sector for achieving employment policy goals.

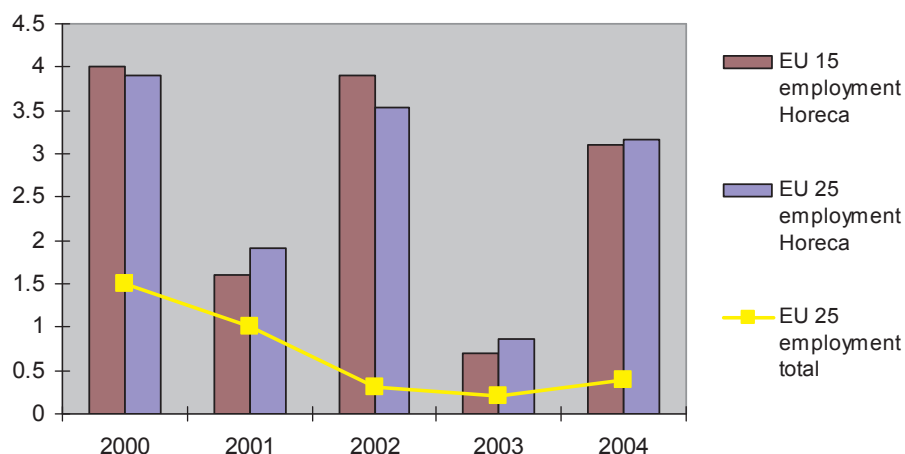
Owing to the limited availability of statistical data, however, the analysis on tourism employment will be restricted to the HORECA sector only.

### 4.1 The tourism sector as job engine

Creating more and better jobs is one of the main goals of the Lisbon strategy. The 2004 report already pointed out that tourism contributes to achieving this goal by presenting figures showing that the growth rate in the number of people occupied in the EU-15 HORECA sector in the years 1996 to 2001 was, with the exception of one year, always above the growth rate of total employment in the EU-15 Community.<sup>76</sup>

Regarding employment growth in the HORECA sector of the enlarged Community, unfortunately, Eurostat data are not available for the same period. But considering the period 2000 to 2004 -for which data are available- with regard to most Member States results in the same picture: **Also in 23 Member States of the enlarged Community the growth rate in the number of people occupied in the HORECA sector is on average significantly higher than the growth rate of total employment.**

**Figure 4.1: Persons occupied in the HORECA sector and total economy - annual % growth, 2000-2004**



Source: Eurostat, NC/industry, trade and services/tourism/LFS  
 European Commission, *Employment in Europe 2004*, statistical annex p. 228  
 n.a.: Luxembourg, Poland, Bulgaria, Romania

<sup>75</sup> Source: WTTC, The 2006 Travel & Tourism Economic Research, regional report 'European Union', pp. 3, 7. To the different definitions of the tourism sector see annex B 2 on page 67.

<sup>76</sup> Source: 2004 report, p. 44

Figure 4.1 confirms that growth rates in the HORECA sector follow those of general employment, but are always higher.

The fact that the employment growth rate of the HORECA sector of EU-15 runs between the growth rate of total employment and that of EU-25 HORECA employment is not really surprising, it rather reconfirms the 2004 report and the deliberations presented in sections 2.2 and 3.2 emphasizing the importance of the vital economic growth in the new Member States depicted in Figure 1 on page 6.

With regard to the growth rate of HORECA employment in EU-15 the figure shows that the finding of the 2004 report remains true beyond the year 2001. **But it also makes evident that the new Member States because of their rapidly growing economies foster the employment growth in the HORECA sector even more, thus, increasing its importance for achieving the employment goals of the Lisbon strategy.**

To clarify at least some of the reasons for this development the following sections of this chapter will examine some of the structural factors and peculiarities of employment in the tourism sector.

## 4.2 Tourism enterprises reduce youth unemployment

When the share of persons occupied in different age groups is regarded, the importance of the HORECA sector for youth employment becomes obvious. As table 4.2 below shows in the HORECA sector the share of people occupied aged 15 to 24 years (22.4 %) is more than twice as high as in all branches (10.3 %). This difference decreases steadily with increasing age until the relationship is turned upside down in the age group 55+ which is represented in the HORECA labour force by only 8.8 % compared to 12.8 % in the total economy.

In the new Member States the age structures in the HORECA sector and all branches are less diverging and the decrease of people belonging to higher age groups is smoother till 45-54 years.

**Table 4.2: Persons occupied in the HORECA sector and all branches by age group, 2005**

share of employment by age groups (%)	EU 27		EU 15		EU 12	
	Horeca sector	all branches	Horeca sector	all branches	Horeca sector	all branches
15-25	22.4	10.3	22.7	10.7	20.1	8.7
25-34	26.6	24.6	26.0	23.8	30.4	27.5
35-44	24.7	28.2	24.9	28.8	23.7	26.1
45-54	17.5	24.1	17.2	23.7	19.9	25.9
55 over	8.8	12.8	9.3	13.1	5.9	11.7

Source: Eurostat, NC, industry, trade, services/tourism/employment LFS (own calculation), n.a. Luxembourg and Estonia in total, in the age group 55+ n.a. also Malta.

The other side of this good news is, however, that the main reason for the decrease in the large share of younger people occupied in the HORECA sector are the private-life-unfriendly working conditions which burden particularly the 54 % of female workers and a lack of career perspectives.<sup>77</sup>

<sup>77</sup> Source: Eurostat, SIF, Employment in hotels and restaurants in the enlarged EU still growing, 32/2005, p. 4.

### *Marked differences in youth and women employment between Member States*

It is striking to note the extent to which these figures deviate in Member States on the average. For example, the employment of women in the HORECA sector is highest in Latvia and Lithuania (nearly 80 %), followed by Finland (74 %), and significantly below average in Greece (46 %) and Malta (38 %).<sup>78</sup>

The same is true with regard to the age structure of people occupied in the HORECA sector. The share of people employed aged 15 to 24 years is far above average in Denmark (52 %) and other Scandinavian countries as well as the Netherlands (47 %) and UK (37 %), particularly low in Southern Europe, for example Portugal (13 %), Italy and Greece (14 % each) and Cyprus (7 %).<sup>79</sup>

The share of younger employees is particularly low in traditional tourist destinations (and that of older workers higher correspondingly). This observation suggests that in countries with a particularly high share of younger people occupied employment in the HORECA sector is not regarded as a profession, but as a (part time) job, eg. for students or young women without children, whereas in southern Europe, with its longer tourist seasons and higher economic importance of tourism, job fluctuation is lower.

## **4.3 A competitive tourism sector supports structural change on the labour market**

As table 4.3 on the next page depicts, the share of people employed in the HORECA sector on total employment varies between 1.7 and 6.7 % in Central and Eastern Europe, out reached by Malta (7.9 %) and Cyprus (9 %).

Significant divergences between old and new Member States are not apparent. The main determinant is the importance of a country as a tourist destination. Thus the shares are higher in Mediterranean Europe as well as in the Czech and Slovak Republic, Hungary and Slovenia.

Taking into account, however, that the tourism industry is part of the services sector and that the share of employment in the services sector on total employment differs significantly between the new Member States in Central and Eastern Europe and all others, this gives another view of the importance of HORECA employment and the contribution of tourism to mitigate structural change.

In EU-15 the share of people employed in the service sector amounts to 69.1 % of total employment; 27.1 % are employed in industrial branches and 3.8 % in agriculture. In many of the new Member States industry employment accounts for a larger share of employment than in any of the EU15 countries. This is particularly the case in the Czech Republic (39.3 %), Slovakia (39.2 %), Slovenia (36.3 %) and Estonia (35.1 %).

Thus, when HORECA employment is related to service sector employment (last column of table 4.3) instead of total employment (column 4) the differences in the importance of HORECA employment between old and new Member States are much smaller.

<sup>78</sup> Source: Eurostat, SIF 32/2005, Ibidem.

<sup>79</sup> Source: Eurostat, NC, industry, trade, services/services (own calculation)

**Table 4.3: Share of employment in the HORECA sector on total employment in 2004**

	total agriculture	total industry	total services	HORECA of total employment	HORECA of services employment
<b>value EU 15</b>	<b>3.8</b>	<b>27.1</b>	<b>69.1</b>	<b>4.3</b>	<b>6.2</b>
Belgium	2.2	24.9	72.8	3.1	4.3
Denmark	3.3	23.7	73.0	2.2	3.0
Germany	2.4	31.3	66.4	3.4	5.1
Greece	12.6	22.5	64.9	6.5	10.0
Spain	5.5	30.4	64.1	6.7	10.5
France	4.0	24.8	71.2	3.3	4.6
Ireland	6.4	27.6	66.0	5.9	8.9
Italy	4.2	30.8	65.0	4.6	7.1
Luxembourg	2.1	19.9	78.0	3.3	4.2
Netherlands	3.0	19.9	77.0	4.0	5.2
Austria	5.0	26.6	68.3	6.0	8.8
Portugal	12.1	31.2	56.7	5.1	9.0
Finland	5.0	26.1	68.9	3.0	4.4
Sweden	2.5	22.4	75.1	3.0	4.0
UK	1.3	22.3	76.5	4.4	5.8
<b>EU 10</b>					
Czech Rep.	4.4	39.3	56.3	3.8	6.7
Estonia	5.5	35.1	59.5	2.9	4.9
Cyprus	5.1	23.4	71.5	9.1	12.7
Latvia	13.3	27.3	59.4	2.1	3.5
Lithuania	16.3	28.3	55.4	2.2	4.0
Hungary	5.3	32.9	61.8	3.8	6.1
Malta	2.3	29.4	68.3	7.9	11.6
Poland	17.6	29.0	53.4	1.7	3.2
Slovenia	9.8	36.3	53.9	4.0	7.4
Slovakia	5.1	39.2	55.7	3.8	6.8

Source: European Commission, *Employment in Europe 2005*, chapter 1, p. 45 (last column own cal.)

The ongoing process of rapid economic restructuring in the new Member States of Central and Eastern Europe puts pressure on the industrial and agricultural sector which, as the table above shows, employs in some eastern European Member States a share of people far above EU-25 average. **The consequences on the labour market - this is the main advantage of rapid macroeconomic growth- are mitigated by the vital economic activities in branches of the services sector, in particular tourism.** One of the outstanding examples of the contribution of tourism to smooth restructuring processes is certainly the takeover of TUI, the largest European travel organizer, by Preussag, a heavy metal working German company, some years ago.

The World Travel and Tourism Council estimates that in the long run achieving EU15 standards could result in about 3 mio new tourism sector jobs in the new Member States.<sup>80</sup>

<sup>80</sup> Source: WTTC, *Positions: Welcoming the new EU Member States with jobs and growth, a practical manifesto from the travel & tourism private sector, 2004*, summary.



Nevertheless some characteristic differences of the HORECA labour market in the new Member States of Central and Eastern Europe indicate that also HORECA employment will undergo major changes, at the latest when the current enormous economic growth rates will cease at a later stage when the macroeconomic gap between old and new Member States is gradually closing.

#### 4.3.1 Longer weekly working hours and more part-time work in tourism

The average weekly working hours in the EU25 HORECA sector are 2.2 hours above the average working week in all branches. The comparison by country, however, presented in table 4.3.1 below reveals huge differences.

They vary between 24.4 in the Netherlands and nearly 50 in Greece. Besides the Netherlands they are particularly low in some Northern Member States such as Denmark (26.7) and UK (30.8), whereas in Southern Europe as well as in the Central and Eastern European new Member States they are far above average.

**Table 4.3.1: Usual weekly hours worked and share of part-time in HORECA employment and total employment, 2004**

	usual week (hours)		share of part-time %			usual week (hours)		share of part-time %	
	economy	horeca	economy	horeca		economy	horeca	economy	horeca
<b>EU 25</b>	<b>37.4</b>	<b>39.6</b>	<b>18.0</b>	<b>26.0</b>					
<b>EU 15</b>					<b>EU 10</b>				
be	36.2	37.9	23.8	32.0	cz	24.0	43.9	4.9	6.7
dk	33.7	26.7	23.2	50.0	ee	40.0	40.8	6.9	:
de	36.9	36.9	22.9	33.1	cy	38.6	44.4	5.5	9.7
gr	42.1	49.9	4.4	6.1	lv	41.1	42.1	7.3	:
es	38.3	42.7	9.3	14.5	lt	37.9	39.2	5.7	:
fr	36.1	42.2	17.3	23.6	hu	40.7	41.5	4.4	6.0
ie	37.0	33.0	18.3	34.9	mt	38.3	38.4	8.7	18.2
it	38.4	42.5	12.5	23.5	pl	40.6	42.6	7.3	12.4
lu	:	:			si	39.6	40.3	7.0	13.5
nl	30.6	24.4	46.4	67.4	sk	40.7	41.9	2.8	4.8
at	39.1	41.4	21.1	23.6					
pt	38.7	46.8	5.2	7.6					
fi	36.5	35.3	12.7	26.7					
se	34.4	33.7	24.2	40.5					
uk	35.5	30.8	26.3	49.3					

Source: Eurostat, NC, industry, trade, services/tourism LFS, SIF 32/2005, *Employment in hotels and restaurants in the enlarged EU still growing*, pp. 5, 6, table 4, 5.

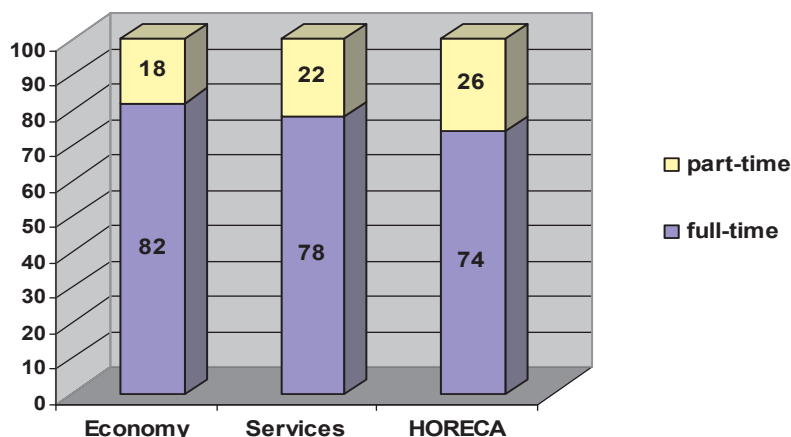
In the 2004 report which looked at EU-15 only it was concluded from the distribution of weekly working hours that, besides differences concerning the importance of part time employment, the length of the season in southern Europe was the main reason. The even higher deviation of weekly working hours in the enlarged Community, however, clearly shows that the share of part time work is the main determinant.

Table 4.3.1 shows that a high share of part time work in the HORECA sector is correlated with comparatively low weekly working hours and vice versa, irrespective of their geographical location.

This context is significant in the Netherlands (67.4 % part time and 24.4 hours worked) as well as in most of the Central and Eastern European Member States, eg. the Czech Republic, Cyprus and Hungary.

As figure 4.3.1 shows across almost all Member States the share of part time work in the HORECA sector is above that in all branches and in the services sector in general.

**Figure 4.3.1: Share of full-/part-time jobs (%) in total employment, 2004, EU-25**



Source: Eurostat, SIF 32/2005, *Employment in hotels and restaurants in the enlarged EU still growing*, p. 5, figure 5

Part time employment amounts to 26 % in the HORECA sector compared to 18 % in all branches. Table 4.3.1.a on the previous page revealed that in the entire economy of the new Member States in Central and Eastern Europe part time employment still is markedly less frequent than in most of the old Member States and on EU25 average.

**These figures indicate the gap with regard to structural changes on the labour market to be expected in the forthcoming years.** Otherwise it would be difficult to improve flexibility and maintain the current position in competition which is primarily based on low wages and prices as the next section will show.

#### 4.3.2 Huge differences of labour productivity within the tourism sector and between Member States

The labour productivity in the HORECA sector (EUR 20 000 per person employed) is far below that of all market services (EUR 41 000 per person employed).<sup>81</sup>

<sup>81</sup> Source: Eurostat, *Employment in the market economy in the European Union*, ed. 2004, p. 28, table 14.

**Table 4.3.2: Apparent and wage adjusted labour productivity per person employed, 2003**

wage adjusted labour productivity				apparent labour prod./ person employed			
EU-15	hotels and other accomm.	restaurants, bars, catering	tour op., travel agencies	EU-15	hotels and other accomm.	restaurants, bars, catering	tour op., travel agencies
Belgium	132.9	116.2	144.6	Belgium	41.0	18.4	68.2
Denmark	132.5	129.7	190.6	Denmark	26.9	20.1	81.6
Germany	153.2	139.4	211.0	Germany	23.3	16.4	73.2
Greece	:	:	:	Greece	:	:	:
Spain	147.4	110.1	165.3	Spain	31.1	15.2	51.4
France	130.1	111.5	163.6	France	35.1	26.2	60.1
Ireland	123.6	139.2	:	Ireland	21.3	19.6	:
Italy	125.4	99.2	125.6	Italy	25.4	16.9	40.7
Luxembourg	140.7	116.5	120.2	Luxembourg	36.5	31.1	49.6
Netherlands	157.7	141.3	165.3	Netherlands	29.5	18.6	64.3
Austria	133.1	107.0	145.9	Austria	31.1	21.0	59.7
Portugal	130.4	111.5	181.4	Portugal	17.7	8.9	48.8
Finland	136.1	120.2	144.4	Finland	36.3	28.2	53.4
Sweden	118.3	107.9	118.0	Sweden	33.4	25.0	51.1
UK	167.7	152.0	173.9	UK	25.7	16.4	58.5
<b>EU-12</b>				<b>EU-12</b>			
Czech Rep.	152.7	116.4	171.9	Czech Rep.	10.4	4.9	17.0
Estonia	201.9	125.2	254.0	Estonia	11.3	4.3	25.1
Cyprus	165.3	120.8	165.4	Cyprus	27.6	22.6	35.4
Latvia	259.3	165.1	277.8	Latvia	10.5	3.2	16.8
Lithuania	151.5	117.4	226.4	Lithuania	6.1	2.1	14.5
Hungary	125.3	89.5	157.5	Hungary	9.2	3.1	15.4
Malta	:	:	:	Malta	:	:	:
Poland	131.9	79.1	161.0	Poland	8.1	3.2	15.2
Slovenia	149.2	102.7	165.3	Slovenia	20.9	9.9	31.3
Slovakia	157.4	118.0	264.4	Slovakia	7.3	4.1	19.2
Bulgaria	197.1	119.2	146.1	Bulgaria	3.9	1.2	6.5
Romania	159.2	122.3	164.8	Romania	3.8	1.7	8.7

Source: Eurostat, NC, industry, trade, services/services SBS

The 2004 report already pointed out that this picture is determined by the low labour productivity in the restaurant sector (including cafes, bars and canteens, EUR 17 000 per person employed), whereas the labour productivity in hotels (EUR 29 000) is significantly higher.

Even higher is the labour productivity of people occupied in the tour operator and travel agents sector (EUR 56 000)<sup>82</sup> which significantly exceeds that of the services sector in general.

<sup>82</sup> Source: Eurostat, Employment in the market economy in the European Union, ed. 2004, p. 28, table 14.

The country by country comparison reveals, that despite more hours worked the labour productivity per person employed in the HORECA sector in new Member States is markedly below the EU-25 average. This gap in labour productivity between old and new Member States reveals the potential for improving competitiveness by raising qualification of work and organisational measures.

Because of the extremely low labour costs in the HORECA sector of the Member States in Central and Eastern Europe<sup>83</sup> the differences with regard to the 'wage adjusted labour productivity' are much smaller as table 4.3.2 above shows.

### ***Competitiveness must be improved on a broad basis***

Low levels of labour costs or prices alone, however, do not mirror the advantages in competitiveness sufficiently, neither the current advantage nor the perspectives.

As is the case in every other industry the competitiveness of the tourism industry, presumably even more in this sector, depends on external factors such as transport infrastructure, efficient authorities and the results of the education system.

The World Economic Forum annually evaluates the competitiveness of countries. In its 2005 report the new Member States ranged from position 20 (Estonia) to 67 (Romania) compared to positions 1 (Finland) to position 47 (Italy) for the old Member States.<sup>84</sup>

The role that the use of Information and communication technologies can play in that context will be analyzed now in the final chapter.

---

<sup>83</sup> In 2001 It varies between EUR 3 000 in Lithuania and EUR 8 000 in Slovenia compared to EUR 15 000 in EU-15. Source: Eurostat, Employment in the market economy in the European Union, ed. 2004, p. 54, figure 28.

<sup>84</sup> See annex A 8, p. 65.

# 5. Innovation and competitiveness

The previous chapters revealed the ongoing structural changes in the tourism sector, on the demand side as well as on the supply side. Chapter 3 regarded the rapid structural change and intense competition between tourism enterprises as well as destinations, but left out of consideration the interconnectedness of this process as well as aspects of innovation.

The links between structural change, competitiveness and innovation are addressed in this final chapter.

## *Innovation increases tourism demand and improves competitiveness*

The impact of innovation on the tourism sector is as complex as the sector itself. Since there is no supply side definition of tourism<sup>85</sup>, innovation processes outside the sector (in its narrow definition) might be more important than those within.

For example, revolutions in transportation starting with the first railways in the 19<sup>th</sup> century, making the next technological jump about 100 years later when the use of privately owned cars became a mass phenomenon, and ending in the growth of air travel without any doubt were the most important innovations that facilitated the astronomical increase in international tourist arrivals in Europe by 1,745 % merely between 1950 and 2005<sup>86</sup>.

This is true with regard to global development as well as to an individual destination. For spatial access is one of the *sine qua non* for tourism development. Furthermore changing transport prices, in particular the development of cheap air travel, has led to a combined mode-destination shift.<sup>87</sup>

Thus, it is not surprising that in the framework of the Slovenian innovation strategy as well as for peripherally located Member States such as Portugal, no-frills airlines are of particular importance.<sup>88</sup>

Irrespective of the answer to the question whether transport can be considered as part of the tourism sector it is one of the most important 'production factors' for all stakeholders, HORECA companies, travel organizers and the destination itself.<sup>89</sup>

This context hints at the fact that innovation can on the one hand primarily impact on tourism demand, whereas – on the other hand – innovation processes that take place within the HORECA sector and the travel organizers mainly aim at lowering costs and increasing productivity and price competitiveness.

<sup>85</sup> On the demand side a tourist is defined as a person staying outside its usual environment for no longer than one year. See annex B 2, p. 67.

<sup>86</sup> Source: Report 2004, p. 5 and UNWTO, World Tourism Barometer, Volume 4, No 2, June 2006, p. 3.

<sup>87</sup> Source: European Commission, Feasibility and preparatory study regarding a multi-stakeholder European targeted action for sustainable tourism & transport, The Hague, 2004, p. 129.

<sup>88</sup> Source: European Commission (DG ENTR): Innovation and Technology Transfer, broadening the horizons for European travel, May 2005, p.25., with regard to Portugal see OECD, Report on the national strategic plan for tourism of Portugal, 20./21. Nov. 2006, p. 3.

<sup>89</sup> For more details see the 2004 report, p. 59.

Ongoing technological change, the use of information and communication technologies (ICT) affects both sides of the tourism economy simultaneously and will therefore be presented in both respects.

## 5.1 Online information and online travel: rapid growth continues

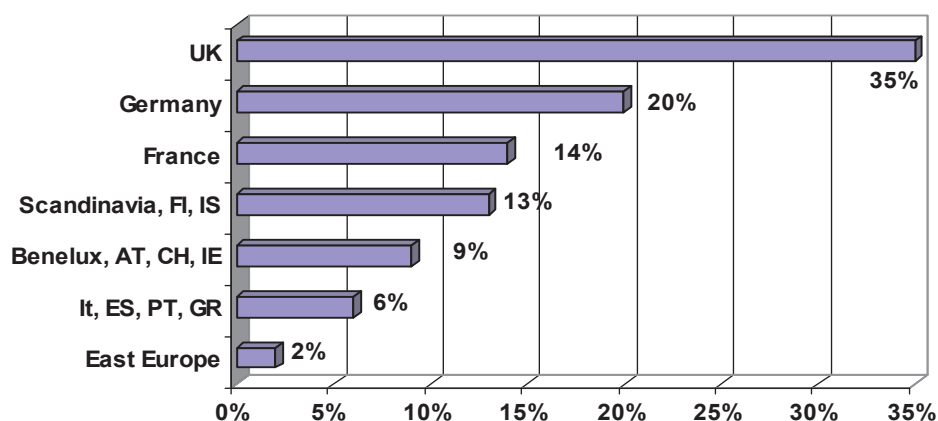
Online travel sales continue their growth uninterruptedly. In only the two years 2004 to 2005 they increased by as much as 34% and reached in 2005 a volume of EUR 25.2 billion in the European market. Some experts expect a further increase of about 25% during 2006 to about EUR 31.5 billion.<sup>90</sup>

The dynamics of this process become even more evident when it is considered that in 1998 online travel sales only amounted to EUR 0.2 bn.<sup>91</sup>

The economic importance of individual Member States in this market is as heterogeneous as in the travel organisers' market in general.

In 2005 the largest share of the online travel market (35 %) fell to the UK, followed by Germany (20 %), whereas the new Member States in Central and Eastern Europe only accounted for about 2 %.

**Figure 5.1.a: Geographic status for the European online travel market 2005**



Source: Marcussen, Carl H. (Centre for regional and tourism research, Denmark): Trends in European internet distribution - of travel and tourism services, 26.4.2006

The regional distribution of online travel sales also underwent drastic changes. Compared to 1998 Germany and the UK exchanged their leading positions. In 1998 Germany accounted for 34 % of the market and the UK for 17 %, whereas the other regions showed only slight variations in that period (the market share decreased in Scandinavia and increased in Southern Europe).<sup>92</sup>

But despite the fact that travel and tourism products belong, together with books, to the category of products most frequently purchased online<sup>93</sup> and the impressive

<sup>90</sup> Source: Marcussen, Carl H. (Centre for regional and tourism research, Denmark): Trends in European internet distribution - of travel and tourism services, 26.4.2006.

<sup>91</sup> Source: Marcussen, Carl H.: ibidem.

<sup>92</sup> Source: Marcussen, Carl H.: ibidem.

<sup>93</sup> Source: Eurostat, SIF 12/2006, Use of the internet among individuals and enterprises, p. 6.

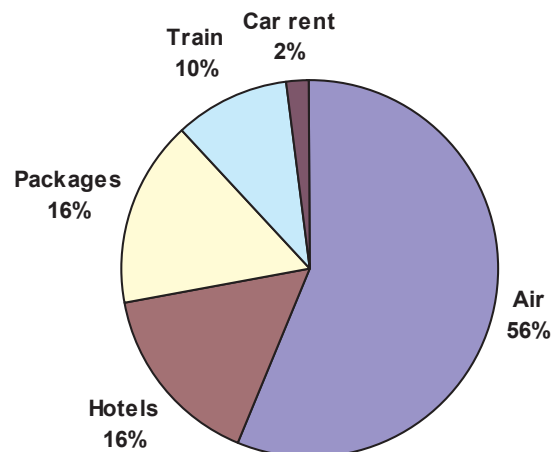
growth rates of the online travel market shown above, the market share of online travel sales on the total travel market still remains relatively small. It is estimated by Marcussen at 12.6 % in 2006.<sup>94</sup>

The reason is not a bottleneck on the supply side, but solely consumer habits.<sup>95</sup>

As was pointed out in the 2004 report the internet is primarily used as a source of information and to compare products and prices. Only about one in five persons surfing on tourism websites also book online, others prefer personal contact either at a travel agency or via phone, fax or e-mail.

Thus, it is not surprising that 'simple purchases' such as booking flights or train tickets showed the highest growth rates, whereas online booking of package travel developed much more slowly and subsequently reduced its market share from about 27 % in 1998 to 16 % in 2005 resulting in shares of these services on the online market as depicted in the figure below.

**Figure 5.1.b: The European online travel market 2005 by type of service**



Source: Marcussen, Carl H (Centre for regional and tourism research: Denmark): Trends in European internet distribution - of travel and tourism services, 26.4.2006.

## 5.2 ICT use of hotels and travel organisers above average

The heterogeneity of the tourism industry presented in the previous chapters is also reflected in the use of ICT. The e-Business W@tch Reports annually published by the European Commission survey up to ten industries in several Member States.<sup>96</sup>

The EBW 2006 report concludes that taken as a whole the tourism sector ranges in the middle in terms of the overall use of ICT, but with remarkable variations.<sup>97</sup>

<sup>94</sup> Source: Marcussen, Carl H.: ibidem.

<sup>95</sup> This is confirmed by the latest e-Business W@tch report which reveals that tourism companies, more than those of the other industries surveyed, consider consumer expectations as the most important reason for the use of ICT, Cf. European Commission: e-Business W@tch Report 2006,, Sector impact study No 8, 2006, ICT and e-business in the tourism industry (*in the following 'EBW report 2006'*) p. 69.

<sup>96</sup> The 2006 EBW report surveys in detail food & beverages, footwear, pulp & paper, ICT manufacturing, consumer electronics, shipbuilding & repair, construction, tourism, telecommunication, hospitals activities in CZ, DE, ES, FR, IT, HU, NL, PL, FI, UK, mentioned as 'EU-10', p. 28.

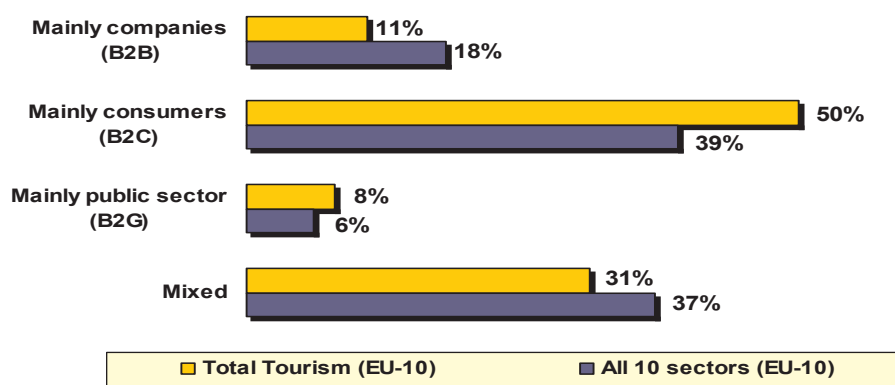
<sup>97</sup> EBW report 2006, p. 73.

According to the report travel agents and tour operators belong to the strongest adopters of ICT, followed by hotels, whereas gastronomy companies are clearly below these two sub-sectors.

Since the latter represent the vast majority of tourism enterprises they clearly dominate the average in the sector.

As regards ICT use for customer relations (B2C), above all marketing and sales activities tourism enterprises clearly range above the 10 sector average, whilst in terms of business-to-business relations (B2B) they remain below average.

**Figure 5.2: Main type of customers ordering online (B2B, B2C, B2G)**



Source: EBW report 2006, p. 64; EU-10: CZ, DE, ES, FR, IT, HU, NL, PL, FI, UK.

When the three sub-sectors of tourism are examined travel organizers are above 10 sector average even regarding the ICT use for B2B-relations, whereas accommodation enterprises just reach it and the gastronomy sub-sector is again below average.<sup>98</sup>

This result shows that tourism companies clearly focus on their customers and explains the rapid structural change in the marketing activities of tour operators towards direct marketing without travel agents described in section 5.3 (see page 50).

More than companies in other sectors, tourism companies are not only prepared to, but also receive orders online with remarkable differences between the three sub-sectors (see table on next page).

<sup>98</sup> EBW report 2006, pp. 53,53.



**Table 5.2: Companies receiving orders from customers online**

	Accept orders from customers online		Receive 1-25% of orders online		Receive more than 25% of orders online	
	% of empl.	% of firms	% of empl.	% of firms	% of empl.	% of firms
<b>Tourism (EU-10)</b>	<b>49</b>	<b>36</b>	<b>68</b>	<b>72</b>	<b>32</b>	<b>28</b>
Micro (1-9 empl.)		35		74		26
Small (10-49 empl.)		46		69		31
Medium (50-249 empl.)		55		64		36
Large (250+ empl.)		61		65		35
<b>Tourism sub-sectors:</b>						
Accommodation sector	73	62	62	66	38	34
Gastronomy	24	16	72	83	28	17
Travel agencies & tour operators	53	40	74	78	26	22
Czech Republic	34	38	68	56	32	44
Denmark	57	47	77	71	23	29
Germany	43	19	86	86	14	14
Estonia	69	68	53	54	47	46
Greece	35	29	78	60	22	40
Spain	33	31	65	82	35	18
France	63	54	53	54	47	46
Ireland	47	39	56	28	44	72
Italy	46	41	96	99	4	1
Cyprus	41	27	78	39	22	61
Latvia	33	21	71	88	29	12
Luxembourg	65	56	89	88	11	12
Hungary	47	25	64	60	36	40
Malta	61	44	79	88	21	12
Netherlands	44	18	84	65	16	35
Austria	65	51	68	63	32	37
Poland	76	71	65	58	35	42
Portugal	35	38	94	89	6	11
Slovenia	52	48	79	75	21	25
Slovakia	36	37	77	64	23	36
Finland	68	39	73	65	27	35
Sweden	44	40	76	76	24	24
United Kingdom	48	17	74	85	26	15
Bulgaria	28	14	96	100	4	0
Romania	53	39	44	74	56	26
<b>All 10 sectors (EU-10)</b>	<b>35</b>	<b>25</b>	<b>73</b>	<b>75</b>	<b>27</b>	<b>25</b>

Source: EBW report 2006, p.189.

It should be noted that some of the new Member States are clearly above average, a fact that indicates that the catching up process has spread to all areas of the economy.

### 5.3 Competition and innovation increase competitiveness

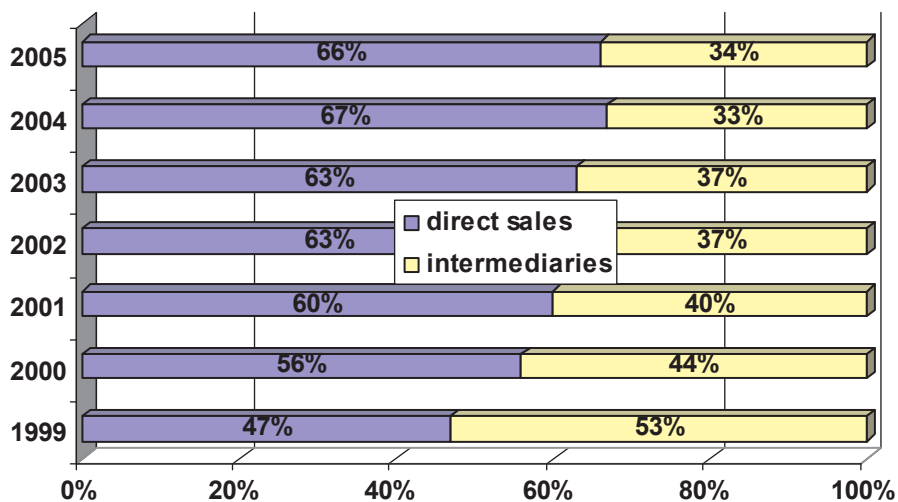
The remark at the end of section 5.1 that despite the rapid growth of the online travel market its share on the total travel market only amounts to 12.6 % did not answer the question, whether competition in particular amongst independent travel agents was intensified by newly created internet companies, virtual travel organizers, or by innovative strategies of already existing companies.

The 2004 report already pointed out that despite their astronomical growth rates virtual tour operators only account for a smaller share of the online market.<sup>99</sup>

The main reason for more competition, without any doubt, was that the spread of the internet in private households facilitated tour operators in developing new marketing strategies, direct marketing and reduced the sale of their products by local travel agents.

Since 1998 the share of direct sales has increased continuously by about 50 %, whereas the share of sales via intermediaries decreased respectively.

**Figure 5.3: Trends in European Online travel market – by marketing channel**



Source: Marcussen, Carl. H. (Centre for Regional and Tourism Research): Trends in European internet distribution - of travel and tourism services, 26.4.2006.

Inevitably this process has led to a higher market concentration.

Section 5.2 already indicated that innovation is not restricted to internal technical processes. Innovation exists in all areas of entrepreneurial activities, product innovation and the development of new sales and source markets as well as the internal reorganization and restructuring of the company.

***Tourism is a highly innovative sector.***

The retrospect clearly shows that tourism enterprises have developed a multitude of new tourist products, in particular since early mass tourism turned to more dif-

<sup>99</sup> See the 2004 report, figure 5.3.1.c on page 63.

ferentiated and individualized forms. Nature based tourism, adventure tourism, cultural tourism, wellness tourism are only names to categorize the variety of new products.<sup>100</sup>

Product innovation is probably more important in the tourism sector than in other industries. For since the vast majority of tourism enterprises, the small and medium sized HORECA companies, are immobile they are forced to develop new products to attract new customers or make their guests return. The study titled 'Early warning system for identifying declining tourist destinations, and preventive best practices' pointed out that together with a decrease in product quality, a lack of product innovation is the most important factor for the decline of destinations.<sup>101</sup>

### ***Opening new source markets***

For the same reason, local immobility, and to compensate for its disadvantages, the development of new 'sales markets', i. e. tourist generating regions, for the HORECA sector, is supported by public stakeholders - at national level the national tourism organizations- whereas tour operators develop new markets (destinations) on their own.

The most recent examples at EU level are the conclusion of the memorandum of understanding with China on an approved destination status for the Community and the launch of the internet portal VisitEurope.com.

### ***Improving the competitiveness of destinations makes networking indispensable***

But since one of the peculiarities of the tourism sector, at least when globally active tour operators are left out of consideration, is that the markets are relatively small because of the importance of transportation costs and that a tourist does not only consume one single product, eg. accommodation only, but a bundle of products, then another dimension of competition and competitiveness appears, that of destinations.

A tourist can also be regarded as a consumer who is not looking for a certain product during his travel, but as a buying experiences; some of them consumed more passively, eg. cultural events, relaxing, for others a prerequisite is their own activity (skiing, diving etc.).

Because these single products can only be consumed at the place of their production, the possible number and level of experiences is the higher and the competitiveness of a destination the better, the more products/experiences it offers.

This results in two kinds of economic relations of tourism enterprises, a competitive relationship between companies selling the same product in the same destination such as accommodation establishments, and a complementary relationship between those companies in a destination selling different products which, however, build an attractive bundle from tourists' point of view to provide the experience that they expect from their holidays.

<sup>100</sup> Space tourism, one of the most recent new products, has not yet become a trend, it is 'very individual', but it clearly indicates that product innovation never ends.

<sup>101</sup> Source: European Commission (DG Enterprise Publication), Early warning system, 2004, p. 46.

Moreover the amalgam of experiences that a destination can offer also depends on exogenous factors. One of them, access and transport, was already mentioned in section 3.3 on page 35 as an important source of innovation. Other factors that cannot be influenced by the stakeholders in a destination is its geographical location.

Regarding the competitiveness of a destination as a prerequisite for the survival of its tourism enterprises thus inevitably leads to the conclusion that enterprises selling complementary products should network to ensure that tourists perceive the destination as a cluster of products to satisfy their demand for holiday experiences.<sup>102</sup>

The EBW report 2006 highlights two quite interesting and successful examples of networking between enterprises: 'Your-Greece – travel services Ltd.' and the 'Countryside Tourism Association of Lithuania'.<sup>103</sup>

The former is an example of joint sales activities of small Greek hotels and the latter of joint activities concerning promotion, training and lobbying on behalf of Lithuania's farm-stay owners.

When regarding the need for innovation to improve or at least maintain the competitiveness of a destination it should be taken into account that SMEs which are the prevailing size class in tourism usually do not have the resources for a routinisation of the innovation process.

The OECD tourism committee therefore recommends that public tourism policy could foster this process by establishing centers of excellence which publish their results as examples to be used by destinations and enterprises.<sup>104</sup>

The European Commission is pursuing a similar approach and began in 2005 with the preparations for a competition to reward destinations of excellence.

---

<sup>102</sup> For this reason the Commission commissioned a study on networking: 'Feasibility Study Networking', and 'Innovation in tourism – How to create a tourism learning area – The handbook, 2006, to raise awareness for this aspect of competitiveness.

<sup>103</sup> EBW report 2006, p. 83 ff. (case studies).

<sup>104</sup> Source: OECD, 2006, Innovation and Growth in Tourism, p. 38.

# Conclusions

1. The report reveals the business opportunities for tourism enterprises created in the course of the enlargement process. Some changes in tourism demand will certainly increase competition, but will primarily offer opportunities to improve competitiveness.

The tourism industry should be encouraged to take up these opportunities and to make use of Europe's enlarged tourist potential.

2. In the new Member States the catching up has been going on since the first steps of enlargement at the beginning of the 1990s resulting not only in an increasing number of tourism establishments, but also giving impulses to more innovation and use of information and communication technologies.

3. Whereas in the HORECA sector market concentration does not jeopardize competition, the structural change in the tour operator sector, in particular with regard to virtual travel agents, has led to a degree of market concentration that is monitored by the European Commission.

4. It is one of the peculiarities of the tourism sector that competition does not take place at enterprise level alone, but as well – and perhaps more important – at destination level. As far as competition between destinations is concerned, all stakeholders in a destination should be encouraged to network in order to improve the product range and quality of their destination to meet consumer demand.

5. Employment in the tourism sector contributes to achieving of employment objectives of the Lisbon strategy. To fully exploit this potential all Community activities concerning tourism must be efficiently coordinated as pointed out in the Communication on 'A renewed tourism policy' ([http://ec.europa.eu/enterprise/services/tourism/index\\_en.htm](http://ec.europa.eu/enterprise/services/tourism/index_en.htm)).

6. In order to better observe ongoing and upcoming developments in the tourism sector and to be able to respond to them adequately, however, tourism statistics must be improved as is envisaged by the amendment of the current tourism statistics Directive.<sup>105</sup>

Furthermore, tourism statistics should be complemented by 'tourism satellite accounts' in all Member States and at Community level. Only a complete system of tourism satellite accounts enables decision makers to evaluate the performance and contributions of the tourism industry to the economy exactly. In the long run, it should be extended to a system that allows the simulation of certain impacts on the tourism sector, of political measures as well as of external shocks such as terrorist attacks or a tsunami.

---

<sup>105</sup> COUNCIL DIRECTIVE 95/57/EC of 23 November 1995 on the collection of statistical information in the field of tourism.



# Annex A 1:

## Composition of European sub-regions by country (UNWTO)

### Central/Eastern Europe

Armenia  
Azerbaijan  
Belarus  
*Bulgaria*  
*Czech Rep.*  
*Estonia*  
Georgia  
*Hungary*  
Kazakhstan  
Kyrgyzstan  
*Latvia*  
*Lithuania*  
*Poland*  
Republic of Moldova  
*Romania*  
Russian Federation  
*Slovakia*  
Tajikistan  
Ukraine  
Turkmenistan  
Uzbekistan

### Western Europe

*Austria*  
*Belgium*  
*France*  
*Germany*  
Lichtenstein  
*Luxemburg*  
Monaco  
*Netherlands*  
Switzerland

### Southern/Mediter. Eu.

Albania  
Andorra  
Bosnia Herzg.  
Croatia  
*Cyprus*  
E.Youg. Rp Macedonia  
*Greece*  
Israel  
*Italy*  
*Malta*  
*Portugal*  
Serbia & Montenegro  
*Slovenia*  
*Spain*  
Turkey  
Yugoslov SFR

### Northern Europe

*Denmark*  
*Finland*  
Iceland  
*Ireland*  
Norway  
*Sweden*  
*United Kingdom*

Source: UNWTO, *Tourism Market Trends, Europe, 2005 Edition, annex 7*





# Annex A 2.1:

## Arrivals in 8 new Member States generated from 12 old ones

**growth rates of arrivals by non-residents in all types of accommodation, by nationality**  
generated from: Denmark, Finland, Sweden, UK, Greece, Italy, Spain, Austria, Belgium, France, Germany, Netherlands  
(n.a. Ireland, Portugal, Luxembourg, for Latvia UK in total n.a.)

Destination	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Hungary	1,798,199	1,871,702	1,857,148	1,792,481	1,762,630	1,865,300	1,927,343	1,889,616	1,855,996	2,049,184
%	97	101	100	97	95	100	104	102	100	110
Czech Rep.	2,472,134	3,215,077	3,358,819	3,484,896	3,534,927	3,059,828	3,297,921	2,931,031	3,219,343	3,924,107
%	74	96	100	104	105	91	98	87	96	117
Poland	1,863,115	2,062,823	2,101,665	1,922,152	1,872,139	1,921,068	1,933,376	1,934,358	2,102,503	2,518,520
%	89	98	100	91	89	91	92	92	100	120
Slovenia	481,912	561,777	681,946	675,478	687,092	739,399	827,608	841,280	918,544	1,020,387
%	71	82	100	99	101	108	121	123	135	150
Slovakia	304,019	299,634	248,619	251,473	255,488	282,152	326,654	359,179	359,382	412,713
%	122	121	100	101	103	113	131	144	145	166
Romania	365,650	375,279	415,918	419,660	421,749	462,503	510,086	575,755	647,552	778,872
%	88	90	100	101	101	111	123	138	156	187
Latvia	83,609	88,064	100,302	116,690	123,397	139,314	168,495	178,355	216,024	283,493
%	83	88	100	116	123	139	168	178	215	283
Bulgaria*	598,726	415,021	673,200	872,348	905,048	1,058,640	1,291,802	1,574,734	1,933,287	2,349,519
%	89	62	100	130	134	157	192	234	287	349
<b>total</b>	<b>7,967,364</b>	<b>8,889,377</b>	<b>9,437,617</b>	<b>9,535,178</b>	<b>9,562,470</b>	<b>9,528,204</b>	<b>10,283,285</b>	<b>10,284,308</b>	<b>11,252,631</b>	<b>13,336,795</b>
%	84	94	100	101	101	101	109	109	119	141

Source: UNWTO (1997=100)

\* arrivals at national borders

## Annex A 2.2:

### Arrivals in 6 old Member States generated from 3 new ones

growth rates of arrivals by non-residents in all types of accommodation, by nationality  
generated from: Czech Rep., Hungary, Poland

Destination	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Belgium	79,990	87,931	84,514	84,387	77,730	78,155	79,216	80,484	82,660	99,437
%	95	104	100	100	92	92	94	95	98	118
Germany	605,761	630,007	646,346	651,132	661,589	714,698	702,994	676,353	705,933	773,165
%	94	97	100	101	102	111	109	105	109	120
Finland	n.a.	n.a.	29,905	32,687	33,401	31,858	31,932	32,910	33,262	36,078
%			100	109	112	107	107	110	111	121
Austria	452,629	476,161	515,812	577,191	598,457	601,765	644,428	667,484	736,348	794,612
%	88	92	100	112	116	117	125	129	143	154
Netherlands	n.a.	n.a.	69,000	92,000	94,000	86,800	85,000	81,300	77,800	99,800
%			100	133	136	126	123	118	113	145
Italy	n.a.	n.a.	628,849	856,440	848,077	1,247,976	1,155,761	1,080,582	1,051,909	1,063,538
%			100	136	135	198	184	172	167	169
<b>total</b>	n.a. in total	n.a. in total	1,974,426	2,293,837	2,313,254	2,761,252	2,699,331	2,619,113	2,687,912	2,866,630
%			100	116	117	140	137	133	136	145

Source: UNWTO (1997 = 100)

# Annex A 3.1:

## Overnight stays in 6 old Member States generated from 3 new ones

**growth rates of overnight stays by non-residents in all types of accommodation, by nationality**  
generated from: Czech Rep., Hungary, Poland

Destination	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Germany	1,843,718	1,825,650	1,812,024	1,732,210	1,775,187	1,909,586	1,923,138	1,723,112	1,752,640	1,919,503
%	102	101	100	96	98	105	106	95	97	106
Finland	66,860	58,740	77,689	81,429	83,920	85,090	83,482	90,020	83,195	89,286
%	86	76	100	105	108	110	107	116	107	115
Schweden	n.a.	n.a.	104,518	91,105	110,718	115,288	130,343	124,999	113,455	121,905
%	n.a.	n.a.	100	87	106	110	125	120	109	117
Netherlands	n.a.	n.a.	127,000	176,000	187,000	198,200	189,600	188,200	165,400	204,300
%	n.a.	n.a.	100	139	147	156	149	148	130	161
Austria	1,419,279	1,535,795	1,732,665	1,990,050	2,178,129	2,169,278	2,338,849	2,488,684	2,762,128	2,957,415
%	82	89	100	115	126	125	135	144	159	171
Italy	n.a.	n.a.	2,795,912	3,766,094	4,039,369	5,591,257	5,694,640	5,419,600	5,020,511	5,066,487
%	n.a.	n.a.	100	135	144	200	204	194	180	181
<b>in total</b>	n.a. completely	n.a. completely	6,649,808	7,836,888	8,374,323	10,068,699	10,360,052	10,034,615	9,897,329	10,358,896
%	n.a. completely	n.a. completely	100	118	126	151	156	151	149	156

Source: UNWTO (1997 =100)

## Annex A 3.2:

### Overnight stays in 7 new Member States generated from 12 old ones

**growth rates of overnight stays by non-residents in all types of accommodation, by nationality**  
generated from: Denmark, Finland, Sweden, UK, Greece, Italy, Spain, Austria, Belgium, France, Germany, Netherlands,

Destination	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Hungary	7,231,506	7,607,746	7,727,033	7,197,234	7,119,981	7,429,337	7,711,732	7,288,389	7,010,995	7,294,499
%	94	98	100	93	92	96	100	94	91	94
Czech Rep.	7,517,469	10,045,803	10,638,170	11,227,809	11,269,984	11,351,939	11,097,552	9,804,507	10,891,653	12,691,170
%	71	94	100	106	106	107	104	92	102	119
Slovenia	1,664,858	1,803,476	2,260,638	2,198,527	1,890,491	2,416,844	2,732,373	2,834,401	2,901,096	3,057,783
%	74	80	100	97	84	107	121	125	128	135
Slovakia	1,260,282	1,246,293	1,082,235	1,191,821	1,180,674	1,280,889	1,470,599	1,664,716	1,602,033	1,640,635
%	116	115	100	110	109	118	136	154	148	152
Romania	1,221,904	1,095,036	1,211,246	1,141,555	1,069,348	1,189,296	1,363,154	1,528,127	1,648,681	1,929,069
%	101	90	100	94	88	98	113	126	136	159
Poland	2,027,277	2,141,693	2,058,271	2,122,624	2,025,930	3,271,334	3,279,500	3,331,421	3,667,149	4,589,601
%	98	104	100	103	98	159	159	162	178	223
Latvia	232,567	227,304	251,766	283,207	304,476	303,317	372,449	378,766	462,721	584,168
%	92	90	100	112	121	120	148	150	184	232
<b>in total</b>	21,155,863	24,167,351	25,229,359	25,362,777	24,860,884	27,242,956	28,027,359	26,830,327	28,184,328	31,786,925
%	84	96	100	101	99	108	111	106	112	126
Bulgaria*	3,485,938	3,139,237	2,978,596	3,075,941	3,271,897	3,633,275	4,452,487	5,370,214	6,877,462	2004 n.a.
	117	105	100	103	110	122	149	180	231	

\* not taken into account because of missing data for 2004

Source: UNWTO, 1997=100

## Annex A 4:

### Receipts per arrival and expenditure per trip, 2004

EUR MIO			
15 old Members	int. tourism receipts per arrival	12 new Members	int. tourism receipts per arrival
France	435	Latvia	200
Ireland	495	Hungary	265
Portugal	545	Romania	300
Finland	590	Poland	330
Austria	635	Lithuania	345
Spain	695	Bulgaria	385
Italy	775	Estonia	405
Greece	780	Slovakia	515
UK	815	Malta	545
Netherlands	860	Czech Rep.	555
Belgium	1,105	Cyprus	715
Germany	1,105	Slovenia	875
Denmark	1,360		
Sweden	1,660		
Luxembourg	3,370		

	int. tourism expenditures per trip		int. tourism expenditures per trip
Spain	1,908	Slovakia	1,311
Austria	1,342	Malta	1,011
Belgium	1,284	Cyprus	872
Denmark	1,271	Bulgaria	276
France	1,089	Slovenia	249
Germany	789	Estonia	136
Ireland	773	Hungary	131
Netherlands	771	Latvia	124
UK	708	Lithuania	119
Italy	707	Poland	83
Sweden	585	Romania	62
Finland	392	Czech Rep.	50
Luxembourg	:		
Greece	:		
Portugal	:		

Source: UNWTO, *Tourism Market Trends Europe*, ed. 2005, int. tourism receipts per arrival: annex 19, int. tourism expenditure per trip: p. 71 ff. chapter III

The high value of tourism receipts per arrival in Luxembourg is explicable by the small size of the country and the definition of tourism receipts that include not only expenditure for transport, lodging and food but also for shopping and even the expenditure of same day visitors (broader definition of receipts see also annex B 2 on page 75).

# Annex A 5:

## Breakdown of tourists by age group and destination, 2004

%	15-24 years			25-44 years			45-64 years			65 years and +					
	Total	Domestic	Outbound	Total	Domestic	Outbound	Total	Domestic	Outbound	Total	Domestic	Outbound	Both		
EU-25	16.8	14.3	72.5	13.2	36.5	75.1	11.5	38.2	11.0	76.7	12.3	8.5	16.6	68.5	14.8
BE	20.4	48.8	25.0	26.2	41.3	28.0	25.0	30.3	47.6	30.2	22.1	8.0	70.1	19.3	10.6
CZ	15.6	19.2	68.0	12.8	39.9	52.8	14.3	32.7	22.9	53.8	23.3	11.8	40.9	42.6	16.5
DK	10.3	22.7	72.0	9.6	40.4	60.8	9.6	35.8	31.1	53.1	15.8	13.5	41.2	44.7	4.7
DE	24.8	90.1	8.5	1.4	37.1	13.0	1.3	31.2	87.9	10.4	1.7	14.0	94.5	4.9	0.6
EE	17.7	85.8	8.8	5.4	42.7	78.0	10.0	29.7	81.4	9.9	8.7	13.7	91.0	4.5	4.5
EL	14.0	69.0	11.8	19.1	38.1	7.6	21.4	29.1	65.8	9.8	24.3	19.7	63.0	8.9	28.0
ES	13.1	24.9	75.1	39.2	29.6	70.4	33.3	25.9	74.0	13.1	13.8	12.4	84.9	8.3	6.8
FR	15.2	71.9	15.5	12.7	44.0	16.6	13.8	28.5	73.1	10.4	1.7	14.0	94.5	4.9	0.6
IE	15.2	71.9	15.5	12.7	44.0	16.6	13.8	28.5	73.1	10.4	1.7	14.0	94.5	4.9	0.6
IT	15.2	71.9	15.5	12.7	44.0	16.6	13.8	28.5	73.1	10.4	1.7	14.0	94.5	4.9	0.6
LV	19.8	65.4	34.6	45.0	50.4	49.6	28.1	50.6	49.4	7.1	82.3	17.7	82.3	17.7	82.3
LT	13.6	1.7	98.3	40.9	99.4	99.4	32.2	100.0	100.0	13.2	98.2	98.2	98.2	98.2	98.2
LU	13.6	1.7	98.3	40.9	99.4	99.4	32.2	100.0	100.0	13.2	98.2	98.2	98.2	98.2	98.2
HU	13.6	1.7	98.3	40.9	99.4	99.4	32.2	100.0	100.0	13.2	98.2	98.2	98.2	98.2	98.2
MT	14.0	20.8	41.7	37.5	37.8	36.5	40.0	33.3	20.0	35.9	44.0	15.0	26.7	37.1	36.3
NL	14.0	19.8	66.7	13.5	43.4	63.7	17.1	31.0	22.1	55.8	22.1	11.5	33.9	47.7	18.4
AT	24.9	77.2	9.0	13.8	36.7	13.6	9.7	28.3	75.6	15.4	9.0	10.2	79.2	11.7	9.1
PL1	16.9	72.6	18.4	9.1	43.7	17.6	14.6	26.6	70.8	20.6	8.6	12.8	76.3	16.8	6.9
PT	23.4	14.9	66.5	18.6	40.0	70.7	13.0	28.4	25.2	62.2	12.5	8.2	51.0	36.4	36.4
SI	22.9	53.9	36.3	9.8	41.8	42.7	3.7	30.1	51.4	44.5	4.1	5.2	71.8	25.4	2.8
SK	18.9	48.9	25.1	26.0	33.4	21.8	24.9	38.5	46.7	20.4	32.8	9.2	54.6	16.1	29.8
FI	13.6	21.1	68.2	10.5	37.3	57.1	17.6	33.1	27.7	52.1	19.5	16.0	30.7	46.1	23.0
SE	13.6	21.1	68.2	10.5	37.3	57.1	17.6	33.1	27.7	52.1	19.5	16.0	30.7	46.1	23.0
UK	13.6	21.1	68.2	10.5	37.3	57.1	17.6	33.1	27.7	52.1	19.5	16.0	30.7	46.1	23.0

Source: Eurostat, NC, population and social conditions, tourism

# Annex A 6:

## Market for accessible tourism by country

Market size per country and market segment (27 European countries)

Country	Market segments (numbers given in thousands)								TOTAL demand for accessibility per country (in thousands)
	Mobility impaired	Visual impaired	People with deafness/hard of hearing	Speech impaired	Mental/intellectual impaired	People with hidden impairments	Total disability population incl. long-standing health problems (age: 16-64)	Elderly population (> 65)	
Austria	353.6	23.4	17.8	5.0	36.9	271.9	708.6	1,357.0	2,065.6
Belgium	536.3	60.1	18.8	8.8	91.5	537.5	1,253.0	1,807.0	3,060.0
Cyprus	24.1	2.2	0.7	*0	6.5	*29.3	62.8	89.0	151.8
Czech Rep.	529.2	91.1	17.6	5.9	58.8	*765.9	1,468.5	1,458.0	2,926.5
Denmark	321.0	15.0	12.9	*2.9	64.4	298.2	714.4	817.0	1,531.4
Estonia	77.3	14.8	*0	*0	11.6	*98.4	202.1	224.0	426.1
Finland	362.7	15.7	11.2	*0	59.5	657.0	1,106.1	831.0	1,937.1
France	3,764.0	943.4	252.9	48.6	885.1	3,832.0	9,726.0	9,962.0	19,688.0
Germany	**1,124.4	**109.5	**136.6	**4.3	**731.5	**1,373.8	***6,161.0	15,577.0	21,738.0
Greece	166.6	38.2	7.3	*4.4	67.2	449.2	732.9	2,007.0	2,739.9
Hungary	242.4	14.1	7.8	*3.1	107.1	*406.6	781.1	1,507.0	2,288.1
Ireland	81.9	5.1	6.0	*0	31.4	*172.2	296.6	636.0	932.6
Italy	981.5	89.5	43.5	17.9	263.3	1,155.3	2,551.0	11,289.0	13,840.0
Latvia	*0	*0	*0	*0	*0	*0	*0	370.0	370.0
Lithuania	*39.9	*0	*0	*0	30.2	*119.4	189.5	546.0	735.5
Luxembourg	19.4	2.1	*0	*0	*1.4	*12.1	35.0	68.0	103.0
Malta	*8.4	*0	*0	*0	*3.1	*8.5	20.0	54.0	74.0
Netherlands	1,284.5	56.5	53.6	14.1	285.1	1,019.1	2,712.9	2,313.0	5,025.9
Norway	238.1	18.3	16.8	*1.5	52.0	*115.3	442.0	681.0	1,123.0
Poland	*0	*0	*0	*0	*0	*0	*0	5,094.0	5,094.0
Portugal	546.7	77.5	19.7	*0	183.2	573.5	1,400.6	1,802.0	3,202.6
Romania	202.7	26.1	9.0	8.1	92.8	563.1	901.8	3,255.0	4,156.8
Slovakia	125.5	8.2	4.8	*0	29.5	145.5	313.5	643.0	956.5
Slovenia	117.4	9.4	*3.3	*0	14.7	*132.1	276.9	309.0	585.9
Spain	932.9	83.5	40.6	11.9	365.1	952.0	2,386.0	7,103.0	9,489.0
Sweden	500.9	21.1	42.2	*0	96.2	507.9	1,168.3	1,568.0	2,736.3
UK	3,486.7	185.8	262.3	109.3	950.9	5,989.6	10,984.6	9,536.0	20,520.6
<b>Total demand for accessibility per type</b>	<b>16,068.1</b>	<b>1,910.6</b>	<b>985.4</b>	<b>245.8</b>	<b>4,519.0</b>	<b>20,185.4</b>	<b>***46,594.2</b>	<b>80,903.0</b>	<b>127,498.2</b>

Source: OSSATE, Accessibility Market and Stakeholder Analyses, 20.10.2005, ed. 2006, p. 53.

# Annex A 7:

## Accessible tourism supply by country

### Total and Accessible Tourism Supply

	Accommodation (number of establishments)			Attractions			Restaurants & Catering Facilities		
	Total	Accessible	(%)	Total	Accessible	(%)	Total	Accessible	(%)
AUSTRIA	20609	295	1.4	-	-	-	-	-	-
BELGIUM	3558	175	4.9	1233	79	6.4	-	-	-
CYPRUS	961	39	4	-	-	-	-	-	-
CZECH REPUBLIC	3859	660	17.1	120	9	7.5	245	109	44.4
DENMARK	1097	130	11.8	-	-	-	1217	86	7.6
ESTONIA	854	-	-	422	-	-	100	-	-
FINLAND	1470	23	1.5	-	93	-	-	101	-
FRANCE	28649	368	1.2	-	196	-	-	100	-
GERMANY	55119	-	-	-	-	-	-	-	-
GREECE	8876	1094	12.3	-	-	-	-	120	-
HUNGARY	2741	330	12	-	-	-	-	-	-
IRELAND	8971	75	0.8	-	83	-	-	-	-
ITALY	31997	9248	28.9	-	-	-	-	-	-
LATVIA	326	-	-	-	-	-	-	-	-
LITHUANIA	1221	122	9.9	-	-	-	1254	103	8.2
LUXEMBOURG	560	42	7.5	-	-	-	257	0	-
MALTA	361	23	6.3	46	-	-	928	1	0.1
NETHERLANDS	7080	196	2.7	1425	427	29.9	110	36	32.7
POLAND	8376	-	-	-	-	-	-	-	-
PORTUGAL	2214	-	-	-	-	-	2115	-	-
SLOVAKIA	2084	235	11.2	-	-	-	275	64	23.2
SLOVENIA	981	-	-	-	-	-	793	-	-
SPAIN	22348	1525	6.8	-	-	-	41789	45	-
SWEDEN	2770	250	9	-	-	-	-	-	-
UK	62828	938	1.4	7806	-	-	-	-	-
<b>SUM</b>	<b>279910</b>	<b>15768</b>	<b>5.6</b>	<b>11052</b>	<b>1258</b>	<b>11.3</b>	<b>49083</b>	<b>765</b>	<b>1.5</b>

Source: OSSATE, Accessibility Market and Stakeholder Analyses, 20.10.2005, ed. 2006, p. 75.



## Annex A 8:

### Growth competitiveness index, rankings 2005/2004

Country	2005 rank	2004 rank	Country	2005 rank	2004 rank
<b>EU 15</b>			<b>EU 12</b>		
Finland	1	1	Estonia	20	20
Sweden	3	3	Slovenia	32	33
Denmark	4	5	Cyprus	34	38
Netherlands	11	12	Malta	35	32
United Kingdom	13	11	Czech Republic	38	40
Germany	15	13	Hungary	39	39
Austria	21	17	Slovak Republic	41	43
Portugal	22	24	Lithuania	43	36
Luxembourg	25	26	Latvia	44	44
Ireland	26	30	Poland	51	60
Spain	29	23	Bulgaria	58	59
France	30	27	Romania	67	63
Belgium	31	25			
Greece	46	37			
Italy	47	47			

Source: World Economic Forum: [www.weforum.org](http://www.weforum.org)

# Annex B 1:

## Abbreviations

---

**Countries:**

<b>AT</b>	Austria	<b>LT</b>	Lithuania
<b>BE</b>	Belgium	<b>LU</b>	Luxembourg
<b>CZ</b>	Czech Republic	<b>HU</b>	Hungary
<b>CY</b>	Cyprus	<b>MT</b>	Malta
<b>DK</b>	Denmark	<b>NL</b>	Netherlands
<b>DE</b>	Germany	<b>PL</b>	Poland
<b>EE</b>	Estonia	<b>PT</b>	Portugal
<b>EL</b>	Greece	<b>SE</b>	Sweden
<b>ES</b>	Spain	<b>SI</b>	Slovenia
<b>FI</b>	Finland	<b>SK</b>	Slovakia (Slovak Republic)
<b>FR</b>	France	<b>UK</b>	United Kingdom
<b>IE</b>	Ireland	<b>BG</b>	Bulgaria
<b>IT</b>	Italy	<b>RO</b>	Romania
<b>LV</b>	Latvia		

---

**other terms:**

---

<b>B2B</b>	Business-to-business relations
<b>B2C</b>	Business-to-consumer relations
<b>B2G</b>	Business-to-government relations
<b>GDP</b>	Gross domestic product
<b>HORECA</b>	Hotels, restaurants, cafes etc. (NACE)
<b>ICT</b>	Information a communication technology
<b>NACE</b>	'Nomenclature statistique des Activités économiques dans la Communauté Européenne'
<b>TSA</b>	Tourism Satellite Account
<b>UNWTO</b>	United Nations World Tourism Organisation
<b>WTTC</b>	World Travel and Tourism Council

---

## Annex B 2:

### Technical terms

Term	Definition
accommodation, collective	an accommodation establishment providing overnight lodging for the traveller in a room or some other unit (the number of places it provides must be greater than a specified minimum for groups of persons exceeding a single family unit and all the places in the establishment must come under a common commercial-type management);. subdivisions: hotels and similar establishments, specialised establishments, and other collective establishments. (Eurostat)
accommodation, private (Eurostat)	concerns tourists allowed by relatives or friends to use all or part of their home free of charge.
accommodation, tourist (Eurostat)	'any facility that regularly (or occasionally) provides overnight accommodation for tourists'. It is important to distinguish facilities that commercially service the bulk of overnight stays away from the guest's usual environment and those providing occasional overnight accommodation.
average length of stay (Eurostat)	number of overnight stays ./ number of arrivals.
employment, direct (Wttc, <a href="http://www.wttc.org">www.wttc.org</a> (link competitiveness monitor, databank, human resources))	the number of people directly employed in the travel and tourism industry (includes those jobs with face-to-face contact with visitors, such as workers in airlines, hotels, car rental, restaurants, retail, entertainments)
employment, indirect (Wttc, <a href="http://www.wttc.org">www.wttc.org</a> (link competitiveness monitor, databank, human resources))	the total number of people employed in the travel and tourism industry including those jobs associated with travel & tourism (includes industry suppliers such as airline caterers, laundry services, food suppliers, wholesalers, accounting firms, etc, government agencies, manufacturing and construction of capital goods and exported goods used in Travel and Tourism and supplied commodities, including steel producers, lumber, oil production, etc.).
establishments, similar (Eurostat)	rooming and boarding houses, bed-and-breakfast establishments, tourist residences and similar accommodation arranged in rooms and providing limited hotel services, including daily bed-making and cleaning of the rooms and sanitary facilities.
expenditure, international personal travel & tourism (WTTTC, <a href="http://www.wttc.org">www.wttc.org</a> link: competitiveness monitor, link: databank, human tourism)	traditional personal spending by residents on services that are normally associated with the travel & tourism industry such as lodging, transportation, entertainment, meals, financial services, etc., as well as goods (durable and non-durable), which are purchased by residents and used for travel & tourism activities.
expenditure, tourism (Eurostat)	total consumption expenditure made by a visitor, or on behalf of a visitor, for and during his/her trip and stay at destination.
expenditure, tourism domestic	expenditure incurred as a direct result of resident tourists travelling within their own country of residence.
hotels (Eurostat)	comprises hotels, apartment-hotels, motels, roadside inns, beach hotels and similar establishments providing hotel services, including more than daily bed-making and cleaning of the room and sanitary facilities.

>>>

Term	Definition
labour productivity (per capita) (Eurostat)	per capita productivity: value added at factor cost./number of persons employed
labour productivity (per capita) wage adjusted (Eurostat)	(value added at factor cost./number of persons employed) ./ (personnel costs./number of persons employed)
Occupancy rate: (Eurostat)	Relationship between available capacity and the extent to which it is used. This rate may refer either to use of rooms or of beds. Occupancy rate is based on the number of overnight stays of both resident und non-resident tourists.
occupancy rates of bed-places, gross (Eurostat)	is calculated by dividing total overnight stays by the product of bed-places on offer and the number of days in the corresponding month (sometimes termed bed-nights) for the same group of establishments
occupancy rates of rooms, gross (Eurostat)	is calculated by dividing total overnight stays by the product of bed-rooms on offer and the number of days in the corresponding month for the same group of establishments
persons with disabilities (UNWTO)	are all persons who, owing to the environment being encountered, suffer a limitation in their relational ability and have special needs during travel, in accommodation, and other tourism services, particularly individuals with physical, sensory and intellectual disabilities or other medical conditions requiring special care, such as elderly persons and others in need of temporary assistance.
tourism (Eurostat)	activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes.
tourism demand (WTTC, <a href="http://www.wttc.org">www.wttc.org</a> , link: competitiveness monitor, link: databank, human tourism)	consists of travel & tourism consumption, government collective expenditure on travel & tourism, capital investment in travel & tourism, and travel & tourism non-visitor exports.
tourism, domestic (Eurostat)	activities of residents of a given area travelling only within that area, but outside their usual environment.
tourism, cultural (Eurostat)	all cultural activities undertaken by visitors and the supply of products for cultural visitors during their visit.
tourism, inbound (Eurostat)	activities of non-residents travelling in a given area that is outside their usual environment.
tourism, international (Eurostat)	consists of 'inbound tourism' and 'outbound tourism'.
tourism, outbound (Eurostat)	activities of residents of a given area travelling to and staying in places outside that area (and outside their usual environment).
tourism, price competitiveness index (WTTC, <a href="http://www.wttc.org">www.wttc.org</a> link: competitiveness monitor, link: databank)	shows the tourism price index across countries where the index value of '0' shows the least price competitive country and '100' represents the most price competitive country.
tourism, receipts international (UNWTO)	Earned by a destination country from inbound tourism and cover all tourism receipts resulting from expenditure made by visitors from abroad, on for instance lodging, food and drinks, fuel, transport in the country, entertainment, shopping etc. This concept includes receipts generated by overnight as well as by same-day trips, which can be substantial, as will be the case with countries where a lot of shopping for goods and services takes place by visitors from neighbouring countries.

>>>

Term	Definition
tourism sector, narrow definition/direct impact (WTTC, <a href="http://www.wttc.org/frameset2.htm">http://www.wttc.org/frameset2.htm</a> Full report	traditional Travel & Tourism providers such as airlines, hotels, car rental companies, etc. The term comprises the explicitly defined supply-side industry contribution of Travel & Tourism that can be compared one-for-one with the GDP and employment contribution of other industries in the economy.
tourism sector, broad definition/broad impact (WTTC, <a href="http://www.wttc.org/frameset2.htm">http://www.wttc.org/frameset2.htm</a> Full report	includes in addition to the narrow definition fuel and catering companies, laundry services, accounting firms, etc. The term comprises the upstream resident economy contribution which comes about from suppliers to the traditional Travel & Tourism industry.
tourism supply (Eurostat)	supply of all assets, services and goods to be enjoyed or bought by visitors and occasioned by the journeys of visitors. Statistics on tourism supply may be approached in two ways: <ul style="list-style-type: none"> <li>· statistics on the production (structure) of enterprises etc., e.g. supply has been interpreted as ACTIVITIES of enterprises such as the supply of HORECA, transport and retail services;</li> <li>· statistics on the results of such activities, i.e. PRODUCTS, which also may be services, consumed by visitors.</li> </ul>
tourist (Eurostat)	Visitors who stay at least one night in collective or private accommodation in the place/country visited.
value added at factor cost (Eurostat)	can be calculated from turnover, plus capitalised production, plus other operating income, plus or minus the changes in stocks, minus the purchases of goods and services, minus other taxes on products (which are linked to turnover but not deductible) minus the duties and taxes linked to production.
value added at market prices (Eurostat)	value added at factor cost - operating subsidies + indirect taxes = value added at market prices
visitor (Eurostat)	'any person travelling to a place other than that of his/her usual environment for less than twelve consecutive months and whose main purpose of travel is other than the exercise of an activity remunerated from within the place visited'.

# Annex B 3:

## Bibliography

Editor	Title
Deutsches Wirtschaftswissenschaftliches Institut für Fremdenverkehr an der Universität München (dwif)	S-Tourismusbarometer, 2006 <a href="http://www.s-tourismusbarometer.de">www.s-tourismusbarometer.de</a> , link: Ostdeutschland, Deutsch-Polnisches Tourismusbarometer
Federal Ministry of Economics and Labour (former: BMWA) today: Federal Ministry of Economics and Technology (BMWI)	Economic impulses of accessible tourism for all, BMWA documentation No. 526, Nov. 2003 <a href="http://www.bmwi.de">www.bmwi.de</a> , link: Bestellservice
FVW International, Germany (magazine)	Das Magazin für Tourismus und Business Travel, Ed. 2006, No. 13/2006, 'Tempomacher', <a href="http://www.fvw.de">www.fvw.de</a>
FVW International, Germany (magazine)	Europäische Veranstalter 2004, No 13/2005, Beilage (supplement) to the magazine FVW international, Germany
Marcussen, Carl. H. Centre for regional and tourism research, Denmark	Trends in European internet distribution - of travel and tourism services, 26.4.2006 <a href="http://www.crt.dk/uk/staff/chm/trends.htm">www.crt.dk/uk/staff/chm/ trends.htm</a>
OECD	Innovation and growth in tourism, 2006 <a href="http://www.sourceoecd.org">www.sourceoecd.org</a>
OECD	Report on the national strategic plan for tourism of Portugal, Nov. 2006
OSSATE, one-Stop-Shop for Accessible tourism in Europe	Accessibility market and stakeholder analysis 2005, Edition 2006, <a href="http://www.ossate.org">www.ossate.org</a> , link: surveys and reports
Sinclair, M. Thea and Stabler, Miike	The economics of tourism, first edition Routledge London 1997 and Taylor & Francis e-library in 2002
Smeral, Egon	Die Zukunft des internationalen Tourismus, Linde Verlag Wien GmbH, Wien 2003
Wong, Clement	The future of travel and tourism in Europe, 11.5.2006, <a href="http://www.euromonitor.com/Articlearchive.aspx">http://www.euromonitor.com/Articlearchive.aspx</a>
WTTC	Positions: Welcoming the new EU Member States with jobs & growth, a practical manifesto from the travel & tourism private sector <a href="http://www.wttc.org">www.wttc.org</a> , link: regional initiatives/EU activities

### European Commission

European Commission	Communication: A renewed EU tourism policy: Towards a stronger partnership for European tourism, Brussels, 17.06.2006, COM (2006), 134 final <a href="http://ec.europa.eu/enterprise/services/tourism/index_en.htm">http://ec.europa.eu/enterprise/services/tourism/index_en.htm</a>
European Commission	Council Directive 95/57/EC on the collection of statistical information in the field of tourism, COM (2000) 826 final <a href="http://europa.eu">http://europa.eu</a> link: gateway to the European Union, documents/European Commission/register of COM, SEC and C documents

>>>

Editor	Title
European Commission	e-business w@tch, ICT and e-business in the tourism industry, sector report no. 8/2006 <a href="http://www.ebusiness-watch.org/resources/tourism/SR08-2006_Tourism.pdf">http://www.ebusiness-watch.org/resources/tourism/SR08-2006_Tourism.pdf</a>
European Commission	Early warning system for identifying declining tourist destinations and preventive best practices, 2004 (publication DG Enterprise)
European Commission	Employment in Europe, Recent Trends and Prospects, ed. 2004 and 2005 <a href="http://ec.europa.eu/employment_social/employment_analysis/employ_2004_en.htm">http://ec.europa.eu/employment_social/employment_analysis/employ_2004_en.htm</a>
European Commission	ESPO, Draft Final Report, project 1.4.5: Preparatory study of spatially relevant aspects of tourism, 2006 <a href="http://www.espon.eu">http://www.espon.eu</a>
European Commission	Feasibility Study Networking (DG Enterprise) <a href="http://ec.europa.eu/enterprise/services/tourism/studies_and_publications.htm">http://ec.europa.eu/enterprise/services/tourism/studies_and_publications.htm</a>
European Commission	Press release Commissioner Verheugen: 'Tourism among EU Commission's top priorities', Febr. 2005.
European Commission	The European Tourism Industry – a multi-sector with dynamic markets, 2004 (publication DG Enterprise) <a href="http://ec.europa.eu/enterprise/services/tourism/studies_and_publications.htm">http://ec.europa.eu/enterprise/services/tourism/studies_and_publications.htm</a>
European Commission (DG ENTR)	Innovation in tourism – How to create a tourism learning area, The handbook (publication DG Enterprise) <a href="http://ec.europa.eu/enterprise/services/tourism/studies_and_publications.htm">http://ec.europa.eu/enterprise/services/tourism/studies_and_publications.htm</a>

<b>EUROSTAT</b>	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Eurostat	Consumers in Europe, Facts and Figures, data 1999-2004 2005 Edition (link: publication/panorama of the EU)
Eurostat	Employment in the market economy in the European Union, ed. 2004 (link: publication/detailed tables)
Eurostat	European business, facts and figures, data 1995-2004, ed. 2005 (link: publication/panorama of the EU)
Eurostat	Data base 'new cronos' (NC) link: themes: - population and social conditions - industry, trade and services - economy and finance (to each theme: link data)
Eurostat	Panorama on tourism, 2006 (link: publication/panorama of the EU)
Eurostat	Regions: Statistical yearbook 2005, data 1999-2003 (link: publication/panorama of the EU)

&gt;&gt;&gt;

Editor	Title
Eurostat	Statistics on focus, SIF: <ul style="list-style-type: none"> <li>• Employment in hotels and restaurants in the enlarged EU still growing, 32/2005</li> <li>• Hotels and restaurants in Europe, 38/2004</li> <li>• How Europeans go on holiday, 18/2006</li> <li>• Inbound and outbound tourism in the European Union, 5/2006</li> <li>• Use of the internet among individuals and enterprises, 12/2006</li> </ul> link: <a href="#">publication/statistics in focus/ industry, trade and services</a>

**UNWTO**

United Nations World Tourism Organisation  
(until December 2005 WTO)

<http://www.unwto.org>

UNWTO	Electronic factbook (former Compendium) (link: <a href="#">publication/unwto online library/tourism factbook/list of countries – basic indicators</a> )
UNWTO	Tourism Barometer, Vol. 4 Nr. 1, January 2006 (link: <a href="#">publication/link online library</a> )
UNWTO	Tourism Barometer, Vol. 4 Nr. 2, June 2006
UNWTO	Luigi Cabrini, Impact of the European Union Enlargement on tourism development in Europe, Conference Vilnius, Lithuania, 1-2 March 2006. <a href="http://www.world-tourism.org/meetings/eng.html">www.world-tourism.org/meetings/eng.html</a>
UNWTO	Tourism Vision 2020, Volume 4: Europe, ed. 2000 (WTO) (link: <a href="#">publication/link online library</a> )
UNWTO	The impact of rising oil prices on international tourism, Edition March 2006 (link: <a href="#">publication/link online library</a> )
UNWTO	The Travel Industry's Business Model Is Broken. What's Next?, Madrid 2006 (link: <a href="#">publication/link online library</a> )
UNWTO	Tourism Market Trends, Europe, 2004 and 2005 Edition (link: <a href="#">publication/link online library</a> )
UNWTO	Statistical yearbooks (link: <a href="#">publication/link online library</a> )



European Commission

**The European Tourism Industry in the enlarged Community**

Luxembourg: Office for Official Publications of the European Communities

2007 — vi, 72 pp. — 21 × 29.7 cm

ISBN 978-92-79-04945-3



### **How to obtain EU publications**

Our priced publications are available from EU Bookshop (<http://bookshop.europa.eu>), where you can place an order with the sales agent of your choice.

The Publications Office has a worldwide network of sales agents. You can obtain their contact details by sending a fax to (352) 29 29-42758.

