

The future of travel and tourism in Europe

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According to the latest research from Euromonitor International, France still remains Western Europe's top inbound tourist destination. Spain, at number two, however, has stronger annual growth figures as it is not as dependent as France on US arrivals. This is important, as although tourist arrivals from the US are recovering in Europe, numbers still remain sluggish due to the weak dollar and overseas travel apprehensiveness. The top inbound destination for Eastern Europe is Poland with 15 million arrivals in 2005, followed closely by Hungary. Bulgaria remains the fastest growing inbound tourist destination in Europe with growth of 17% between 2004 and 2005.

Â Euromonitor International believes that this could be a sign of things to come as more people move away from holidaying in Spain, which has become pricier and overdeveloped, to the much cheaper Bulgaria and its black sea resorts. This trend is likely to develop even more rapidly with Bulgaria's proposed ascension to the European Union in 2007, increased low cost flights to the region and investment in travel and tourism marketing and attractions. This is also the case for the rest of South Eastern Europe. Aggressive marketing, such as that by the Croatian Tourism Board, together with the development of an infrastructure to support tourism and low cost flights, is likely to ensure the region will become the next growth area for European tourism.

Low Cost Long Haul Travel

With the expansion of low cost carrier networks across Europe and fare reductions by legacy carriers such as British Airways, who are keen not to lose out on market share, low cost travel is becoming the norm rather than the exception. Also on the rise is a trend towards flight customisation, meaning that customers have the option to add frills onto their no-frills flights. The push beyond the usual three hour short haul boundary by low cost carrier easyJet with flights to Morocco, marks its entrance into the mid haul low cost travel market. The launch of flights between London Gatwick and Hong Kong by the end of 2006 by Oasis Air for potentially Â£75 return could also well be the start of a low cost long haul travel revolution. The implications for the European tourism industry are two fold - more inbound tourism and even more outbound, as long haul travel becomes more assessable to the masses.

Internet travel evolution

The latest Euromonitor International figures predict 34% growth for Internet travel retail sales in Western Europe between 2005 and 2006. The trend in travel is increasingly towards dynamic packaging, with consumers surfing the Internet and customising their search criteria to combine low-cost airline tickets with special online offers for hotel accommodation either individually or through tour operators/travel agents.

The current leader in Europe for Internet travel retail is the UK, with the other large Western European tourism markets Germany, France and Spain growing rapidly. These markets have managed to achieve forecast annual growth rates of about 40% over the next 3 years, thanks to the proliferation of broadband connections and debit card acceptance for online purchases across Europe. In the UK and Germany, holiday financing is also at embryonic stage, with travel companies beginning to market "pay later" travel packages.

The online travel revolution marks a new era, in that travel research, reservations, and check ins can all be done online. This spells the end of many intermediaries and gives rise to consolidation, weeding out small companies and those that are not keeping pace with innovation in the market. The trend of bigger global players such as Amadeus acquiring Opodo, and Sabre acquiring Lastminute.com are just precursors to this phase of industry consolidation.

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