VACATION TRAVEL TRENDS 2025

Development of tourism demand in Germany + a look at the underlying motivation and preferences.

Berlin, ITB
March 6, 2015

Presentation: Martin Lohmann

This document is part of a personal presentation and needs additional explanations.
What we will see
(“how the Germans really travel 2014/2025…”):

- German holiday travel demand is reliable, stable consumption patterns
  (i.e. barely affected by external impacts or changes of the economic situation)
- Germans travel a lot: one of the most important source markets in the world.
  (some 70 million trips p.a.; slight declines expected due to demographic change effects)
- Stable demand ⇒ not a growth market ⇒ fierce competition
- Potentials for e.g.
  - Domestic & long haul trips
  - Online information from personal sources & direct booking
- Demand structure is dynamic:
  (along with demographic change and experienced travelers)
- Consumers are “multi-optional”.
  (flexible, as they have a lot of attractive options in their consideration set)
- Potentials will not unlock automatically
  ⇒ Customer orientation with a focus on real consumer benefits
How do I know?
Tourism Demand in Germany

RA “Reiseanalyse” (Travel Analysis) – Study profile

» Research tool for the demand side of German holiday tourism since 1970.

» **Yearly** survey; vast data basis for analyzing developments and trends
  - extensive experience and methodological competence

» Covers **holiday** trips, short breaks, trip preparation and trip behavior as well as tourism related motivations, attitudes and preferences.

» **Large sample**: Randomly selected face-to-face sample with some 7,500 respondents + online survey with n=5,000 respondents with two waves in May and November.

» **Non-commercial** project, carried out by FUR an independent association of organizations interested in tourism research in Germany.

» **Partners** include tourism marketing organizations of destinations on different levels (from regional to international), tour operators, carriers, media, etc.; “user generated content”
Why „Reiseanalyse“?

- To get to know one of the most important source market for tourism in the world.

- Learn about factual behavior, motives, attitudes & preferences of German consumers

- To assess demand potentials for destinations or types of holidays or other segments (volume; profile, competitive structure)

- To gain insights into long term trends
Demand for holiday trips on the German market:
General patterns in a nutshell
German Holiday travel propensity

- Increase
- Stability
- Moving ten-year average
- Reunification
- from 2010 on: incl. foreigners
Number of holiday trips since 1971

Holiday trips (lasting 5 days or more), in million.
German/German-speaking resident population aged 14 years or more in Germany (until 1989: only West Germany, from 2010 on: incl. foreigners), RA 1971–2014 face-to-face.
### Holiday and short holiday trips – key figures 2014

**Holiday trips (5 days and more)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Travellers</th>
<th>Holiday trips per person</th>
<th>Holiday trips</th>
<th>Expenditure p. p. and trip</th>
<th>Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>54.6 m</td>
<td>1.29</td>
<td>70.3 m</td>
<td>€ 958</td>
<td>€ 67.3 b</td>
</tr>
</tbody>
</table>

**Short holiday trips (2-4 days)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Short holiday travellers</th>
<th>Short trips per person</th>
<th>Short holiday trips</th>
<th>Expenditure p. p. and trip</th>
<th>Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>32.6 m</td>
<td>2.32</td>
<td>75.7 m</td>
<td>€ 261</td>
<td>€ 19.8 b</td>
</tr>
</tbody>
</table>

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Holiday trips (5+ days): German-speaking population 14+ years, January to December;
Source: RA 2015
Short holiday trips (2-4 days): German-speaking population 14-70 years, November to October;
Source: RA online 5&11/2014

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Martin Lohmann:
Tourism Trends Germany: ITB Berlin, 2015
Trend Research
How to identify “trends” and their future?

Future planning is based on rules and what lasts.
Data based considering!

i.e.: you need valid and reliable data and thinking is involved.
Supporting the trend assessment through linear projection

Schematic example of holiday travel intensity (in %), aggregated across all age groups to better illustrate the trend.

Basis: Germans and German-speaking residential population aged 14 years and older in Germany.

1. Measured values from RA 2003 to RA 2014 (Germans)
2. Trend line (linear regression) (Germans)
3. Amended to cover German-speaking population (incl. foreigners) = shift of the trend line
4. Linear projection to 2025, taking into account
5. Additional driving forces and diminishing factors
6. Upper and lower limits of the fluctuation interval

+0.112 percentage points/year
## Holiday trips, key demand figures, projection 2025:
Further **stability** to be expected

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2025 (lower estimate)</th>
<th>2025 (middle estimate)</th>
<th>2025 (higher estimate)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>German-speaking population</strong> (14+ years; million)</td>
<td>70.5</td>
<td>70</td>
<td>70</td>
<td>70</td>
</tr>
<tr>
<td><strong>Holiday travel propensity</strong> (in % of population)</td>
<td>77,4%</td>
<td>76%</td>
<td>78%</td>
<td>80%</td>
</tr>
<tr>
<td><strong>Volume of holiday travellers</strong> (million)</td>
<td>54.6</td>
<td>53</td>
<td>55</td>
<td>57</td>
</tr>
<tr>
<td><strong>Holiday trips per holiday traveller</strong></td>
<td>1.29</td>
<td>1.21</td>
<td>1.25</td>
<td>1.29</td>
</tr>
<tr>
<td><strong>Volume of holiday trips</strong> (million)</td>
<td>70.3</td>
<td>67</td>
<td>70</td>
<td>73</td>
</tr>
</tbody>
</table>
Age structure of holiday travellers today and 2025: New dynamics!

Balance (million) 2013 → 2025

-2.5
-1.0
-1.1
0.1
-3.1
-0.9
2.2

Age

70+ years
60-69 years
50-59 years
40-49 years
30-39 years
20-29 years
14-19 years
TOTAL

2013
2025

16
14
17
19
13
13
7
19
20
16
16
15
13
10
6

Share of all holiday trips (%)

Holiday Trips

La Martinique; Photo: Lohmann, 2011
Domestic/foreign travel destinations since 1954

Holiday trips (lasting 5 days or more), in %, timeline not equidistant.
Market share of the top five foreign travel destinations, projection to 2025

- **Spain**: Lower estimate 12.0, Middle estimate 13.0, Upper estimate 14.0
- **Italy**: Lower estimate 6.5, Middle estimate 7.5, Upper estimate 8.5
- **Turkey**: Lower estimate 6.5, Middle estimate 7.5, Upper estimate 8.5
- **Austria**: Lower estimate 4.5, Middle estimate 5.5, Upper estimate 6.5
- **France**: Lower estimate 2.5, Middle estimate 3.0, Upper estimate 3.5

Holiday trips (lasting 5 days or more), market share in %; figures for 2002-2013: German-speaking resident population aged 14 years and older, RA 2002–2014 *face-to-face*; trend line: German-speaking resident population aged 14 years and older; figures for 2025: German-speaking resident population aged 14 years and older, authors’ estimates.
<table>
<thead>
<tr>
<th>Region</th>
<th>Jan 15</th>
<th>Jan 05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Europe</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>European MED</td>
<td>61</td>
<td></td>
</tr>
<tr>
<td>Non-European MED</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>Long-haul</td>
<td>32</td>
<td></td>
</tr>
</tbody>
</table>

Destination Interest: Dynamics 2005-2015

Figures in %, multiple answers. Expressed total interest for holiday destinations in the next 3 years. German-speaking population of 14+ years. RA 2004 and RA 2015 face-to-face.
Organization by region since 2005

Holiday trips (lasting 5 days or more), share in %.
German resident population aged 14 years and older in Germany (without foreigners), RA 2006-2014 face-to-face.
Holiday travel trends 2025: Stability & Dynamics

- **Stability:** You can rely on...
- **Dynamics:** Change is here…
### Holiday travel trends in 2025: Stability

<table>
<thead>
<tr>
<th>Demand volume</th>
<th>Hardly any changes in overall volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motives &amp; interests</td>
<td>Same basic needs, high standards</td>
</tr>
<tr>
<td>Travel destinations</td>
<td>Clear positions with respect to major regions</td>
</tr>
<tr>
<td>Info &amp; decision-making</td>
<td>Great importance of personal sources of information; offline remains important</td>
</tr>
<tr>
<td>Organization &amp; booking</td>
<td>TO strong around the Mediterranean, “brick-and-mortar” travel agencies remain important</td>
</tr>
<tr>
<td>Types of travel</td>
<td>Beach, resting, family, nature remain the major holiday themes</td>
</tr>
<tr>
<td>Seasonality</td>
<td>Holidays are in the summer</td>
</tr>
<tr>
<td>Means of transportation</td>
<td>Car or aeroplane, what else?</td>
</tr>
</tbody>
</table>

Stability

You can rely on that.
## Holiday travel trends in 2025: Dynamic development

<table>
<thead>
<tr>
<th>Demand volume</th>
<th>New target group weights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motives &amp; interests</td>
<td>Growing demands due to good products, multi-optionality as the basis for flexible consumer reactions</td>
</tr>
<tr>
<td>Travel destinations</td>
<td>Growth for domestic holidays; room to grow for long-haul</td>
</tr>
<tr>
<td>Info &amp; decision-making</td>
<td>Increasing familiarity with the (mobile) internet as a medium of information, Impact on decision-making strategies</td>
</tr>
<tr>
<td>Organization &amp; booking</td>
<td>More and more bookings online direct from the provider (impact on information needs)</td>
</tr>
<tr>
<td>Types of travel</td>
<td>+: beach, sightseeing, cities</td>
</tr>
<tr>
<td>Accommodation</td>
<td>Increasing market shares for hotels, higher quality standards (at least as good as at home, but more original), privacy important</td>
</tr>
</tbody>
</table>
### Holiday motives of the Germans, 1975–2015

#### TOP 5: The most important motives are . . .

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</thead>
<tbody>
<tr>
<td><strong>Mentioned most frequently</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unwinding, relaxing (64%)</td>
<td>Unwinding, relaxing (65%)</td>
<td>Unwinding, relaxing (71%)</td>
<td>Relaxation, etc. (65%)</td>
<td>Sun, warm weather, ... (69%)</td>
</tr>
<tr>
<td>Leaving everyday behind (62%)</td>
<td>Leaving everyday behind (58%)</td>
<td>Leaving everyday behind (66%)</td>
<td>Leaving everyday behind (59%)</td>
<td>Leaving everyday behind (68%)</td>
</tr>
<tr>
<td>Finding new strength (54%)</td>
<td>Finding new strength (47%)</td>
<td>Experiencing nature (52%)</td>
<td>Being free, having time (58%)</td>
<td>Relaxation, etc. (66%)</td>
</tr>
<tr>
<td>Being with nice people (53%)</td>
<td>Resting, not doing anything (43%)</td>
<td>Finding new strength (52%)</td>
<td>Finding new strength (57%)</td>
<td>Finding new strength (62%)</td>
</tr>
<tr>
<td>Being outdoors (50%)</td>
<td>Experiencing nature (38%)</td>
<td>Totally new impressions (51%)</td>
<td>Time for one another (49%)</td>
<td>Having fun (61%)</td>
</tr>
</tbody>
</table>

#### “Particularly important” only for few people:

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mentioned least frequently</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discovering things (17%)</td>
<td>Refreshing memories (12%)</td>
<td>Discovery, risk, etc. (16%)</td>
<td>Light sports activities, etc. (9%)</td>
<td>Flirt / erotic adventure (14%)</td>
</tr>
<tr>
<td>Improving my education (16%)</td>
<td>Discovery tour (10%)</td>
<td>Doing s.th. for my beauty (12%)</td>
<td>Discovery, risk, etc. (7%)</td>
<td>Discovery, risk, etc. (14%)</td>
</tr>
<tr>
<td>Actively engaging in sports (15%)</td>
<td>Hobbies, etc. (7%)</td>
<td>Actively engaging in sports (12%)</td>
<td>Actively engaging in sports (7%)</td>
<td>Actively engaging in sports (10%)</td>
</tr>
</tbody>
</table>

2015 list with 29 categories, other years different lists and questions, multiple answers permitted; some statements are shortened; rankings according to % values for “particularly important”, holiday travellers among the German residential population aged 14 or older (without foreigners, 1975 and 1985; only West Germans), RA 1972, 1984, U+R 1994, RA 2004, 2014 face-to-face.
Lessons learned

Kathmandu Airport, Nepal, Oct. 2014 (Foto: Martin Lohmann)
Lessons learned
(“how the Germans really travel 2014/2025…)"

» German holiday travel demand is reliable, stable consumption patterns
  (i.e. barely affected by external impacts or changes of the economic situation)

» Germans travel a lot: one of the most important source markets in the world.
  (some 70 million trips p.a.; slight declines expected due to demographic change effects)

» Stable demand ⇒ not a growth market ⇒ fierce competition

» Potentials for e.g.
  » Domestic & long haul trips
  » Online information from personal sources & direct booking

» Demand structure is dynamic:
  (along with demographic change and experienced travelers)

» Consumers are “multi-optional”.
  (flexible, as they have a lot of attractive options in their consideration set)

» Potentials will not unlock automatically
  ⇒ Customer orientation with a focus on real consumer benefits
Summary take aways

» Tourism is a future industry, a sector of opportunities.
   As the sector transforms itself, German consumers are reliable travelers.

» Customer orientation is key for success.

» Tourists travel to live up their holiday motivation.
   “Hot topics” like mobile technology, sharing economy, sustainability, safety etc. are important as
   “facilitators”. However, they are not key factors in maintaining demand for the future.

» Holistic focus on consumer benefits.
   - Tourism industry should carefully monitor motives,
   - assure that tourists find, what they are looking for and
   - research the effects of holidays.
Looking for more?

- www.reiseanalyse.de

-Publication I:
RA 2014 Summary (in English)

-Publication II:
German Holiday Travel Trends 2025
(„The Reiseanalyse Trend Study“) (in English or German)

-Reiseanalyse 2015:
The whole deal 😊
Paper & Author

This paper has been prepared for the ITB Berlin Convention, ITB Marketing and Distribution Day, on March 6, 201.

The author, Martin Lohmann, is Managing Director of NIT, the Institute of Tourism Research in Northern Europe in Kiel, Germany (www.nit-kiel.de). In addition Martin is as a Professor for Consumer Behavior with the Leuphana University in Lüneburg, Germany (www.leuphana.de), and teaches at the Modul University in Vienna (Austria).

Martin and his colleagues at NIT are part of the Reiseanalyse team since many years. They take care of the RA both as scientific advisor and as operating agency for all the activities necessary to run the yearly survey.

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