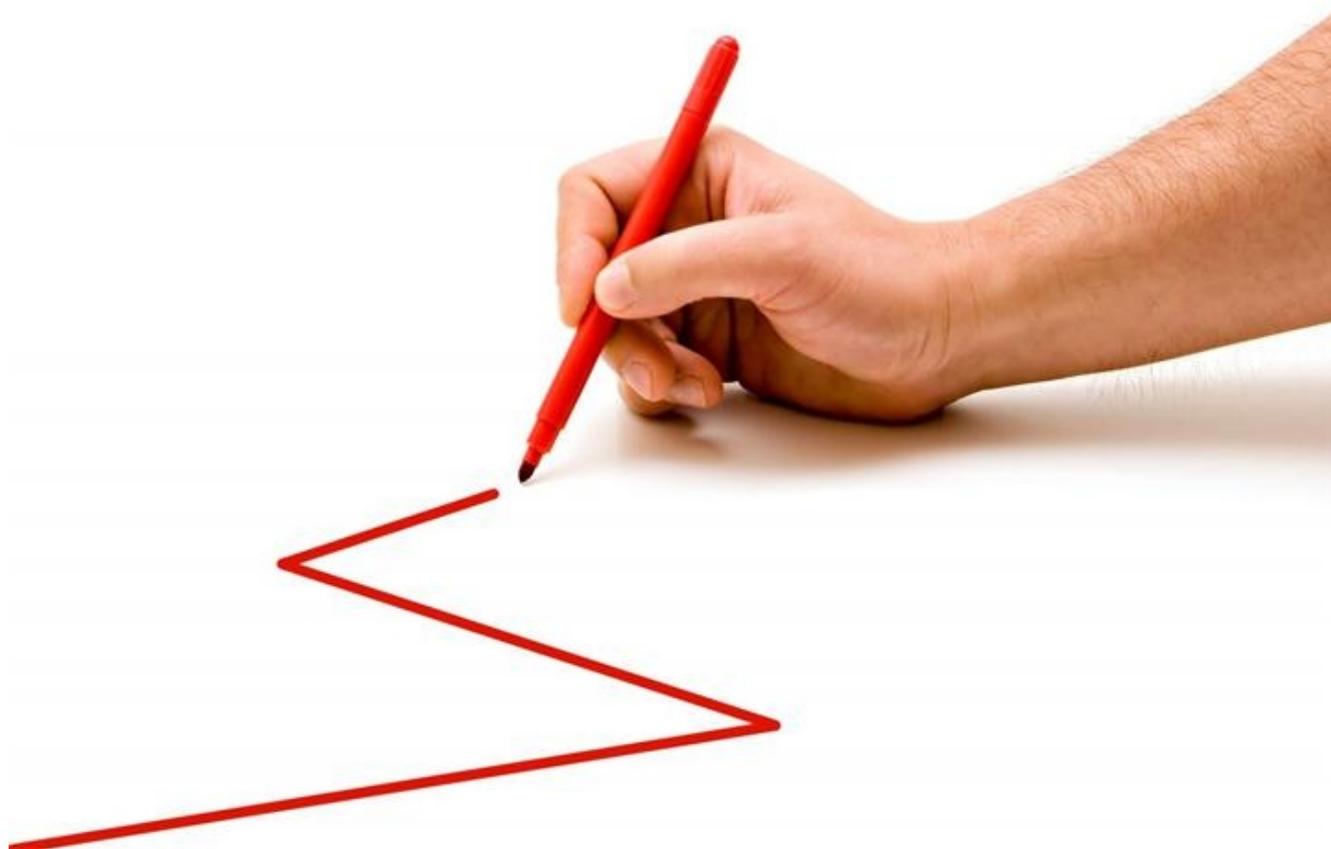


Travel and Tourism in Steep Decline

In 2009 there was a dramatic decline in inbound tourism to Poland, which was one of the steepest amongst all European countries. The fall in the number of incoming tourists applied to both visitors from Western Europe and from countries located east of Poland. This phenomenon was a result not only of the global economic crisis, but also due to such factors as the higher price of air tickets and restrictions on visitors from non-EU countries, due to the introduction of the Schengen Agreement in 2008.



The negative effects touched all markets related to tourism, but especially hotels (in particular premium outlets), health and wellness establishments, car rental and restaurants.

Decline in Outgoing Tourism

In the first half of 2009, the prices of foreign trips organised by Polish tour operators significantly increased, which was due to the rising cost of air transportation and the relatively lower exchange rate of the Polish currency against the Euro and USD. In addition, due to the unstable economic situation, numerous potential tourists refrained from spending money on holidays abroad in order to concentrate on purchasing products and services of first need. These factors affected the number of Polish tourists who participated in outbound tourism. Moreover, unfavourable economic conditions hampered the outbound flow of business tourists, especially with regard to trips to Western European countries.



Polish Tourists Discover Domestic Destinations

Many tourists who did not want to give up holidays altogether decided to spend their holiday in the country. This increased the number of trips to the most attractive tourist destinations in Poland, especially seaside and mountain resorts. Owing to such unexpected tourist flows, many establishments related to tourism were able to survive in the period of economic slowdown, despite the decline in foreign arrivals.

Hotels Lose Their Investment Optimism

Hotel branch in Poland is featured by one of the lowest in Europe penetration indicator measured by number of hotels per 10,000 inhabitants - achieving only 46 in 2009. Following the economic boom in Poland and growing inbound tourism, operators were planning intensive investment in new outlets until the middle of 2008. These ambitious plans have now been drastically revised, resulting in a halt to numerous investment plans, and some work which had already been started was even stopped. The number of hotels continued to increase; however, at a much slower pace than before.

Air Transportation Loses Its Previous Dynamic Growth

In the last few years, Polish air transportation was amongst the most dynamic in the world. After a slowdown in growth in 2008, in the following year a considerable decline was seen, in terms of both the number of passengers carried, and the financial results of the air carriers. This negative trend led to drastic measures by all operators in order to limit their operational costs. Thus, they either withdrew unprofitable routes, increased prices or imposed additional fees for passengers. One Polish low-cost carrier, Centralwings, was even forced to withdraw from the market.

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(Extract from Euromonitor International's report "Travel and Tourism in Poland")

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