

# SWISS HOTEL INDUSTRY FOCUSING ON HEALTH TOURISM



Almost 80 percent of Swiss hotel owners expect a negative future trend, especially in hotel vacations. The biggest opportunity for growth is estimated in health tourism. A recent study carried out by Deloitte AG provides insight how hotel owners can market Switzerland as an attractive and renowned vacation destination in the years to come.

For the study about the Swiss hotel industry of 2015 Deloitte surveyed 32 Swiss hotels ranging from mid- to high-class establishments. The survey was carried out in the 4th quarter of 2014 and the first two quarters of 2015. According to the auditing and consulting company, this is the first study of its kind based on personal conversations with owners and managers.

## Great Potential for Growth in Health Tourism

The study found out that **only a quarter of all hotels was able to exceed expectations regarding revenue and the number of guests**. About 80 percent of all questioned hotel owners expect a negative development for the Swiss hotel industry in the next two to three years.

A central trend and opportunity for growth for the Swiss hotel industry is found in the continually increasing interest in health tourism, which includes medicinal services and wellness tourism. Karine Szegedi, Partner Consumer Business for Deloitte in Switzerland said: “Roughly 15 percent of the hotel businesses we asked plan to expand their health tourism activity. However, doing so they face several challenges, such as the lack of qualified staff and the already existing work- and hygiene- regulations. “

What most surveyed hotel owners mentioned as the biggest driving force of health tourism is the rehabilitation after operations, followed by wellness. “The preparations associated with operations and the following rehabilitation period, alongside the overnight stays of the people accompanying the patients, generate a growing additional touristic value,” said Christoph Juen, CEO of Hotellerieuisse. For this purpose, the business association created a new specialization category called “Medical Wellness”.

## Increasing Importance of E-Commerce

The study also recorded that more than 90 percent of all participants view their own hotel website as a crucial instrument of customer interaction. Travelling agents were mentioned as the biggest multiplier with more than 70 percent, but their relevance greatly varies with the customer’s country of origin. More than 50 percent of all surveyed hotel owners rated online travel websites as an important distribution channel.

The results also showed that roughly 80 percent of participants rate their access to external financing such as bank loans as difficult. As a result, most of the surveyed hotels use internal financing methods, e.g. retained earnings and write-offs. Especially in the luxury segments, private investors play an important role when it comes to short-term financing solutions.

## Increasing Regulatory Pressure

Another difficulty is the great amount of regulations, which require additional attention by all managing operators. 61 percent of all participants mentioned the hotel industry exclusive "Landes-Gesamtarbeitsvertrag", which according to hotel owners offers too little flexibility in salaries and wages to respond to sudden market changes.

The VAT is also considered to be complex and time consuming. Most participation deemed an extension of the "Sondersatz" to be essential.

**The lack of skilled personnel is posing a challenge to hotel owners.** Several participants assume that the approval of 2014's mass immigration initiative could accentuate this problem. Most of the surveyed hotel owners recruit the majority of their staff from adjacent foreign countries of the European Union.

### **Generation Y Gets Increasingly Important**

Based on all responses and results, the analysts concluded that Switzerland's hotel industry needs to carry out fundamental measures in order to compete on an international level. This includes an attractive choice of services with excellent customer care, goal-oriented marketing with focus on customer loyalty systems and social media presence. The survey participants mentioned increased efforts to improve the latter.

"It's remarkable that most hotels do not follow a clear strategy to approach the increasingly important Generation Y," said Stefan Lagana, leader of Deloitte Switzerland's Hospitality Industry.

Price discounts were shown to play a rather subordinate role. According to the study conductor, they were mostly offered indirectly via packages or special arrangements.

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