SWISS TOURISM FACES A WAVE OF REDUNDANCIES

After a record year, Swiss tourism is now experiencing a crash. According to a KOF study, the corona pandemic is causing an unprecedented slump. A wave of redundancies and bankruptcies is likely to follow.

However, the start of the past winter season has been promising, according to a data issued by the Economic Research Institute of the ETH Zurich (KOF). The corona pandemic then brought tourism to a standstill. **In March, practically all foreign visitors to Switzerland had left the country. Overnight stays in hotels fell by 62 %.**

In April things got even worse. 90% of the occupancy rate in the hotels had fallen, KOF Director Jan-Egbert Sturm said. In May, the collapse is likely to have been 80%. For the 2019/2020 winter season as a whole, this means a 23% decline in the number of overnight stays compared to the previous year's season, KOF noted.

The number of overnight stays fell to 12.9 million. This is 3.8 million fewer overnight stays than in winter season 2018/19. Without Coronavirus there would have been growing for Swiss tourism, Sturm said.

Gloomy Prospects in Summer

The outlook for the summer is even gloomier, despite the gradual improvement. Here KOF is forecasting a slump of 37%. The fact that the Swiss will spend more of their holidays in their own country this summer cannot make up for the loss of foreign tourists. For the summer season, KOF expects overnight stays to drop to 14.2 million from 22.6 million last year.

The Swiss cities were particularly affected. Here, occupancy rates are likely to drop by more than a half due to the ban on events, the slump in business travel and changes in behavior. The cities would not benefit from the fact that the Swiss were increasingly taking holidays in their own country, experts emphasized. Swiss demand in city hotels is likely to sink by a fifth.

The slump for Swiss tourism is dramatic for tourists from distant countries, whose overnight stays are expected to meltdown from 6.6 million in the previous year to 1.7 million. Sturm said that those hotels that specialize in Asian guests will suffer most. Asians would spend more nights in cities than in the mountains. Easing of travel restrictions for countries outside of Europe is not expected until autumn.

Domestic tourists, in contrast, are likely to experience a strong recovery in summer, Sturm said. In July and August, it is expected an increase of 10 to 15% over the previous year. The Alpine region and Ticino would benefit most from this.

Nevertheless, domestic demand will by no means be able to compensate for the loss of foreign demand in summer. While the number of overnight stays in the cities will fall by more than half, the decline in the mountains will be around 20 to 30%, KOF estimates.

1.8 Billion Turnover Loss

In the entire year 2020, the number of overnight stays will decrease by 31% compared to the previous year. While the decline in Swiss tourism domestic demand was comparatively small at 14%, the decline in international business was massive (-45%).

Overall, KOF is expecting a loss of 14.3 million overnight stays in the tourism year 2020 due to the coronavirus compared with the scenario without the pandemic. As a result, Swiss hotels should lose CHF 1.8 billion in turnover.

Sharp Recovery Is Not Enough

Next year, things will be booming again. KOF estimates that **overnight stays in winter will increase by a quarter and in summer by almost 60%.** Despite the pronounced recovery, the level recorded in 2019 will still not be reached again in 2021. This will probably take until 2022.

Demand in Europe will recover first. For guests from distant countries, the increase in Asia will be faster than for American guests. The number of North American tourists is not expected to reach the 2019 level in 2022 either, experts estimate.

This will have a massive impact on the industry. KOF Director is expecting a wave of bankruptcies in the Swiss tourism industry. "Whether the wave is big, we don't dare to say." There will be a painful structural adjustment.

A wave of layoffs is also to be feared. Currently, 200'000 employees are on short-time work. That is three-quarters of the industry's workforce. No other industry has been hit so hard by the pandemic. The business climate has collapsed.

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