

AUSTRIAN TOURISM: PRE-COVID LEVELS NOT TO BE REACHED WITHIN 3 YEARS



For more than half a year, Corona has been changing the world, its people, the way they live together, and last but not least the local and global economy. Austrian tourism has been also impacted by the pandemic and it is expected the consequences will be felt in 2021 as well.

In the global Corona-related overall development, tourism is ultimately only a "stone" in the global "economic ocean" - but one that makes enormous waves. The unprecedented networking of tourism with other industries - proudly referred to as a multiplier effect in good times - unfolds its full drama in the opposite direction in a pandemic and unleashes a storm: **without freedom of travel, there is no tourism, and thus no air traffic, no airports, no trade turnover, no sales to upstream suppliers, no tax revenues.** It is precisely because tourism, as a primary sector, is one of the sectors most affected by Corona, that these interactions and "infections" of other economic sectors also become particularly severe.

Currently, a large number of initial assessments of the overall economic and tourism-specific losses by Covid have been counted worldwide. These calculations show losses of between 25 and 80 % for Austrian tourism in the first six months - depending on region and type of business.

From the Summer of the Century to Total Failure

The management consulting agency conos was able to identify the following developments in cooperation with its clients throughout the Alpine region during these first months of the pandemic in the period from the end of May to the end of September:

-East beats West: The traditionally high domestic shares of the eastern federal states, coupled with the relatively low operational capacities there, turned out to be a strategic advantage this year.

-Top resorts and chalet villages were the winners: Two types of establishments had a summer of the century: Top vacation resorts in the 4- and 5-star range and luxury chalet (-villages) recorded sensational occupancy rates and yields and in many cases had the best summer ever - without travel warnings from the end of September, this development would have continued deep into autumn!

-The cities as the living dead: The melt-down in Vienna and practically all provincial capitals is well known, but unprecedented in its drama. Without international markets, without congresses, without events, their business model has practically come to a complete standstill, travel warnings are doing the rest: Losses of 80% and more are no longer an option for business. In Vienna alone, but also in Munich, over 50% of the hotel and catering businesses have closed down; it remains unclear how many of these will disappear from the market forever - with all the economic consequences for businesses, employees and location regions.

Dismal Prospects

According to the study, the outlook for the Austrian tourism in the coming weeks, months and even years is - at present - rather gloomy:

-Existing travel warnings for regions perceived as "image carriers" in the main markets of origin (namely Tyrol and Vienna) have brought all business to an abrupt halt. The "pick up" in the accommodation establishments is often "zero". After a still very good September, October is often a total loss.

It would be difficult to make serious forecasts for the coming winter: If one were to go by the pre-bookings it would be terrible; on the other hand, people will not want to miss mountains, snow and skis this winter either; they will probably make their decision at very short notice. **Travel warnings or their cancellation will be the main "game-changer" this winter.** Against this background, the repeatedly addressed question of "après-ski" becomes a petitesse anyway. The cities are facing another "horror (half) year", connoisseurs are certain.

-Although medium-term forecasts seem more accurate, they are just as unpleasant: In fact, it cannot be assumed that pre-Covid levels will even be reached in the next three to five years. This scenario is even more certain for the cities than for the rural destinations; one will experience partly dramatic market adjustments: Many things will close up and no longer work; not even state aid systems - which cannot be provided forever and without limits - will be able to change this.

Less Is More

Covid is likely to actually and sustainably reshuffle the cards in society and the economy: According to the consulting firm, every individual, every entrepreneur and not least politicians will have to realize that thinking in terms of ever new records - at least for the next few years - is over: "Faster - higher - stronger" will be replaced by "less is more" for the time being.

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