

GERMAN TOURISM: 50 BILLION EURO LOST, MICE INDUSTRY SUFFERING, CHRISTMAS MARKETS CANCELLED



The German tourism industry continues to face enormous challenges due to the crisis triggered by the coronavirus. Demand collapsed, then picked up again, collapsed again, picked up again, and now the entire industry is anxious about how it will get through the winter of 2021/2022 and whether it will be able to pick up where it left off in the following year.

According to current calculations by the tourism consultancy dwif, the loss of revenue of German destinations for the period January to June 2021 amounts to 50 billion euros. **Day tourism (-24.6 billion euros) and overnight tourism (-25.3 billion euros) are almost equally affected.** This does not yet take into account the travel costs for arrivals and departures.

17 Percent Decline in Day Trips

For the period January to October 2021, Day Trip Monitor by dwif records a decline in day trips of around 17 percent compared to the pre-covid time. From May 2021 onward, however, a rapid rate of regeneration was observed in the overall market, analogous to 2020, so that in summer 2021 the initial level of 2019 was even exceeded in some weeks. The shift to "nature-based activities" and day trips in the closer residential environment was still measurable, but not as strong as in 2020, suggesting a further normalization of the day trip market segment.

The recreation industry, with its facilities as an important focal point for the activities of local residents, day visitors and overnight visitors, was almost completely at a standstill between January and April 2021. Starting in May, many activities resumed. In summer 2021 between June and September, visitor numbers were still 21 percent below 2019 levels, with outdoor facilities such as Zoos/animal parks and scenic attractions actually already surpassing 2019 levels.

According to an exclusive dwif survey conducted as a part of the Sparkassen Tourism Barometer at the end of August 2021, one in five leisure facilities still saw their existence threatened. 6 out of 10 facilities had problems finding the employees needed in the context of the opening steps, thus the labor shortage also fully impacts the leisure industry. 56 percent of the facilities had to postpone or cancel planned investments. Regarding price development, in contrast to the hospitality industry (price increases), no direct corona effects have yet been observed.

Overnight Tourism during Summer 2021

As of November 2021, area-wide data from official German tourism statistics are available up to and including August 2021. In the period from June to August 2021, around 32 million fewer commercial overnight stays were recorded nationwide compared with a normal year. This corresponded to a drop of 19.2 percent. However, the development varied greatly from state to state, ranging from +5 percent (Schleswig-Holstein) to -50 percent (Berlin). The incoming market remained subdued, while travel by German guests abroad picked up again in the summer due to increasing accessibility, particularly throughout Europe.

Winning destinations in summer 2021 included Schleswig-Holstein Baltic Sea, Holstein Switzerland, West Mecklenburg, Prignitz and Franconian Lake District. These destinations recorded an increase in overnight stays compared to summer 2019. Among the regions with the largest losses compared to pre-pandemic data are the Ahr (due to the floods) as well as the city destinations of Düsseldorf and the Mettmann district, Main and Taunus (with Frankfurt/Main), Cologne and the Rhine-Erft district and Munich (-45 percent to -55 percent), all characterized by high shares in the business travel segments and/or inbound travel.

MICE Industry - Hopes in Vain

The event industry looked forward to year-end orders that could save the overall bottom line. But now skyrocketing incidence figures of Corona cases, showing that the pandemic is far from over, have unleashed a wave of cancellations.

"Right now, reservations with two, three, six guests maximum are saving us. All from ten and more are canceled, partly out of 'solidarity' with the non-vaccinated colleagues," laments Steffen Zuber of Zuber Restaurant und Betriebs GmbH, Dresden. What he can intercept on the terrace of his steakhouse Estancia, which has been converted into a winter lounge, is not an option for medium-sized and large catering businesses.

As Georg W. Broich, Broich Hospitality Group, Meerbusch, says, the firmly planned year-end business is currently "in free fall. "We actually expected a positive result for the 4th quarter, from our own efforts, but have been recording losses of 1 million euros in the event business for a week. We fear that by the end of the year, 80 to 90 percent of event sales will be gone."

The cancellation wave is rolling, the tightened pandemic measures of the policymakers are having a devastating effect in the event industry. A recent survey by the German Association of the Event Industry with almost 1,000 participants showed that more than 77 percent of the companies in the industry have registered massive cancellations of planned events in the last five days. This applies to trade fair participations and concerts as well as cabaret, festivals or annual general meetings and also employee events such as Christmas parties. Among the survey participants alone, the resulting loss of sales amounts to over 97.9 million euros.

Christmas Markets - Some Already Cancelled

In addition, Christmas markets are just getting underway across the country. Relying on promises from politicians, the showmen - mostly family-run businesses - are setting up their stands. They have already incurred costs for goods, staff and stand rents. In 2019, a record year, more than 3,000 Christmas markets were hosted, with more than 160 million visitors and 2.9 billion euros in sales. "Since 2020, we are in a de facto professional ban," says Albert Ritter, president of the German Schaustellerbund (DSB). The pandemic year of 2020 was a disaster, he says: "Many have used up their pension reserves and life insurance policies, scraped together money and done everything possible so that a halfway normal Christmas market season can take place this year."

Bavaria and Saxony however already cancelled all Christmas markets. Bars, discos, and clubs are also to be closed. Bavaria has imposed a lockdown for the unvaccinated and in some places with the most infections even for all citizens. In Saxony, any serving of alcohol is prohibited. Tourism is shutting down - holidaymakers can no longer stay overnight in Saxon hotels and holiday apartments for the time being.

Jan Kalbfleisch, managing director of fwd: Bundesvereinigung Veranstaltungswirtschaft, follows up:

"The RIFEL Institute, in its index on the order situation in the event industry, already determined at the beginning of November that industry capacity utilization is only 40 percent. The current development again postpones the possible restart of the industry by months. With the current collapse of the events industry in the upcoming peak season, two million jobs and 240,000 businesses are acutely threatened in their existence."

Date: 2021-11-22

Article link:

<https://www.tourism-review.com/german-tourism-reported-50-billion-euros-loss-news12283>