

GERMAN TRAVEL INDUSTRY CATCHES UP BUT INFLATION COULD LIMIT CONSUMPTION



The German travel industry can look back at a very good year. But the outlook is gloomy in view of high inflation, although vacations are still in great demand.

The German tourism industry does not yet dare to make a forecast for next year because of the energy crisis. **"It is currently left to be seen how the Germans' propensity to consume will develop in the coming weeks against the backdrop of rising inflation,"** said President Norbert Fiebig of the German Travel Association (DRV).

It is left to be seen how high the freely available household income will be. However, recent surveys show that vacation trips are a high consumer priority and that people do not want to give up traveling in 2023 despite the current difficult environment with rising energy prices.

"This makes us optimistic that travel intentions will also be translated into actual vacation bookings."

In the second half of September, one in five bookings was already for the summer of 2023. Package tours with the assurance of flexible cancellation and rebooking options offered by tour operators - the so-called flex options - are popular, he said. "The trend toward short-term bookings from the summer continues now in the fall," Fiebig said.

The upcoming travel winter of 2022/2023 is likely to be significantly better than last year. Sales are already 74 percent higher than in the previous winter when Corona restrictions put a damper on business.

Nevertheless, the figures are far below the level of before the Corona pandemic. For example, booking sales for the entire winter as of the end of August 2022 are still 33 percent behind the 2018/2019 winter half-year. Turkey business, however, has increased by 16 percent compared to pre-crisis levels.

According to DRV, the summer season from May to October which ends in around two weeks will almost reach the sales level of the pre-Corona summer of 2019. Sales for organized travel in Germany were recently only five percent below the level of three years ago.

Apparently, many people treated themselves after the pandemic: Spending per person per night rose by an average of 15 percent. Trips to the Mediterranean were particularly popular in the summer, with Turkey (33 percent) and Greece (22 percent) recording the strongest jumps in sales.

Despite the promising summer, the preliminary balance for the entire tourism year 2021/22 - i.e. November 2021 to October 2022 - "still does not turn out so pleasing", according to DRV. Because with bookings until the end of August, there is still a 14 percent drop in sales compared to the overall year 2018/19.

The reason for this, he said, was the poor winter of 2021/22 due to Corona restrictions, when revenues slumped by a good third. "The travel industry is on the road to recovery, but it is far from out of the woods," stressed DRV head Fiebig.

However, TUI reported an increase in booking for longer holidays over the winter. According to them, people want to combine work and travel (workation), are more willing to spend on vacation again, and the rising energy costs at home are also a reason for many to opt for longer vacations. For stays of more than three weeks, around 1,500 bookings for a special offer for the winter season were received within a few days, announced TUI.

Overall, bookings for long-term vacations and "workation" are likely to increase, estimates TUI Germany boss Stefan Baumert: "All in all, the segment could soon exceed the threshold of 100,000 - the potential is there in summer and winter. With the new home office options and flexible working time models, the trend has created a new clientele." Turkey, North Africa with Egypt and Tunisia as well as the Canary Islands such as Tenerife or Fuerteventura are particularly in demand.

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