

# EUROPE TRAVEL CONTINUES TO RECOVER



According to the quarterly report "European Tourism Trends & Prospects" by ETC, travel demand throughout the continent is robust and is expected to continue in 2024. The report highlights that the recovery is primarily driven by strong intra-European travel, especially from Germany, France, and the Netherlands. Long-haul travel has also recovered, although slower and with significant variations between regions, such as Asia-Pacific and

North America.

## Low-cost Destinations on the Rise

According to the report, European travel remained stable in the final months of 2023. Two-thirds of the destinations reported a complete recovery or recorded arrivals and overnight stays within a 10 percent variance from pre-pandemic levels. **Southern European travel destinations remained popular, favored by the favorable weather during the low season.** Serbia recorded the most significant increase in arrivals (+15%), followed by Portugal (+11%), Montenegro (+10%), Turkey (+9%), and Malta (+8%).

Other countries also witnessed significant growth compared to 2019. Iceland recorded a 12 percent increase in arrivals despite a volcanic eruption. In comparison, the Netherlands experienced a 16 percent increase in overnight stays, indicating longer stays, despite a minor 2 percent increase in arrivals.

In contrast, Eastern European destinations bordering Russia experienced a slower recovery. Countries like Lithuania (-32%), Latvia (-29%), Estonia (-27%), and Finland (-24%) fell short of their 2019 figures.

## Inflation Is Not without Impact

The European travel industry is experiencing a recovery in arrivals and overnight stays. However, both the industry and tourists are affected by the inflation rate. In the last quarter of 2023, the inflation rate rose to 23% compared to 2019. The rise in inflation has led to an increase in tourism-related spending, such as international flights (+49%), package holidays (+47%), and hotel prices (+35%). These higher prices hurt the financial situation of households. However, it did not stop the majority of people who were willing to travel. Experts note that price pressures have slightly eased in the last months of 2023, but they remain significantly higher compared to pre-pandemic levels.

## Chinese Remain Hesitant

Chinese tourists accounted for 13% of long-haul arrivals in Europe in 2019. However, their return has been slow since China reopened, with Chinese arrivals in 2023 being 67% below pre-pandemic levels. Despite capacity constraints, Chinese travelers have focused more on domestic travel and remained risk-averse over the past year. For 2024, European destinations can expect a further recovery of this market, which is expected to be 39% below the figures in 2019.

**The ETC predicts generational change and the influence of social media to increasingly change Chinese travel preferences,** leading to a shift towards luxury and more authentic experiences.

In contrast, North American markets, such as the United States and Canada, have recovered significantly. Two-thirds of European travel destinations have seen increased arrivals and overnight stays from the US. Moreover, American and Canadian airlines announced the development of combined flight and rail booking systems for Europe, providing a more sustainable way to travel in the region.

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