

THE NEWSLETTER
OF THE EUROPEAN
TRAVEL COMMISSION
RESEARCH GROUP

N° 2 / April 2005

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A NEW STRATEGY

by Leslie Vella



It is my privilege to introduce this second edition of the Research Highlights Newsletter produced by the ETC Research Group.

Following a thorough review of the Group's strategy aimed at aligning its output with that of the ETC, the function of the Research Group has been defined as one of providing the organisation with the necessary market intelligence to reach its objectives. It is also responsible for playing an important role in the ETC's quest to provide more added value to its members and raising the ETC's profile with the EU and other European institutions, international organizations and the trade.

The Research Group's three year Research Programme for the years 2005-2007 aims at synchronizing fully with the ETC's Corporate Business Plan for the same period and focuses on four main areas of activity.

First and foremost the programme seeks to carry out market research aimed at supporting the development of the www.visiteurope.com portal. This will be the area on which the majority of research funding voted by ETC will be invested.

Secondly, the principle of sharing of best practice will continue to be given importance through the commissioning of methodology-centered handbooks with organizations such as the WTO. Besides giving practical value added to ETC members, such handbooks also help disseminate the good name of the organization given their widespread global distribution.

Given the amount of market intelligence being generated by the group, an ambitious Communication Strategy has been put in place to ensure that the group's output is advised and disseminated to various recipients. This newsletter is a tangible example of the group's Communication Strategy.

Finally, efforts will continue to be made to capitalise on the synergies brought about by this unique group of tourism researchers, so as to pool resources thereby affecting savings through the joint commissioning of studies.

Chairman - ETC Research Group

NEW RESEARCH

CITY TOURISM & CULTURE: The European Experience

ETC and WTO have recently launched a new joint study entitled 'City Tourism & Culture: The European Experience'. The research, commissioned by ETC and WTO in January 2004, was carried out in 2004 by lagroup Leisure & Arts Consulting, based in Amsterdam, and Interarts, based in Barcelona. The results of this study were presented to ETC members and WTO representatives during ETC's Annual Research Directors' Meeting in Sofia in February 2005.

Purpose of the study

The purpose of the study is to increase the knowledge on cultural city trips for ETC and WTO members, as well as for individual European cities and their tourist offices, and to create a conceptual framework that

can be used in practical marketing and product development.

The issues

The report tackles a broad range of issues related to city tourism and culture in six chapters, namely:

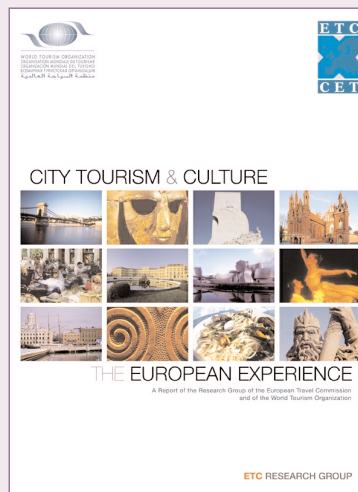
- what is city tourism and culture ?
- an analysis of the quantitative data on city tourism and culture,
- the market potential,
- the marketing of city tourism and culture,
- co-operation and city cultural tourism,
- opportunities for city cultural tourism.

Research approach

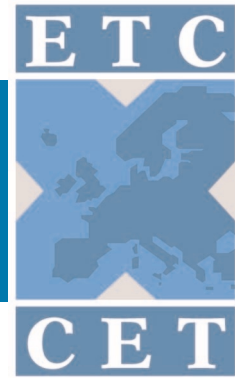
Three forms of research were applied in drawing up the report, namely desk research (an extensive bibliography of the relevant cultural city tourism publications forms part of the report), an analysis of the existing quantitative data sources related to city tourism with a cultural motive (namely the 'TourMIS' database, IPK International, ATLAS and the Eurobarometer) and an analysis of the qualitative data using an Internet poll amongst key players in the ETC member countries and three round table workshops with experts in Amsterdam, Barcelona and Vienna.

Conceptual framework

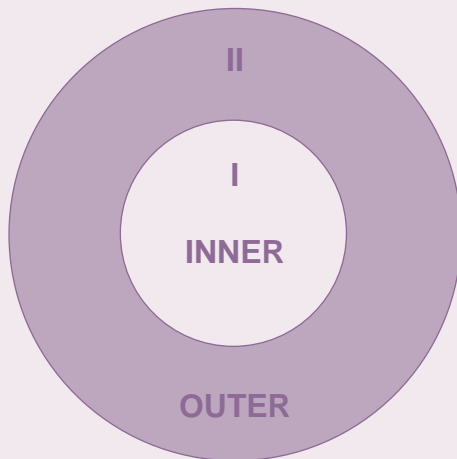
The conceptual framework used in the research was based on a matrix with types of places - the types on



RESEARCH HIGHLIGHTS



NEW RESEARCH



THE INNER CIRCLE

The inner circle represents the primary (traditional) elements of cultural tourism, namely heritage tourism and arts tourism.

THE OUTER CIRCLE

The outer circle represents the secondary elements of cultural tourism, namely lifestyles and the creative industries.

the horizontal axis, and the cultural products on the vertical axis, resulting in six main cultural city tourism clusters. The types of places used are: villages, towns, cities and metropolises, and the types of cultural products are:

- cultural heritage,
- heritage the arts,
- heritage, the arts and the creative industries.

In the matrix, 'the arts' refers to the (contemporary) performing and visual arts, and the 'creative industries' refer to artists, media and entertainment and the commercial creative sector (such as fashion, architects, designers, web and graphic designers, etc.).

What also became apparent in the qualitative research is that cultural city tourism can be divided in an inner circle - representing the primary traditional elements of cultural city tourism, namely heritage tourism and arts tourism - and an outer circle representing the secondary elements of cultural city tourism such as lifestyle (beliefs,

cuisine, traditions, etc.) and the creative industries. These inner and outer circles increasingly interact forming an eco-system where all forms of creativity can take root and flourish, thereby making a destination increasingly attractive to (potential) cultural tourists. This is, however, mainly relevant for cities and metropolises, and not (or to a far lesser degree) for towns and villages.

Conclusions

The outcome of the qualitative research indicated that:

- the competition between places as cultural destinations in Europe will continue to increase,
- places will increasingly use culture as a differential advantage in their marketing,
- there is considerable room for improvement in the marketing of places as cultural destinations.

Due to the breadth of the research many facets were touched upon, highlighting the fact that this should be seen as initial research that requires further in-depth study in the coming years in view of the importance of cultural city tourism as a motivator for foreign visitors.

Stephen Hodes

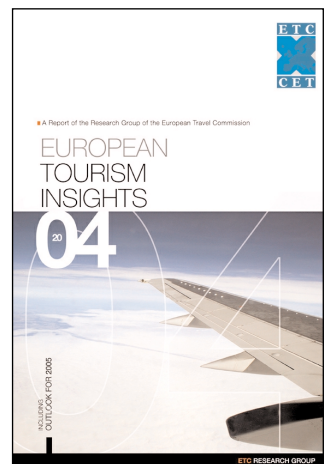
lagroup Leisure & Arts Consulting

Type of place Product category	Village	Town	City	Metropolis
Heritage	Cluster 1	Cluster 2		
Heritage + Cultural		Cluster 3	Cluster 4	
Heritage + Cultural + Creative			Cluster 5	Cluster 6

Framework to classify places and their cultural product

The full version can be found on the ETC corporate website www.etc-corporate.org (Research – sub menu Research Reports).

EUROPEAN TOURISM INSIGHTS 2004



This is the first in an annual series of reports monitoring trends and developments in Europe's travel and tourism industry. It provides an overview of trends and developments of tourism to and within Europe in 2004, setting Europe's performance and highlighting some of the main factors driving and shaping demand.

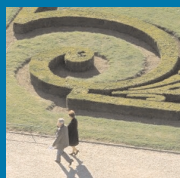
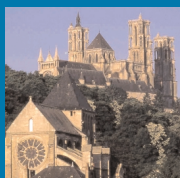
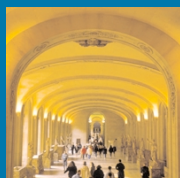
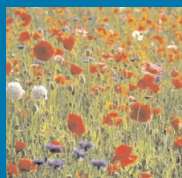
The report also identifies the most important growth markets and sectors for European tourism and assesses their short- to medium-term prospects. Finally, it looks at the opportunities and threats facing ETC member countries and makes suggestions as to how these challenges should be addressed.

RESEARCH HIGHLIGHTS

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MEMBERS' PROJECTS



EMERGING DESTINATIONS FOR CULTURAL CITY BREAKS: The Budapest experience

Budapest & its attractions

According to the ETC-WTO Study on City Tourism & Culture, Hungary's capital - Budapest - is listed amongst those cities with heritage, arts and creative industries. In keeping with recent image research carried out by the Hungarian National Tourist Office (HNTO), Budapest is Hungary's most important, internationally recognised tourist destination. Visitors to the capital are attracted by a wide range of features: its unique geographical location, historical buildings and monuments, World Heritage Sites, cultural vigour, spas, the richness and variety of cultural entertainment, its gastronomic delights, convention and exhibition facilities, and the good value for money. Foreign visitors all agree that Budapest "is a large city of human scale and is a must for a tourist!"

Inbound tourism

The significance of Budapest for Hungarian inbound tourism is reflected in the number of foreign guest nights - more than half of which were registered in the capital in 2004. Eight out of ten arrivals at commercial accommodation in Budapest were generated by overseas visitors, and the number of foreign guest nights in the capital in 2004 was up 20% over the previous year. Arrivals from the EU (EU-15) represent close to 60% of the guests nights, with the most important source markets continuing their dynamic growth in 2004.

Especially strong growth was registered from the UK (+63.8%), Japan (+31.2%), Italy (+30.3%), Spain (+27.0%), France (+27.0%) and Germany (+20.2%).

Low-cost carriers

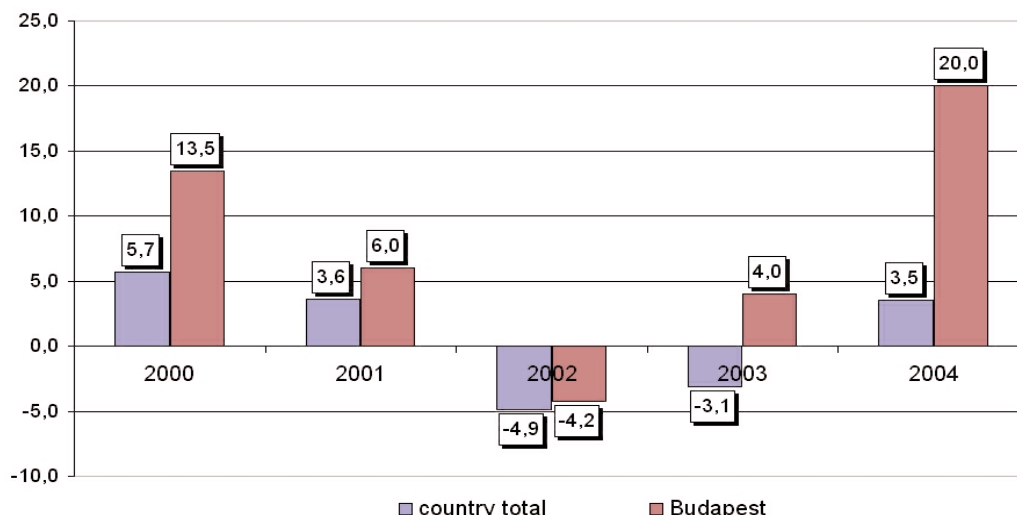
Budapest is Hungary's main transportation hub. The Hungarian capital is directly accessible by air from 96 cities. In 2004, 6.5 million air passengers were registered, representing an increase of 1.5 million over the previous year. The number of passengers taking low-cost flights rose dynamically in 2004 to reach one million (i.e. one in six passengers chose to fly with a low-cost airline). Low-cost carriers started up their Budapest service in March 2003. In January, 2005 eight low-cost airlines were operating flights to Budapest, connecting the capital with more than 40 European cities.

Budapest plays a key role in HNTO's marketing activities, which also calls for strong co-operation with the Budapest Tourism Office, the national carrier (MALEV), and low-cost airlines who contribute in a very positive way to Budapest's tourism performance. This includes joint advertising, organizing study tours for journalists and professionals, participation in exhibitions, direct mail shots and cooperation in the compilation of in-flight magazines.

Judit Sulyok

Hungarian National Tourist Office
www.hungary.com

Foreign guest nights at commercial accommodation establishments 2000-2004
(% of change over previous year)



A full Calendar of ETC Meetings can be found on our website www.etc-corporate.org under the section 'about ETC' under the sub-menu 'calendar of events'.

ETC MEETING CALENDAR

APRIL

14-15: New Media Group Meeting. Stockholm, Sweden
18-19: Board of Directors (N°35) and ETC General Meeting (N° 68). Brussels, Belgium
20: Research Working Group Meeting. Brussels, Belgium

MAY

Research Working Group Meeting. (tbc)

JUNE

23-24: TourMIS Workshop 2005. Vienna, Austria and **Research Working Group Meeting.** (tbc)
29: Board of Directors (N°36). Brussels, Belgium

OCTOBER

17-18: Board of Directors (N°37) and ETC General Meeting (N°69). Vienna, Austria
20-21: European Tourism Forum 2005. Malta (N.B. This is not an ETC Meeting)

NOVEMBER

1-4: Global Travel Monitor Forum. Pisa, Italy

RESEARCH HIGHLIGHTS

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FEATURE

EUROPEAN CAPITALS OF CULTURE

The European Cities of Culture or 'Cultural Capital of Europe' programme is probably one of the most successful initiatives ever launched by the European Union. Since the event was inaugurated in 1985, some 40 European cities have been involved in the event in some way, and it has now spawned cloned events in Asia, Latin America and the Middle East. The host countries for the event have already been selected as far ahead as 2018, and cities in Germany and Hungary are actively competing for the title in 2010.

One of the main reasons for this success is the perception that Cultural Capital status helps to raise the profile of the host city and to attract visitors. A recent evaluation of the event for the European Commission (www.palmer-rae.com/culturalcapitals.htm) as well as the ETC-WTO Study on City Tourism & Culture indicated that there was a strong positive effect on visitor numbers in most host cities. On average, the number of overnight visitors grew by 12% during the title year, and the

increase was visible in most cases at least one year after the event as well.

The research indicated that smaller cities in particular enjoyed large proportional increases



Cork 2005

European Capital of Culture

in visitor numbers, albeit from a small base. In many larger cities, the effects of the event were overshadowed by normal tourism flows. More specific studies of the motivation of visitors carried out by ATLAS (the Association for Tourism & Leisure Education) indicated that a relatively low proportion of visitors actually came specifically for the Cultural Capital event itself. But the indications are that the increased liveliness and atmosphere created by the event attracted many new visitors.

Cork, the host city for 2005, is taking the issue of atmosphere seriously. The city spent £13 million creating its own 'Ramblas' in the style of Barcelona, designed by Catalan architect Beth Galí !

Greg Richards
Fundació Interarts, Barcelona

The European Capital of Culture programme succeeds the original European City of Culture programme, which began in 1985. Both fall under the remit of the European Union (EU). The old programme officially ended in 2004, with Cork City becoming the first European Capital of Culture in 2005. For more information on Cork visit www.cork2005.ie

MORE ON CULTURE

- **European Cities Tourism (ECT)** : a network of 95 major cities from 30 countries promoting and linking the interests of European cities tourism. www.europeancities tourism.com
- **International Council on Monuments & Sites (ICOMOS)** : an international non-governmental organization of professionals, dedicated to the conservation of the world's historic monuments and sites. ICOMOS provides a forum for professional dialogue and a vehicle for the collection, evaluation, and dissemination of information on conservation principles, techniques, and policies www.icomos.org
- **European Institute of Cultural Routes** : installed in Luxembourg since July 1997 and, since 1998, it has been in charge with ensuring not only the continuity but also the development of the cultural routes programme of the Council of Europe. www.culture-routes.lu
- **The European Heritage Network** : a permanent information system of the Council of Europe linking European governmental departments responsible for cultural heritage conservation. www.european-heritage.net

PORTAL NEWS

NEW ONLINE MARKETING MANAGER

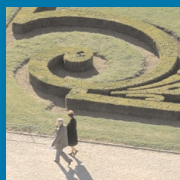
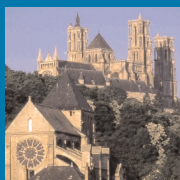
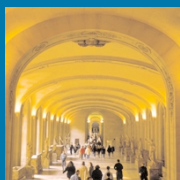
On 17 March, Karine Bruère was appointed as the new ETC Online Marketing Manager in charge of the development of the new European Tourism Destination (ETD) Portal : www.visiteurope.com

Financed under the European Commission's Interchange of Data between Administrations Programme (IDA), the development of this web portal for Europe will provide a unique access point to all national tourism information websites.

Its aim is to create a major online resource featuring Europe as an attractive destination for visitors from overseas and Europe alike, and offering access to a huge information content.

The European Commission will transfer management and operation of the Portal to ETC once it has been constructed, at which point ETC will also be responsible for its future financial sustainability.





COMING SOON

3 QUESTIONS TO...

ETC RESEARCH ACTIVITIES In 2005

- **Handbook on Tourism Forecasting**

A joint ETC/WTO project analyzing best practice in forecasting and providing practical guidelines for NTOs.

- **China Outbound Market Update**

An analysis of Chinese consumer behaviour, target groups, opportunities and limitations. Guidance on how to position the European tourism Destination Portal on the market.

- **City and Culture Seminar**

Organisation of a seminar following the publication of the study.

- **European Tourism Insights 2005**

Second issue of this report monitoring trends and developments in Europe's travel and tourism industry.

- **Communication and Dissemination Strategy**

Unveiling two issues of Research Highlights, setting up an e-library to share market intelligence and research among members.

- **NTO Budgets Benchmarking Survey**

An update of our annual survey of ETC members' budgets.

ETOA RESEARCH Membership Survey

ETOA recently surveyed its membership on their perceptions of business levels in 2005 and factors affecting it.

There was a strong sense of optimism about 2005, with 83% of participants expecting business to surpass the recovery levels seen in 2004 and of those, half thought volumes would be more than 10% up. This optimism does not extend to tourist spend. Spending is predicted to be about the same a last year or lower.

The biggest threats to incoming tourism are rising costs and the weakness of the US \$, with terrorism coming third.

Respondents had a positive reaction towards holding the Olympics in Europe in 2012, the majority being very or slightly positive about the long-term impact on their business. Whilst the Olympics can be beneficial to a destination in terms of capital investment, it is highly detrimental to regular business in the year of the event.

Rachel Tym, ETOA
www.etoa.org

TOM JENKINS

Executive Director
European Tour Operators' Association (ETOA)

- **Are Tour Operators implementing new methods of selling or new strategies in order to adapt to new market constraints?**

Traditional routes to market are surprisingly under hyped. Most long haul visitors to Europe arrive through the offices of travel agents. This does not mean that the agents are the only key to the decision of potential clients.

The paper brochure remains a surprisingly effective selling tool. Online brochures are infinitely more detailed and responsive to individual enquiries, but customers tend to respond favourably to a glossy brochure in their hand.

Tour operators negotiate and pass on the best rates for clients. In a market where Europe seems expensive this is an important way of adding value. With a weak dollar, tour operators' ability to save clients money becomes a key selling factor.

- **What kind of evolution do you see in the role of Tour Operators in response to the growth of bookings via internet and individual trips?**

My response to the first question might imply otherwise, but tour operators are aggressively adopting new selling methods.

The internet is the golden age of the middleman. We are delighted that hotels are starting to invest in marketing directly to clients, as in doing so they are effectively becoming tour operators. If they are not broadening their product offering in order to attract clients, they soon will. And Europe cannot have too many tour operators.

The irony is that consumers do not want choice: they want exactly what they want. Finding this amidst the dizzying variety on offer has become no easier. Some operators are successfully offering select packages that they think might appeal. They can do this because,

on some levels, the internet has enabled tour operators to market products far more quickly than before. They can trial new products instantly and inexpensively.

Consolidation is happening in the online arena, you can see a trend towards fewer, larger operators. But at the same time huge numbers of new start-ups



are entering the market. Online aggregators that search many sites and display the results all on one page have also emerged. This ability for the consumer to easily see a direct comparison of many operators is making the market even more competitive.

Tour operators are continually looking for new and inventive routes to market for individual travellers, such as via mobile phone or digital TV.

- **What are the current areas of growth for Tour Operators (city tourism, China, other new markets...) and how price sensitive is the consumer?**

Everyone is talking about the "growth" markets of China, India and South-East Asia. There is little doubt that the prospects in these markets are exciting. But, in truth, in even the medium term, the best prospect for growth remains the established markets that are still a long way from maturity. If 20% of Americans own passports (and this is our best estimate of an oft quoted proportion) and 60% can afford to come to Europe, then that is a huge market to capture: a market with the greatest potential.

The consumers are extremely price sensitive: for the same perceived quality, a 0.5% price differential leads to a switch. In the Chinese market - where there is little experience - the competition is all about price. ■

RESEARCH HIGHLIGHTS

ETC



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WHO ARE WE ?

• The members of the ETC Research Directors' Group comprise the Research Directors from the 33 National Tourist Offices who are members of ETC. The Group provides an active forum for the sharing of market intelligence, as well as for the commissioning of new research which is to the benefit of 'Europe' as a whole.

Active collaboration with partners such as the **World Tourism Organisation (WTO)**, **European Cities Tourism (ECT)**, the **European Tour Operators' Association (ETOA)** and the **Tourism Unit of the European Commission** enables the Research Group to lever its budget and maximise its research output.

WHERE TO FIND ETC RESEARCH ?

• Remember to check out our corporate website: www.etc-corporate.org where you can find all past and present studies under the section Research - Research Reports.

You can also find sections on national & international statistics, links to TourMIS, and an excellent list of online newsletters to which you can subscribe (see the Press Resources section).

If you have any ideas or comments on how to improve our service to ETC Members - or new items you would like to see online - please send them to lisa.davies@etc-corporate.org. We always welcome your input !



TourMIS: The Marketing Information System for Tourism Managers

• The major aim of TourMIS is to provide information and decision support for tourism managers and scholars. Therefore, TourMIS provides on-line tourism survey data, as well as various tools to transform data into precious management information. Since 2000 this initiative has provided the tourism industry with predominantly free access to overall data and functions of TourMIS (registration is required).

This newsletter is produced by the European Travel Commission in collaboration with Maison de la France.

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