

Press Release

Zurich, 25 May 2021, 10am

KOF forecasts for Swiss tourism: domestic tourism set to pick up again in summer

Switzerland's tourism sector is poised for a recovery this year following its pandemic-induced slump. Domestic tourists and travellers from other European countries at least will soon be returning, according to KOF's forecast. In contrast, the prospects for any normalisation in the situation for long-distance and business travellers are bleak.

Although pandemic has caused slump in tourism sector, structure of the industry remains intact

The worldwide coronavirus pandemic has been disastrous for tourism. Travel has been severely restricted, partly voluntarily and partly as a result of official measures. The value added by tourism amounted to 2.7 per cent of the overall economic value added in 2019. While this may sound low from a macro perspective, tourism nevertheless makes an important contribution to employment and value creation in many regions of Switzerland. Thanks to the government's swift and extensive financial support to cushion the impact of the pandemic, the structure of the economy and of the tourism industry in Switzerland has remained largely intact. This advantage should not be underestimated once demand picks up again.

Summer 2020: decline in tourists from abroad

Despite the drastic measures taken to contain the spread of the pandemic in Switzerland in spring 2020, accommodation providers did not have to close whereas most restaurants did. The pandemic-related restrictions were increasingly relaxed from June 2020 onwards and the hospitality sector experienced a strong increase in guest numbers. However, these came predominantly from Switzerland, while the numbers of visitors from neighbouring European countries fell sharply and guests from overseas markets virtually disappeared. Overall, the number of overnight stays in the 2020 summer season was 9 million (40 per cent) lower than in 2019. In contrast, there was an increase of 630,000 (6.4 per cent) in the number of domestic guests, who traditionally account for around half of overnight stays. The decline in visitors from overseas markets was a substantial 96 per cent, while the decrease in overnight stays from other European countries was 'only' 54 per cent.

Winter 2020/2021: moderate season for the alpine regions

At the start of the winter season the second wave of the pandemic began in Switzerland with rapidly rising case numbers. Although new, more severe restrictions were imposed, overall they were less drastic than in the spring. Restaurants and bars had to close again or limit themselves to a takeaway service. In contrast to neighbouring countries, however, Switzerland refrained from placing restrictions on the transport infrastructure in its ski resorts. Although this made it possible to welcome some tourists to the alpine regions, there were significantly fewer tourists and revenues in the food service sector were significantly lower than before the crisis.

Summer season 2021: gradual recovery

Since the vaccination campaign was launched at the beginning of the year, the situation in the tourism sector can be expected to gradually improve. Domestic tourism will benefit initially. Demand from overseas markets is expected to remain subdued for some time, while some business travel is likely to be lost permanently in the wake of accelerated digitalisation. It is expected that many business meetings will continue to take place online in the future. KOF therefore expects that urban areas will continue to experience weaker demand for some time during the forecast period, while the alpine regions and other areas will quickly welcome tourists from Switzerland and nearby countries at pre-crisis levels. During this process, European

countries of origin will temporarily account for a larger share of foreign tourists. According to KOF's forecasts, the number of overnight stays by Swiss tourists will be slightly above pre-crisis levels, while the number of overnight stays by Europeans will not return to their pre-crisis levels until 2022. Overnight stays by long-haul travellers will be just under 10 per cent of their pre-crisis levels in the summer season before gradually returning to their previous levels over the coming years. However, KOF is forecasting that the numbers of overnight stays by long-distance travellers will remain below their previous levels up to and including 2023.

Winter season 2021/2022: hardly any restrictions but fewer long-haul travellers

Although there will be hardly any restrictions on the supply side in the winter half-year 2021/2022, visitor numbers from abroad will probably remain below where they were before the pandemic. Whereas the numbers of European guests are likely to reach pre-pandemic levels, the numbers of tourists from overseas markets will begin to recover only gradually in the winter. According to KOF's forecasts, the numbers of overnight stays in the winter season 2021/22 will probably just about exceed their pre-crisis levels in both the alpine regions and in other areas. KOF expects the numbers of overnight stays by Swiss guests over the coming years to increase slightly until 2023, while the numbers of overnight stays by foreign visitors will also rise but will not reach their pre-pandemic levels by 2023.

Forecasting risks and alternative scenario

There is still considerable uncertainty about the further evolution of the pandemic, the progress of immunisation campaigns and the relaxation of restrictions. KOF has therefore also calculated a more negative alternative scenario. This predicts that any delayed normalisation of the pandemic situation would cause most Swiss people to refrain from travelling abroad in the 2021 summer season or to postpone such travel for one year. This would raise the numbers of domestic overnight stays even more clearly above their pre-crisis levels. Renewed travel restrictions and cautious behaviour, on the other hand, would dampen foreign demand, so the recovery would be delayed until subsequent years. One downside risk to this forecast is a potential resurgence of the COVID-19 pandemic. This could be caused by new variants of coronaviruses against which existing vaccinations provide either insufficient or no protection. One upside forecasting risk is potentially strong demand for tourism services on the back of high levels of saving and an unexpectedly rapid normalisation of the pandemic situation.

The full report on the forecasts for tourism in Switzerland is available here:

<https://kof.ethz.ch/en/news-and-events/media/press-releases.html> →

Further information on the forecasts for tourism in Switzerland is available here:

<https://kof.ethz.ch/en/forecasts-and-indicators/forecasts/kof-forecasts-of-tourism-in-switzerland.html> →

KOF's tourism forecasts are produced on behalf of Switzerland's State Secretariat for Economic Affairs (SECO). SECO is able to finance tourism forecasts under the Swiss Federal Act on the Promotion of Innovation, Cooperation and Knowledge Building in Tourism (Innotour). The main addressees of these forecasts are the tourism sector and the cantons.

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