

Press Release

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KOF Forecasts for Swiss Tourism: Outlook is Brightening Up

The summer tourist season had its ups and downs. According to KOF estimates, the number of overnight stays declines by 0.3%. The negative trend among European visitors has come to a halt. The coming winter season is expected to bring more positive results than last year's winter. Nevertheless, the foreign tourist situation remains tense. Overnight stays are estimated to rise by 0.6%. As of 2018, a broader recovery should set in. Prospects for lifts and mountain railways remain on the moderate side.

2016 summer season: mixed results

The summer season had its ups and downs: While domestic demand followed a positive trend, foreign demand declined, with the number of visitors from long-distance markets dropping most significantly. Demand from Eurozone countries recovered to some degree from last year's decline. The number of overnight stays by foreign visitors decreased by 1% according to the forecast. However, in terms of the number of domestic overnight stays, the forecast predicts a slight increase of 0.7% over the previous year's season. All in all, the number of overnight stays thus dropped by 0.3%. The decline in visitor numbers hit the cities as well as the Alpine regions. Following a steady rise in overnight stays in the past years, city destinations stagnated this summer. Ticino recorded an increase in overnight stays.

Forecast for the 2016/2017 winter season: moderately positive outlook for this winter

The outlook for the coming winter season is slightly brighter than last year. The forecast anticipates a slight increase in overnight stays. Nevertheless, the situation remains tense where foreign visitors are concerned. Although the total number of Eurozone visitors booking holidays in Switzerland should go up, overnight stays by German tourists are expected to continue their downward slide. Demand from the UK is likely to drop due to the weaker British pound. Given this background, the number of foreign overnight stays is expected to increase by no more than 0.2%. The development in domestic overnight stays is likely to be more dynamic. In view of Switzerland's weak consumer sentiment and projections of moderate economic growth, the number of domestic overnight stays is expected to increase by a scant 1%. This figure is a slightly downward corrected forecast compared to the May figure. City destinations still record the most stable growth dynamics. Due to the decline in tourists from Germany and the UK, the trend in the Alpine regions is expected to stagnate.

Situation is improving

Given strong domestic demand and a gradual recovery of foreign demand, the development in total tourism demand is once again on an upward trajectory. Total tourism demand is comprised of domestic and foreign demand. Lifts and mountain railways had a difficult winter last year. Given the continued decline in overnight stays in the big winter sport regions, such as Grisons and Valais, the number of skier days is expected to drop further in the coming winter season. However, the decline should be less pronounced. KOF forecasts a stagnation in gross value added. A sustainable recovery of total demand, and hence profitability, in the tourism sector is not expected before next year. This is likely to go hand in hand with a slight increase in gross value added.

Special analysis: tourism-weighted exchange rate index

The price competitiveness of an economy is assessed on the basis of the so-called real exchange rate index. The latter is composed of the currencies of Switzerland's 40 most important trade partners adjusted by price development. KOF has calculated a tourism-weighted exchange rate to assess whether the latter is more suitable for evaluating the price competitiveness of Swiss tourism. Comparison of the two indices shows that the price competitiveness of the tourism sector is not fundamentally different from that of the export industry. Differences can be seen during the period of the minimum exchange rate when the Euro played a bigger role in the tourism sector than in the export industry. This year, the devaluation of the British pound dominated the tourism-weighted exchange rate. Since British visitors make up a significant portion of holiday makers in Switzerland, the devaluation of the British currency may have a larger impact on tourism than on the export sector.

The full report on forecasts for Swiss tourism is available here:

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

Contact

Florian Hälg | Tel. +41 44 632 84 61 | haelg@kof.ethz.ch

Media Services | Tel. +41 44 632 42 39 | kofcc@kof.ethz.ch

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