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Austrian Tourism 2015

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In 2004 tourism in Austria contributed 6.4 % of the nations GDP equivalent to €15.26B. This number however fails to capture the complexity of this economic sector. Just as for any sector a strategic plan is needed to focus efforts on the needs, risks and opportunities for the future. For these reasons the Austrian Tourist Agency initiated a series of scenario workshops and processes to explore plausible future developments.

Tourism meets DaimlerChrysler

It is not easy to measure the value of tourism for a country in economic terms although several approaches are designed for that. However it is quite easy to tell that tourism is of high importance for a country like Austria and this implies the need of forward looking approach.

A series of scenario workshops were carried out by the *Austrian Tourist Agency* to develop consistent visions for the future. Initially these were based on themes such as winter and summer tourism, city and health tourism.

The scenario processes were structured in the same way for each of these market segments and comprised the following sequence of steps:

- Analysis of current developments in the segment,
- Analysis of the environment,

- Formulation of scenarios to manifest possible future developments,
- Definition of conclusions with recommendations for future activities.

Designing business areas or product policies for the long run are coherently connected with uncertainty about the development of surrounding key factors and individual decisions in a dynamic environment. A systematic and complex analysis was needed to frame the relevant issues and their dependant variables as close to reality as possible. The scenario technique used was organized with the help of experts from a variety of organisations including *DaimlerChrysler* and *CAP Gemini Ernst & Young*. In so called 'future laboratories' scenarios were gathered as a result of structured communication between experts with various professional and personal backgrounds. An essential element of this exercise was the 'team building' to develop a comprehensive view on the segment in question and to ensure an appropriate level of reflection on the matter.

The Four Seasons

The tourism authority made a preliminary choice of the following four core segments:

- Winter tourism



- Summer tourism
- City tourism
- Health tourism

The Future of Winter Tourism

The main travel season in Europe is the summer time. Not even one third of those who travel abroad each year, do so in the winter. Of those only 12% go for a vacation in the snow because most still prefer the so called 'Sun & Beach' holiday. Nevertheless Austria remains one of the most popular winter holiday destinations in Europe. According to a survey of the tourism consulting group - IPK International, 47% of the Europeans chose Austria followed by France with 14% and then by Italy and Switzerland with 11% each.

Four scenarios were developed for the future of winter tourism in Austria. These can be summarised as follows:

- **Heaven & Hell:** This scenario is based on the anticipated future income gap. There will be a first class tourism segment on the one hand with all-inclusive low price packages on the other. Individually oriented high-quality service models will become increasingly standardised on the basis of global franchise systems.
- **Good Bye Snow!** As a result of climate change only a few winter sport islands remain. These are affordable only by high end clients. Alternatives are in short supply. The need for a 'snow experience' slowly fades in people's minds. Instead artificial snow in huge ski domes with typical Austrian features provides the only substitute.
- **Ecological Winter Breaks:** A shortage of natural resources, traffic overload and environmental pollution bring about structural changes and lead to an increase in so called eco-taxes. People are more sensitive about natural resource usage and the impact of activities on the environment. High fuel prices lead to a preference for holidays in the neighbour countries rather than in far away places. Austria's geographically central position and its advanced position in ecologically sound tourism is well matched to existing demand.
- **Ski, Snow & More:** Skiing is still a trendy past time and ski breaks can be booked online through the television. Clients like to mix skiing with extra features such as show and concert events preferably using all-access cards. New sports activities can be tested in safe surroundings using recently developed tools such as the 'Virtual Try Simulator'.

The Summer Challenge

The most favourite kind of holiday for the Europeans is Sun & Beach, 41% of holiday makers prefer this, 18% prefer organised tours and 14% go for the city breaks, whereas vacations in the country side or in the mountains account for about 6% of all holiday travel. From 1980 to 2000 arrivals in Austria increased by 15% but this was accompanied by a decrease in overnight stays. Germany and Austria account for

76% of these overnight stays. Visits by Germans and Dutch have decreased whereas the proportion of Swiss, Italians, Japanese and Austrians staying overnight has been on the rise. Based on these premises the following four descriptors were employed in a series of future workshops as criterion for the development of summer tourism scenarios:

- Basic requirements
 - Highly competitive surrounding
 - Socio-economic trends
 - Start of the WWW-Tourism era
- **The Real Austria – Demand for Real Nature:** As EU and national subsidies for the agriculture are no longer available anymore, the regions of Europe have picked out tourism as an important source of local income. The development of such a market is supported by a strong demand for authenticity or experience and for natural products. 'Nature' however is in relatively short supply and people are willing to pay a high price for last surrender-spots of authentic nature in 'Good Old Europe'.
 - **Mountain Experience:** People spend more time traveling during their holidays than ever before and sporting activities are still a key source of income. Innovative new sport products like the *Cotton-ski*TM for downhill skiing open the summer tourism for established winter-sports enthusiasts. These products are based on an easy-to-learn philosophy appropriate for any age-group.
 - **Lonely Mountain:** The demand for entertainment and for variation drive tourists to destinations in the south rather than to classic, mountain vacations. Insufficient bad-weather alternatives and a lack of tourism product innovation led to continuing decrease in summer tourism.
 - **Sea or Lake:** Aggressive ultra-violet radiation increases in southern countries and environmental awareness is generally greater than before, but nobody wants to miss out on the water experience. The high water-quality of Austrian lakes and the broad spectrum of recreational and adventure facilities boost summer tourism.
 - **Stock up on Life:** A complete and convenient group of services makes Austria a leading wellness resort destination. Highly qualified employees are trained to provide for the needs of the individual and help them enjoy a perfect *Body & Soul* experience.

The Hot Spot City

The age of a typical city tourist is below the average of the population and for four out of ten tourists, a city trip is the main vacation of the year. The decision for the trip is made quickly and at short notice. The demand for information in advance of the trip is high. The daily spend of the city tourist is by a third than that of the average tourist and they tend to roam in couples.

The positive first impressions for a tourist in Austria are the cityscape, the friendliness of the people and the sense of safety

of the place. Arrivals of city tourists by nationality in Austria's major cities are as follows:

Austria	28%
Germany	19%
Italy	9%
The USA	6%
The UK	4%
Japan, Spain, Switzerland and Liechtenstein	3%
France	2%

These five scenarios for the future of city tourism are as follows:

- **Telling (Hi)stories:** History is central to the tourism experience. Districts tell their own authentic stories of the people, inviting visitors to join in this unique experience.
- **Aqua City:** Intended as a case scenario for Graz this scenario looks at how the city grows in synergy with the water environment. Thanks to the use of high technology this becomes a unique selling point for the city.
- **Erlebnisstä(d)te®:** Roughly translated this trade-marked name refers to an 'entertainment city'. The creation of a city trademark ensures quality, excitement and emotion for city-tourists all over the world. Educational entertainment and special features are included and the expectations of every tourist to these trademark cities will be met.
- **Flex Living:** The city as a virtual reality show, where everything happens just in time. Technology supports and enables the new fast-and-flexible life style of the future city tourist-with-no-time.

- **City Escape:** Terrorism, environmental catastrophes and major traffic jams make cities generally unattractive. Only a few luxury segment tourists survive.

The Health Issue

People are developing a high level of consciousness for health and living while competition obliges the tourism industry to specialize and focus on new target groups. Austria must build upon and maintain its natural assets, its high water quality, its healthy bio-food and a good supply of comprehensive, integrated health-related tourism products.

People differentiate between holidays for wellness, health, fitness and recovery. At 4% of all holidays 'convalescence' represent the most important segment, but holidaying for fitness and wellness shows a strong positive trend.

Austrians themselves dominate this market followed by Germans, French and Swiss.

A New Vision of Living

The main goal for people in the new millennium is to prevent illness and to avoid the need for recovery. It is not enough anymore to reach a significant age. Fitness of the mind and overall well-being in terms of the overall quality of ones health is a crucial personal goal.

No matter what form of holiday is chosen, one of the most determining reasons for the choice is the duration of the holiday.

What Does this Mean for the Future?

The implications of these scenarios for the future of tourism in Austria are listed on a 'last in – first out' basis.

The most important issue for the development of the **health related segment** is to build upon available competence in existing therapies and to ensure the highest quality of service.

At the same time, services provided must follow a holistic approach. This may mean considering 'new wave' treatments. The tourist experience will be based around facilities such as well-being oases, competence centers or hotels as well as multi-option health resorts.

In the 'City Escape' scenario for **city tourism**, societies' share of responsibility has to be supported. Donations to social and cultural NGOs will need to be made tax deductible. The city must set incentives for worthwhile international events. It needs to engage in sustainable traffic and environmental

planning with a view to supporting the tourism experience. Policy should the needs of the middle class and the implementation of so called 'meet the citizen' programs. The 'Flex Living' scenario requires a focus on new state-of-the-art living, the establishment of digital information systems, the development of necessary hardware, the availability of individualized hotels and above all 24 hour service in retail and gastronomy. The 'Experience City' needs to come to a fundamental understanding of the experience it will offer. It needs to define its trademark, quality criteria and standards. It needs to promote these using an appropriate marketing strategy. In the case of 'Aqua City' urban wellness concepts need to be further developed and infrastructure needs to be upgraded. New business concepts for tourism and water need to be developed and resources are required to building consciousness of natural resources and the environment. The first scenario '(Hi)story Telling' requires an evaluation of what is authentic. The availability of information and tourist-oriented sights must be outlined. Tourist 'competence' is a key issue. Handcrafts and trade have to be recreated in a historic setting while addressing the new needs of the time.

Core elements of **summer tourism** in the ‘*Stock up on Life*’ scenario are the establishment of a comprehensive, high quality program for body & soul fitness as well as the development of highly qualified personnel. The option for individual attention from coaches and guides as well as continuous service chains will be indispensable. Regarding the ‘*Sea or Lake?*’ scenario, key issues that arise are the need for investment in summer attractions, the diversification of offers, the availability of animation and price optimization for day tourism. Beside the creation of new niche products price optimization will be very important for the ‘*Peaceful Mountain*’ scenario. The ‘*Mountain-Adventure*’ outcome will need new infrastructure on the mountain and the deployment of modern technologies in the right place especially to support sales related communication. Youth-friendliness needs to be improved along with 24 hour entertainment and services. In the case of ‘*Real Austria – Demand for Real Nature*’ Austria’s authentic credibility must be established or increased and new appropriate product chains created. Natural assets such as water quality need to be promoted as unique selling points. Attention must be given to communicating these assets and to

developing more educational forms of entertainment relating to nature, the body and personal well being.

In the **winter holiday sector** basic requirements were defined to meet the expectations brought about by heavy competition. These have to be implemented independently of which of the five development scenarios unfold. Because of worldwide competition, especially from *Sun & Beach* travel options, destinations have to be clearly positioned and prepared.

Good marketing networks will play a fundamental role. Potential lies in capturing the youngest and in supplying new products suitable for people in all age groups. Local and regional service cards combined with continuous service chains and a variety of events with regional identity can match tourists’ need for flexibility. All this requires a sustainable ecologically protected environment, providing safety and public access to the product itself via all existing and new forms of media.

Responding to New Social Drivers

Whether or not the future unfolds according to one of these scenarios, socio-economic change is taking place that will have a profound impact on the future needs of the tourist.

Essential social drivers such individualization, flexibility and the aging of society will fundamentally change social relations. Patchwork-families, single households, serial partnerships and jobs will replace traditional structures and change how people holiday, with whom and when. So called flex-jobs and project orientated engagements will replace traditional full time jobs. The average age of retirement will be 70 and an increasingly skilled labour force will welcome a higher proportion of working women. All of this will affect the ‘new customer’ in the ageing Europe of 2015.

One out of four customers will be above 60 and seniors will be among the most affluent clients.

The middle class will slowly disappear and in the hyper flexible, digital, networked economy, hybrid products will be designed. Discount will meet the premium class and the gap between those with ‘lots of time and little money’ and the ones with ‘no time and lots of money’ will get bigger.

Products and services will melt together. Product diversity will be crucial and the performance of the tourism industry in Austria will increase with societies’ level of internationalization. The attention of future customers will count and destination marketing in the future will be based on competition between lifestyle labels or rather symbols.

Sources and References

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About the EFMN: Policy Professionals dealing with RTD, Innovation and Economic Development increasingly recognize a need to base decisions on broadly based participative processes of deliberation and consultation with stakeholders. One of the most important tools they apply is FORESIGHT. The EFMN or European Foresight Monitoring Network supports policy professionals by monitoring and analyzing Foresight activities in the European Union, its neighbours and the world. The EFMN helps those involved in policy development to stay up to date on current practice in Foresight. It helps them to tap into a network of know-how and experience on issues related to the day to day design, management and execution of Foresight and Foresight related processes.