GERMANY MARKET PROFILE

The Demographics

- Germany is Europe's most populous country – 82.4 million (2004).
- Estimates suggest the population will reach 83 million by 2013 and then begin to decline to about 75 million (1963 population level) by 2050.
- Age breakdowns will change dramatically – by 2050, half of the population will be aged over 48 and one-third will be 60 or older – placing increased demands on social programs.
- Currently, the 50+ age group has the highest monthly disposable income and is also demonstrating the highest increase in travel.
- Over 70% of the labour force is employed in service industries.
- Unemployment is high – nearly 11% in 2004 – more than double that of the UK.

The Economy

- Germany has the fifth largest economy in the world, but one of the slowest growing economies in the euro zone.
- Growth in 2001-03 fell short of 1%, rising to 1.7% in 2004.
- GDP is expected to grow about 1.8% in 2005.
- The modernization and integration of the eastern German economy continues to be a costly long-term process, with annual transfers from west to east amounting to roughly $70 billion.
- Germany's aging population, combined with high unemployment, has pushed social security outlays to a level exceeding contributions from workers.
- Structural rigidities in the labour market – including strict regulations on laying off workers and the setting of wages on a national basis – have made unemployment a chronic problem.
- The country is among the world's largest and most technologically advanced producers of iron, steel, coal, cement, chemicals, machinery, vehicles, machine tools, electronics, food and beverages, shipbuilding, and textiles.

World Wide Outbound Travel Trends

- In 2003, German outbound departures reached 68.87 million, down 1.4 million or two per cent over 2002.
- Holiday trips are the most popular trip – in 2003, more than ¾ of Germans aged 13 or older (49.5 million) went on holiday trips (5 days and longer).
- The German holiday travel market in 2004 was characterised by a high stability of demand.
- Germans appear to not want to do without their holiday trip, even if general conditions (economic situation, latent threat of terror) are not promising – however, the weak economy and threats of terrorism while on holiday continue to impact.
- The stability of demand can be explained because of the big share of "regular travellers" – for those a yearly holiday trip is part of their indispensable consumption pattern.
- Other reasons for the stability include:
    - high priority given to holiday travel on consumption scale (number two behind groceries); and,
    - varied and nearly unlimited range of tourism products/destinations, etc., resulting in fierce price competition which has boosted demand.
- Dynamics can be found rather in the structure (where and how Germans travel) than in the volume (whether Germans travel).
- Germany is the Germans' most important holiday destination (33% of all holiday trips).

- Other popular destinations are the European Mediterranean (market share: 27%) or Western Europe (14%).
- Long-haul destinations account for about 5% of all holiday trips (down from 7.6% in 1998).
- Long-haul travel has been affected more than short-haul, registering double-digit declines of 10% compared to only a 2% decline in travel to short-haul destinations.
- Since 1998, the German long-haul market has decreased on average nearly 4%.
- Price is a major factor influencing German travel decisions – disposable income is shrinking because of the weak economy, high unemployment rates and taxation.
- In 2003, more than 40% of all German holiday travelers used discounts of some kind (up from 30% in 1999) – the figure was nearly 60% for package tourists.
- While Germans want good value holiday trips, they do not want to give up quality.
- No-frill airlines are very popular – in 2003, 4.2 million Germans (6.5%) took advantage of the offers of those airlines – almost double the amount of 2002.
- All age groups fly no-frill – currently, the age-groups 14-59 are quite evenly represented.
- Germans are by no means “travel-lazy”, yet they prefer being lazy while on holiday.
- On holiday the more passive “activities” dominate (relaxing, freedom, having time to oneself and resting) – physical or intellectual effort (culture and study, exploring and taking risks and active sports) is something only few Germans like in their holidays.
- Nearly 60% of international holiday trips were organized by a tour operator or at least partly booked by a travel agent.
- German outbound travelers are very sophisticated when it comes to planning a trip – using many tools, e.g., internet, books and travel guides, etc.
- The use of the internet for ‘booking’ travel as opposed to simply ‘looking’ has increased steadily in the European marketplace – however, a study by ETM for the first eight months of 2004, indicates the German market is less likely to book via the internet compared to British outbound travellers and more likely to use a travel agency (ETM, IPK International).
- German outbound travellers are more likely than UK or French outbound travellers, however, to book accommodation via the internet.
- Because of the aging economy, health/wellness (personal peace, eco-friendly environments), soft sports, quality, safety and good medical infrastructure will be important future travel considerations.

Canada Travel Trends

	2000	2001	2002	2003	2004
Overnight person-trip	379,800	330,200	291,200	253,000	
Canada’s market share	5.5%	5.4%	5.2%	5.0%	n/a
Nights (‘000)					n/a
Spending ($M)	498.2	454.4	385.2	345.1	n/a
Spending per trip ($)	1,312	1,376	1,323	1,364	n/a

- Germany is Canada's third largest European market behind the UK and France.
- Canada’s market share has decreased steadily from a high of 7.8% to a low of 5% in 2003.
- A 2004 survey by Tourism Australia identified Canada as the No. 3 “dream destination” among German consumers, just behind the US and Australia.
- However, the US is growing at a faster pace than Canada – tour operators and airlines report a growth between 70 and 100 % (not surprising as the losses of market share during the last two years have been very much higher in the US compared to Canada and the US has had some travel package price advantages over Canada).

- In 2003, German visitors to Canada stayed on average 16 days.
- Expenditures of German visitors in 2003 were just above the European average ($1,343).
- Most Germans entering Canada have either traveled as couples or singles.
- Fall and winter as well as travel to West Canada have gained popularity since 1980.
- Alberta and BC are the most popular destinations but given the good airline access during the summer season, Germans pretty much spread all over the country.
- While in Canada, German travel spending is focused on accommodation, food and beverage and transportation.
- More and more travellers are entering Canada directly (rather than thru the US).
- According to results from the 2003 International Travel Survey (Statistics Canada), German visitors to Canada show the following characteristics:
    - 56% men/44% women;
    - age group of 35-54 years is on the rise;
    - mainly travelling in couples and as singles;
    - spend most on accommodation and food/beverage;
    - Interested in shopping, sightseeing, visiting a national or provincial park, visiting a historic site, visiting friends and relatives and visiting a museum or art gallery.
    - less interested in participating in going to a casino, downhill skiing, golfing, fishing and hunting.
    - primarily visiting Canada for pleasure (whereas it was for VFR in 1990).
- The Canadian Tourism Commission has identified the following target markets and groups.
- Target market:
    - key age group: 35-60;
    - 55+ will be addressed as a target group on its own (focus on infrastructure, safety and cleanliness, personal wellbeing, travel in the shoulder season);
    - middle/high class living primarily in West Germany;
    - couples, singles;
    - more focus on women (singles or part of couples – decision makers, mostly working, looking for the “new luxury); and,
    - long-haul travellers for whom Canada is not top of mind.
- Three target groups have been identified.
    - Outdoor and winter sports enthusiasts (6.45 million)
        - predominantly male;
        - aged 20 – 44 years;
        - young unmarried (if married, without children);
        - high education;
        - high HHNI (household net income), at least 2.500 Euro up to 6.000 Euro +;
        - equable regional distribution of living places (no urban skew!);
        - interested in information about sports, online (www), cars, (motor-) bikes, travelling;
        - very active people (summer and winter sports, hiking, nature, wildlife watching); and,
        - like to try out something new.
    - Culture and Nature Seekers (3.69 million)
        - predominantly female;
        - aged 45 years and older;
        - adult household (no children);
        - high education;
        - high HHNI, at least 3.000 Euro up to 6.000 Euro +;
        - urban;

    - interested in information about politics, holidays and travelling, photography, luxurious hotels, design, architecture;
    - very active (shopping, theatre/musical, educational trips, nature, wellness); and,
    - like to try out something new.
  - Long-haul travelers (2.78 million)
    - male and female;
    - aged 20-30 years; 45 years and older;
    - married without children or adult household (no children);
    - high education;
    - high HHNI, at least 3.000 Euro up to 6.000 Euro +;
    - urban;
    - interested in information about economy, holidays and traveling, luxurious hotels, design, architecture;
    - very active (touring, nature, culture, cities); and,
    - like to try something new

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