

Long-Run Economic and Demographic Influences on International Tourism (LORINT)

Report on the International Tourism in Switzerland Conference

Ronald Sone, April 2025

On November 22, 2024, EHL Hospitality Business School hosted a conference led by Dr. Thomas Davoine, Assistant Professor at EHL Hospitality Business School. The conference focused on the notable decline in Switzerland's ranking as a tourist destination, from 5th place in 1950 to 28th place in 2022. The conference aimed to understand the reasons behind this change, explore future evolutions, and develop strategies to influence this trend. Various tourism stakeholders, including policymakers, industry experts, and academics, gathered to discuss the current state of international tourism in Switzerland. The discussions covered a wide range of topics, from tourism policies and digital transformation to the impact of COVID-19 on cities and sustainability initiatives. The event was part of a project entitled "Long-run economic and demographic influences on international tourism", which was funded by HES-SO

"Tourism Policy of Switzerland: Strategy, activities and promotion instruments" by Rebekka Rufer: State Secretariat for Economic Affairs (SECO)

The presentation outlined the impact of tourism as a cross-cutting sector that has its roots in different aspects like nature, heritage, gastronomy, culture, transportation, etc. The main strategic goals include improving framework conditions, promoting entrepreneurship, enhancing the appeal of tourism offerings, supporting sustainable development, and leveraging digital opportunities through a long-term period characterized by different implementation activities for 4 years each and renewable during the annual tourism stakeholder meeting.

Enhancing the framework conditions requires collaboration and coordination with multiple sectors. This typically happens at an annual conference where tourism stakeholders meet to discuss various topics related to tourism. During this event, stakeholders address policies at national, regional, and international levels to support their implementation.

Promoting entrepreneurship helps tourism businesses evaluate their economic and social environment for future growth. During COVID-19, SECO supported over 300 small and medium-sized hotels with coaching programs to assess challenges and develop measures for future readiness. Professional coaching was provided to implement these tailored solutions.

Regarding Switzerland's landscape and built environment, there are synergies between the natural and built environments in tourism. Tourists visit Switzerland for its unique natural

environment. However, there are conflicting groups—those who want to protect this heritage and those who wish to utilize it for added value. SECO collaborates with Environment Protection and the Federal Office for Culture to foster synergies through knowledge transfer and dialogue to help these groups achieve their goals.

SECO encourages digital opportunities by transitioning the economy to a digital framework and supporting the national database infrastructure project, enhancing tourism and market presence with data-driven solutions.

Funding Instruments

- **Innotour:** Funds innovative tourism projects, covering up to 50% of costs.
- **Swiss Association for Hotel Credit:** Provides low-interest loans under the Federal Act on the Promotion of the Hotel Industry.
- **Switzerland Tourism:** National marketing organization with 25+ offices worldwide, focusing on markets with significant potential.
- **New Regional Policy (NRP):** Supports regional projects like mountain railways, cable cars, and infrastructure.

"Le tourisme en Suisse, les raisons d'un déclin" by Dr. Demen Meier Christine: School of Management Fribourg (HEG-FR).

Switzerland, once a top tourist destination, has seen its appeal decline over the years. To understand the current and future challenges, it is essential to revisit its past and learn from it.

History of Tourism in Switzerland

In 1911, Alexander Seiler, a hotelier and member of parliament, proposed the establishment of an office dedicated to the promotion of Swiss tourism. This proposal was accepted in 1917, eventually leading to the formation of Switzerland Tourism in 1995. During the 1920s, promotional efforts primarily highlighted Switzerland's stunning landscapes. By the 1930s, sports activities had gained significant traction, with attendance in the summer mountain season exceeding that of the winter season.

Impact of World War II

Switzerland, having remained unscathed by wartime destruction, focused on developing its tourism infrastructure to offer a haven of peace and tranquility post-conflict. In the 1950s, Switzerland emphasized luxury and high-quality services to set itself apart, ultimately establishing itself as a leading tourist destination.

The 1950s to 1970s

Switzerland is known for its landscapes, accommodations, and outdoor activities. Luxury hotels have played a role in promoting innovation. Swiss culture, including museums and historical sites, is another draw for visitors. The country's well-maintained trains and roads improve accessibility. Additionally, services are differentiated based on quality and customization rather than price.

Boom from the 1970s to 1990s

Airlines and transportation access boosted mountain tourism in Switzerland, leading to the development of major resorts like Zermatt, Saint-Moritz, and Crans-Montana. International events such as world ski championships, international festivals in Montreux, Lucerne, Nyon, and the World Economic Forum elevated Switzerland's reputation. Luxury tourism continued to be a key driver.

Contemporary Challenges

The competition from new destinations offering more competitive prices began to pose problems. Standardization and lack of innovation also affected Switzerland's attractiveness. The strong Swiss franc reduced the purchasing power of foreign visitors. International events, such as terrorist attacks, changed consumer choices.

Reassessment in the 2000s

Competition from countries such as Austria, Spain, France, and Italy offering similar services at lower costs, along with rising expenses in Switzerland, presented challenges. The 2008 financial crisis, the emergence of China, the World Trade Center attacks, and the COVID-19 pandemic also influenced the situation. Additionally, consumer preferences shifted towards local experiences, ecotourism, and shorter stays.

Environment and Sustainability

The decline in skiing, influenced by discussions on resource usage and climate change, has adversely affected Swiss tourism. Additionally, increased competition from resorts in Asia, the United States, and Eastern Europe has compounded this issue. The sector's challenges are further exacerbated by a lack of appeal for hospitality professions, inadequate coordination among tourism stakeholders, and insufficient digital innovation, all of which diminish the country's attractiveness as a tourist destination.

Conclusion

Switzerland is unlikely to be once more among the top five tourist destinations in terms of volume, but it can focus on quality. Switzerland's core strengths, such as magnificent landscapes, quality infrastructure, service personalization, and safety, remain relevant. Integrating innovations and digitalization is crucial to making Swiss tourism attractive and exceptional.

“Development of the Hotel Industry in Switzerland” by Thomas Allemann - HotellerieSuisse

The presentation provided a comprehensive review of the development of the Swiss hotel industry over the past 25 years using official statistics from the Federal Statistics Office and HotellerieSuisse data on 3-to-5-star hotels.

Crisis and Recovery

The industry has faced multiple crises, including economic downturns (oil crisis, economic crisis), the SARS outbreak, the 9/11 attacks, the global economic crisis, and the Swiss franc shock. After a decline from 1990 to 1996, it took 18 years to return to previous levels, overcoming various challenges along the way. In 2023, the industry recorded 41.75 million overnight stays, exceeding the 40 million mark for the first time.

Structural Changes and Urban Shift

Since 1973, the number of hotels decreased significantly, but the average hotel size doubled. The number of guest beds remained stable. Starting in 1992, there was a shift from holiday regions to urban areas, with cities seeing an increase in overnight stays. This trend has accelerated since 2000, driven by domestic demand. Growth is mainly concentrated in major cities such as Zurich, Basel, Bern, Lausanne, Geneva, and Lugano, where the rate of overnight stays has also been above average. This led to an increase in supply, with new hotels primarily emerging from the chain hotel industry.

Domestic Demand

Domestic demand has been a key growth driver since 2000, especially in major cities. There has been a continuous decline in foreign demand in holiday regions. The Swiss population also increased by around 2 million, from 8 million to currently almost 10 million inhabitants. The holiday regions have only been able to benefit from this growth since the COVID-19 pandemic.

International Demand

International demand suffered mainly from the decline in foreign demand, especially from European countries, particularly Germany. Germans had 6.5 million overnight stays 20 years ago,

now we are at around 4 million. This shows that Switzerland will have more Americans next year than Germans coming to Switzerland for tourism.

Cities

According to the Federal Office of Statistics, over the past 25 years, major cities have experienced a slight increase in occupancy rates due to higher demand, despite a substantial increase in supply. However, despite the improved occupancy rates, prices are under pressure because of the increased supply. This trend is further influenced when inflation is taken into account.

Price, Occupancy Trends, Arrivals and overnight stays

Prices have faced pressure since 2000 but have risen since the COVID-19 crisis. COVID-19 led to an increase in prices over the last three years. The 5-star category led in average daily rate (ADR), while 4-star and 3-star hotels compete on price. There was a significant decrease of 21% in overnight stays.

Mountain and Holiday Regions

In mountain regions, occupancy rates have increased even though there has been a reduction in the number of hotels and beds. The ADR has been under pressure until 2019, but there has been an increase since the COVID-19 crisis. In holiday regions, the 5-star category has witnessed an increase in ADR despite lower occupancy.

Future Outlook:

The tourism industry is expected to grow at an annual rate of approximately 5.8% until 2032. If this occurs, travel volume could potentially double by 2050. Consequently, the global passenger aircraft fleet would also be projected to double by 2042. These developments are anticipated to primarily occur in cities, necessitating significant investments in transport and accommodation infrastructure. As a result, alpine holiday destinations may need to adapt to changes brought about by climate change.

The presentation concluded with recommendations for the future, emphasizing the need for hotels to increase prices, focus on extending the length of stay, and be prepared for the next crisis. It also highlights the importance of tourism promotion and the need for more meaningful tourism statistics.

Recommendations:

- Tourism promotion at the government level is highly important.
- Be prepared for the next crisis without government support
- There`s a need to reinvent alpine destinations due to climate change

“Post-Pandemic Shifts in Tourism Demand for Switzerland: Trends and Insights” by Simon Flury – BAK Economics Basel

The presentation discussed the **post-pandemic shifts in tourism demand in Switzerland** with an emphasis on the following key points:

Domestic Tourism is Booming

In 2023, there was significant growth in overnight stays by domestic guests compared to international guests. This may be interpreted as a change in domestic travel behavior after the COVID-19 crisis. According to the domestic market forecast, the population and employment grew by 1%. One might predict that domestic overnight stays would also grow by 1%; however, the actual increase in domestic overnight stays exceeded this percentage. While short-term fluctuations are observed in domestic overnight stays, the long-term trend shows that the overnight stay per capita remains consistent.

European Market

In many European countries such as Germany, France, Italy, Poland, Netherlands, Switzerland, and the Czech Republic, there has been an increase in domestic tourism following the COVID-19 pandemic, while international tourism has remained at pre-pandemic levels. In Germany, tourism has particularly returned to trends observed before the pandemic.

Long-Haul Markets

There have been significant shifts in travel behaviour within long-haul markets, particularly in Asia. Analysis of overnight stays as a percentage of total foreign guest stays indicates that Switzerland has experienced a decline in overnight stays by German visitors since 2005. Although this trend paused between 2019 and 2021, it resumed its decline in 2023. Conversely, there has been an increase in overnight stays by American visitors to Switzerland during the same period. Therefore, it can be concluded that the reduction in overnight stays by German tourists is being offset by a growing number of American tourists visiting Switzerland.

Growth Markets

There has been a steady increase in overnight stays by Chinese tourists in Switzerland. Between 2005 and 2019, the number of Chinese tourists spending overnight stays in Switzerland increased sevenfold. There was also a consistent rise in overnight stays by tourists from other Asian countries and India during this period, although not at the same rate as the Chinese tourists. However, the COVID-19 pandemic impacted this trend, and while these markets are attempting

to recover to pre-COVID levels, new competition has emerged. The pandemic contributed to the development of the tourism sector within Asia, and the recent Southeast Asia agreement with Thailand, Singapore, and other countries has facilitated travel within Asia, thus affecting the number of foreign overnight stays by Asian tourists.

Conclusion

Overall, tourism has predominantly reverted to patterns observed prior to the pandemic. The inclination towards domestic tourism remains strong, particularly in Switzerland. Several markets, especially within Europe, have returned to their pre-pandemic trends. However, significant changes are apparent in long-haul markets, with notable shifts in travel behavior across Asia.

National sustainability Strategies and Impacts. Can Swisstainable Help Swiss Tourism? Prof. Urs Wagenseil: Lucerne University of Applied Sciences and Arts (HSLU)

"Switzerland as a Tourist Destination"

The presentation highlighted the need for sustainable tourism to help achieve the United Nations' 17 Sustainable Development Goals by 2030. Destination competitiveness is influenced by factors such as natural and cultural resources, economic environment, infrastructure, service standards, policy and governance, market demand, innovation and technology, and accessibility. A country that preserves its natural resources or builds a strong international reputation can gain competitive strength. Over 200 countries compete for tourists, each offering unique qualities like nature, culture, and gastronomy. The key difference is the quality and service provided when combining original and derived offerings. There are over 200 thousand destinations.

Every country claims sustainability in tourism; notable examples can be found below:

Country	Slogan
Switzerland	Get natural
Croatia	Full of life
Denmark	Happiest place on earth
Belarus	Hospitality Beyond Borders
Greece	All time classic
Moldova	Discover the routes of life
Montenegro	Wild Beauty
Croatia	Full of life
Norway	Powered by nature

The big picture of the tourism product derives from the country`s original offer and the derived offer.

1. Original Offers

- Natural Offer
 - **Landscape, flora, fauna, climate, natural monuments:** These are the natural attractions that draw tourists to a destination.
- Socio-Cultural Offer
 - **Culture, tradition, customs, language, mentality, hospitality, monuments (historical, cultural, technical):** These elements represent the cultural and social aspects of a destination that enrich the tourist experience.
- General Infrastructure
 - **Politics, social, education, supply and disposal, communication, transportation:** These factors relate to the infrastructure and governance that support tourism activities

2. Derived Offers

- Tourist Infrastructure
 - **Accommodation, catering, travel advice, tourist transportation:** These are the services that support tourists during their stay, including places to stay, food services, and transportation options.
- Leisure infrastructure
 - **Leisure: sports, culture, attractions, hiking and biking trails, events:** These are the recreational activities and attractions available to tourists.
- Special tourist offers
 - **Spa and spa services, fairs, meetings, exhibitions, congresses:** These are specialized services and events that cater to specific interests and needs of tourists.

Additionally, the Global Sustainable Tourism Council was established 50 years ago, providing industry criteria standards for various tourism sub-sectors. These criteria serve educational purposes and raise awareness. They are also utilized in policy-making by businesses and government agencies. Certification is a voluntary, third-party evaluation conducted through an audit of a tourism enterprise or destination to ensure it complies with a standard. Accreditation

is a quality mark from GSTC awarded to Certification Bodies that choose their independent and neutral process to verify that they competently and impartially certify businesses such as hotels, tour operators, or destinations.

Switzerland's "Swisstainable program" launched in 2021, aims to make Switzerland the most sustainable travel destination under the slogan "Get Natural". Over 3.5 years, more than 2700 partners have joined, with 25% in administration, 46% in Level I certification, 13.3% in Level II certification, and over 15% in Level III certification. However, some partners participate for marketing rather than developing sustainable products.

Engadin Scuol Zernez / Val Müstair were the first Swiss destinations to be certified by TourCert two years ago. The following destinations Basel, Geneva, Davos, Gstaad and Lucerne are currently seeking the same certification (more to come soon). Interlaken and Zurich achieved other certifications.

A survey conducted in the destinations of Basel, Geneva, Davos, Gstaad, Lucerne, Scuol and Zug by the HSLU in October 2024 to outline their motivation to take part in the Swisstainable program showed the following results on a scale of 1 to 5:

- "Make a contribution to sustainable development" (4.73)
- "Achieve Swisstainable Level 3" (gain visibility) (4.64)
- "Strengthen the ecological themes" (4.55)
- "Position the destination as sustainable" (4.55)
- "Strengthen the destination on a social and cultural level" (4.27)
- "Certification as proof that increases trust" (4.18)

In conclusion, Switzerland has dropped to 10th in the Travel & Tourism Development Index 2024 overall rankings from 6th in 2021. This ranking covers 119 economies, the TTDI measures the set of factors and policies that enable the sustainable and resilient development of the T&T sector, which in turn contributes to the development of a country. Therefore, the Swisstainable program can help Switzerland tourism achieve its sustainability goal however, it is going to be a long and challenging road with they must take because it is worthy in the end.

Recommendations for the future:

- Encourage sustainable initiatives
- Be mindful of progression rates (there`s a need to apply more pressure to companies to seek sustainable growth) to avoid stagnation

- A commitment to sustainability is needed rather than merely following a carrot thus, authorities need to push in that direction.

How can cities navigate long-run challenges in International Tourism? Adrien Genier: Geneva Tourism

The presentation covered several key points regarding tourism in Geneva with the theme "Cities Rock!". Geneva Tourism, a private organization dependent on tourists, was hit hard during the COVID-19 pandemic and saw its budget drop from CHF 20 million to 8 million in 2020. Although not ideal, this change in budget allowed Geneva Tourism to reshape its business in anticipation of the next crisis. Travel and tourism (T&T) are vital economic drivers for many countries and local communities, supporting an estimated 10% of global gross domestic product (GDP), 7% of global exports and around one in ten jobs worldwide (World Bank, 2023).

Sustainability is a focus in the tourism and travel sector, with a recent survey indicating that 46% of tourists seek sustainable trips. However, it remains uncertain if they are willing to pay for such options. Swiss cities share similarities, often featuring lakes and mountains. Geneva distinguishes itself through its watchmaking, international connections, culture, and science. Geneva tourism employs 57 staff members dedicated to promoting and welcoming guests. This effort ensures that partners can depend on Geneva tourism to effectively "Know, Promote and Welcome" visitors.

Every year, Geneva tourism promotes and welcomes over 400 media representatives from around the world and more than 500 trade agencies, tour operators, and travel agencies, ensuring a continuous process of promoting Geneva. Like many other cities, Geneva was impacted by the COVID-19 pandemic. However, a comparison between the data from 2019 and 2024 indicates that Geneva is experiencing significant growth. There has been an increase of over 12% in January 2024 and 13% in September 2024. The room occupancy rate has risen to 64.65% in 2024, and there has been an addition of over 17% new hotels in Geneva over the past three years. Even though the city is booming again, it is still very competitive, and more work needs to be done and more promotions need to be put in place to attract more people.

Cities mean Business

Another interesting aspect of Geneva as a destination is that the majority of tourists are business travelers, accounting for over 60% of overnight stays. However, many large companies have reduced their budgets for business travel by 50%, which has impacted the overall number of overnight stays for this demographic. This situation is particularly relevant to Geneva, given the

presence of numerous UN organizations (42 UN agencies) and 700 NGOs. However, Geneva Tourism tries to keep the destination interesting for international conventions. This is done by integrating sustainability into its operation and bidding for conventions. For example, to bid to host a convention entails an application with about 70 pages with 6 pages dedicated to the destination's sustainability endeavors. Thus, any destination that cannot answer these questions favorably is automatically removed from the pool. Therefore, to get more business conventions (business travelers), destinations must show their dedication and commitment to sustainability to attract such events. However, with other tourists, this is not necessarily the same.

How does cities navigate long run challenges in international tourism?

- **Brand:** Cities offer a promise, safety, and status.
- **Convenience:** Cities are like resorts, offering easy access, one-day excursions, and a more authentic experience than cruise trips.
- **Investment:** Private investors mostly invest in the travel and tourism sector in Geneva. However, when you are a private company owner it is not easy to have access. Hotel investments in Geneva are “Safe saving” real estate in Swiss currency. For example, Fairmont was bought by the Victory Group for over CHF 350 million and this is only possible because they know how profitable it would be. Investment in Geneva is attractive and when you have hotels like Ultima Collection, Oetker Collection, Marriott & Jumeirah etc., come to invest in Geneva it creates attention, and all their marketing expertise comes with them. These investments are important and contribute to the attractiveness of the city.

Lastly, sustainability is a key concern for many businesses today. During the COVID-19 pandemic, many investors sold their shares in the cruise ship industry, anticipating its decline due to its perceived disregard for sustainability. However, current figures and future projections indicate that this sector is thriving and attracting increasing numbers of people, despite not being considered sustainable.

Key Points from the Roundtable Discussion on International Tourism and Hospitality in Switzerland

Challenges Facing Family-Run Hotels in Valais

Valais primarily relies on family-run hotels, which face succession challenges as the next generation shows little interest in continuing the businesses. The transfer of ownership of costly hotels to well-trained individuals lacking the required funds is a recurring concern, especially in the French-speaking part of Valais. There is a risk of hotels disappearing, which might also occur in German-speaking regions, particularly in major areas. Local-level solutions may need to be developed by collaborating with community stakeholders to ensure these properties remain viable for hotel development and business operations.

Investing in Regional Properties

Investment in regional properties has diminished due to the substantial depreciation of existing assets. Observations in Valais indicate significant deterioration of properties that were once attractive during the 70s, 80s, and 90s.

Tourism Data and Research Needs

Tourism data is crucial for understanding the industry's dynamics, especially regarding overnight stays and length of stay. Current data is location-specific, making it challenging to gauge overall visitor distribution in Switzerland.

Switzerland has a national tourism satellite account (TSA), but regional TSAs are necessary for detailed economic analysis. Proper data interpretation and collection are vital, requiring improved education for managers and industry professionals.

Regional Indicators and Data Enhancement

At the cantonal level, indicators for GDP and Workforce are present, with the TSA office working to enhance data collection. The aim is to publish detailed information on various tourism-related sectors. Focusing on specific destinations to develop this initiative further would be advantageous, facilitating the tracking of the client's journey.

Early search and booking processes by Germans provide valuable behavioral insights, though detailed information is often unavailable. Access to both broad and deep data is necessary to fully understand consumer behavior.

Challenges in Financing Mountain Investments

Financing mountain hotel projects faces challenges due to seasonality and elevated customer expectations. Securing sufficient equity for financing these projects is crucial.

Tourism Development in Urban and Mountain Regions

Integrating lakes, mountains, and urban areas for international promotion is crucial. To effectively promote these regions, emphasis should be placed on security as an outstanding feature of Switzerland.

Differences between Lausanne and Geneva

Lausanne emphasizes collaboration and offers various options but may not be as prominent as Geneva in terms of sustainability and investments. There are instances where Lausanne competes with Geneva for major events, like congresses.

To enhance its appeal, Lausanne could focus on extending tourists' stay by utilizing the diverse attractions within the canton of Vaud. The promotion strategy for the region includes highlighting attractions, museums, and special offers through its website. Tourists often visit Lausanne based on recommendations from those who previously visited or are familiar with Lausanne.

Collaboration among all stakeholders is essential for Lausanne tourism to effectively promote the region by presenting a comprehensive and appealing offer through cooperation with other regions.

Visa Issues Impacting Tourism

At present, there are extended visa waiting times of approximately six months, particularly affecting travelers from China. Despite these delays in the visa process, there continues to be significant interest in visiting Switzerland from China and the Gulf States.

Hospitality Industry Adaptations

Adapting services to meet expectations of diverse clients, including cultural accommodations like halal food and Ramadan-friendly facilities. Cultural preference for authenticity and tools like WeChat for engagement. Balancing authentic experiences with necessary adaptations for guest satisfaction.

Balancing Cuisine and Cultural Preferences

Consideration of guests' familiarity with cuisine during extended stays is vital. The hospitality industry must accommodate cultural preferences, such as ensuring the availability of kettles for Chinese guests, which enhances their comfort and satisfaction. This balance between authenticity and cultural adaptation is crucial for maintaining high standards of guest service and satisfaction.