

## PREFACE

Germany as a travel destination is playing an increasingly important role – both for Germans themselves and for visitors from around the world. For evidence, we only have to look at the results for the previous year: despite the economic turbulence and the onset of a global recession, the inbound tourism industry in Germany proved exceptionally robust. The overall positive result for 2008 – a 2 per cent increase in overnight stays by domestic and international guests – bears out the marketing strategy pursued by the German National Tourist Board (GNTB). Nevertheless, the global financial crisis is having an impact on Germany's inbound tourism industry: visitor numbers from the source markets have been in decline since the second half of 2008.

### *Impact of the crisis on tourism worldwide and to Germany*

While some important source markets such as the Netherlands, Denmark and Poland stood out with solid increases at the end of 2008, in other markets – including the USA, Japan, the UK and Spain – the downward trend which had emerged around the middle of 2008 continued to accelerate.

Within the space of a few weeks, an upward trend that had endured around the world since 2003 was suddenly turned on its head. Global arrivals, which rose by 5.4 per cent between January and June, fell by 1.3 per cent in the second half of the year. In Europe, a plus of 3.4 per cent in the first half of the year turned into a minus of 2.5 per cent in the second half of the year. In the boom times of recent years, Germany's inbound tourism industry consistently grew at a faster pace than the international market. Our aim now is to mitigate the impact of the current crisis. To achieve this, we have to hold our own in the face of global competition from other destinations.

The year under review was successful in this respect. In 2008, while growth in global tourism dropped to 1.8 per cent overall and that of European arrivals fell by 0.1 per cent, Germany achieved 1.9 per cent growth in international arrivals. For the domestic hotel sector, this translated into 1.8 million additional overnight stays.

### *Growth hiatus predicted*

Certain segments of the travel market are highly sensitive to the current economic situation. Business trips are being hit especially hard. Companies cut back on these at short notice during times of difficulty. In the leisure sector, short breaks and city breaks grew particularly strongly in the boom years as people's choices for second and third holidays. In 2009, we anticipate a



Petra Hedorfer, Chief Executive Officer



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hiatus in growth. But to benefit from the medium-term revival of the market, it is crucial that we keep our heads above water in heavily affected segments and we continue to play to our traditional strengths. We must also exploit new potential in the growth markets. When marketing Germany as a travel destination, we need to emphasise the advantages that it offers – excellent value for money, convenient location, outstanding infrastructure, and tourism-related products and services of the highest quality.

Soft factors such as affinity and image also contribute to the appeal of a country. 2008 was another good year for Germany where these were concerned: according to the 2009 Travel & Tourism Competitiveness Report compiled by the World Economic Forum, Germany retained third place among the most popular countries worldwide. In doing so, we successfully defended our status as an exemplary travel destination and again scored highly in areas such as environmental protection and transport infrastructure. The report used over 60 criteria to gauge the attractiveness of more than 130 countries.

A survey carried out by the HSBC Group revealed how people who live and work abroad perceive the countries that they reside in. The results made for interesting reading. Among these respondents, who are obviously familiar with their adopted home, Germany also came in the top three, behind only Canada and Australia.

### *Marketing Germany as a travel destination*

In 2008, our marketing strategy focused on "Palaces, Parks and Gardens" and the additional theme "Culinary Germany". We also looked ahead to the key theme for 2009: "20 years since the fall of the Berlin Wall". The anniversary presents an opportunity for us to market Germany as a destination where the past comes to life and where history is in the making. Our focus falls on an integrated marketing campaign, which symbolically unites not only the two sides of the formerly divided Germany, but also their most important source markets. As part of this, we launched an international photo competition whose prize was sponsored by the HanseMerkur Insurance Group.

In 2008, the GNTB took part in around 60 trade fairs and workshops all over the world. Attention focused on the themes for the current and future years as well as other marketing motifs. These also featured prominently in the various sales and marketing campaigns run by the 29 foreign representative offices. With regard to nationwide domestic marketing activities, we later report on the relaunched "kurz nah weg" (short breaks near home) campaign, which looks at fresh ideas for mini breaks in Germany. "A change of scenery" is the slogan for the campaign.

In the second year of the "Quality Monitor", our collaborative market research project for the German travel industry, we gained



Close collaboration: **Ernst Hinsken**, Federal Government Commissioner for Tourism, and **Petra Hedorfer**, Chief Executive Officer of the GNTB

a deeper understanding of our domestic and international tourists. The second and third stages of the survey told us what people liked, what they needed and what they desired. These findings are now being incorporated into marketing strategies.

As a result of the general economic crisis, price sensitivity is on the rise in all our key source markets. Consequently, we have modified our marketing campaigns and placed increased emphasis around the world on the value for money that we offer. The accompanying slogans are “Affordable hospitality – Destination Germany” and “Great deals. Easy booking.”

**Forecast: opportunities for Germany**

Alongside our diverse marketing activities, which we cover in more detail further on, we also carried out a thorough analysis of the short- and medium-term opportunities for the tourism industry in Germany. This enabled us to compile a well-rounded forecast for the sector as a whole. The foreign source markets most affected by the crisis look likely to remain the US, north-west Europe – particularly the UK – and south-west Europe, most notably Spain.

The outlook for Eastern Europe, however, looks more promising. In Poland and the Czech Republic, in particular, we see clear potential for growth this year. The same goes for Asia with the exception of Japan. In the domestic market, business trips and short breaks are expected to perform poorly in the first half of the year, though

we do expect many more Germans to stay in their own country for their main holiday.

**Efficient use of funds and resources**

Economical use of the funds made available to us informs all of our day-to-day activities. Last year, the Federal Ministry of Economics and Technology commissioned an external HR consultancy to examine the organisational structure of the GNTB and to analyse its staffing requirements. The findings confirmed the necessity of the current staffing levels.

**Strong partnerships for tourism in Germany**

The GNTB attracted more new members in the year under review, which further strengthened our position as a public-private partnership, a philosophy that we follow with great commitment. A total of 63 tourism-related companies, associations, regional organisations and cooperative ventures now feature on our list of members. Launched last year, our partnership concept “GNTB sponsors” also attracted widespread interest. By joining the scheme, six companies and organisations succeeded in extending their marketing focus, while helping the GNTB to expand into other sectors.

In summary, we can say that 2008 was a year in which we built on momentum from previous years, exploited its potential and continued to drive it forward. At the same time, we made provisions to overcome the challenges that loom in 2009.

We feel confident that we can rely on the continued and active support of our politicians. Special thanks here go to the German government and in particular Ernst Hinsken, the Federal Government Commissioner for Tourism. Our heartfelt gratitude is extended to all others who helped us along the way: the political decision-makers and committees – the GNTB Board of Directors and its President Klaus Laepple deserve special mention here – our members, commercial partners and associations, and all members of the Tourism Committee in the German Bundestag. We would also like to say a special thank you for the dedication shown by our staff in the head office and in all foreign representative offices around the world.



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