통일이후의 독일관광산업 변화에 관한 연구

숙명여자대학교 문과대학 문화관광학과
최영민

Study on Tourism Industry in Germany after Unification

Young-Min Choi

Department of Culture and Tourism, Faculty of Liberal Arts,
Sookmyung Women’s University, Seoul 140-742, Korea

= Abstract =

1990년 10월의 동서독 통일은 냉전증식과 더불어 두 지역에 경제 사회구조의 대변화를 초래했다. 독일의 복합적 특성으로 비추어 볼 때, 통일독일의 관광산업 역시 다양한 사회적 변화로부터 영향을 받으며 관광시장의 구조변화를 초래하게 된다. 본 논문은 통일독일의 경제동향을 살펴보고 관광시장에 가장 큰 영향을 주는 두 지역의 관광지, 교통수단, 관광객의 여행동기 그리고 방문 관광객의 변화 등에 관련된 문헌을 통하여 통일 뒤의 독일 관광산업에 관련된 본질적인 문제점이 무엇인지 파악해본다.

I. Introduction

The reunification of East and West Germany in October 1990 brought to an end the post-war division of the country, which had led to very different economic and social structures in two parts (Hill, 1933). The tourism
industries of the two Germanies also diverged in their structure, image and tourist behaviour.

The purpose of this article is twofold: to identify the general economy trends in united Germany; to review tourism trends in both sides from destinations, means of transport, travel motivation and incoming tourism.

II. General Economic Background

The political euphoria which accompanied the opening of the Berlin Wall on 9 November 1989 and the formal reunification of Germany on 3 October 1990 rapidly gave way to the economic and social reality of a divided country as it became clear that the cost and time scale of unification far exceeded the original estimates. Reunification has therefore inevitably been on of the major determinants of economic and social development over the last five years:

The former East Germany has been transformed into a huge development and investment area with DM 640 bn being ploughed in the first four years of reunification to finance projects in the East and the prospect that the flow is to continue for the next five years. Typical examples of such projects designed to improve communications are:

(a) road building (Hanover–Berlin motorway: DM 3.37 bn; Nuremberg–Berlin motorway: DM 4.8 bn)
(b) telephone network–up from 1.8 m (= 11 per 1,000 inhabitants) in 1989 to 4.1 m (= 24 per 1,000 inhabitants) at the end of 1994
(c) modernization and extension of the railways (Hamburg–Berlin DM 3.6 bn; Hanover–Berlin: DM 4.8 bn; Nuremberh–Berlin: DM 12.4 bn).

In the former East Germany ownership of private cars rocketed from 3.9 m (= 237 per 1,000 inhabitants) in 1989 to 6.7 m (=425 per 1,000 inhabitants) at the end of 1994-equivalent to some 15 years of growth in car ownership in former West Germany.
As far as the overall economy is concerned, the adage that "if Daimler Benz is doing well, then Germany is doing well" may be true in a purely economic sense—the Daimler Benz Concern made a significant turn-around in profits in 1994 (DM 2,708 m compared with a loss of DM 3,299 m in 1993), but the socio-economic cost of this and other similar "success stories" may prove to be damaging in the medium and long terms:

In 1994 the Saimler Benz Concern shed over 36,000 employees (approximately 10% of the workforce) and most of these redundancies were in their German operations. In 1995 they plan to reduce their workforce by a further 13,000. The chances of these workers finding alternative employment are not good: unemployment in April 1995 remained at an uncomfortably high 8.3%, and the proportion of long-term unemployed people is rising steadily.

Despite this only moderate performance in the mid 90's, the long-term strength of the German economy is undeniable: the Deutsche Mark still proves to be one of the hardest world currencies buying over 5 times as many British pounds in 1995 as in 1950 and buying over twice as many US$ in 1995 as in 1945. Between 1949 and 1995 German GDP increased by over 5 1/2 times whereas that of the USA and the UK increased in the same period by 3 1/2 and 2 1/2 times respectively.

What worries German economists in particular is the high wage and social costs of the German way of life (e.g. the average full state pension in Germany for a single person is almost three times as high as in the UK and almost twice as high as in the USA) and the trend towards long-term unemployment. For some years German manufacturers have been transferring production to lower wage-cost countries and although this keeps the companies' balance-sheets healthy the social cost of lost jobs is one of the major factors in driving up the public borrowing sector—the German Federation of Tax-payers estimates that the total national and regional governments' debts amounted in May 1995 to over DM 24,000 for every man, woman and child in the country, and that the overall public borrowing sector is rising at a(1-for Germany) alarmingly high rate of DM 3,935 per second.
The effects of economic trends on consumer behaviour are predictable: in 1994 inflation in West Germany rose by 2.6% whereas incomes rose by only 2.1% (Statistisches Bundesamt) in the West, and in 1995 disposable income has been hit by:

(a) the imposition of a flat rate of 7 1/2% "solidarity surcharge" on income tax (to help to build up Eastern Germany) and
(b) the introduction of a "care tax" to help play for the burgeoning cost of care particularly for the elderly.

Germans, who tend to be cautious about taking out credit to finance the purchase of consumer goods, are tightening their belts and being forced to cut back on some expenditure.

III. General Trends in Tourism

Since the mid 1950s travel intensity in Germany has risen dramatically (travel intensity being defined as the percentage of the population over 14 years old undertaking a holiday journey of at least four bed nights in a given year). In 1954 only 9.3 million holiday trips were undertaken by less than 25% of West Germans; by 1960 travel intensity had risen to beyond 30%, by 2970 it was 40%, and 50% in 1973. In 1993 it had risen to 75.4% of the population taking at least one holiday of at least 4 bed nights for the whole of Germany.

The overall holiday market grew significantly during the three years 1991 to 1993 inclusive, with main holiday increasing by 14%; during the same period the total number of holiday trips undertaken (including additional holidays) rose by 54%, indicating a very significant increase in second and third holidays (Aderhold and Lohmann, "Urlaub + Reisen 94).

The short break market (breaks of 2-4 days' duration) also whose a significant rise between 1991 and 1993, particularly in the number of people taking three or more short breaks and particularly amongst Eastern Germans.

The phenomenon of a significant rise in second, third and above holidays
and short breads especially at a time of impending belt-tighten is perhaps an important reflection on holiday-making attitudes in industrialized, relatively well-off societies - it may well be evidence of an urge to spend money while you still have it and before the government taxes it away from you. The dramatic rises registered in 91 to 93 have begun to tail off - there is, indeed, mounting evidence that bookings in the first half of 1995 tour operators had cancelled over 300,000 of their block-booked charter seats - even by the end of April TUI, NUR and ITS had cancelled a total of 210,000 seats and in May 95 NUR opted out of a further 24,000 seats. Bookings by the public according to the monthly reports by Deutsches Reiseburo (DER) show the year-on-year bookings in the first two months of 1995 were down by 5% in Germany as a whole; the greatest falls were in the former West Germany (Baden-Württemberg down a massive 9.2%) whereas the former East Germany indulge in a new-found freedom to travel.

Expenditure on holidays has risen consistently since the 1950s and showed no sign of levelling out until very recently; in 1992 Germans spent DM 61 bn on foreign travel (an increase of 6% over 1991) and in 1993 they spent DM 67 bn on foreign travel (an increase of 9% over 1992), which represents a deficit in the tourism balance of trade of over DM 50 bn. Provisional figures indicate that this deficit remained in 1994 well over DM 50 bn.

3-1. Destinations

In 1954 only 15% of holidays were taken outside Germany but with a booming economy foreign holidays appealed increasingly to Germans, and since 1967 they have been more numerous than domestic holidays. Reunification brought about a surge of holiday makers travelling from Eastern into Western Germany, but the anticipated interest from Western Germans in exploring the "new territories" failed to materialize.

It is also clear from fig. D that Eastern Germans are rapidly catching up
with Western Germans in having a penchant for foreign holidays.

As far as outgoing tourism is concerned, the urge to stream south for holidays continues unabated, with over half of all German foreign holidays being taken in Spain, Italy, Austria and France. According to a survey conducted by the research group Urlaub und Reisen (Jan. 1995) the most likely destinations for Germans over the next three years are Spain (ca. 26%), Austria (ca. 22%), Italy (ca. 20%), France (ca. 214%), Greece (ca. 12%), Denmark (ca. 10%).

These anticipated trends show little change from the current situation, where Spain (12% of all holidays in 1993), Austria (7%), Italy (8%), France and Greece (6%), are the most popular destinations. Far more Eastern Germans travel to east European countries (especially Hungary) than Western Germans and Western Germans travel far more outside Europe than Eastern Germans. The Scandinavian countries and Denmark in particular seem to be currently enjoying a surge in interest, especially from Eastern Germans – in 1990, for example, the German tour operator Blue and White Holidays ran its first tours to Finland with a total of about 600 German travellers; in 1994 they took 27,800 Germans on tours to Finland. In 1994 Germans accounted for just over 30% of the 260,000 tourists travelling through Finland to the Polar Circle. (MKT/Lappi 12/94).

For the 1995 holiday season Spain (including the Balearic Islands) and Italy in particular appear to be enjoying considerable interest from Germans – Mallorca for example is expecting 3 m German tourists (with and anticipated expenditure of DM 6 bn) and the northern Adriatic coastal resorts in Italy are expecting some 4.2 m German holiday makers in 1995 (some 200,000 more than in 1994), not least because the Deutsche Mark is worth about 30% more against the lire than a year ago.

Two factors which traditionally influence people’s choice of tourist destination have also affected outgoing tourism:

(a) War/violence in destination areas: although Germans may be regarded as adventurers in their predilection for exotic destinations, they have
responded sharply to the threat of war and violence—the former Yugoslavia was popular with Germans before the outbreak of civil war but, with the exception of some areas of Croatia, is now virtually a no-go area (the percentage of German holidays taken in the former Yugoslavia fell from 3.7% in 1990 to 0.7% in 1991). Likewise Egypt, where the Moslem fundamentalist campaign aimed at crippling Egypt’s tourism industry has been very effective in Germany after the highly-publicized murder of German tourists. A similar tactic has been used since June 1993 by Kurdish nationalists in Turkey, where German tourists have been singled out as potential targets: and the high-profile attacks on tourists using hire cars in Miami caused a dramatic drop in bookings to Florida. There is evidence, however, that these tend to be only blips in booking pattern - shortly after media attention is diverted elsewhere German tourists seem to return to these destinations.

(b) Currency fluctuations: the strength of the Deutsche Mark in the first half of 1995 has brought boom conditions to certain sectors of the market - flights to the USA are reported to be 30% up on the previous year, and between 1989 and 1994 expenditure in the USA by German tourists doubled.

Cross-border traffic has also increased significantly during 1995, especially to Austria and Italy - in mid April 1995 the exchange rate was 1230 lire to one DM, whereas three years earlier it was 792 lire to one DM. Each Saturday in April and May 1995 70 to 80 busloads of Germans arrived in Bozen (S. Tirol) on shopping spree and the tourism director of Bozen was predicting the "summer of the century". Another increasing phenomenon is the so-called "fill-her-up" tourism - Germans drive their cars over into Poland (where super-grade petrol costs half as much as in Germany and diesel almost half as much) or into the Czech Republic (where super and diesel are 40% cheaper), or into Luxemburg which also offers significantly lower petrol prices.

Although Germans have a reputation for being international travellers they spend over a third of their holidays in Germany itself. In 1993 the most popular areas in Western Germany were Bavaria (26% of domestic bed nights
and particularly areas with Eastern Germans), Baden-Wurttemberg (13.5% of domestic bed nights, and again particularly popular with Eastern Germans) followed by North-Rhein-Westphalia (11.8%) and Schleswig-Holstein (8.2%). In the Eastern area of Germany Mecklenburg-Pre-Pommerania heads the popularity stakes with 2.9% of all domestic bed nights (and by far the most popular-Eastern area for Western Germans), followed by Saxony (2.6%) and Thuringia (2.1%). (Statistisches Bundesamt, 1995).

The major deterrent to the hoped-for expansion of tourism in Eastern Germany has been the inadequacy of accommodation: Most of it was seriously lacking on reunification in the comfort and service expected by Western Germans and international tourists, and for several years investors were reluctant to acquire and develop hotels with potential because of uncertainty about the title to the site and the buildings – former owners effectively dispossessed of their property in the early days of the German Democratic Republic caused a huge log-jam of restitution claims. It was not until November 1993 that the federal government paved the way for a long-term DM 86 bn compensation fund part of which is expected to facilitate settlement of disputes involving property and land suitable for hotel, leisure and catering facilities.

The second major deterrent to the development of tourism in Eastern Germany is the wide-spread notion that the former German Democratic Republic is nothing but a huge toxic waste dump. This is very far from the truth, as is witnessed by large, unspoilit areas of Mecklenburg-Pre-Pommerania, Saxony and Thuringia, but the image persists in the minds of many Western Germans.

3-2. Means of Transport

Since the mid 1960s the private car has established itself as the main means of holiday transport with nearly 60% of holiday journeys involving car travel. In this respect there is little difference between Eastern and Western...
Germans and there is no evidence of any significant change over the last ten years.

The railways must be regarded as the great losers in the holiday transport market over the last forty years, their fall from 56% of the market in 1956 to a mere 9% in 1991 and thereafter is almost an exact mirror in age of the rising popularity of the private car.

They do, however, benefit from a marked trend to travel by rail for second and third holidays/short breaks, without which their overall 10% of the transport market would be even lower.

Coach transport has recovered from its nadir in 1976 but a series of widely publicized coach accidents with fatalities has tarnished the image of coach transport since 1988. Coach travel is still relatively well represented in the former Eastern Germany (21% of all journeys in 1991 and falling to just below 20% in 1993), but Western Germans continue to use coaches for less than 10% of holiday travel. As with rail transport, some 50% more second and third holidays than first holidays use coach travel.

Air transport, which had an insignificant share of the market in 1956, had captured almost a quarter of the market by 1993 and is currently the only from of transport still showing a noteworthy rise. The factors behind this development are (a) the increased interest in long-haul holidays, (b) the increased passenger capacity of modern big jets, (c) the expansion of airports in the Mediterranean holiday zones and (d) the comparative cheapness of flying.

3-3. Motivation

Typical holiday motivation for Germans in the 1950s and 1960s was a desire laze about in the sun, secondly a desire to "get away from it all" and passively enjoy being spoilt and thirdly a desire to indulge one’s new-found wealth. Opaschowski (1988) anticipated that particularly 20 to 50-year-olds would increasingly regard a holiday less as an appendage to and reward for
work but more as an opportunity to broaden one’s experience: he saw spontaneity, activity and an enjoyment of nature as becoming significantly more important in determining the type of holiday selected. Aderhold and Lohmann (1995) found the two most common motives for taking a holiday in 1993 were firstly "switching off" and secondly "escaping daily routine". Other popular motives were "meeting new people", "having time for one another", "having lots of fun", "recharging the batteries". All of these motives were expressed more or less equally by Eastern and Western Germans, although there was strong evidence that Eastern Germans (after 40 years of doctrinaire communism) were more inclined towards many "new experiences" and "getting to know other cultures and countries". Western Germans, on the other hand (after 40 years of indulgent capitalism), were more inclined towards "being spoilt" and "taking it easy" on holiday.

3-4. Incoming tourism

The success of the incoming tourism market into Germany depends, according to the German NTO, on castles, old city centres, social and cultural events, scenery and cleanliness. The specific purposes for visiting Germany are given in fig. G. It is not the motivation which is causing concern but rather the steadily falling share of the international tourism market which Germany manages to claim. The proportion of the international tourism market bed nights in Germany rose from about 8% in the 1970s to about 13% (=34.8 m bed nights) in 1990; the figures for 1990 in Hamburg were 48%, Bremen 24% and Berlin 25%, showing a strong dependence in these cities on incoming tourists. By 1994, however, Germany had slipped to the 9th place for incoming tourists according to WTO figures (it was in 5th place in 1985) and registered a fall of 4 m visitors and DM 2 bn expenditure by incoming tourists between 1990 and 1994 (DZT). Alone during the prime holiday period May to October the number of bed nights by incoming tourists fell by 9% (to 19.4 m) between 1992 and 1993, the biggest falls
being from Sweden (-29.6%), Poland (-19.8%); Italy (-17.2%) and the USA (-10.5%). (Statistisches Bundesamt).

In the past such developments would not have caused much concern, since Germany’s massive balance of payments deficit in tourism (some DM 50 bn in 1993) was always regarded as a quid pro quo for Germany’s massive balance of its over-expensive production costs compared to its international competitions the reduction of its world market share of the tourism market is being viewed with some apprehension.

There seem to be four main reasons for the current drop in incoming tourists:

1. The continuing strength of Deutsche Mark makes holidays in Germany comparatively expensive; this is particularly thru for US (who have established themselves as the second biggest group after the Dutch) since the dramatic fall value of the $ US early in 1995, and the British (the third biggest group) whose currency fell some 13% against the Deutsche Mark between early 1994 and early 1995.

2. The strong contingent of US troops in Germany has been moved back to the USA since 1992 so that there is less immediate cause for US citizens to visit friends and relatives in Germany. This, combined with the disadvantageous exchange rate for US citizens, has reduced the appeal of Germany as part of their European “milk run”.

3. The image of Germans as hoste dose little to encourage incoming tourists - “We could be a damned sight more friendly than we are ” was the comment in April 1995 by Erich Kaub, President of the German Hotel and Guest House Association(Dehoga). It is hard to quantify friendliness, but even if such comments are harsh, they unease over the German attitude towards service in a service-intensive industry, and Herr Kaub is not alone in expressing such sentiments.

4. Racist attacks on certain foreigners in Germany have been given high profile publicity in the foreign press and this has undoubtedly deterred some potential visitors. The German NTO(DZT) started trying to counter
this image of Germans being hostile to foreigners as early as 1992 when they changed their advertising tactic from pushing the traditional "romantic Germany" as a destination to emphasizing the kindly, hospitable German as a welcoming host. The change of tactic in order to present the human face of Germany appears to have had precious little effectively either abroad or at home; indeed the DZT’s New York office provoked acute embarrassment in May 1995 when it was revealed that an internal document on marketing strategy for the USA suggested that they should not target American Jews, Blacks, Hispanics and Asiatics as potential visitors to Germany. This was quickly interpreted in the press and in government departments highly sensitive to accusations of German racism as a totally unbecoming policy for modern Germany and has led to calls for a shake-up in the structure and financing of Germany’s NTO.

When incoming tourists do come to Germany the countries of origin are:

<table>
<thead>
<tr>
<th>Origin</th>
<th>Number of Visitors 1993</th>
<th>% of Incoming Bednights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Netherlands</td>
<td>1.9 m</td>
<td>16.8%</td>
</tr>
<tr>
<td>USA</td>
<td>1.7 m</td>
<td>10.4%</td>
</tr>
<tr>
<td>UK</td>
<td>1.3 m</td>
<td>9.2%</td>
</tr>
<tr>
<td>Sweden</td>
<td>0.9 m</td>
<td>3.5%</td>
</tr>
<tr>
<td>Japan</td>
<td>0.7 m</td>
<td>3.7%</td>
</tr>
<tr>
<td>Belgium</td>
<td>0.6 m</td>
<td>4.4%</td>
</tr>
<tr>
<td>Austria</td>
<td>0.6 m</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

(Source: Statistisches Bundesamt 1994)

The average length of stay varies from 6 days (Italians) to 10-11 days (Irish, Greeks, Poles). The most popular destinations for incoming tourists tend to be cities rich in tradition - Munich (especially popular with American, British, Japanese and Austrian visitors); Berlin (especially with American, French, Dutch, Swedish and Italian visitors); Heidelberg (for
3-5. The Industry:

The "sellers' market" of the 60s, 70s and early 80s has gradually been transformed by the mid 90s into a "buyers' market" - oversupply, the levelling off of travel intensity and the long-overdue banning of exclusive travel agency contracts have let to increased competition between tour operators and greater price-consciousness in the German public.

The major tour operators continue to dominate the package market - in 1994 TUI had 36.2% of the market; NUR 23.6%; LTU 15.8% and DER 15.6%. For 1995 there was a significant opening up of the market as a result of the liberalization policy forced upon the two major operators TUI and NUR which terminated their well-established practice of insisting on "sole agency" agreements with travel agents, with the effect that in 1995 TUI offered its packages through 8100 travel agencies (previously 5600), NUR in 8200 (previously 4600) and ITS in 6850 (previously 2900).

This liberalization has caused the tour operators to re-think their attitude towards travel agencies in order to ensure that their own products are "pushed" more than those of their competitors - in 1994 NUR invited 8000 travel agency staff for a four-day promotional freebie (at a cost of DM 8 m); some operators are offering "super commission" of 13% (instead of the usual 10%) to promote company loyalty; and in 1994 NUR set up its own franchise travel agency with a chain of 200 "Holiday Land" agencies.

The liberalization of the tour operator market will probably also have an effect on the number and size of travel agencies - it is estimated that there are some 12,000 travel agencies throughout Germany, but about a quarter are
one-person operations and about half employ between two and four staff. The DRV (German Travel Agency Association) estimates that 2,000 to 3,000 will cease trading between 1995 and 1998 because the cost of new technology and competition from hotel groups, airlines and railways will make economic survival difficult for small-scale agencies.

The small specialist agency is still, however, an important factor in the industry in Germany, catering for a very wide range of holidays - educational travel, women-only travel, health tourism, cycling holidays, etc. etc. - and these niche markets seem to be thriving: in 1994 a quarte of a million Germans went on a cruise and the Stuttgart CMT (Caravan, Motor, Touristik) exhibition in January 1995 took golfing holidays as one of its main themes; Germany still has 311 recognised spas with account for over 40% of bed nights in Germany's tourist trade.

A recent development in the industry has been the establishment of a last-minute market: German tour operators and the German public have traditionally avoided the cut-price market but since the summer of 1992 only LTU of the "big four" entered this market but in 1993 TUI opened up last-minute counters at Frankfurt, Dusseldorf and Hanover airports and from 1st November 1993 even the Lufthansa subsidiary Airtours International started selling excess capacity at bucket shop prices. Industry fears that this development would destroy the stability of the market have proved unfounded - as yet - but there is no doubt that the German traveller is becoming more price-concious and that more intense price competition in the holiday market is inevitable. If the German tourist industry wishes to maintain its dominant position in providing for some of the world's most active tourists it must be willing and able to compete on price in an increasingly open market. The days of the cosy cartel are over.

IV. Conclusions

The nature of the German tourism market is changing from the
traditional "live and let live" philosophy, where competition is based on quality and diversity rather than on price, into a more openly competitive business: operators are beginning to adopt a more aggressive pricing policy and customers are beginning to look for bargains. It is highly unlikely that the German market will be transformed in the short term into the cut-throat price-dominated market which exists, for example, in the U. K., but customer attitudes are changing and operators are responding to the change. Germans, however, like to travel and continue to travel extensively at home and abroad: travel has almost become an addiction and it will need a major economic crisis to bring about any significant change in their attitude.

References

Aderhold, P. and Lohmann, M., Urlaub + Reisen 94(Gruner und Jahr. Hamburg, 1995
Bundesanstalt fur Arbeit., Monatsberichte, Bonn, 1995
Deutsche Zentrale fur Tourismus, Deutschland-Tourismus: The European Travel Monitor, Frankfurt/Main, 1991
Godau, A. (1989) GDR tourism after the change - structures, products, visions in: Tourism in a new Europe etc as above page 120.
Grossmann, M. (1990) New aspects in the development of holiday traffic of GDR citizens,
Tourism in a new Europe - Co-operation between East and West. Worms. p111-118.
Opaschowski, H.W., Psychologie und Soziologie der Freizeit (Leske und Budrich, Opladen, 1988
Statistisches Bundesamt, "Tourism in Zahlen" (Metzler-Poeschel, Stuttgart, 1995