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The German tourism market: recent trends and sustainability initiatives

A MARKET INTELLIGENCE REPORT

Summary

Prepared by: New Zealand Embassy Berlin, in consultation with Tourism New Zealand.

- German tourists are returning to New Zealand. Recent surveys provide insights into emerging German trends post-COVID, against the backdrop of stagnant economic growth and high inflation.
- Despite current economic challenges, Germans are prioritising holidays again, including to long-distance destinations, although some compromises are being made when budgets and costs are factored in. The recovery of the overall German tourism market is expected to continue this year.
- The German travel industry has taken further steps to increase transparency around the sustainability credentials and carbon footprint of travel services across the value chain.

Report

For the first time since 2019, the world-leading tourism fair [ITB](#) will be held in Berlin 7-9 March, and New Zealand will once again present itself as an attractive destination, following the re-opening of its borders. The trade show also casts a light on the German market, which is the focus of this report.

As New Zealand and Germany celebrate 70 years of diplomatic relations, German tourists are returning

Trade and people-to-people links have been underpinning our bilateral relationship with Germany, supported inter alia by visa waivers and an uncapped working holiday scheme. Pre-Covid, Germany was our [sixth largest market](#) globally, and the biggest within the European Union. Following the re-opening last year, German tourists have been returning to New Zealand, with [tourist arrivals](#) in December back to half of the numbers recorded three years ago. Many German tour operators marketing New Zealand as a destination are still rebuilding their business, but report strong demand.

How have Germans resumed travelling, how do they respond to inflation, what are their plans for 2023?

Overall, the German tourist market nearly returned to pre-Covid levels last year, despite dropping consumer confidence, and against the backdrop of the Russian invasion of Ukraine and high inflation. According to the latest annual *Tourismusanalyse* [survey](#) (German only), 13% of German holidaymakers chose long-distance destinations for their main holiday, nearly twice as many as during the two years prior but slightly below the 17% recorded in 2019. However, over the same period, the average long-distance holiday increased from 17 to 21 days, with an average €112 spent per day. Whilst online bookings increased significantly during the pandemic, travel agents remain a major sales channel in Germany, and most seem to have managed to survive, according to Travel Data + Analytics (TDA).

Despite the economic challenges, holidays have remained high on Germans' consumption priorities' list, ranking just behind food and ahead of housing, health and leisure, according to a recent [presentation](#) (German only) by *Forschungsgemeinschaft Urlaub und Reisen* (FUR) in January. To the extent necessary, Germans are committed to saving money and cutting spending both at home and while on holiday, in order to still be able to afford the holiday of their choice. According to the *Tourismusanalyse* survey, popular measures to keep holiday budgets under control include less spending on

shopping and souvenirs, or travelling outside peak seasons. Notably, there is less willingness to shorten the holiday or compromise on activities at the destination.

Another recent [survey](#) (German only) conducted by PwC seems to confirm these findings on the impact of inflation. Accordingly, Germans are concerned about increasing prices but less willing to spend less on travel than on other forms of consumption (such as spending on housing or cultural activities). Yet, a majority are still looking at ways to save money, with a focus on accommodation and transport (including air travel), although the propensity to spend when overseas remains.

Asked about their intentions for 2023, 60% were already planning a holiday back in December/January (compared with 65% pre-Covid), with 20% yet undecided and the remaining 20% not planning a trip at all, with a growing number claiming they will not be able to afford travel. FUR forecasts a further increase of trips this year and a growing share of overseas travel, with bookings increasingly made further in advance (whilst agents and tour operators tend to offer more generous cancellation policies). Recent [booking data](#) presented by TDA bodes well for 2023, including for long-distance travel, with bookings for the northern summer up 75% year on year. The Tourismusanalyse concludes that the “German travel champion” is back, observing that holiday is a priority again despite all the challenges Germans are facing, with Germans seeking experiences contrasting their day-to-day life.

German travel industry eager to improve transparency around sustainability and carbon footprints

Meanwhile, two major sustainability initiatives were launched by the German travel industry in recent months. In December DRV [announced](#) it had entered a collaboration with travel software company Peakwork and the Green Travel Index international sustainable tourism database to expand existing DRV standards describing and categorising travel services to also include 150 sustainability related attributes. These range from energy savings to waste management but also extend to experiences with indigenous-led tourist activities. The new sustainability attributes have already been made available for inclusion in individual booking systems, allowing tour operators and travellers to compare relevant sustainability credentials and make informed booking decisions. With this move, DRV hopes to increase transparency around sustainable travel at the point of sale.

Furthermore, German, Austrian and Swiss travel industries [announced](#) (German only) the KlimaLink initiative late last year, to establish a unified standard for the calculation of CO₂e emissions and provide reliable and up-to-date data on the emission profiles across the travel value chain, including flights, accommodation, or cruises.

By next year, this data shall be made available in a single-source database to tour operators and travellers, to enable them to make informed decisions and potentially reduce the carbon footprint of their travel. The initiative is jointly supported by the three countries' industry associations, a number of tour operators (some of which also include New Zealand in their destinations, such as DER Touristik and Studiosus) and off-setting platforms Atmosfair and MyClimate.

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