

Record tourism consumption in France in 2017

Internal tourism consumption in France climbed strongly in 2017 to €168 billion. Favourable tourism conditions and the improved economic situation encouraged foreign tourists to visit France, which remained the world's most popular tourist destination. Consumption by foreign tourists rose by 8.2%, largely due to a catch-up effect after a poor year in 2016 because of the terrorist attacks. The economic upturn also spurred a 4.8% rise in tourism consumption by French tourists. However, French residents increasingly travelled abroad, as shown by the strong growth in their air transport expenditure. Commercial accommodation, especially upscale hotels and campsites, attracted the highest increases in spending. It was a similar picture for non-urban transport, boosted by the sharp rise in the number of holiday trips. French airlines and rail companies benefited from growing tourist numbers and France's national rail operator, SNCF, reaped the rewards of its new sales and marketing policy tailored to travellers' needs.

Internal tourism consumption (see Glossary) in France in 2017 amounted to €104 billion by French tourists and same-day visitors and €64 billion by their foreign counterparts (see Table 1)¹. Internal tourism consumption rose by 6.1% in value terms in 2017 (see Chart 1) due to the combined impact of a 1.5% increase in prices and a 4.5% jump in volumes (excluding price changes). In 2017, growth in volume terms was the highest recorded since 2011. Internal tourism consumption accounted for more than 7% of French GDP in 2017 (see Table 2). This contribution was higher than in 2016 and equivalent to 2015, but was down from the levels seen between 2011 and 2014.

¹ For convenience, tourists and same-day visitors are called "visitors" and "tourists" interchangeably throughout the document. Similarly, the terms "French visitors" and "foreign visitors" are used instead of "residents" and "non-residents".

Table 1: Changes in tourism consumption

	2010	2011	2012	2013	2014	2015	2016	2017
Internal tourism consumption (in billions of euros at current prices)	145.1	155.0	157.8	159.1	160.7	160.9	158.4	168.0
French visitors	92.5	97.5	96.0	96.5	97.5	98.5	99.1	103.8
Foreign visitors	52.6	57.5	61.8	62.6	63.2	62.4	59.3	64.2
Change (in %)	-	6.8	1.8	0.9	1.0	0.1	-1.5	6.1
French visitors	-	5.5	-1.6	0.6	0.9	1.0	0.6	4.8
Foreign visitors	-	9.2	7.5	1.3	1.0	-1.3	-4.9	8.2
Share of change (in %) of french visitors	0.4	3.5	-1.0	0.4	0.6	0.6	0.4	3.0
Share of change (in %) of foreign visitors	0.5	3.3	2.8	0.5	0.4	-0.5	-1.9	3.1

How to read this table: In 2017, tourism consumption by foreign visitors totalled €64.2 billion, an 8.2% increase over 2016. In 2017, foreign visitors accounted for a positive 3.1 points of growth in internal tourism consumption, with French visitors contributing a positive 3.0 points.

Sources: DGE, Tourism Satellite Account, base 2014; INSEE, Annual National Accounts, base 2014.

Tourism consumption by foreign tourists up 8.2% in 2017

Foreign and French tourists contributed in equal measure to the growth in tourism consumption in 2017. While foreign visitors only accounted for 38% of internal tourism consumption in France, or 2.8% of GDP, consumption by foreign tourists grew by 8.2% in 2017, at a higher rate than their French counterparts. The increase was mainly due to a recovery in international arrivals, which rose by 5.1% in 2017. According to the World Tourism Organization, international tourist arrivals grew by 6.8% globally. Although France's market share has been declining for the past 20 years or so, France was again the world's most popular tourist destination in 2017. Facing competition from cheaper destinations which have invested more heavily in tourism than France and which offer the appeal of new experiences, France has been struggling to expand and upgrade its range of accommodation options. The rebound in international arrivals in 2017 was all the more significant because it came on the back of a 4.9% decline in tourism

Table 2: Proportion of domestic tourism consumption in GDP

	2010	2011	2012	2013	2014	2015	2016	2017
Gross domestic product (in billions of euros at current prices)	2,021.1	2,098.5	2,115.9	2,139.1	2,174.4	2,210.9	2,246.8	2,317.0
Proportion of domestic tourism consumption in GDP (in %)	7.18	7.39	7.46	7.44	7.39	7.28	7.05	7.25
French visitors	4.57	4.65	4.54	4.51	4.48	4.45	4.41	4.48
Foreign visitors	2.60	2.74	2.92	2.93	2.91	2.82	2.64	2.77

How to read this table: Internal tourism consumption accounted for 7.25% of GDP in 2017, to which French tourists contributed 4.48% and foreign tourists 2.77%.
Sources: DGE, Tourism Satellite Account, base 2014; INSEE, Annual National Accounts, base 2014.

consumption by foreign visitors in 2016. In 2017, growth was driven by expenditure on hotels, up 10.1%, and on restaurants and museums, shows and other cultural activities.

Despite the headwinds in 2015 and 2016, tourism consumption by foreign tourists has increased by 22% since 2010. Consumption by French tourists over the same period has only risen by 12%. The explanation appears to be the growth in international tourist numbers overall: France welcomed more foreign travellers, but French residents increasingly went abroad on holiday.

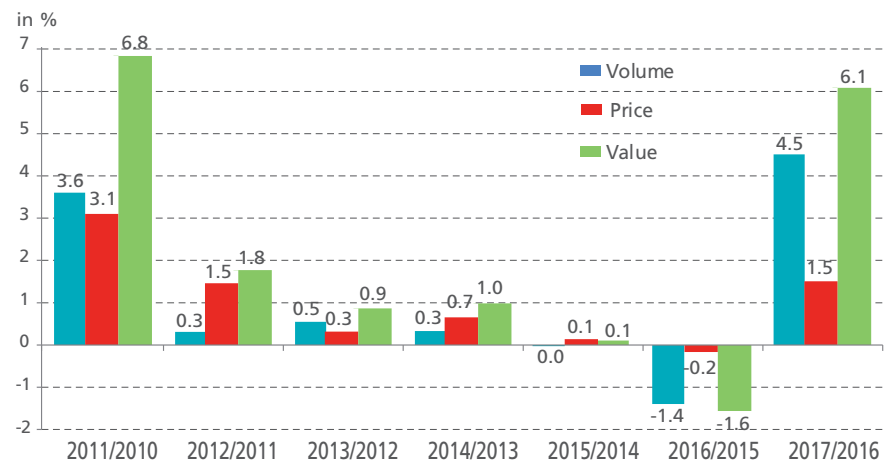
French tourists travelling in France accounted for 62% of internal tourism consumption in France. That is a considerable proportion; spending by French residents was equivalent to 4.5% of GDP, or 8.7% of household final consumption in 2017. Internal tourism consumption by French visitors rose by 4.8% in 2017. Expenditure by French tourists grew at a higher rate than foreign visitors for different items. That was partly due to an increase in holiday departures by lower-income French residents, whereas tourism spending by foreign visitors was mainly driven by the return of high-income individuals. French visitors spent more on cheaper accommodation, especially campsites and tourist residences. Meanwhile, higher-income French travellers benefited from the favourable economic situation and went abroad in larger numbers. Expenditure on air transport by this category of the population surged. They also increased their spending on winter sports in 2017, thanks to high snowfall, and expenditure on ski lifts climbed by 10.9%.

An excellent year for luxury collective accommodation

Spending on commercial accommodation expanded by 7.2% in 2017, gaining 5.4% for French visitors and 8.6% for foreign tourists. The return of high-income foreign tourists staying in French hotels, in particular from Asia and the Americas, led to higher occupancy rates of hotels from all categories except one-star hotels. Luxury hotels accounted for most of the growth in the hotel sector. French tourists also made a massive return to four-star hotels and above. Meanwhile, expenditure on campsites rose by 9%. Half of that increase was attributable to the 4% price hike. The growth in volume was mainly due to higher French visitor numbers. Campsites continued to move upmarket in 2017, with new campsites opening in the three-star category and above and other campsites being upgraded. Campsites with three stars and above recorded a 6.8% increase in overnight stays by French visitors and a 5.2% increase by foreign visitors, driven exclusively by German, Dutch and Belgian tourists.

Expenditure on peer-to-peer rentals did not grow as fast as expenditure on other types of accommodation in 2017 and the catch-up effect compared with 2016 was not as significant. Spending on peer-to-peer rentals was the only expenditure item

Chart 1: Change in internal tourism consumption in volume, price and value



How to read this chart: Internal tourism consumption grew by 6.1% in value terms between 2016 and 2017.
Sources: DGE, Tourism Satellite Account, base 2014.

that grew in the commercial accommodation sector in 2016, including spending by foreign visitors. Specifically, peer-to-peer rentals were not hit as hard by lower numbers of foreign tourist groups visiting France in 2016. It was the only type of commercial accommodation with an increased supply in recent years. Peer-to-peer rentals are easy to access on the Internet by private individuals looking to travel abroad and have helped France to increase its tourist numbers and hence its tourist revenue.

Spending on air transport surged in France and worldwide

Tourism consumption of non-urban transport services in France increased by 7.8% in 2017. Air transport posted the strongest growth in 2017 of all means of transport. French airlines, the only airlines included in the tourism satellite account, witnessed a 4.7% rise in total passengers carried in passenger kilometres and increased their prices by 3% due to higher oil prices. Passenger traffic grew mainly for international long-haul flights, which generate higher per-passenger revenue for airlines. Despite these good results, French airlines have been losing market share each year for both French and foreign passengers transported and for both domestic and international routes. In addition, foreign low-cost airlines opened up new routes from regional France to international destinations in 2017.

Spending on long-distance rail travel climbed by 7% in value terms, fuelled by rising passenger numbers. Prices, however, were unchanged. In addition to the improved economic situation and the lessening of tourists' concerns about the risk of terrorist attacks, SNCF overhauled its sales and marketing strategy with a new pricing policy on some high-speed domestic lines. This increased occupancy rates, but decreased per-passenger revenue. SNCF was thereby successful in winning back customers, especially young people, who had abandoned train travel for car-sharing and coach transport services, which became comparatively cheaper when SNCF put up its prices.

Higher fuel prices lifted spending on road travel by tourists

Increased spending on coach transport was solely attributable to a 3.8% price hike, which was the result of higher fuel prices. The number of passengers using long-distance coach services fell in 2017 after a sharp rise was recorded in 2016 when the sector was deregulated. Coach companies reduced the number of long-distance routes that recorded losses and focused on shorter trips, in particular airport shuttle services.

Fuel expenditure by tourists was up 7.9% in 2017, driven largely by soaring fuel prices in that year. Long-distance road traffic rose by just 1.3% in volume terms. Car-sharing posted strong gains between 2010 and 2015 because of the extremely low cost per kilometre, but has levelled off in France since 2016. The reasons for this include the introduction of new long-distance coach services in 2016, SNCF's new pricing policy in 2017 and difficulty in attracting new customers in France. Spending on tolls rose by 1.7% on the back of a slight increase in prices and in long-distance motorway travel.

Meanwhile, expenditure on restaurants gained 7.1% and expenditure on food and drink was up 6.2%. Spending on cultural, sport and leisure services jumped by 6.5%.

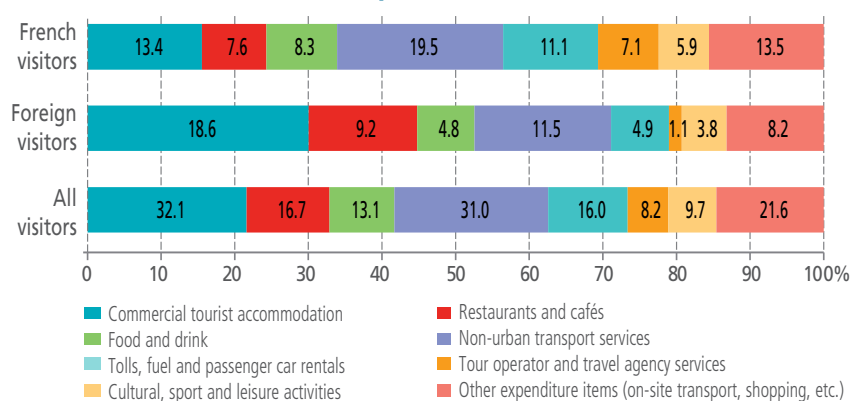
Foreign visitors spent more than French visitors on hotels and restaurants

The main categories of spending by tourists (see Chart 2) were commercial accommodation, non-urban transport and other expenditure items (on-site transport, shopping, etc.), in decreasing order. These three items together made up 57% of the budget spent by tourists in France. The other following items were restaurants and cafés, fuel, tolls and passenger car rentals.

Foreign visitors spent more on commercial accommodation and restaurants and cafés than French tourists. A large share of the expenditure by foreign tourists in France was attributable to high-spending individuals mainly from Asia, the Middle East and North America. According to the Banque de France, Japanese and Chinese tourists spent roughly €1,500 on average during their stay in 2017, patronising luxury hotels and restaurants. Furthermore, foreigners have higher air transport costs than their French counterparts because they generally come from further afield and pay more for their airline tickets. They take advantage of their trip to France to make expensive purchases (valuables, luxury goods, etc.), whereas French tourists can make their purchases more easily outside of their holiday periods because the shops are closer to home. Foreign tourists are more easily swayed than French tourists. They more readily opt for a different holiday destination if France has a poor image (terrorist attacks, strikes, fears of insecurity, etc.). Foreign travel is also affected by changes in foreign tourists' income levels.

The average amount spent by French visitors is lower than their foreign counterparts. French tourists more frequently choose cheaper accommodation, such as hotels from lower categories, campsites or peer-to-peer rentals. They often spend more on buying food than meals in restaurants. Their fuel expenditure is also automatically higher because they travel more often by car to their holiday destination in France – a shorter distance from home than

Chart 2: Breakdown of tourist expenditure in 2017 (in billions of euros)



How to read this chart: Foreign visitors spent €18.6 billion on commercial tourist accommodation, i.e. some 30% of their total tourism spending.

Sources: DGE, Tourism Satellite Account, base 2014.

Table 3: Breakdown of tourism consumption by category (in billions of euros at current prices)

	Value 2016	Value 2017	Change 2017/2016 (in %)
I Expenditure on tourism characteristic services	94.5	101.3	7.1
1. Commercial tourist accommodation	29.9	32.1	7.2
Hotels	16.8	18.2	8.2
Campsites ⁽¹⁾	2.1	2.3	9.0
Rural holiday accommodation and other seasonal rentals	7.6	7.9	4.3
Other market accommodation ⁽²⁾	3.4	3.7	8.0
2. Restaurants and cafés	15.6	16.7	7.1
3. Non-urban transport services	28.7	31.0	7.8
Air transport	16.9	18.4	9.4
Rail transport ⁽³⁾	7.9	8.5	7.0
Coach transport	3.1	3.2	4.2
Inland water and sea transport	0.8	0.8	-3.9
4. Short-term equipment rental	3.5	3.7	3.7
Passenger car rental	2.3	2.4	5.8
Sport and leisure equipment rental	1.3	1.2	-0.3
5. Tour operator and travel agency services	7.8	8.2	5.2
6. Cultural, sport and leisure services	9.0	9.7	7.8
Museums, shows and other cultural activities	2.3	2.5	7.5
Casinos*	2.2	2.3	2.8
Amusement parks and other recreational activities	3.4	3.8	12.3
Ski lifts	1.0	1.1	4.9
II Other expenditure items	44.3	47.1	6.2
Fuel	9.1	9.8	7.9
Tolls	3.7	3.8	1.7
Food and drink ⁽⁴⁾	12.3	13.1	6.2
Specific consumer durable goods ⁽⁵⁾	7.7	8.1	5.9
Other consumer goods ⁽⁶⁾	6.3	7.0	12.5
Taxis and other urban transport services	2.0	2.0	-1.0
Other services ⁽⁷⁾	3.2	3.2	-0.1
III Tourism expenditure (III = I + II)	138.9	148.4	6.8
IV Non-market tourism accommodation⁽⁸⁾	19.5	19.6	0.6
V Tourism consumption (V = III + IV)	158.3	168.0	6.1

* Ministry for the Economy and Finance, Public Finances Directorate General.

⁽¹⁾ Including municipal campsites. ⁽²⁾ Tourist residences and hotels, holiday villages, youth hostels, etc. ⁽³⁾ Excluding the Transilien services in the greater Paris region. ⁽⁴⁾ Excluding restaurants and cafés. ⁽⁵⁾ Camper vans, pleasure craft, travel and leather goods, and certain types of sports equipment used specifically in holiday resorts. ⁽⁶⁾ Purchase of local products, souvenirs, gifts, etc. ⁽⁷⁾ Car repairs, body care treatments, etc. ⁽⁸⁾ Second homes (imputed rental value).

How to read this table: Internal tourism consumption totalled €168 billion in value in 2017.

Sources: DGE, Tourism Satellite Account, base 2014.

for foreign visitors. French tourists are also bigger train users for travel in France than foreign visitors. Like their foreign counterparts, French tourists respond to the wealth effect of a favourable economic situation and holiday abroad in larger numbers.

Tourism Satellite Account

■ The 2008 World Tourism Organization (UNWTO) recommendations state that a tourism satellite account (TSA) analyses in detail all the aspects of demand for goods and services associated with visitors' activities in a given economy, sees whether this demand actually matches the supply of these goods and services, and describes the interactions between this supply and other economic activities. The TSA is designed to improve the integration of tourism statistics into the national statistical system and to improve the international comparability of these statistics.

Method

■ The provisional results presented here cover 2010 to 2017. Several changes have been made with regard to previous years and the series have been retro-polated in full. This publication cannot be directly compared with previous years' publications.

Changes to the national accounts data, now with a base year of 2014, have an impact on some items and their historical data. In early 2018, the Banque de France changed the method it uses to calculate spending by foreign visitors by nationality. As a result, income from the "Travel" entry in the balance of payments has been revised. For 2017, expenditure by foreign visitors excluding international transport increased from €40.8 billion (old method) to €53.7 billion (new method). By mathematical equality, inbound tourism consumption by foreign visitors is linked to this income: $\text{Travel income} = \text{Inbound tourism consumption} + \text{expenditure made by border workers} - \text{international transport expenditure} - \text{imputed rents from second homes}$. This equality automatically led to an increase in the measurement of the level of expenditure by foreign visitors. Furthermore, the DGE revised the methods used to calculate commercial accommodation, restaurants and

food. The chief impact was an increase in the measurement of hotel expenditure, particularly by foreign visitors, and a decline in restaurant expenditure, particularly by French residents.

Glossary

■ Internal tourism consumption is a core tourism satellite account (TSA) concept. The aggregate measures the consumption of French and foreign visitors (tourists and same-day visitors) during or for a trip in or from France supplied by service and consumer goods providers resident in France. Internal tourism consumption is made up of two parts: domestic, which measures the consumption of visitors resident in France, and inbound, which measures the consumption of visitors resident abroad.

■ Internal tourism expenditure is the share of internal tourism consumption provided in return for payments made, either by the visitors themselves (the most frequent case) or by other agents on their behalf. It is equal to internal tourism consumption minus the "non-commercial tourist accommodation" item, which covers imputed rents for owners of second homes. The imputed rents represent the estimated amount that the owners of second homes would have had to pay had they been tenants and not owners of their property.

■ A visitor is a traveller taking a trip to a destination outside his or her usual environment and hence entering into the definition of tourism. The reason for the trip may be personal (leisure, family visit, health, etc.), business (assignment, training, seminar, conference, etc.) or both. There are two types of visitors. Tourists spend at least one night at their destination. Same-day visitors do not spend the night at their destination. Return trips between home and the place of work or study are not defined as tourism.

■ Jean-Christophe LOMONACO, DGE

Find out more

"Les services de voyages en 2017", Banque de France and "Révisions de la ligne voyage - 2017", Banque de France: <https://www.banque-france.fr/statistiques/balance-des-paiements-et-statistiques-bancaires-internationales/les-services-de-voyages>.

National accounts - 2014 base, INSEE: <https://www.insee.fr/en/statistiques/3547864>

"Mémento du tourisme 2018", DGE: <https://www.entreprises.gouv.fr/etudes-et-statistiques/memento-du-tourisme-edition-2018>.

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