

Internal tourism consumption in France stable in 2016

Internal tourism consumption in France was stable in 2016. It totalled €158.9 billion, i.e. 7.13% of GDP. Two thirds of this consumption was by French tourists, with the remaining one-third by non-resident tourists. Following a decline in foreign tourist arrivals due to the terrorist attacks in November 2015 and July 2016, consumption by foreign tourists slid by 3.0%. This reduction was offset by consumption by French tourists, which rose 1.4%. Hotels, non-urban transport (apart from coaches, which posted sharp growth in activity in 2016) and fuel were the items that saw the sharpest declines in expenditure. Conversely, spending for peer-to-peer rentals, restaurants and cafés, as well as cultural, sport and leisure services grew in 2016.

Table 1: Changes in tourism consumption

	2010	2011	2012	2013	2014	2015	2016
Domestic tourism consumption (in billions of euros at current prices)	140.7	151.0	153.6	155.2	157.5	158.9	158.9
French visitors	97.1	103.2	103.4	104.6	106.0	106.5	108.1
Foreign visitors	43.7	47.8	50.2	50.7	51.6	52.4	50.8
Change (in %)	1.0	7.3	1.7	1.1	1.5	0.9	-0.0
French visitors	0.5	6.3	0.2	1.2	1.3	0.5	1.4
Foreign visitors	0.6	9.4	5.1	0.9	1.8	1.6	-3.0
Share of change (in percentage points)	1.0	7.3	1.7	1.1	1.5	0.9	-0.0
French visitors	0.4	4.4	0.1	0.8	0.9	0.4	1.0
Foreign visitors	0.5	2.9	1.6	0.3	0.6	0.5	-1.0

How to read this table: In 2016, tourism consumption by foreign visitors totalled €50.8 billion, a 3.0% decrease over 2015. In 2016, foreign visitors accounted for a negative 1.0 points of growth in internal tourism consumption, with French visitors contributing a positive 1.0 points.

Sources: DGE, Tourism Satellite Account, base 2010; INSEE, Annual National Accounts, base 2010.

Internal tourism consumption (see Glossary below) in France, by French and foreign tourists and same-day visitors, amounted to €158.9 billion in 2016 (see Table 1). French residents accounted for two-thirds of internal tourism consumption (€108.1 billion), while non-residents represented one-third of spending (€50.8 billion). Internal tourism consumption stood at 7.13% of French GDP in 2016 (see Table 2). This is a higher contribution than in 2010 (7.04%), but is down from 2015. Thus, tourism was less dynamic than the overall economy in 2016, notably due to the terrorist attacks in November 2015 in Paris and July 2016 in Nice, which had a negative effect on foreign tourist arrivals.

Tourism consumption stable in 2016

Internal tourism consumption was stable in value terms (+0.0% in 2016 vs. 2015; see Chart 1) due to the combined impact of stable prices (+0.0%) and virtually flat volumes (-0.1%). This overall flat performance masks diverging trends for the various expenditure items. Market accommodation was flat (+0.2%), with a decline in hotel accommodation (-1.4%) and a sharp rise in peer-to-peer rentals (+3.6%). Spending on non-urban transport services was down (-2.1%), notably for train transport (-2.8%) and air transport (-3.5%), but 2016 was also

the first full year following deregulation of coach transport, thus posting sharp growth for this expenditure item (+7.5%). The steepest decline was for fuel (-8.4%), due to the decrease in prices that began in 2014. Purchases of specific consumer durable goods, such as campers, grew a substantial 9.0%.

Spending by foreign tourists down 3.0% in 2016

In 2016, tourism consumption showed diverging trends for French and foreign tourists. Consumption by foreign tourists declined (-3.0%), whereas French tourists¹ spent more in the country (+1.4%).

Foreign tourist arrivals declined in 2016: 82.6 million foreign tourists arrived in France in 2016, vs. 84.5 million in 2015. The terrorist attacks deterred a portion of foreign tourist demand. The effects were significant for a large part of the year in the Île-de-France region and in the second half on the Côte d'Azur. Moreover, in several countries such as Brazil and Russia, economic

¹ Customarily, in the tourism sector, individuals are categorised by country of residence rather than by nationality. Therefore, the term "French" refers to all residents of France, while the term "foreigners" refers to all people residing outside France.

difficulties limited the number of holiday trips taken to destinations abroad, including France. France nevertheless remained the world's number one destination in terms of the number of international tourist arrivals, and tourism consumption by non-residents was equal to 2.3% of GDP in 2016.

Among the expenditure items for foreign tourists showing the sharpest declines, market accommodation, non-urban transport, and cultural, sport and leisure services are directly related to this reduction in the number of arrivals (see Chart 2a).

Sharp decrease in accommodation spending by foreign tourists

Expenditure on market accommodation by foreign tourists declined by 4.4% overall in 2016. The number of overnight stays in three-star hotels (or higher) and tourist residences was considerably lower in 2016 than in 2015 (down 6.6% and 11.2%, respectively, for these two categories). These forms of accommodation typically host the clients who spend the most, notably clients from distant locations. In 2016, US and Asian clients, in particular, were less numerous in French hotels. Foreign tourists avoided the Île-de-France and Côte d'Azur regions, where a large portion of upscale accommodation is located. Spending on hotels by foreign tourists declined by 5.1%, and spending on other paid accommodation by 9.7%.

Spending on campsites was down a slight 1.8%, while peer-to-peer rentals were flat (+0.2%). These two types of accommodation stood out as the least exposed to the risk of terrorist attacks. They also draw a larger number of European visitors, who were still present in France notably to attend the UEFA Euro 2016 football matches. A portion of North American visitors shifted to peer-to-peer rentals via Internet booking platforms.

The reduced number of visitors resulted in a 1.4% reduction in spending in restaurants and cafés.

Air and rail transport suffered from the decline in foreign tourists...

The total number of passengers transported by French airlines was stable in 2016, with airlines being forced to reduce their unit revenue per available seat due to stiffer competition. Moreover, Air France suffered from a decline in the long-haul segment, its most profitable activity, except for destinations in Overseas France. In 2016, foreign visitors reduced their spending on air transport by 7.7% and on rail transport by 8.6%. Foreign drivers drove as many kilometres as the previous year, spending 1.4% more on motorway tolls, but fuel expenditure fell by 7.9% due to the sharp decrease in fuel prices (-6.2%). Furthermore, as for French tourists, the increased supply of low-cost coach services along regular intercity routes, following the deregulation of the coach transport market, led to higher expenditure on coach transport by foreign tourists (+5.6%).

...as did cultural, sport and leisure services

Foreign visitors' expenditure on cultural, sport and leisure services declined by 3.6% in 2016. Casinos and ski lifts were the hardest hit (expenditure down 8.8% and 7.1%, respectively), notably due to lower arrivals of the highest-spending categories of foreign visitors. The winter ski season was also impacted by inadequate snowfall at peak periods. The museums, monuments and leisure parks that typically welcome the largest number of foreign visitors reported the sharpest declines in revenues.

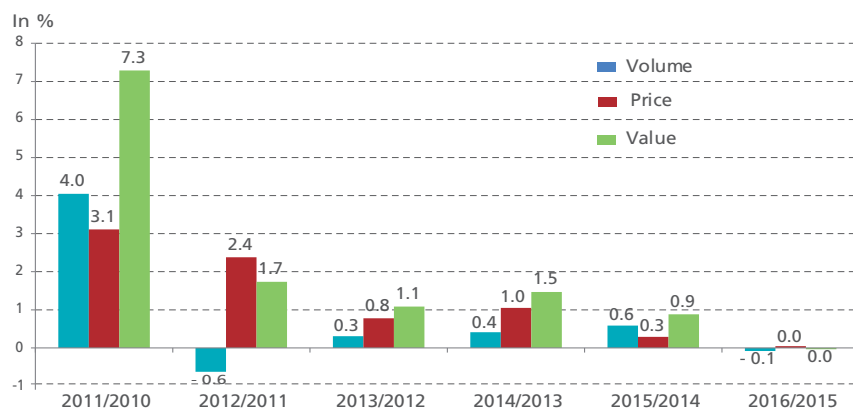
Table 2: Proportion of domestic tourism consumption in GDP

	2010	2011	2012	2013	2014	2015	2016
Gross domestic product (in billions of euros at current prices)	1,998.5	2,059.3	2,086.9	2,115.3	2,147.6	2,194.2	2,228.9
Proportion of domestic tourism consumption in GDP (in %)	7.04	7.33	7.36	7.34	7.33	7.24	7.13
French visitors	4.86	5.01	4.95	4.94	4.93	4.86	4.85
Foreign visitors	2.19	2.32	2.41	2.40	2.40	2.39	2.28

How to read this table: Internal tourism consumption accounted for 7.13% of GDP in 2016, to which French tourists contributed 4.85% and foreign tourists 2.28%.

Sources: DGE, Tourism Satellite Account, base 2010; INSEE, Annual National Accounts, base 2010.

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



How to read this chart: Internal tourism consumption grew by 0.9% in value terms between 2014 and 2015, and was stable between 2015 and 2016.

Sources: DGE, Tourism Satellite Account, base 2010.

Tourism consumption by French tourists up 1.4%

Tourism is a vital element of the French economy, and domestic tourism by French residents is an important component. Internal tourism consumption by French residents represented 9.1% of household final consumption in 2016, i.e. equivalent to 4.8% of GDP. French visitors did not turn away from the Île-de-France region to the same extent as foreign visitors (overnight hotel stays down 0.8% for French visitors but down 8.8% for foreign visitors). French visitors also showed a stronger trend for trips to urban centres, and made more trips to regional France. For ski lifts, overall revenues declined by 1.2%, but the performance was mixed with revenues from French visitors actually rising 1.8%. However, flooding and railway and airline strikes in spring 2016 had a negative impact on tourism consumption by French tourists.

French visitors' expenditure rose for various types of market accommodation

French visitors spent 3.3% more on hotels (see Chart 2b), notably thanks to an increase in the number of overnight stays in three-star hotels or higher (+4.3%). These establishments form a growing proportion of the French hotel base, and price moderation has driven occupancy, as the increase in prices for the summer season was less substantial in 2016 than in 2015. The slight reduction in campsite occupancy rates (overnight stays down 0.8%) was due to poor conditions in the spring. However, expenditure at campsites increased by 2.6%, thanks to a 3.2% price effect driven by a clear upmarket shift as campsites adapt to demand for higher quality. Despite a slight decrease in overnight stays in other kinds of market accommodation, French visitors' expenditure on this category of accommodation grew by 1.2%. Spending on peer-to-peer rentals continued the uptrend observed over the past several years (+4.7% in 2016 after +4.1% in 2015). The success of peer-to-peer rental websites is confirmed. Spending in restaurants and cafés followed the same trends as for accommodation (+3.1%), due to a positive 1.4% price effect and volume growth of 1.7%.

Strong growth in coach transport expenditure by French tourists, with a decline in fuel expenditure

Whereas spending on air transport by French visitors was flat (-0.2%), spending on non-urban rail transport was down 1.3% in 2016. Apart from strikes at the SNCF, terrorist attacks reduced traffic bound for Paris. In addition, the sector has come under stiffer competition from other modes of transport. Ride-sharing is gaining ground, attracting some users who would otherwise have taken the train.² The expanding supply of coach transport services in 2016, which drove a 9.5% increase in spending by French visitors for this mode of transport, also captured market share from the train. In 2016, low-cost airlines transported a larger number of passengers on domestic routes, as well. In this context, rail transport providers have rolled out low-cost commercial offers that erode their revenues. Fuel expenditure by French visitors declined by 8.6% thanks to a negative price effect of 6.2% and a reduction in the number of kilometres driven in passenger vehicles for long-distance trips (-2.4%). This reduction is mainly attributable to a decline in the number of trips involving non-market accommodations (-4.1%).

Growth in spending in amusement parks

French tourists spent more in museums, monuments and leisure parks (a 6.4% increase in expenditure), especially those located in regional France. Amusement parks and other recreational activities posted an 8.9% increase in expenditure by French

² According to a study entitled "Projections de la demande de transport sur le long terme", (CGDD, July 2016), ridesharing in France captured 1.5% of train traffic in 2015.

Chart 2a: Change 2016/2015 for the five expenditure items for foreign visitors with the sharpest declines in value terms

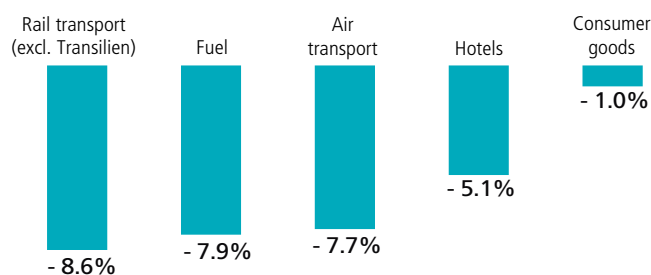
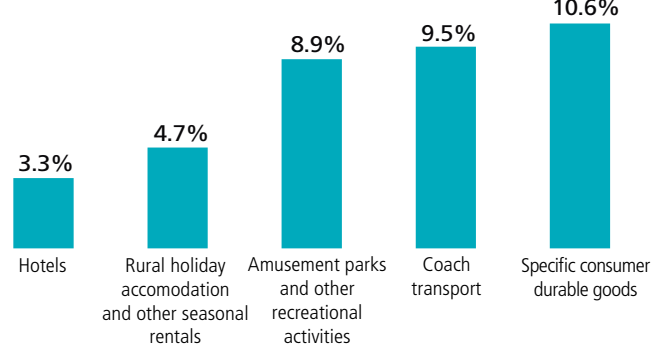


Chart 2b: % Change 2016/2015 for the five expenditure items for French visitors with the sharpest increases in value terms



How to read this chart: Between 2015 and 2016, rail transport expenditure by foreign visitors declined by 8.6% (Chart 2a) and coach transport expenditure by French visitors grew by 9.5% (Chart 2b). Sources: DGE, Tourism Satellite Account, base 2010.

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

	2010	2011	2012	2013	2014	2015	2016	Change 2016/2015 (in %)
I Expenditure on tourism characteristic services	82.7	87.4	88.5	90.1	91.6	93.5	93.5	0.1
1. Market tourist accommodation	20.5	22.0	22.6	23.2	23.7	24.3	24.3	0.2
Hotels	11.5	12.2	12.7	13.0	13.2	13.6	13.4	-1.4
Campsites ⁽¹⁾	1.6	1.7	1.8	1.9	1.9	2.0	2.0	1.3
Rural holiday accommodation and other seasonal rentals	5.2	5.6	5.6	5.7	6.0	6.0	6.2	3.6
Other market accommodation ⁽²⁾	2.2	2.4	2.6	2.7	2.6	2.7	2.7	-0.7
2. Restaurants and cafés	17.9	19.1	19.5	19.9	20.6	20.8	21.1	1.6
3. Non-urban transport services	25.1	26.8	27.3	27.8	27.8	28.3	27.7	-2.1
Air transport	15.1	16.1	16.3	16.6	16.3	16.7	16.1	-3.5
Rail transport ⁽³⁾	6.8	7.6	7.8	7.8	8.0	7.9	7.7	-2.8
Coach transport	2.4	2.4	2.5	2.7	2.8	2.9	3.1	7.5
Inland water and sea transport	0.8	0.8	0.7	0.8	0.8	0.8	0.8	-0.6
4. Short-term equipment rental	3.3	3.3	3.3	3.4	3.5	3.6	3.7	2.3
Passenger car hire	2.1	2.1	2.1	2.1	2.2	2.3	2.4	5.6
Sport and leisure equipment hire	1.2	1.2	1.2	1.3	1.3	1.3	1.3	-3.6
5. Tour operator and travel agency services	7.7	7.9	7.3	7.2	7.3	7.5	7.6	0.4
6. Cultural, sport and leisure services	8.3	8.4	8.5	8.5	8.7	8.9	9.1	2.3
Museums, shows and other cultural activities	2.1	2.1	2.1	2.2	2.3	2.3	2.4	1.5
Casinos [*]	2.3	2.3	2.3	2.2	2.1	2.2	2.2	2.1
Amusement parks and other recreational activities	2.9	2.9	3.1	3.1	3.3	3.4	3.5	4.0
Ski lifts	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-1.2
II Other expenditure items	41.0	46.2	47.2	46.8	47.3	46.6	46.2	-0.7
Fuel	9.8	11.4	11.6	11.0	11.0	10.0	9.2	-8.4
Tolls	3.3	3.4	3.4	3.5	3.6	3.7	3.7	0.6
Food and drink ⁽⁴⁾	11.0	11.8	11.9	12.3	12.2	12.0	11.9	-0.7
Specific consumer durable goods ⁽⁵⁾	6.1	6.6	6.5	6.5	6.6	7.1	7.7	9.0
Other consumer goods ⁽⁶⁾	6.5	8.2	8.8	8.5	8.7	8.6	8.6	-0.8
Taxis and other urban transport services	1.5	1.7	1.8	1.9	1.9	2.0	2.0	0.3
Other services ⁽⁷⁾	2.9	3.1	3.1	3.2	3.2	3.2	3.2	-0.7
III Tourism expenditure (III = I + II)	123.7	133.6	135.7	136.9	138.9	140.0	139.8	-0.2
IV Non-market tourism accommodation⁽⁸⁾	17.0	17.3	17.9	18.3	18.6	18.9	19.1	1.0
V Tourism consumption (V = III + IV)	140.7	151.0	153.6	155.2	157.5	158.9	158.9	0.0

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

⁽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⁾ Campers, pleasure boats, 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, beauty care, etc. ⁽⁸⁾ Second holiday homes (imputed rent value).

How to read this chart: Internal tourism consumption totalled €158.9 billion in value in 2016.

Sources: DGE, Tourism Satellite Account, base 2010.

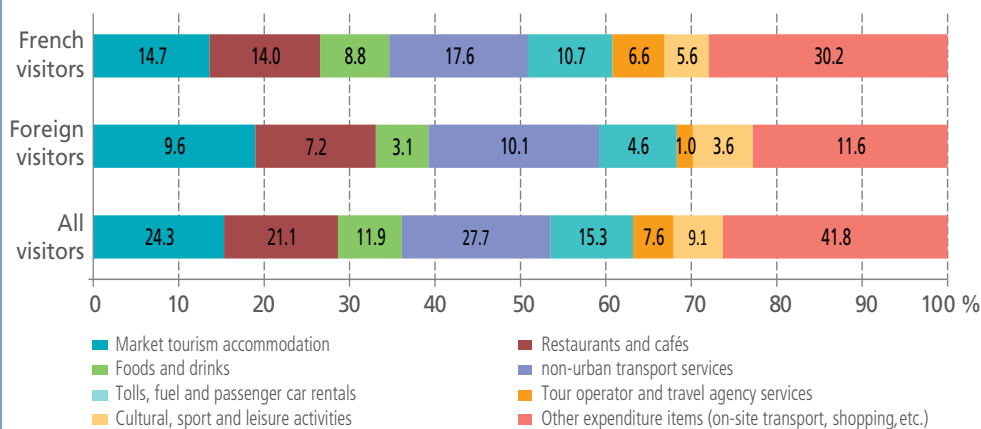
tourists. This increase in the number of French visitors offset the decrease in the number of foreign visitors.

More than €45 billion spent on accommodation, restaurants and cafés

The main categories of spending by tourists (see Chart 3) include non-urban transport (€27.7 billion), commercial tourist accommodation (€24.3 billion), and spending in restaurants and cafés (€21.1 billion). These three items together make up nearly half (46%) of the budget spent by tourists in France. Tourists also spent a significant €15.3 billion on fuel, motorway tolls and car rentals.

Foreign visitors spend their money differently than French tourists. The percentages spent on non-urban transport, restaurants and cafés, and "other expenditure" are higher in foreign visitors' budgets. Specifically, foreigners have greater travel costs than their French counterparts because they generally come from further afield and pay more for their travel (airline tickets, etc.). They take advantage of their trip to France to make expensive purchases (valuables, luxury goods, etc.). Conversely, foreign tourists spend less of their budget on food and drink, as they use market accommodation more frequently

Chart 3: Breakdown of tourist expenditure in 2015 (in billions of euros)



How to read this chart: Foreign visitors spent €9.6 billion on commercial tourist accommodation, i.e. some 19% of their total tourism spending.
Sources: DGE, Tourism Satellite Account, base 2010.

and spend more in restaurants. Their fuel outlays are also lower, since they opt more easily for collective transport (aeroplanes, trains, etc.). Lastly, their spending in travel agencies is generally done in their country of residence prior to their departure. As such, this expenditure is not included as part of internal tourism consumption in France.

Jean-Christophe LOMONACO, DGE

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 2016. They have been put together based on constant methodology compared with previous years' publications. The differences observed between this and previous publications are due to the updating of the national accounts data, now with a base year of 2010, and the discounting of certain parameters for the 2010-2016 period.

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-market tourism 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 (and less than one year) 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.

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Publication manager: Pascal Faure
Editor-in-chief: François Magnien
Editorial secretariat: Martine Automme, Nicole Merle-Lamoot
Layout: Hélène Allias-Denis, Brigitte Baroin
ISSN: 2269-3092
Copyright registration: 2017
DGE - 67, rue Barbès, 94200 Ivry-sur-Seine

