



Horwath HTL™

Hotel, Tourism and Leisure

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## The 'Grand Tour of Switzerland' - A success story?

### Imagine yourself in this situation...

You are attending an international conference somewhere abroad and mingle with people during a networking event.

As you are chatting away with a new acquaintance, telling each other where you're from, your conversational partner is drooling over your homeland. Their family spent a wonderful vacation there and he/she recounts all the wonderful places they have visited and sights they've seen.

A fair number of those places you know from hearsay - you haven't yet been there yourself. On the other hand, you could return the favour and tell them about all the gorgeous sights and places in their lovely country from your past vacation(s). Sounds familiar?

We work in the tourism and hospitality industry. We are supposed to know our country, right? Think again.

If family or business doesn't take you there, places closest to home are those you hardly ever visit - because you always could.



In 2015, Switzerland Tourism started promoting the 'Grand Tour of Switzerland'. Some people called it the Route 66 of Switzerland. It's a 1,600 km long route that connects 45 major sights and attractions of this rather small country.

The Tour is composed of 12 sections, leads across 5 mountain passes and along 22 lakes, 12 UNESCO World Heritage Sites and two Biosphere Reserves. Along the way, one will experience all four languages spoken in Switzerland.

We thought it would be a good idea to select a few of those wonderful places, put ourselves on the tourist's trail to explore our own country and find out if this promotional tool Grand Tour of Switzerland has had an impact on the touristic demand.





## Eastern Switzerland



Of course, there is more to see in Switzerland, places that are not included in the Grand Tour. We started our personal tour in the medieval town and castle of Werdenberg in Eastern Switzerland. This small 13th century town never fought a war, never burned and never expanded. Therefore, it's still mostly in its original state and definitely worth visiting, but remember that the castle is closed for visitors during winter months.

The first Grand Tour attraction we paid a visit were the Rhine Falls near Schaffhausen, which ranks among the three largest falls in Europe. At its banks you'll find observation platforms, dining with a view in Wörth Castle and a youth hostel in Laufen Castle. You may even take a shuttle boat through the mist to the platform on the rock right in the middle of the falls. We found that visitor numbers at the Rhine Falls have increased from 1.3M in 2014 to 1.5M in 2016.<sup>1</sup>

<sup>1</sup> Source: Koordinationsstelle Rheinfall

Time to find a place to stay the night, so the next stop on the Grand Tour route takes us to Schaffhausen. Honestly, we were completely taken by surprise. This place really rocks if you're a history fan and love medieval old towns. Munot Fortification is towering over the historic city with its 171 oriel windows. A guard who used to live in Munot's tower, daily rang the bell at 9 pm signalling the time to close the city gates for the night. Nowadays, the Munot Society holds historic dance events in the fortress on summer evenings.

A look at the hotel market delivers an interesting picture. Schaffhausen's hotel industry had experienced a 16% growth rate in arrivals and overnight stays 2014 over 2013 and room supply had increased by 14%. In 2015, a 29% increase in arrivals and 26% in nights was recorded while room supply was up another 35% that year. The following year 2016 growth rates slowed to +10% in arrivals and +11% in nights, room supply remained stable. Growth came mostly from domestic and German tourists. Comparing numbers YTD 09-2014 to YTD 09-2017 yields 58% more room supply in the city along with a 52% increase in arrivals and 48% growth in nights.

### Bottom line:

Schaffhausen profited from the introduction of particularly one new hotel under an international brand, less so from being part of the Grand Tour of Switzerland. However, growth in supply exceeded that of demand and, thus, room occupancy rates dropped from 61.3% to 58.9%.<sup>2</sup>

<sup>2</sup> Source: Statistical Data: Federal Statistical Office





## Western Switzerland



After touring the capital city Berne, followed by an awestruck stroll through Estavayer-le-Lac (Have you ever heard of this place before? Check it out [here](#)) we settled in Gruyères for the night. Cheese lovers amongst readers might recognise the name of this charming town. Yes, this is where the famous and outrageously delicious Gruyère cheese comes from.

It is a picture-perfect medieval town on a small hill with a castle and three totally different museums: In Gruyères, 800-year-old regional history and culture meet Oscar-winning aliens and Buddhist sculptures.

Due to the town's small size the hotel supply there is limited and rather stable in terms of room numbers. The majority of visitors go there for a day-trip, enjoy Fondue or Raclette, buy some cheese, crème de Gruyère and Meringues and maybe visit one of the museums or the castle. Neither visitor numbers nor overnight stays have increased, on the contrary. Nights dropped by an annual average of 4.7% since 2014, partially owed to the fact that one group accommodation has closed down.

Gruyères' museums recorded a 1.6% average annual decrease of visitors. This despite the fact that Gruyères gets a lot more media coverage and attention through the Grand Tour of Switzerland than it did before.

One third of all nights spent in Gruyères are attributable to vacation home owners and only 22% are consumed in hotels.





## Zermatt

Zermatt is a chapter on its own in the Swiss tourism landscape. So much so that the tourism statistics are kept for the canton Valais (without Zermatt) and Zermatt separately.



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You haven't been to Zermatt if you didn't conquer Gornergrat which can be accomplished either hiking or riding Gornergrat Railway. Almost 690 thousand people acquired railway tickets in 2016. The company registered an annual average growth rate of 1.9% between 2014 and 2016.

Trading figures of Zermatt's hotels speak a slightly different language. A minus of 5.7% in nights in Q4-2015 packed an additional 0.9 percentage points on the annual decline. In 2016 it was the exact opposite, where a growth rate of 6.0% in Q4 saved the annual result. Year-to-date September 2017 figures have improved

tremendously, and it seems Zermatt is heading for a 70% annual occupancy rate again this year – last recorded in 2010.

In absolute numbers, Swiss people are the largest contributor to the additional nights (+15.5K) followed by US residents (+12.7K) and the UK (+3.6K). Even though the Grand Tour of Switzerland is a welcomed additional publicity vehicle for Zermatt, their business thrives mostly on other factors. On one hand the Matterhorn attracts masses from all over the globe, and on the other hand the extra-ordinary ski area makes it to a Mecca for skiers from near and far. The mountain scenery is truly impressive.

Zermatt	Rooms	Nights	Change	% Room Occupancy
2014 Total	3,254	1,274,181	-	67.2%
2015 Total	3,232	1,254,229	-1.6%	65.8%
2016 Total	3,162	1,247,852	-0.5%	65.3%
2014 YTD 09	3,386	1,056,902	-	67%
2015 YTD 09	3,397	1,049,409	-0.7%	66.5%
2016 YTD 09	3,301	1,030,690	-1.8%	65%
2017 YTD 09	3,385	1,127,579	9.4%	69.2%





## Southern Switzerland

Our last stop on this tour took us to Ascona at the Lago Maggiore in Ticino. If you are a fan of Italian cuisine, flair and lifestyle, paired with Swiss efficiency, this is your place to be.

Ascona seems to be a destination able to profit from the Grand Tour. Where room occupancy rates were gradually dropping from 63% in 2007 to 54% in 2015, YTD September figures 2017 give rise to hope that the annual average will be in the sixties again this year.

Comparing markets of YTD 2015-09 and YTD 2017-09 reveals that 81% of all additional nights (+62K) in 2017 were generated by domestic tourists equalling a growth rate of 24%, thus, bringing their share of the total to 72%. Foreign markets grew as well, particularly France (+21%), Italy and Austria (+17% each) and Germany (+13%)<sup>3</sup>. The major demand drivers were, on top of the Grand Tour of Switzerland, a revised marketing strategy of the regional Lago Maggiore and Valleys Tourism Office, the implementation of the Ticino Ticket and the opening of the Gotthard railway tunnel.

<sup>3</sup> Source: Federal Statistical Office

## Final Thoughts

Even though this report covers only selective destinations along the route, it provides an insight on powers and limitations of national marketing campaigns.

Jürg Schmid, CEO of Switzerland Tourism, says that *“Individual travellers seek a maximized experience with a wow-effect that is easily accessible and offers the utmost travel convenience. This perfectly describes the Grand Tour of Switzerland - a ‘best of’ Switzerland circular trip, continuously tagged. The demand has exceeded expectations. Especially Swiss residents explore their own country and its four different cultures.”*

Year-to-date September 2017 Swiss residents produced 7.9% more arrivals and 5.3% more nights than during that same period 2014, and held a share of 46% of all arrivals recorded in Swiss hotels.

On a more personal note, the Tour held some pleasant surprises. There are places we want to return to, to do more exploring and there’s a long list of places still waiting to be discovered. Regardless of what the target group was when the idea of the Grand Tour of Switzerland was conceived, it has raised awareness with the Swiss population of the beauty of their country and strengthened domestic tourism. This is a great success, especially in times of a strong Swiss Franc.

**AUTHORS:**



**MICHAELA WEHRLE**

Partner  
Horwath HTL Switzerland  
mwehrle@horwathhtl.com

Michaela is a founding partner of Horwath HTL's Swiss office, works as a Senior Consultant, and directs the market research team. She has been involved in numerous hotel and resort development projects, asset management and other advisory assignments throughout Europe and Africa.

Her extensive management background in hands-on hotel operation prior to joining Horwath HTL, allows her to provide advice on all aspects of a hotel's life cycle.

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**SWITZERLAND**

Untermüli 9, 6300 Zug  
Switzerland  
+41 41 560 1974  
[www.horwathhtl.ch](http://www.horwathhtl.ch)



# Horwath HTL™

Hotel, Tourism and Leisure

## ASIA PACIFIC

AUCKLAND, NEW ZEALAND  
auckland@horwathhtl.com

BANGKOK, THAILAND  
Health and Wellness  
ischweder@horwathhtl.com

BANGKOK, THAILAND  
nikhom@horwathhtl.com

BEIJING, CHINA  
beijing@horwathhtl.com

HONG KONG, SAR  
hongkong@horwathhtl.com

JAKARTA, INDONESIA  
jakarta@horwathhtl.com

KUALA LUMPUR, MALAYSIA  
kl@horwathhtl.com

MUMBAI, INDIA  
vthacker@horwathhtl.com

SHANGHAI, CHINA  
shanghai@horwathhtl.com

SINGAPORE, SINGAPORE  
singapore@horwathhtl.com

SYDNEY, AUSTRALIA  
rdewit@horwathhtl.com

TOKYO, JAPAN  
tokyo@horwathhtl.com

## AFRICA

ABIDJAN, IVORY COAST  
cspecht@horwathhtl.com

KIGALI, RWANDA  
fmustaff@horwathhtl.com

CAPE TOWN, SOUTH AFRICA  
capetown@horwathhtl.com

## EUROPE

AMSTERDAM, NETHERLANDS  
amsterdam@horwathhtl.com

ANDORRA LA VELLA, ANDORRA  
vmarti@horwathhtl.com

BARCELONA, SPAIN  
vmarti@horwathhtl.com

BELGRADE, SERBIA  
serbia@horwathhtl.com

BUDAPEST, HUNGARY  
mgomola@horwathhtl.com

DUBLIN, IRELAND  
ireland@horwathhtl.com

BERLIN, GERMANY  
germany@horwathhtl.com

ISTANBUL, TURKEY  
merdogdu@horwathhtl.com

LISBON, PORTUGAL  
vmarti@horwathhtl.com

LIMASSOL, CYPRUS  
cmichaelides@horwathhtl.com

LONDON, UK  
eheiberg@horwathhtl.com

MADRID, SPAIN  
vmarti@horwathhtl.com

OSLO, NORWAY  
oslo@horwathhtl.com

PARIS, FRANCE  
pdoizelet@horwathhtl.com

ROME, ITALY  
zbacic@horwathhtl.com

SALZBURG, AUSTRIA  
austria@horwathhtl.com

WARSAW, POLAND  
dfutoma@horwathhtl.com

ZAGREB, CROATIA  
zagreb@horwathhtl.com

ZUG, SWITZERLAND  
hwehrle@horwathhtl.com

## LATIN AMERICA

BUENOS AIRES, ARGENTINA  
ochudnobsky@horwathhtl.com

SANTO DOMINGO,  
DOMINICAN REPUBLIC  
speralta@horwathhtl.com

## MIDDLE EAST

DUBAI, UNITED ARAB EMIRATES  
eheiberg@horwathhtl.com

## NORTH AMERICA

ATLANTA, USA  
pbreslin@horwathhtl.com

DENVER, USA  
jmontgomery@horwathhtl.com

MIAMI, USA  
acohan@horwathhtl.com

NEW YORK, USA  
jfareed@horwathhtl.com

NORFOLK, USA  
mcummings@horwathhtl.com

ORLANDO, USA  
jfareed@horwathhtl.com

MONTREAL, CANADA  
pgaudet@horwathhtl.com

TORONTO, CANADA  
pgaudet@horwathhtl.com