

## Editor's comment from *City Profiles* Issue No. 26

### **Continuing boom in demand for city trips**

According to IPK International's European Travel Monitor (ETM), city trips – whether for holidays, business or VFR – have been the fastest growth sector of European outbound travel in recent years. They doubled in volume from 2000 to 2004, and now account for a 38% share of total European outbound trips.

From January through August 2005, city trip volume grew by a further 15%, following a 12% increase in 2004, with some source markets (eg Italy) exceeding 20% growth. As might be expected, the main driver of the growth in city trips has been no-frills airlines – to the benefit of favoured cities and countries and the despair of others.

IPK's ETM measures all international airline trips taken by Europeans that cost €150 or less for a return journey. So, while low-cost airlines (LCCs) account for a significant share of these trips, they also include flights with any number of traditional network carriers offering discounted fares. The share of these so-called 'low-fare' airline trips is now 34% of all foreign trips involving airline travel by Europeans, and their number increased by 27% from January through August 2005. This follows a 24% increase in 2004 and an 18% rise in 2003.

### **Is Europe becoming too dependent on no-frills airlines?**

No-frills airlines have now become the major factor dictating how European countries perform as tourism destinations. More than half of the 34 or so European Travel Commission member nations have admitted that getting or maintaining no-frills services is central to their future success. While many visitors might only be coming on short breaks, the good news is that they come year-round – reducing seasonal imbalances. So the benefits are plain to see.

But is there a downside to all this? It is quite clear, for example, that the tourism performance of many European destinations would be severely damaged should the carriers ever pull out. Many have built new infrastructure and encouraged the development of new hotels and attractions to cater for the new arrivals – all the while knowing that low-cost carriers are notoriously disloyal to the cities they serve.

The problem for European destinations now is that they cannot afford not to have no-frills services, because it makes them look much less attractive to potential holidaymakers. But this could be a very short-term view, because the airlines are always looking for the next big destination, and can drop existing ones just like that.

The long-term advantages and disadvantages have to be carefully weighed. A destination like Cyprus might worry that, without a no-frills service, it will lose out to other destinations. But others, such as Malta, fear that the low-cost airlines may use them simply as a hub, diverting tourists who might have stayed in the country to destinations further afield. And countries with good domestic markets, like Hungary, are increasingly seeing their citizens lured by foreign shores.

There is some hard thinking to be done.