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## Glory and gloom: The roundabouts of Swiss

IN the history of Switzerland's economic development hardly any other branch has experienced such a close succession of periods of glory and gloom, of prosperity and depression as has tourism.

One only has to think of the slump in tourism during the 1870s, the crisis of the First World War (which had its roots in the pre-war years) and the depression during the 1930s and the Second World War.

Until only a few years ago it was taken for granted that tourism depended very much on prevailing economic and political conditions and was therefore bound to be highly susceptible to crisis situations. In reality there were many smaller but still, in the absolute sense, considerable changes.

For example, if one takes the increases and decreases in tourists coming from individual foreign countries alone, the pattern is one of constant fluctuation.

The last 10 years have been

characterised by the persistent negative development in the hotel sector and in paratourism (holiday apartments, camping, simple communal accommodation, youth hostels, etc.).

In the hotel industry positive and negative extremes were reached. In 1972 there was a record number of 36.9 million overnights, whereas in 1979 this figure had fallen to a mere 31.9 million. This decrease was almost entirely due to a drop in the number of foreign tourists, while the Swiss supported their own country astonishingly well.

In this respect it must be said that the national publicity campaign was extremely success-

ful, since the very high value of the Swiss franc at the time meant that other countries offered much cheaper holidays.

However, the level of the franc did have a drastic effect on hotel reservations, which represent an important part of the cost of a holiday. This impact was clearly reflected in the 22 per cent drop

Swiss franc leads to three fundamental conclusions:

FIRSTLY, there is a time-lag between negative economic trends and their effect on tourist demand. During a slump the potential tourist hopes things will return to normal and does not immediately abandon his holiday plans.

A further factor is that many holidays are booked and paid for months in advance. The time-lag effect then becomes evident. When the economy is thriving and there is a real increase in private incomes, confidence quickly returns and people take longer and more expensive holidays.

SECONDLY, it is obvious that tourism in Switzerland is becoming more immune to the effects of economic fluctuations. The revolutionary attitude of consumers towards holidays basically guarantees demand.

The difference between the attitude to holidays in 1970 and 1981 could be expressed in the following way: in the past, the feeling was "holiday - yes, if possible", now it is "holiday - yes, whenever possible". This is especially valid for visitors from highly industrialised countries, where holidays have for long been a necessity instead of a luxury.

THIRDLY, tourists from abroad remain faithful to Switzerland. In exceptional circumstances, as when the value of the Swiss franc is very high, they seek alternative holiday possibilities within Switzerland before deciding to visit another country instead.

One factor already observed by the Swiss National Tourist Office during the franc's boom became retrospectively more significant. The high value of the franc was constantly being referred to by many representatives of the home and foreign tourist industry between 1976 and 1978 in the blackest possible terms, which amounted to admission that Swit-

**By Walter Leu**

*General Manager, Swiss National Tourist Office*

of almost five million overnights among foreign visitors to Switzerland from 1972 to 1979.

In the paratourism sector, however, demand actually increased between 1972 and 1979 with overnights rising from 30 to 35.5 million and even the number of foreign visitors increasing slightly.

This confirms the theory that foreign tourists did not simply turn their backs on Switzerland. They sought instead to compensate for the high value of the franc by taking cheaper accommodation, but still within Switzerland. Nevertheless, the fact remains that actual income from foreign visitors decreased in the 1970s.

Retrospectively, the trouble-making factors of the 1970s - such as the soaring value of the Swiss franc, increasing oil prices and acute economic recession - can be considered to have had an important effect on our statistics relating to overnights. In 1971, when the franc and the energy situation were both still stable, 64.5 million overnights were recorded in the hotel and paratourism sectors combined. In 1972 this figure rose to 66.7 million and in 1977 to 69.1 million, but in 1979 it dropped slightly to 67.3 million. In 1980 overnight bookings jumped to 75.3 million. On the basis of this relatively short period of time and available statistics, a comparison of the corresponding economic conditions and the situation of the

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# swings and tourism

Switzerland was beyond the means of many foreign tourists. Far from arousing sympathy among potential visitors, this alarmed them more than ever.

The objective view that our country was expensive but offered value for money gradually gave way to a highly subjective and hence deeply ingrained notion that Switzerland was simply unaffordable.

This was especially true in Britain and North America where, in addition, it was unquestioningly accepted that it was the Swiss banks that had sent the pound and the dollar plummeting. Luckily this initially unthinkable attitude of the tourist trade did not culminate in idleness or a shortage of ideas.

An early and important cornerstone in the line of defence which was gradually building up was laid by the Swiss Hotel Association and its members. From 1974 onwards hotel prices were virtually frozen.

This "gentlemen's agreement" was very widely adhered to until the end of 1980. We estimate that, taking into account the cost of living, the Swiss hotel industry "gave away" an income of between Sfr. 1.05 and 1.2 billion over this period as a result of their voluntary limitation of prices.

But this courageous and far-sighted move – which reduced profits in the hotel sector to zero or even partly to negative figures by 1980 – will pay dividends in the coming years.

A further effective measure was the policy of ensuring continuing high quality despite falling profits. This helped to maintain Switzerland's value-for-money image during the critical years, and meant that there was a solid foundation to support the efforts made to stimulate tourism through publicity.

An equally decisive factor in stimulating demand and dissipating the foreign prejudice concerning prices in Switzerland can be

traced back to the additional worldwide publicity campaigns launched by the SNTTO from 1976 onwards. These were only possibly thanks to special financial support given to the SNTTO within the framework of the federal government's economic aid programme.

A whole series of measures were initiated to dispel false ideas about Switzerland as a holiday destination which were circulating in our most important customer countries in Western Europe, Britain and the USA. Through concerted action including advertising, invitations to the foreign media, study trips to Switzerland by tourist industry personnel, special exhibitions and, on a national scale, promotional tours organised and led by the SNTTO (for example to Japan, the USA and Canada) we managed gradually to soften the hard ground before us and to persuade the potential tourist to consider what we were offering.

On the marketing side, and in addition to slogans such as "Switzerland – not too far and not too dear", the SNTTO offered hundreds of all-inclusive arrangements, with the included features clearly explained, for a wide choice of destinations in Switzerland.

The success met with by this defensive action is self-evident. The weakened Swiss franc and the low rate of inflation also helped to maintain Switzerland's international competitiveness as a holiday destination.

The jump from a total of 67.3 million overnights in 1979 to 75.3 million in 1980 represents an impressive show of confidence. But the increase in income from foreign visitors, from Sfr. 5.6 billion to roughly 7 billion, is even more important. This is a clear indication that foreign tourists want to come to Switzerland because they are attracted by the ratio of quality to price. – **Swiss Bank Corporation.**

## Population's low growth

THE final results of the 1980 census of the population, published by the Federal Statistics Bureau, show that Switzerland had 6,365,960 inhabitants in December 1980.

From 1970 to 1980 the resident population of Switzerland increased by 96,000 inhabitants, or 1.5 per cent. This represents the lowest comparative growth between any two censuses since 1850.

This low rate of growth can be attributed to two factors: first, to an excess of births over deaths of only 230,000, which represents less than half the figure for the previous period (1960 to 1970) and second, to a migratory deficit of 134,000 persons.

This is the negative balance of entries and exits and differs quite appreciably from the figure recorded for the 10-year period between 1960 and 1970 (migratory gain of about 340,000 persons).

## Textile award

AT a ceremony in Manchester last month Professor Emil Honegger, formerly head of the textile department at the Swiss Federal Institute of Technology in Zurich, was awarded a medal by the Textile Institute in recognition of his distinguished service to the textile industry.

Professor Honegger, who is now retired, is a former vice-president of the Institute, which he joined in 1931. He was largely responsible for the setting up of the Institute's Swiss section.

Many of Europe's top textile managers and research workers are among his former students.

The current president of the Textile Institute is another Swiss, Dr Hans Locher, managing director of Zellweger Uster.

## Time is the big export

IN Switzerland's foreign trade statistics the value of watch exports for 1980 amounted to Sfr. 3,500 million which is equivalent to an increase of 8.9 per cent over 1979.

Of this total, wristwatches

accounted for Sfr 2,506 million, assembled movements Sfr 412 million and non-assembled movements for wristwatches Sfr 189 million.

In all this category of products represents Sfr 3,107 million – almost 88 per cent of the total exports. Finished watches account for 70 per cent of the figure.

The value of the clocks and movements sold abroad totalled respectively Sfr 35 million and 60 million. The part played by clocks amounted to barely 3 per cent.

As for the remaining Sfr 348 million worth of exports, which represent nearly 10 per cent, Sfr 113 million are accounted for by cases and Sfr 235 million by other parts.

## Exhibition of inventions

THE 10th International Exhibition of Inventions and New Techniques will be held in the Exhibition Hall (Palais des Expositions) in Geneva from November 27 to December 6, under the patronage of the Swiss Government. The exhibition is claimed to be the world's number one marketplace for inventions, new products and new technologies.

At the 1980 show 515 exhibitors from 28 countries presented some 1,000 inventions. No less than 35 per cent of the exhibits were actually licensed, representing about Sfr. 30 million worth of business. This gives exhibitors a unique chance to contact professional buyers.

Inventions are presented as samples from series production, as prototypes, models, plans or drawings, in a written description or as photographs.

## Pipeline conference

THE European Exhibition and Conference for the Construction and Maintenance of Pipelines – EUROPIPE 1982 – will be held in Basle from January 19 to 22. A seminar on offshore pipeline technology will be held at the same time.

Details from: Access Exhibitions Ltd., 62 Victoria Street, St. Albans. Tel: 0727-63213.