

The Economic Ascent of the Hotel Business

12

Second Edition

Paul Slattery

12 Continental European Hotel Businesses: 1980–2008	211
France: 1980–2010	211
Germany: 1980–2010	222
Other European countries	236



Published by Goodfellow Publishers Limited, Woodeaton, Oxford, OX3 9TJ

<http://www.goodfellowpublishers.com>

Copyright © Paul Slattery 2009, 2012

All rights reserved by Goodfellow Publishers Limited. The text of this publication, or any part thereof, may not be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, storage in an information retrieval system, or otherwise, without prior permission of the publisher.



Design and setting by P.K. McBride

12 Continental European Hotel Businesses: 1980–2008

Introduction

In this chapter France and Germany are analysed separately and the position of the other economies are treated collectively. Not only are the others smaller economies, but also they are very much smaller hotel economies. The exceptions are Spain and Italy, which benefit from very high volumes of foreign leisure demand and thus, have large hotel room supply. The most significant economic development of the period was the break-up of the Soviet Empire and the collapse of communism in 1990. From then until 2010 hotel demand in this region rose, but the economies came from such a weakened and structurally under-developed state that the growth in hotel demand and supply by 2010 still left them trailing far behind the western European economies.

France: 1980–2010

Developments in economic structure and hotel demand

Over the three decade period to 2010, Otus estimates that hotel demand in France grew to 99 million room nights, up from 66 million, a 1.4% average annual growth. French domestic demand added 11 million room nights to reach 44 million, while Britain with a similar population added 23 million room nights to reach a total of 59 million, due to the faster ascent of the structure of the British economy and a greater proportion of its employment in service businesses. In contrast, foreign demand into French hotels added 21 million room nights to reach 54 million, while Britain added only 12 million room nights to reach 43 million. Over the period there was also a shift in the structure of the hotel business as hotel chains grew to capture 65% of total demand, whereas unaffiliated hotels demand shrank by 13 million room nights to end the period at 35 million.

During the period, the four factors that are indicative of the structure ascent of an economy to service business experienced mixed developments. Human and civil rights legislation expanded as it did in most western economies. Undergraduate and postgraduate degrees in pure social sciences expanded more so than in applied social sciences and the social sciences became part of the secondary school curriculum. The expansion of ownership of long-term appreciating assets such as homes, insurance policies, pension schemes and other saving mechanisms was slower than in the US and Britain, which limited the provision of personal credit and the growth of service businesses and experience businesses. Business and personal travel expanded, but the proportion of French citizens travelling internationally and their frequency of international travel were significantly less than for British citizens.

During the 1980s and 1990s, France suffered from high levels of unemployment, some years above 10%. To combat this, the first Aubry Act introduced on 1 January 2000 reduced the statutory working week to 35 hours and was successful in creating new jobs and containing the higher levels of unemployment. Tables 12.1 and 12.2 illustrate the encouragement that the Act gave to the total numbers employed. Over the 30-year period to 2010, employment in public services grew to become the largest segment in the economy followed by the industrial segment. Agricultural employment declined at a sedate pace and service business and experience business employment grew, but remained smaller than the equivalents in the US and Britain.

Table 12.1: Employment by segment in France: 1980–2010 (ms)

	Agriculture	Industry	Public Services	Service and Experience Businesses	Total
1980	1.9	7.6	6.5	6.0	22.0
1990	1.3	7.7	7.2	6.3	22.5
2000	1.2	7.6	7.8	6.4	23.0
2010	1.2	7.7	9.1	7.0	25.0

Sources: Groningen, INSEE and Otus

Table 12.2: Employment by segment in France: 1980–2010 (%)

	Agriculture	Industry	Public Services	Service and Experience Businesses	Total
1980	8	35	29	27	100
1990	6	34	32	28	100
2000	5	33	34	28	100
2010	5	31	36	28	100

Sources: Groningen, INSEE and Otus

Agricultural demand into hotels

In 1980, agriculture and fisheries employed 1.8 million accounting for 8% of the French workforce compared with only 2% in Britain, illustrating the greater significance that agriculture continued to have for the French economy. Otus estimates that agricultural business travellers generated predominantly transient rooms demand of 0.3 million room nights for more than 1% of domestic business demand. Over most of the period to 2010, employment in agriculture declined progressively to 1.2 million accounting for 5% of the total workforce. There was some concentration among agricultural firms, but in terms of their generation of hotel room nights the benefits from concentration were more than offset by the growth in agricultural exports, which channelled agricultural business travellers away from France and into destination countries. Consequently, Otus estimates that by 2010, agricultural business travellers generated mostly transient rooms demand of 0.2 million room nights, accounting for less than 1% of domestic business demand.

Industrial demand into hotels

In 1980, industrial employment was 7.6 million, 35% of the French workforce, a similar proportion as in Britain. Otus estimates that industrial business travellers generated mainly transient rooms demand, but also some packaged conference demand of seven million room nights for 39% of domestic business demand to retain its position as the largest segment for the French hotel business. Over the three decades to 2010, employment in the industrial sectors – manufacturing, utilities, construction and mining – added 100,000 jobs so that, by the end of the period, the segment accounted for 31% of the total workforce. Automotive manufacturing was one of the fastest growing parts of the segment with 31,000 jobs created between 1999 and 2001 alone (www.diplomatie.gouv.fr). By 2010, attendance at industry-wide industrial conferences held in French hotels was still less frequent than in other major economies. French industrial travellers generated mainly transient rooms demand of 8.5 million room nights retaining its share of domestic business demand.

Public service demand into hotels

In 1980, public services in France had a workforce of 6.5 million, a 30% share of the total workforce. Otus estimates that public service business travellers involved in segment management and overseeing nationalised industries and businesses generated six million room nights of in French hotels. This pattern was different from the segment in Britain where a higher proportion of employees were business travellers because there was a greater incidence of civil servants, medics and academics attending conferences than in France where the demand generated was almost entirely transient rather than packaged. Over the three decades to 2010, the public services workforce grew to 9.1 million, ahead of the national average rate of employment growth. By 2010, public service business travellers generated both transient rooms demand and packaged conference demand of 10 million room nights for 38% of domestic business demand.