

Tourism: resident attendance is sustained, but foreign customers are lacking

In France, hotel occupancy in July 2021 stood at 81% of its July 2019 level. The influx of resident tourists did not make up for the absence of tourists from abroad. From the two main foreign clientele groups, the United Kingdom and North America, very few tourists returned, and there were five times fewer hotel overnight stays in July 2021 than in July 2019.

Conversely, resident tourist numbers were very strong in July, especially in market accommodation (hotels, camp sites, rentals via platforms etc.). This contrasts with summer 2020, when residents tended to favour non-market accommodation (in second homes, at the home of friends or family).

The good performance of resident tourism was accompanied by dynamic tourist spending, especially in July. This boost seems to have been advantageous for almost all areas, except Île-de-France which suffered from a substantial drop in visitor numbers: the number of overnight stays in Île-de-France was halved compared to its July 2019 level, due to the disaffection of their foreign clientele.

Other European countries also suffered from a decline in demand in the accommodation sector: "high-frequency" indicators, covering searches for hotels and reviews on Airbnb, seem to suggest a timid recovery in tourist numbers in Europe, in contrast to the United States, where the accommodation sector seems to have recovered more quickly.

Hotel occupancy in July 2021, driven by the buoyancy of resident tourism, stood at four-fifths of its July 2019 level

In July 2021, tourists (residents and foreigners) spent 18.9 million overnight stays in hotels in France, or 81% of the pre-crisis level (23.4 million overnight stays in July 2019, ► **Figure 1**). This is more than in July 2020, when hotel overnight stays stood at 65% of the July 2019 level. Hotel occupancy data are not yet available for August.

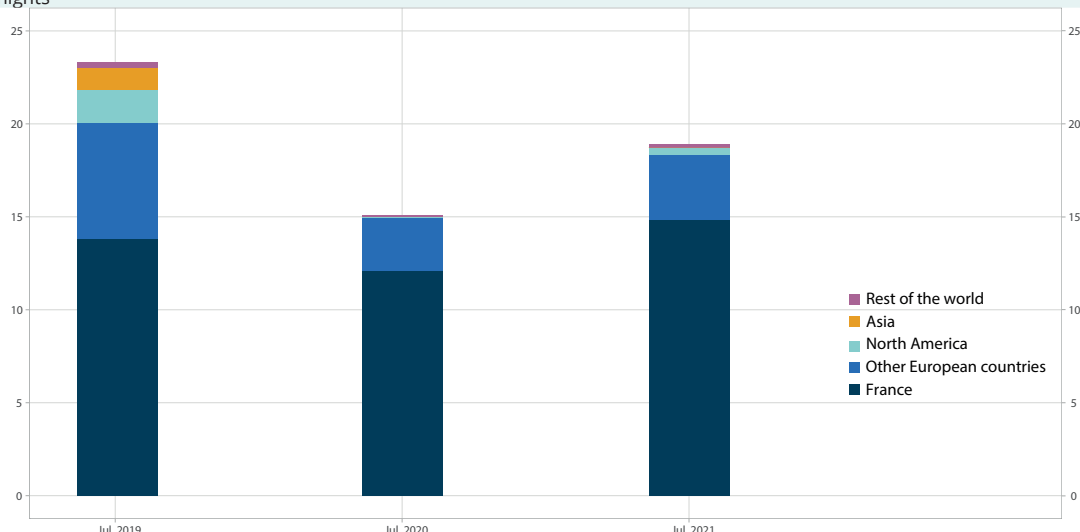
Resident tourism has certainly been particularly dynamic, beating occupancy records with 14.8 million hotel overnight stays. This is the highest level of resident tourist occupancy recorded by INSEE for July since 2011. This momentum has made it possible to offset the

decline in non-resident tourism: this was down compared to July 2019 (overnight stays down 57%) although it did not reach the low point of July 2020 (down 68%). Compared to the year before, the increase in non-resident tourism in July 2021 came almost exclusively from countries that are close geographically (Belgium, Germany, Netherlands and Switzerland).

Whereas during the 2010s, collective accommodation (hotels, outdoor accommodation, tourist residences etc.) was occupied by two-thirds resident tourists and one-third non-residents, the structure of occupancy has become strongly distorted in favour of a resident clientele, which accounted for about 80% of hotel overnight stays in July 2021.

► 1. Number of overnight stays in hotels in July 2019, 2020 and 2021 by tourist country of origin

in millions of nights



How to read it: in July 2021, tourists spent 18.9 million nights in hotels; 14.8 million of these overnight stays were by tourists who are resident in France, 3.5 million by tourists from other European countries and 0.6 million from the rest of the world.

Source: INSEE, tourism survey

French economic outlook

Hotel occupancy by the two main foreign clientele groups, from the United Kingdom and North America, was five times lower in July 2021 than before the crisis

In July 2021, the majority of foreign hotel customers were tourists from neighbouring countries: Belgium, Germany, the Netherlands and Switzerland have thus become the main foreign clientele base for hotels in France (► **Figure 2**). The number of overnight stays in hotels by Belgian, Swiss and Dutch customers returned to its July 2019 level, while hotel occupancy by Germans has recovered by two-thirds. The return of Italian and Spanish customers is for the moment still very patchy (40% and 33% of the July 2019 occupancy respectively).

Customers from countries outside the European Union had much lower occupancy levels, however. This was the case for tourists from the United Kingdom and North America, who, before the crisis (2010s) were the two main groups of foreign hotel customers (2.9 million overnight stays in July 2019, or 31% of all foreign occupancy). In July 2021, their occupancy rate represented 0.6 million hotel overnight stays, or about 20% of the July 2019 level. The quarantine measures imposed by the United Kingdom in July 2021, as a result of the circulation of the Delta variant of Covid in France, probably limited tourist flows. Added to this is the context of Brexit, which put an end to freedom of movement within the European Union from 31 December 2020.

In addition, hotel occupancy by Chinese tourists in particular was down to about 20,000 overnight stays in July 2021, against 400,000 in July 2019.

Return of resident tourists to market accommodation

In July 2021, and according to the survey monitoring tourist demand, the same proportion of residents went on holiday as in 2019 (31%, against 30% in 2020). This rate of holiday departures came after several months when, due to the restrictive health measures in place, many fewer residents went on holiday than in 2019 (except in May).

However, more residents remained in France (123 million overnight stays in July 2021 against 117 in July 2020 and 112 in July 2019), which accounts for the rise in hotel occupancy by residents.

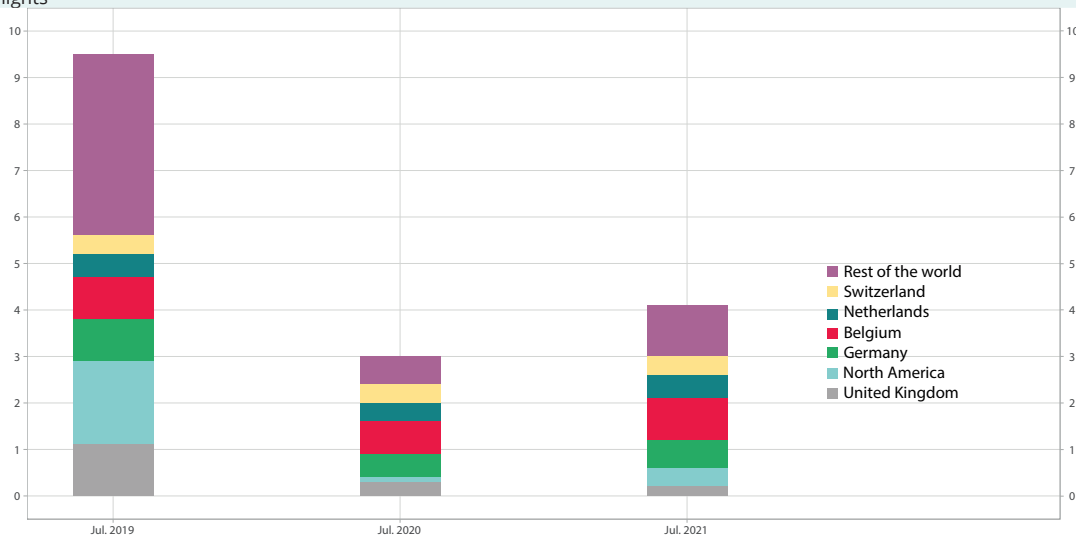
In summer 2020, resident tourists turned more to non-market accommodation (second homes, family or friends) to the detriment of market accommodation (hotels, outdoor accommodation, rentals via booking platforms, ► **Figure 3**). In July 2021, nights spent in market accommodation exceeded the July 2019 level, while those spent in second homes, with family or with friends returned to the July 2019 level.

Bank card tourist spending by residents in July and August 2021 was higher than in the same months in 2019

The aggregated data for bank card transactions give an approximation of tourist spending on accommodation, catering and leisure in France. Bank card data are used to identify transactions in tourist activities. Bank card-holders who spend in a tourist activity sector are not necessarily tourists, but it is reasonable to assume that

► 2. Number of overnight stays in hotels in July 2019, 2020 and 2021 by non-resident tourist country of origin

in millions of nights



How to read it: in July 2021, non-resident tourists spent 4.1 million nights in hotels; 0.9 million of these overnight stays were by tourists from Belgium, 0.6 from Germany, 0.5 from the Netherlands and 0.4 from Switzerland.

Source: INSEE, tourism survey

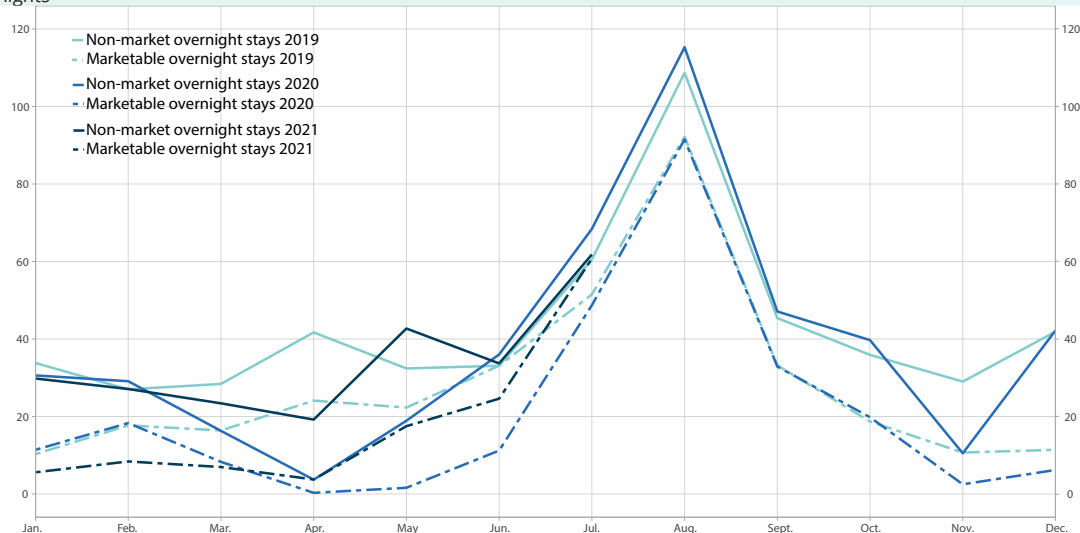
during the summer period a considerable proportion of them are. In addition, these card-holders are residents. Thus bank card transactions do not provide information on spending by foreign tourists. The use of bank cards has increased, especially in spring 2020, when the limit for contactless payments was raised. An upward bias between summer 2020 and summer 2019 is therefore

probable. However, a comparison of bank card spending in summer 2021 and summer 2020 would seem on the face of it to be less affected by this bias.

On this basis, tourist spending appears to be more dynamic in July and August 2021 than in July and August 2019. In accommodation, bank card transaction

► 3. Overnight stays by residents in France from January 2019 to July 2021, for personal reasons according to accommodation type, market or non-market

in millions of nights



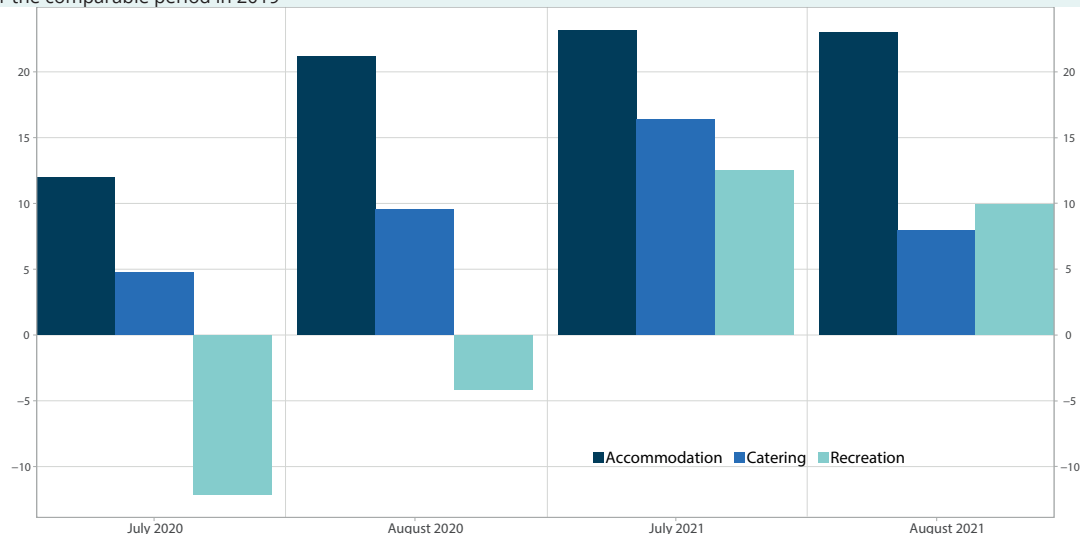
How to read it: in July 2021 residents of Metropolitan France spent 60.7 million market overnight stays and 61.8 million non-market overnight stays; in July 2019 there were 51.5 million market overnight stays by residents and 60.5 million non-market overnight stays.

Scope: France métropolitaine

Source: INSEE, tourism survey

► 4. Change in bank card transaction amounts spent by residents on accommodation, catering and leisure activities, compared to 2019

% change over the comparable period in 2019



How to read it: bank card spending on leisure by residents during August 2021 was 10% above the spending level of August 2019, while in August 2020 it was 4% below.

Note: amounts include remote transactions, unlike those presented at departmental level below, which deal only with physical sales.

Source: Cartes Bancaires CB, INSEE calculations

French economic outlook

amounts¹ increased significantly in summer 2021, to 23% above the 2019 level, in both July and August.² In catering, transaction amounts also appeared to be very buoyant in July 2021. They were also up in August 2021, although lagging behind slightly, probably linked to the introduction of the health pass. Meanwhile, leisure spending paid for by bank card picked up in July and August 2021, and was significantly above the 2019 levels.

This buoyancy in tourist spending, as reflected in bank card transactions and in the hotel occupancy surveys, can also be seen in other western countries, when we examine the indicators used to assess it (► **Box**).

Bank card tourist spending by residents increased in almost all areas for July and August 2021 compared to July and August 2019

Tourist spending by residents paying with bank cards in July 2021 (and to a lesser degree in August 2021) was much higher than the level measured two years earlier

in most departments³ (► **Figure 5**). The rise in spending was more significant in much of the south of France and along coastal areas as a whole. In August, spending by residents on catering, specifically, appeared to be less dynamic than tourist spending as a whole, probably connected to the introduction of the health pass.

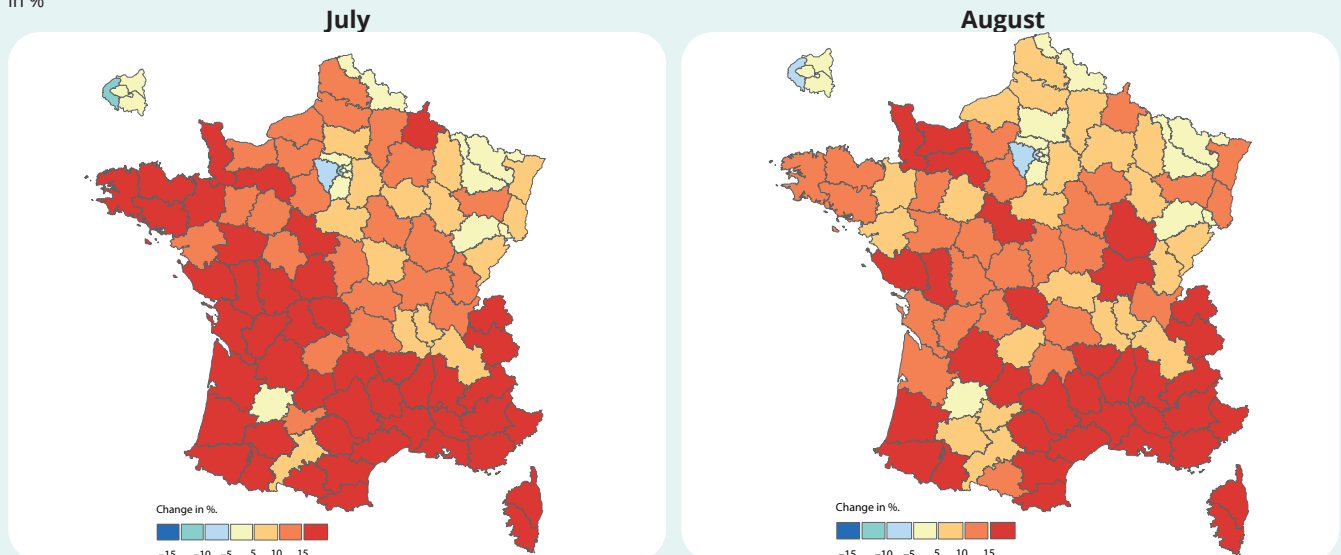
Hotel occupancy in Île-de-France at half of its July 2019 level, with the disaffection of foreign customers

The dynamism of resident tourism does not seem to have benefited Île-de-France, where hotel occupancy appeared to be very low in July (3.3 million overnight hotel stays against 6.7 in July 2019). This halving of overnight stays compared to summer 2019 is mainly due to the absence of a large part of the international clientele, which dropped from 4.1 million overnight stays in July 2019 to 1.1 in July 2021.

- 1 The amounts shown in Figure 5 include remote transactions, unlike those presented at departmental level below, which deal only with physical sales.
- 2 These levels of transaction amounts are very much higher than the 2019 levels, and may be due to a greater use of bank cards. However, an analysis of change in bank card use suggests that it has indeed increased since the start of the health crisis, but that this increase occurred mainly in spring 2020 (notably when the increase in the contactless payment ceiling was introduced). Thus a comparison of summer 2020 and summer 2021 year-on-year to 2019 is probably not much affected by the change in the rate of bank card use over the period.
- 3 The transactions analysed here at departmental level are limited to physical sales, which are more representative of spending actually carried out at local level.

► 5. Bank card tourist spending by residents by department in July and August 2021, compared to July and August 2019

in %



How to read it: in July 2021, resident tourist spending by bank card in July 2021 in Paris (75) was between -5% and +5% compared to spending in July 2019
Source: Cartes Bancaires CB, INSEE calculations

In addition to the decline in numbers of tourists coming from abroad was a drop in the number of resident tourists in July 2021: in Île-de-France, the number of overnight hotel stays by residents fell from 2.7 million in July 2019 to 2.2 million in July 2021. Bank card transaction amounts spent by residents on accommodation decreased in the same proportion, approximately -20% in July 2021, compared to July 2019.

In contrast, spending by residents on accommodation in August 2021 returned to its 2019 level (► **Figure 6**)

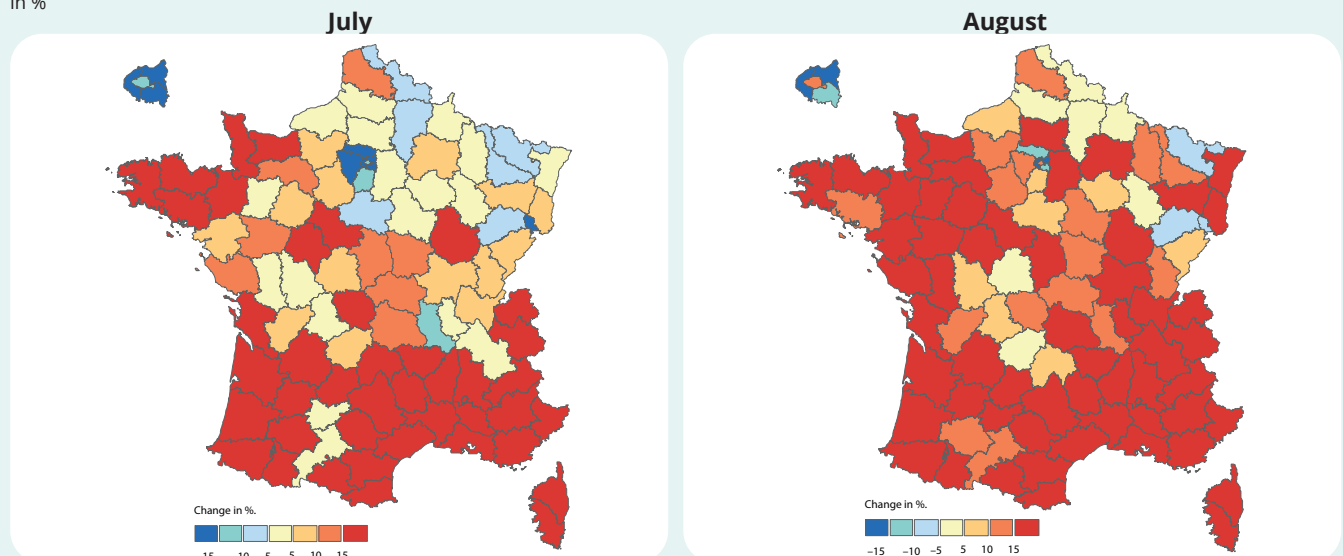
in Île-de-France. The impact of this upturn in resident spending in August in Île-de-France probably remains limited, as resident tourism is in the minority in Île-de-France in summer, compared to non-resident tourism. There were about twice as many overnight hotel stays by non-residents as by residents in July and August 2019.

The situation in Île-de-France, and particularly in Paris, reflects the situation in the major European capitals, where the recovery of tourism seems at present only partial (► **Box**). ●

David Fath and Pierre Girard

► 6. Bank card spending by residents by department on accommodation in July and August 2021, compared to July and August 2019

in %



Source: Cartes Bancaires CB, INSEE calculations

Hotel occupancy seems to be picking up more tentatively in Europe than in the United States

The 2021 tourist season in France can be analysed using survey data (Tourism Occupancy Survey and Tourist Demand Survey) and bank card transaction amounts, however, these types of source are not readily available for the other western economies. For these we can use indirect indicators, such as data from *Google Trends* or bookings on the *Airbnb* platform.

Google searches related to “hotel” suggest a more dynamic tourist season in the United States than in Europe

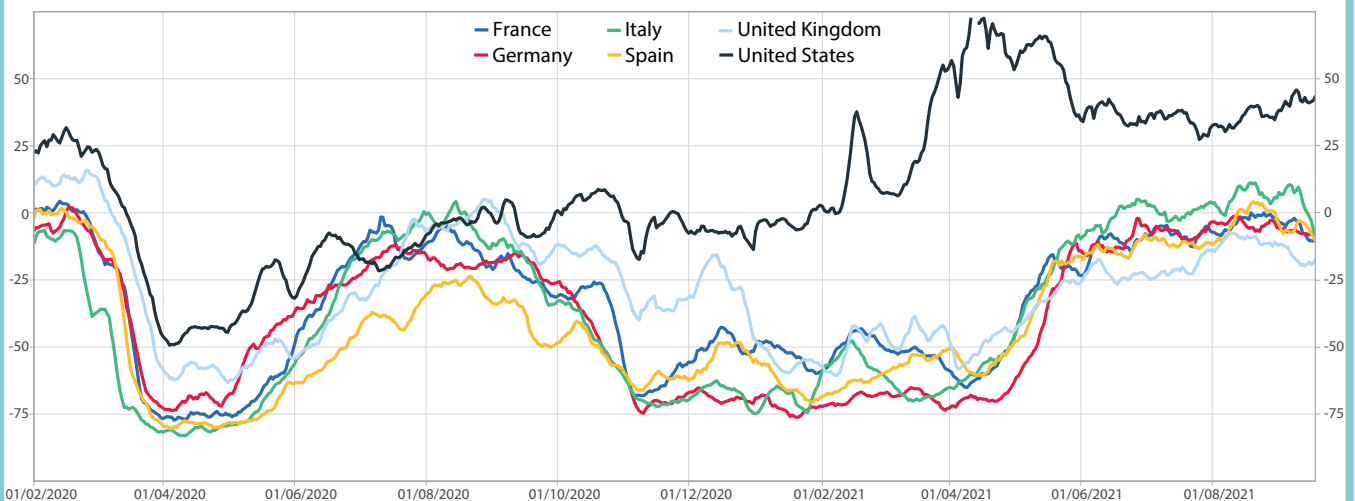
In the summer of 2021, the number of *Google* searches related to hotels was slightly below the pre-crisis level (► **Figure 8**). However, this number was higher than in summer 2020 in continental Europe, especially Spain and Germany, suggesting a better summer season for hotels than the previous year. In the United Kingdom, on the other hand, searches linked to hotels were down on summer 2020, probably due to the health situation but also as a result of Brexit.

The situation in America contrasted with the poor recovery in Europe: in the United States, the hotel sector returned to a similar level of *Google* searches to before the crisis from October 2020, and these scores have continued to improve. They peaked at +75% compared to the pre-crisis level in April 2021, before levelling off at around +30% in late August.

These *Google Trends* data could therefore suggest a more vigorous upturn in hotel tourism in the United States than in Europe, reflecting a more dynamic tourism on the part of Americans in their own country.

► 8. In Europe, searches for the term «hotel» moved slowly towards their pre-crisis level this summer, but they were very dynamic in the United States

in %



How to read it: on 4 September, the 7-day moving average for the number of Google searches for the term “hotel” in Italy was 6% higher than the 7-day moving average for each 4 September between 2017 and 2019.

Note: Latest data available for September 4th, 2021.

Source: *Google Trends*

In June, Airbnb bookings picked up more vigorously in the major American and Chinese cities than in the European capitals

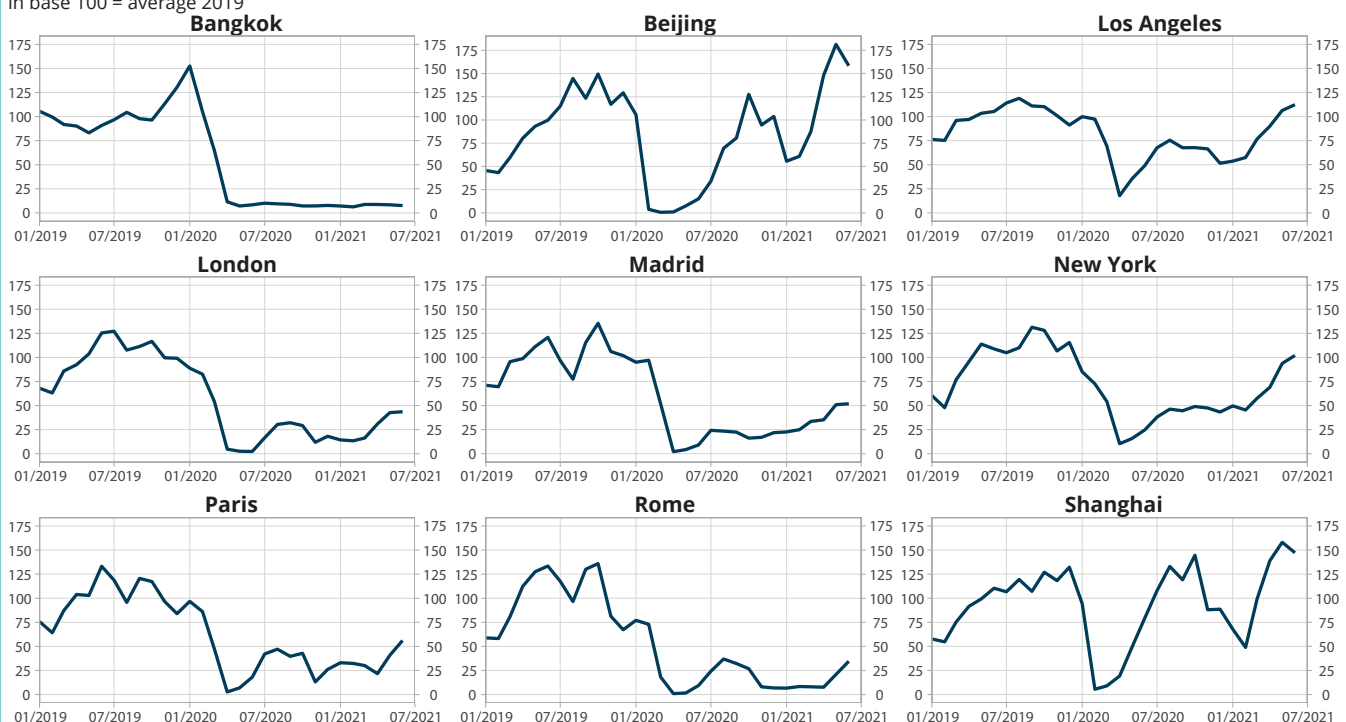
Data from *Inside Airbnb* provide information on the occupancy of accommodation offered by local hosts, especially in the major cities. They look at reviews left by users after their stay in a major city, and these can be considered as an approximation of the number of bookings on the collaborative *Airbnb* platform (assuming that the number of reviews per booking is the same from one city to another). The large cities that are covered include the capitals of each country or cities of a considerable size and data currently go up to June. They should therefore be considered with caution as at this point they do not actually cover the summer season, nor do they cover all tourism in the countries concerned.

From a sample of large cities in Europe (Paris, Rome, Madrid and London), the United States (New York and Los Angeles) and Asia (Bangkok, Shanghai and Beijing), *Inside Airbnb* data show that the occupancy profile collapsed at the start of the pandemic, then picked up slightly (except in Shanghai where it rebounded significantly and Bangkok where it did not recover) in summer 2020, before tumbling again in autumn 2021 and picking up again in June 2021.

In June 2021, three different recovery profiles could be distinguished. First, that of the European capitals, where recovery was better than in June 2020 but still only partial (the number of reviews posted on *Airbnb* did not go above 50% of the pre-crisis level, ► **Figure 9**). Similar profiles in Paris, London, Rome and Madrid suggest a tentative rebooting of tourist flows in the major European cities. In the United States and China, recovery seems to be much more dynamic: in New York and Los Angeles, reviews posted on *Airbnb* have caught up to their 2019 level, and the pre-crisis level has been far exceeded in Shanghai and Beijing (+47% and +53% respectively in June 2021). In fact, Chinese tourists have been encouraged to travel inside China, rather than to foreign destinations. China and the United States have therefore been able to benefit from significant domestic demand for tourism, more so than in Europe where the differences in restrictions have penalised tourism between neighbouring countries, at least this was the case before the European health pass was introduced. Finally, in Bangkok, where the epidemic has strongly affected the economy for several months, bookings collapsed in spring 2020 and have not bounced back since. ●

► 9. Airbnb bookings picked up more quickly in the United States than in Europe

in base 100 = average 2019



How to read it: in June 2021, the number of reviews left after an Airbnb booking in New York was 2% higher than the average level in 2019.

Note: latest data available for June 2021.

Source : *Inside Airbnb*