TOURISM ECONOMICS

Nordic Tourism Outlook

March 2018

Nordic travel relative to wider global demand

Europe has long been the recipient of the lion's share of international travel including some of the most popular destinations in the world. In 2000, it received 57% of total global visitors. However, despite growth in European arrivals its share has since diminished.

The Nordic region is a subset of Europe, which in itself received 3% of total global arrivals in 2000. And while the rest of Europe's global share was diminishing, the Nordic region continued to attract 3% share of all travel in 2017. Growth in the Nordic region outpaced travel to the rest of Europe over this period.

The majority of European arrivals come from within the region, but rising household wealth and travel demand, along with increased connectivity and development of emerging destinations has facilitated an increased propensity for travelling further afield. This has allowed some other regions to gain share.

In addition, the rate of economic growth in Asia and household wealth accumulation has created demand that did not previously exist, with the emergence of a new travel class in emerging markets such as China. Much of the new tourism demand has been for short-haul destinations, and notably within Asia. However, some demand has seeped into Europe and stymied its loss of share to a degree.

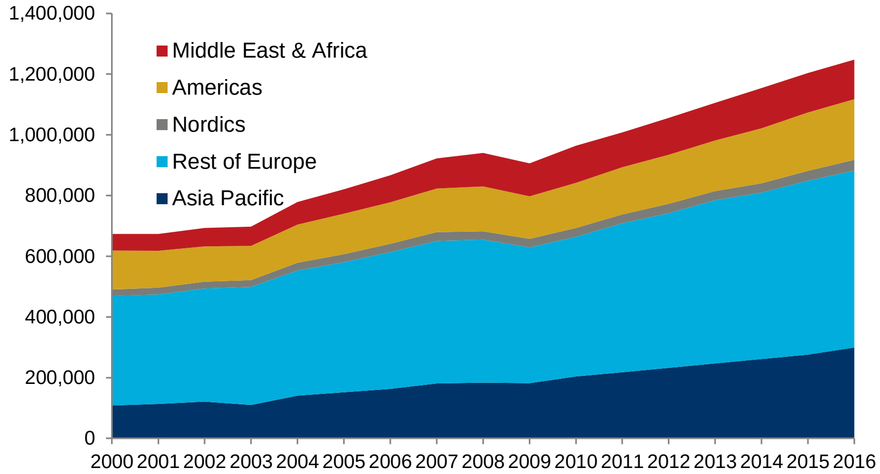
Many of the largest city destinations in the world for international travel are within Europe and are set to enjoy continued growth in demand, even if this involves some loss of global market share.

The charts opposite show total international arrivals to country destinations at a regional level. For example, Europe includes total international arrivals at all European country destinations included within the Global Country Travel service.

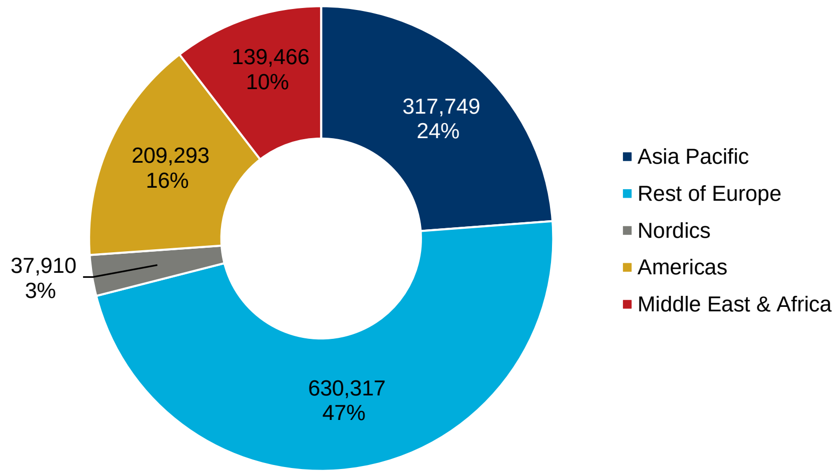
The top chart shows the total number of international arrivals growing over time since 2000 (with some decline following the global financial crisis in 2007-08) and the proportion of total arrivals owing to each region of the world.

The bottom chart gives a snapshot based on 2017 arrivals, by which point Europe's share of total arrivals was just shy of half the world total.

Nordics in the context of global arrivals
No. of arrivals (000s)



Share of international travel by region
No. of arrivals (000s), 2017
% share of global arrivals, 2017



Nordic travel from major long-haul markets

Short-haul travel accounts for the bulk of the travel demand for Nordic destinations (81%) - a comparable ratio to many other European destinations.

Long-haul travel is taking a growing share of demand. Long-haul markets accounted for just 12% of arrivals in Nordic destinations in 2000 and the ratio fell to 9% in 2003. Since then the trend has been upward and by 2007 long-haul markets provided 16% of all arrivals. Long-haul market importance fell during the financial crisis but has since risen further to generate 19% of all arrivals in 2017.

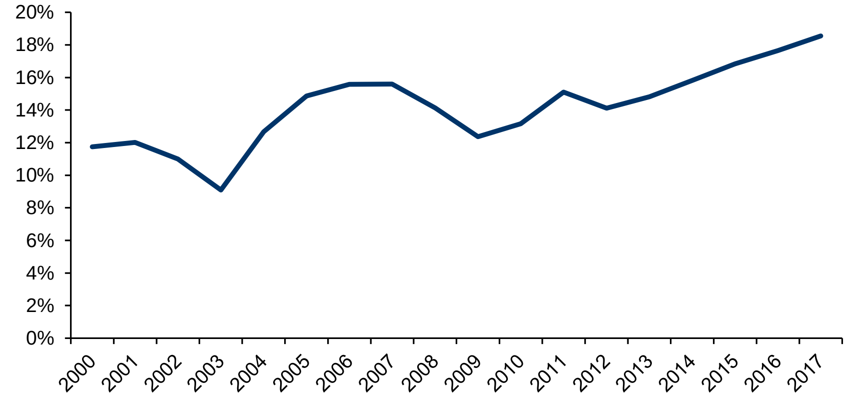
Arrivals from the large source markets of USA, China and India accounted for over half of the total long-haul demand in 2007. These markets are expected to continue to grow in prominence and drive long-haul demand growth. China and India in particular are rapidly growing developing markets and will continue to rise in importance and support growth to the Nordic region.

Arrivals volumes from India and China represented less than 1% of total arrivals in 2000 and around 1.5% of Nordic arrivals by 2007. By 2017, these markets accounted for 3.6% of all Nordic arrivals, and almost two-fifths of all demand from long-haul markets.

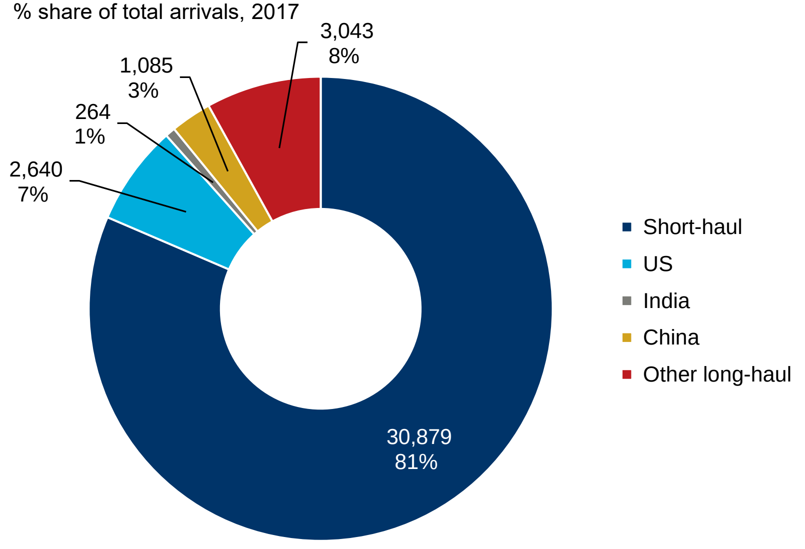
Over the next ten years, rapid economic growth in China and India and the continued emergence of a new middle class will further fuel travel demand. These markets are expected to provide over 5% of all travel to the Nordic region.

Growth from the the US has not been as dramatic, but it is expected to remain a larger source market. In 2000, the US provided around 4% of all travel to the region. This share fluctuated in the following years but was little changed by 2007. However, in recent years, the importance of the US has increased sharply and it provided 7% of all arrivals in 2017. The US is expected to continue to grow as a source market and is set to increase slightly further in importance over the coming ten years.

Long-haul share of arrivals to Nordic countries
% share arrivals

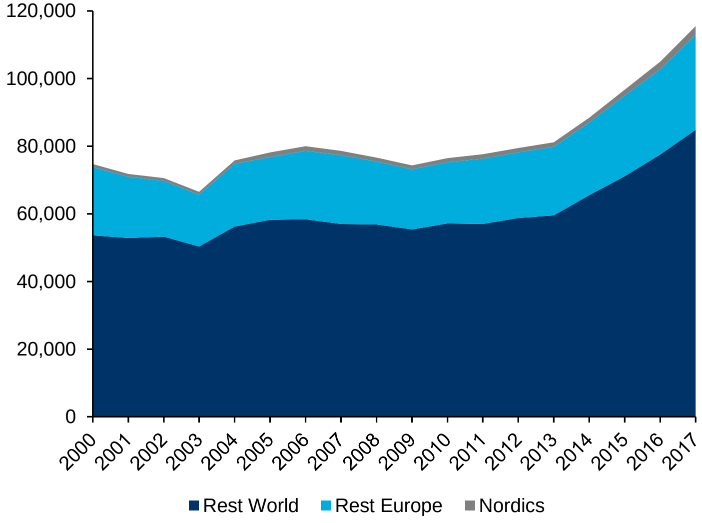


Share of arrivals to Nordic countries
No. of arrivals (000s), 2017
% share of total arrivals, 2017

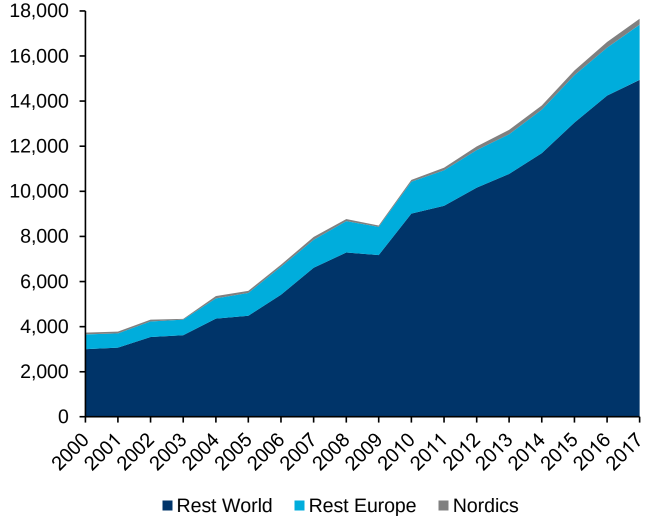


Outbound travel from major long-haul source markets

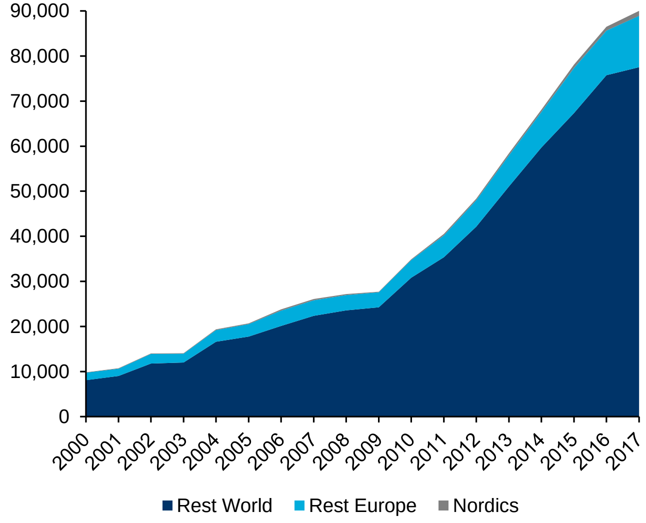
US: Distribution of outbound travel
No. arrivals (000s)



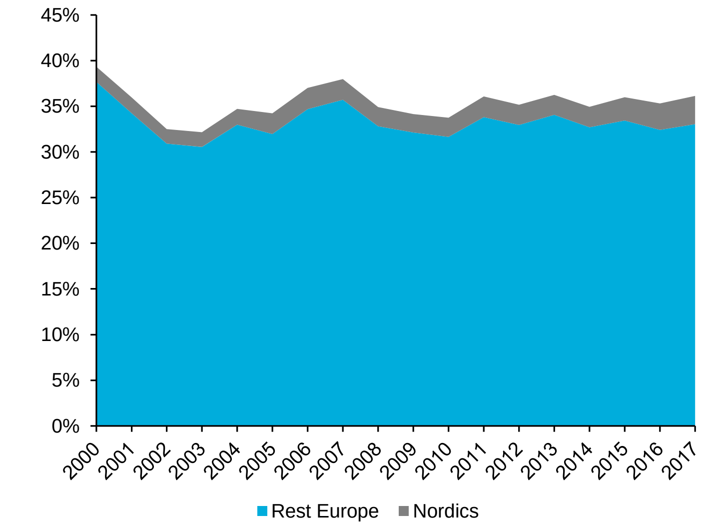
India: Distribution of outbound travel
No. arrivals (000s)



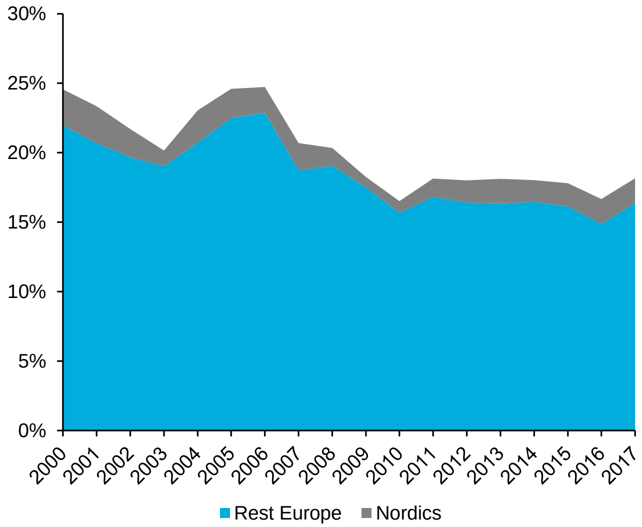
China: Distribution of outbound travel
No. arrivals (000s)



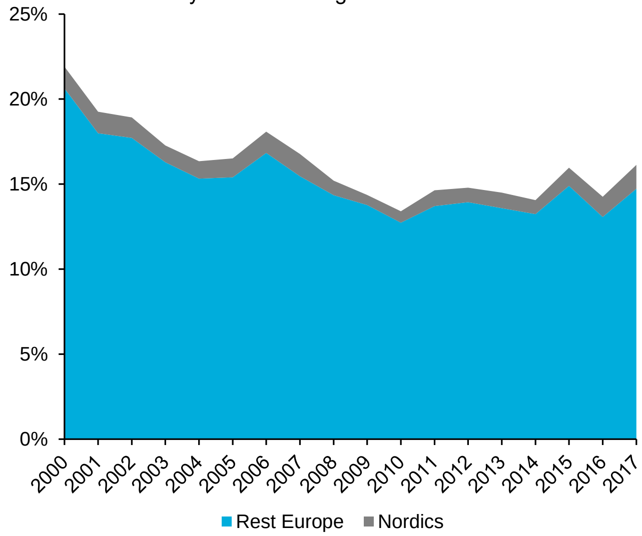
US: Distribution of long-haul travel
% total outbound by destination region



India: Distribution of long-haul travel
% total outbound by destination region



China: Distribution of long-haul travel
% total outbound by destination region



Arrivals from major long-haul markets

There have been a number of boom and bust cycles since 2000, with declines most notable in the 2007-09 period during the global financial crisis. But as the global recovery has gathered pace there has been a marked uptick in the number of arrivals from these three long-haul source markets. And this growth is expected to continue into the forecast period. Travel to Nordic countries from the US and India doubled over the past ten years. Chinese travel was even more rapid and 2017 arrivals were almost four times larger than in 2007.

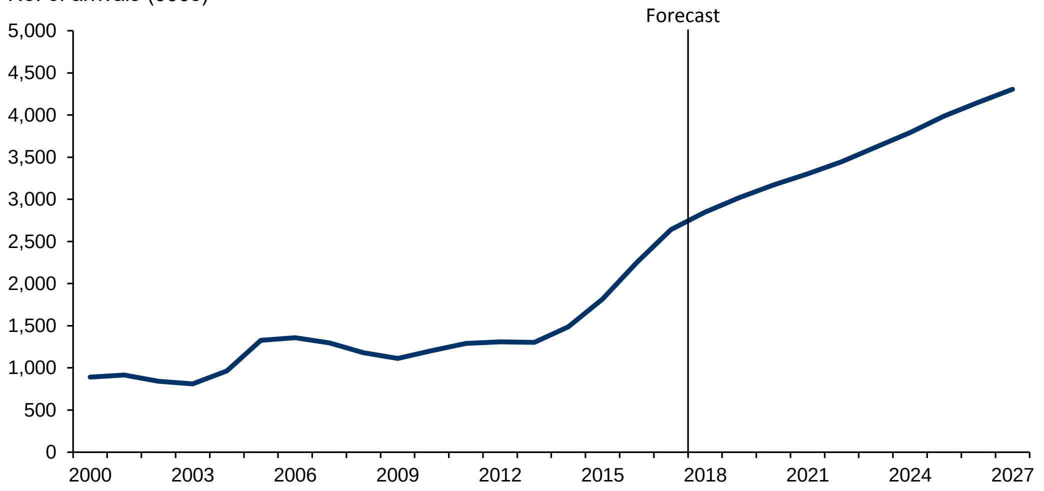
Growth from the US was particularly strong in recent years and is expected to slow over the next decade as the dollar weakens. Growth is expected to average 5% per year over the 2017-27 period (down from around 7% average growth over the past decade) which will be aided by a stable economy and faciltiated further by increasing connectivity between the US and Europe. Transatlantic low cost services, such as those provided by Norwegian, will continue to drive some demand growth. US will remain the largest of the three long-haul markets. It is currently around 2.5 times larger than China in terms of arrivals volumes, although this gap will narrow slightly.

Growth in demand from India is set to slow moderately from an average rate of 7% over the past ten years to 6% over the next decade. There is large upside potential given expected economic growth, and scope for further reform, but the forecasts remain cautious.

Travel from China is set to slow but visitor volumes should more than double again over the next ten years. This growth is tied to household wealth accumulation and the emergence of a new travel class. An increasing amount of this demand will be attracted to European and Nordic destinations.

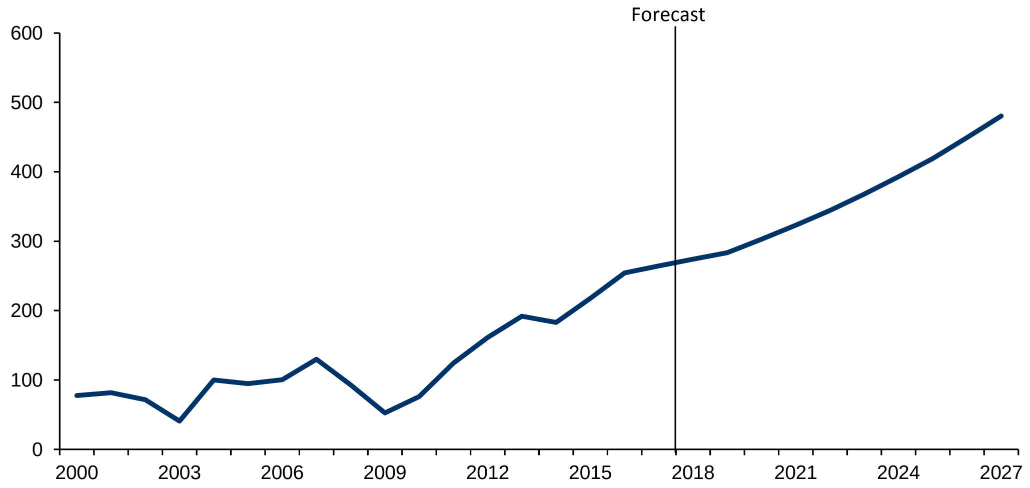
US: Arrivals to Nordic countries

No. of arrivals (000s)



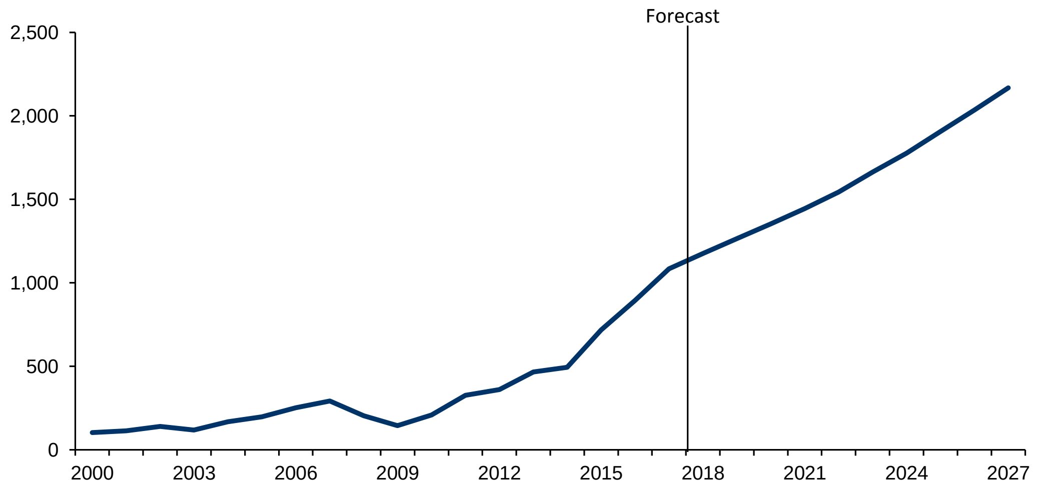
India visitor arrivals to Nordic countries

No. arrivals (000s)



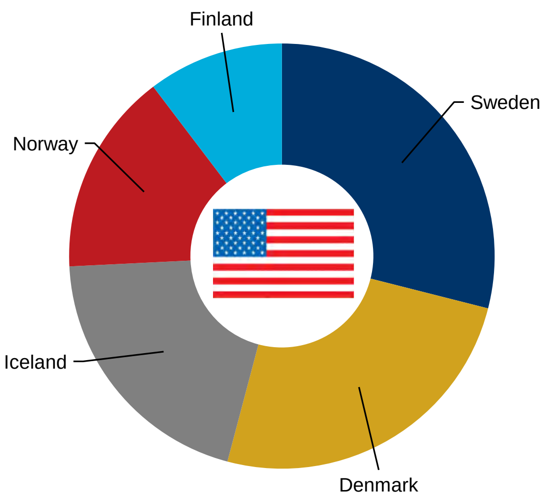
China visitor arrivals to Nordic countries

No. arrivals (000s)

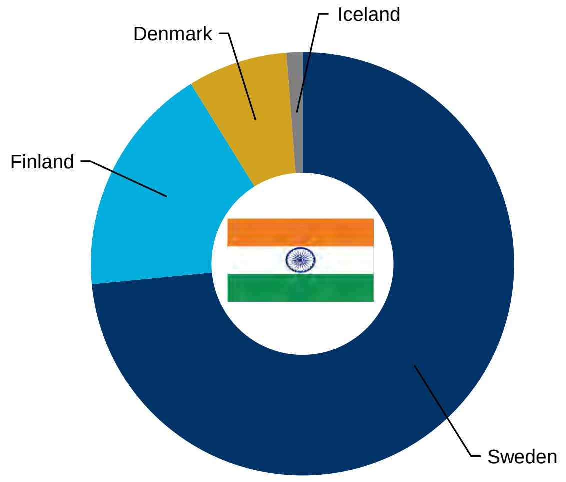


Distribution of Nordic arrivals by source market

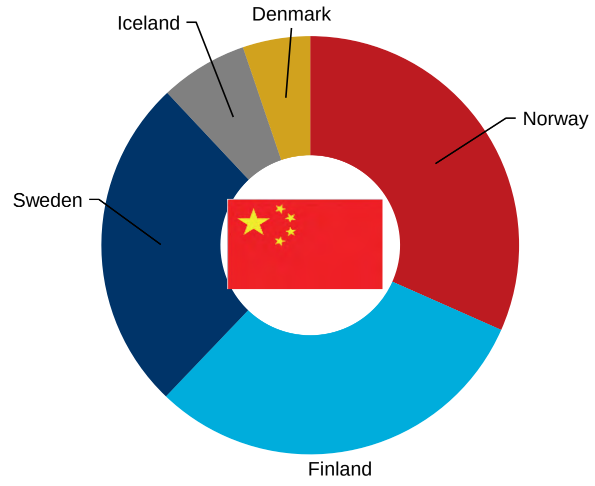
US: Arrivals to Nordic countries, 2017



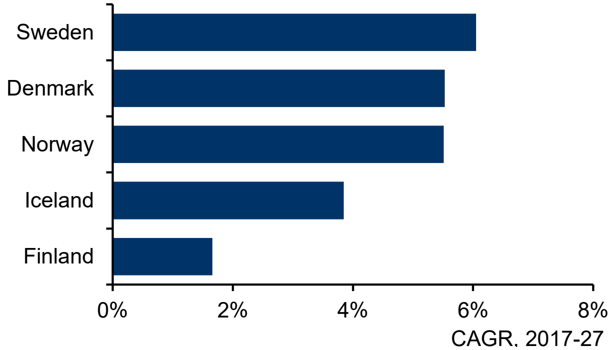
India: Arrivals to Nordic countries, 2017



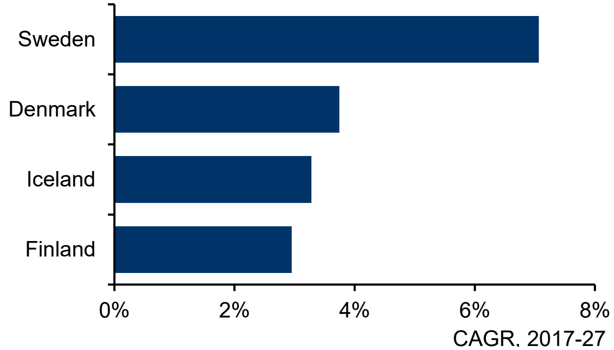
China: Arrivals to Nordic countries, 2017



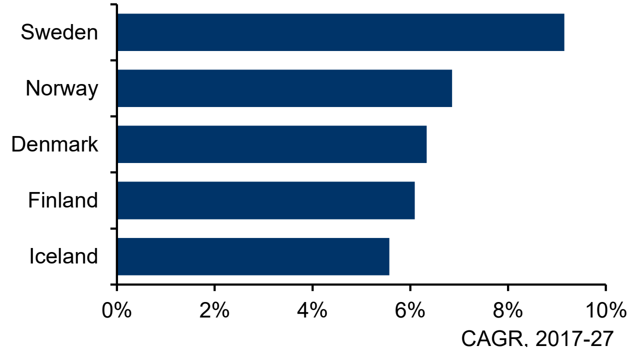
Expected arrivals growth from US
Nordic destinations ranked based on 2017 levels



Expected arrivals growth from India
Nordic destinations ranked based on 2017 levels



Expected arrivals growth from China
Nordic destinations ranked based on 2017 levels



Note: Norway does not report arrivals from India.

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Arrivals from major long-haul markets

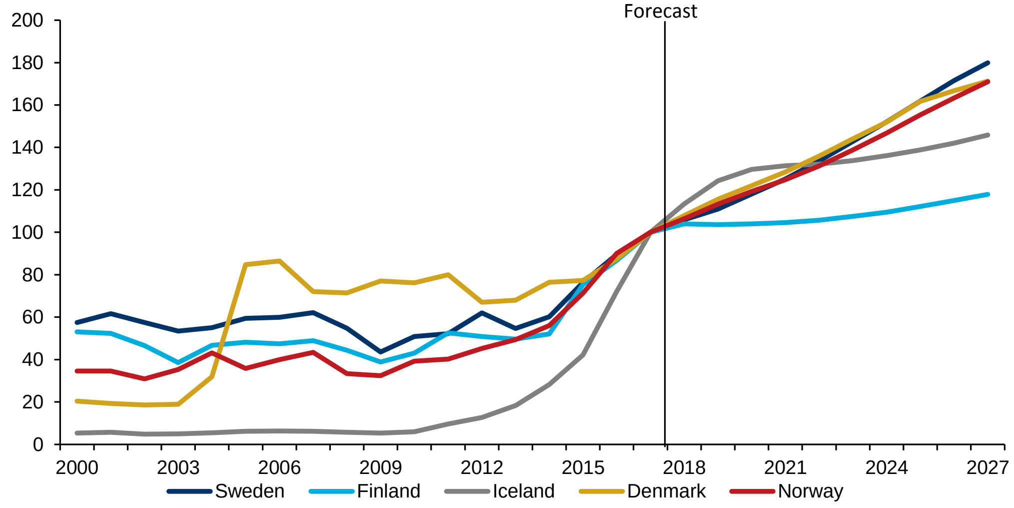
Arrivals growth profiles for each constituent country of the Nordic region from the US, India, and China are broadly aligned over the historical period. There are some broadly comparable trends by destination country and source market but with some variance in the magnitude of movements.

Iceland has enjoyed an explosion in arrivals in recent years, helped by its growing status as a transatlantic hub which has facilitated significant growth from the US. However, Iceland has also experienced spectacular growth from China in recent years. It still only receives a relatively small share of Nordic demand (5% US travel to the region and 2% Chinese travel), but growth is set to moderate from all source markets.

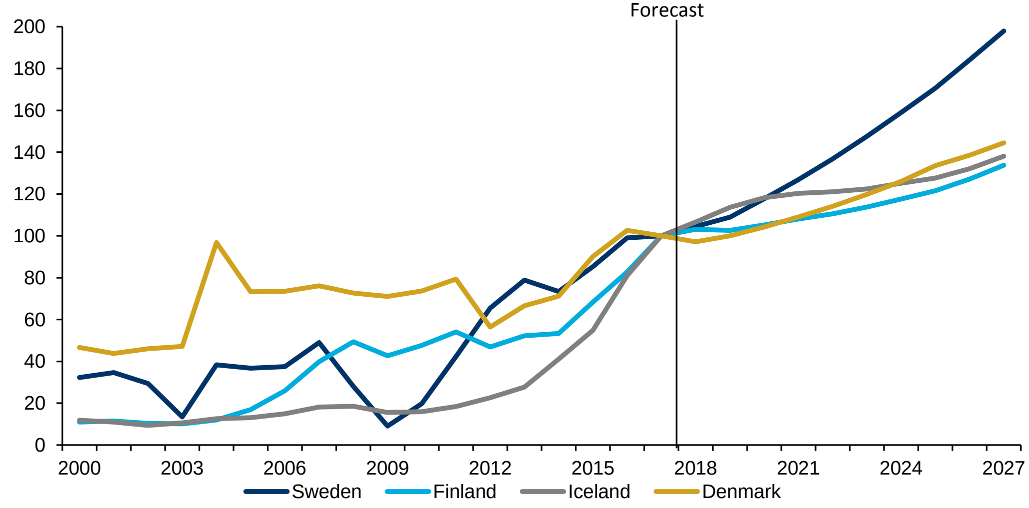
Arrivals to Sweden from these long-haul source markets have been the most sensitive to economic shocks in the historical period, notably in the global financial crisis years. During this period declines in arrivals to Sweden were significantly greater than those felt by other Nordic countries.

The relative proximity of the Nordic countries and their unified visa requirements (as part of the Schengen Area) mean they can largely all be jointly visited by long-haul travellers as part of a single trip. Future arrivals growth outlook, much like their historical trends, are broadly aligned, with Iceland the outlier in some cases.

US: Arrivals to Nordic countries
Index 2017 = 100

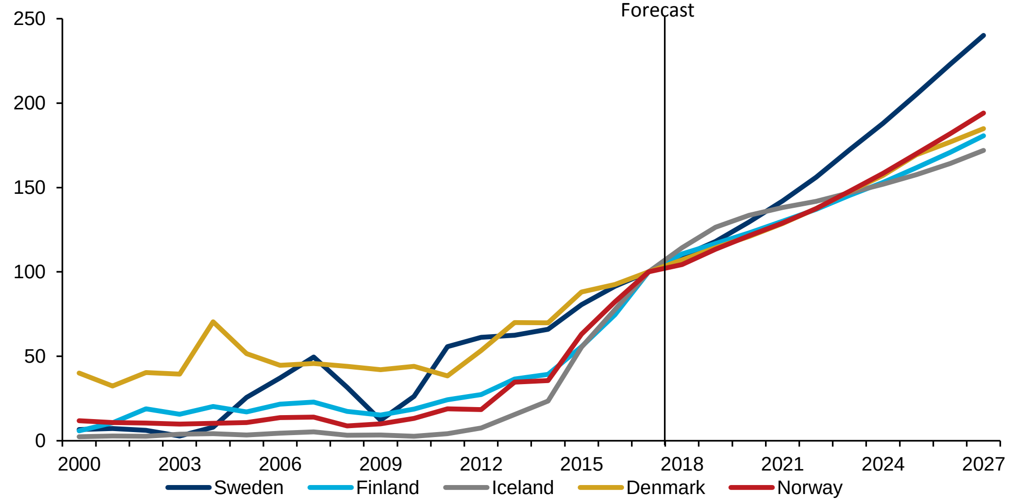


India: Arrivals to Nordic countries
Index 2017 = 100



Note: Norway does not report arrivals from India.

China: Arrivals to Nordic countries
Index 2017 = 100



Nights from major long-haul markets

Overnights from these markets have been growing at a faster pace than arrivals. This means that on average visitors from these long-haul source markets are typically staying in the Nordic region for longer than in the past. This is an economic benefit for the region as longer stays translate into higher spending, GDP contribution, and employment.

Average length of stay in each Nordic country remains relatively low and many visitors from long-haul travel around the region, including on organised tours, visiting multiple destinations within the same trip.

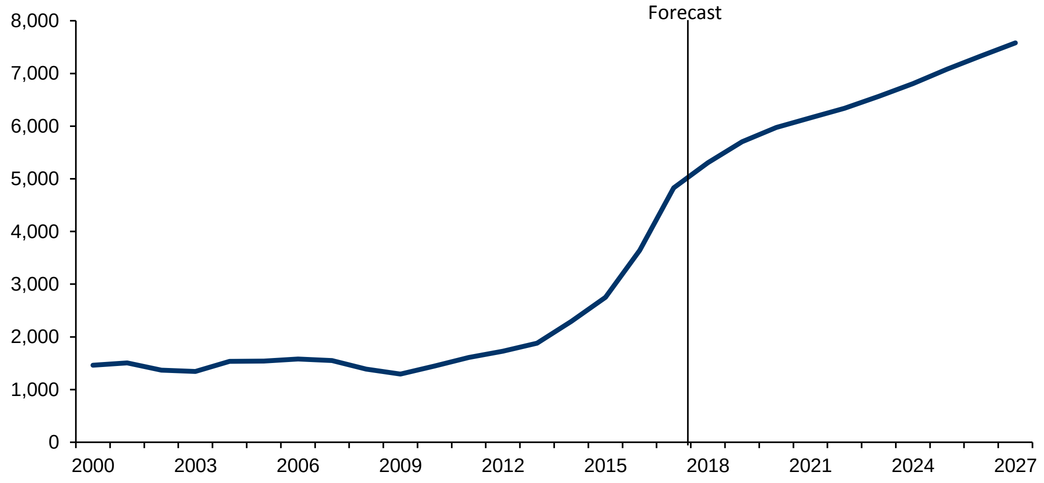
The average length of stay in each country for a visitor from the US in 2000 was 1.2 days and rose to 1.8 days in 2017. In the forecast period this will increase slightly more before falling to 1.6 days by 2027. Overnights growth from the US to the Nordic region is expected to average 3.5% per year over the 2017-27 period.

In 2000 the average length of a trip to each Nordic country from India and China was similar but by 2017 this has risen to 1.3 days from India and to 2.2 days from China. This faster rate of growth from China may be tied to its higher wealth per capita versus India, which facilitates longer trips abroad. Overnights growth from India and China are expected to grow by an average rate of 5.1% and 6.2% per year respectively over the 2017-27 period.

Average length of stay by market for the region as a whole will likely be higher than the figures described above as multiple destinations may be visited per trip.

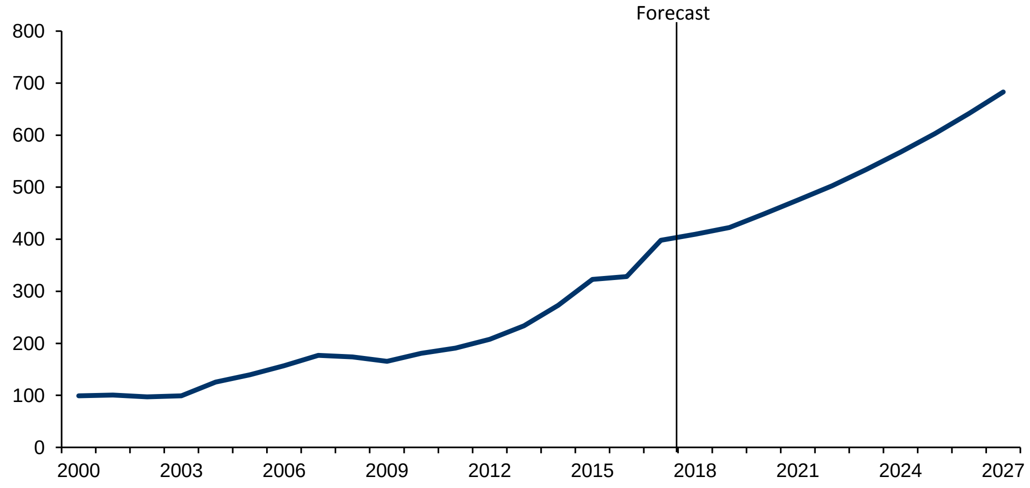
US: Nights to Nordic countries

No. of nights (000s)



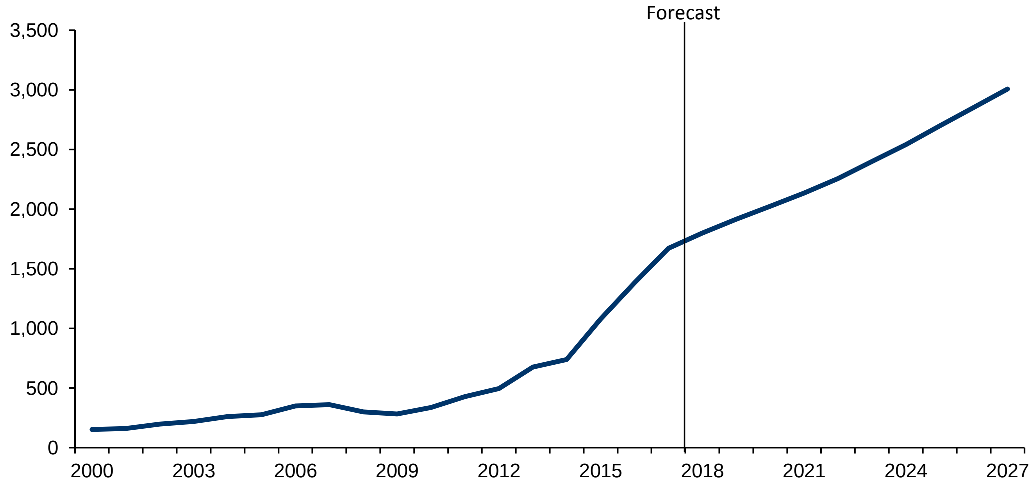
India: Nights to Nordic countries

No. nights (000s)



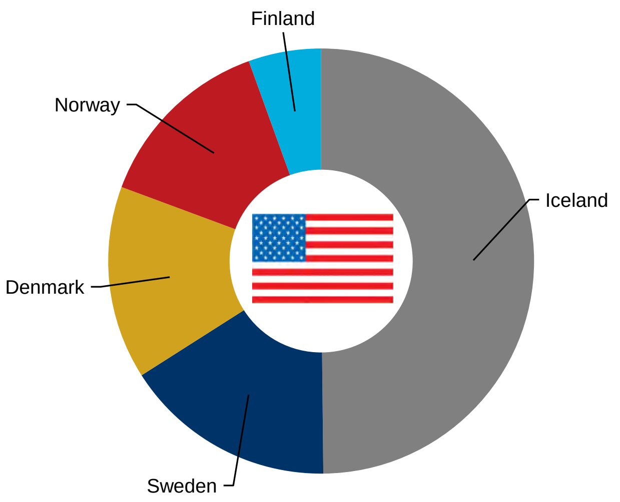
China: Nights to Nordic countries

No. nights (000s)

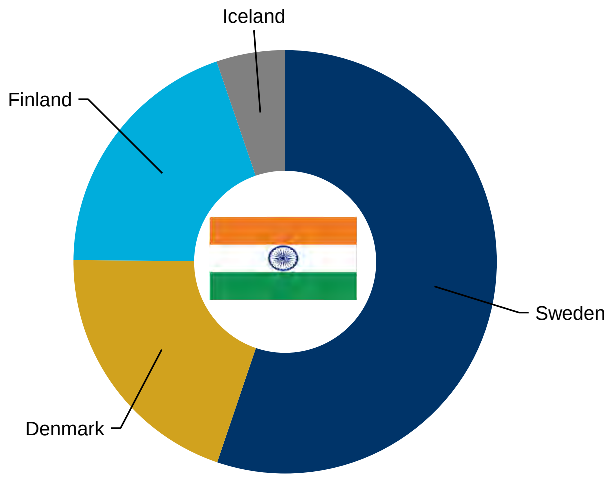


Distribution of Nordic overnights by source market

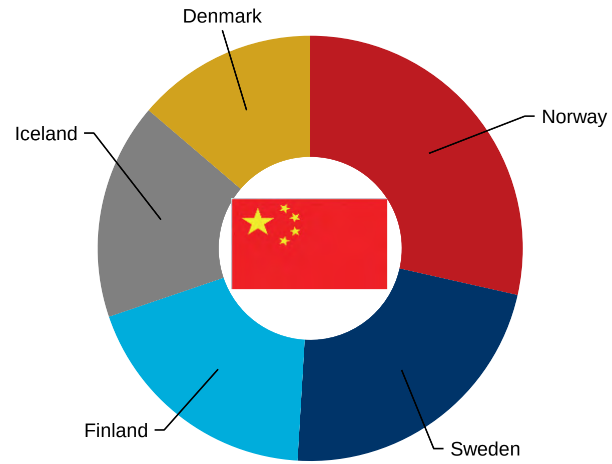
US: Nights to Nordic countries, 2017



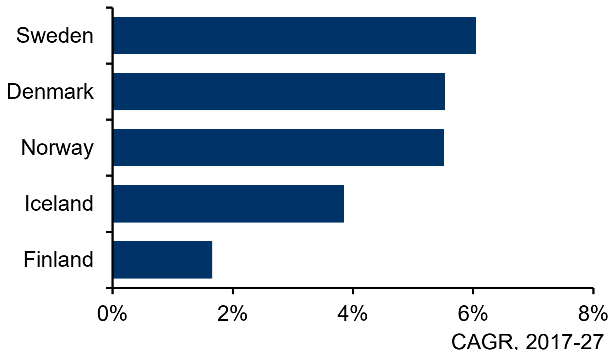
India: Nights to Nordic countries, 2017



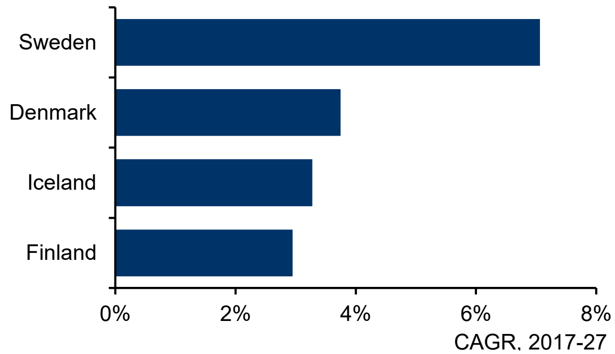
China: Nights to Nordic countries, 2017



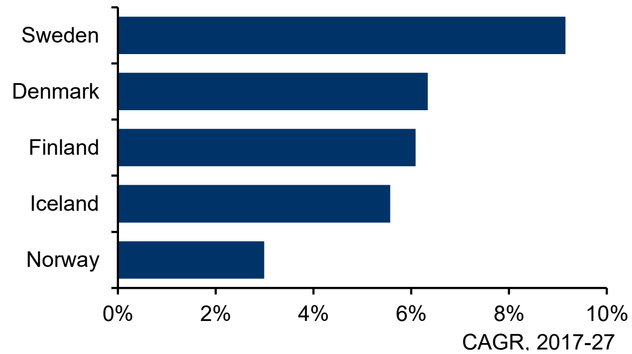
Expected nights growth from US
Nordic destinations ranked based on 2017 levels



Expected nights growth from India
Nordic destinations ranked based on 2017 levels



Expected nights growth from China
Nordic destinations ranked based on 2017 levels



Note: Norway does not report nights from India.

Nights from major long-haul markets

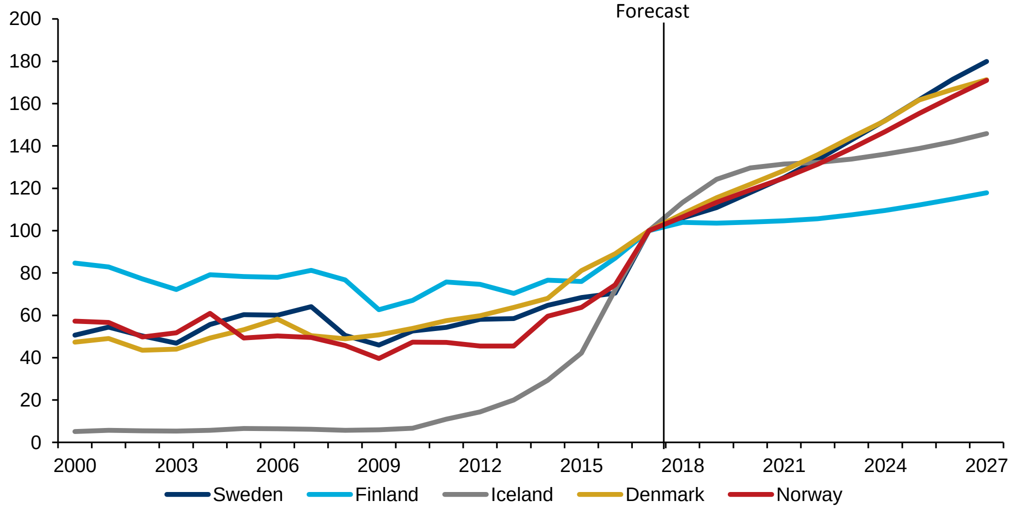
Some more detailed data are available for overnights to Nordic destinations than for visits; also notable in city data.

Overnights growth profiles for each constituent country of the Nordic region from the US, India, and China are broadly aligned over the historical period, as in the arrivals data.

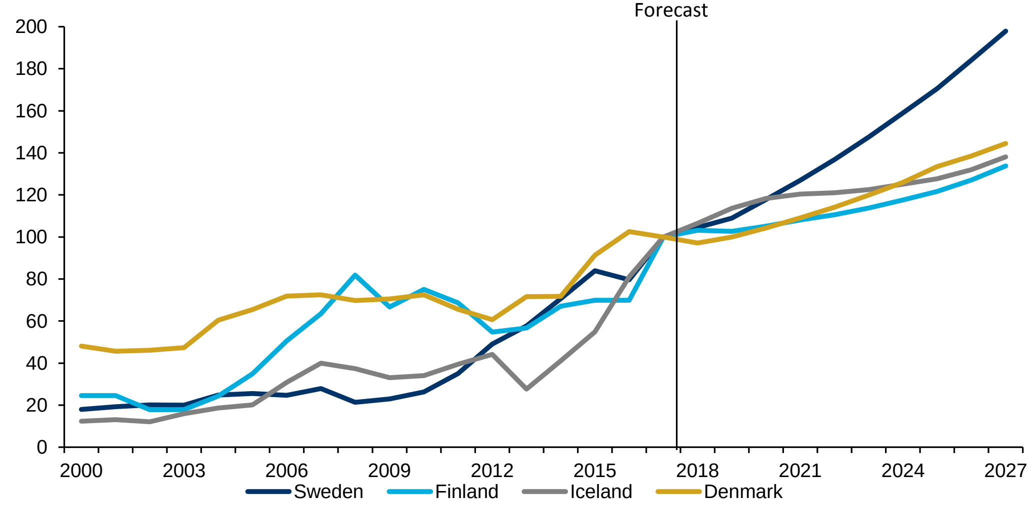
Iceland has enjoyed massive overnights growth in recent years from all selected long-haul source markets, mirroring the strong growth in arrivals. However, growth from India was evident in earlier years than for the other markets, and notably in the years to 2007. More recent data shows that growth in overnights in Iceland from India has been more subdued than the increases from other source markets and also more subdued than Indian growth to other Nordic destinations.

In contrast to its arrivals growth profile, overnights to Sweden from the long-haul source markets are more comparable to the profiles for the other Nordic countries in terms of year-to-year volatility. This also implies some improvement in average length of stay, but it should also be noted that Swedish data for nights and arrivals may not be fully consistent.

US: Nights to Nordic countries
Index 2017 = 100

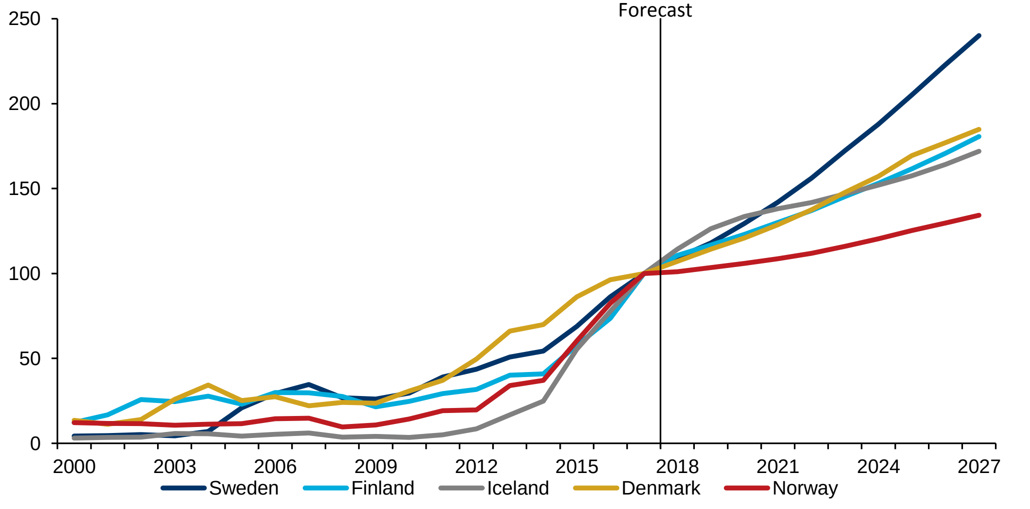


India: Nights to Nordic countries
Index 2017 = 100



Note: Norway does not report nights from India.

China: Nights to Nordic countries
Index 2017 = 100



US forecast

Outbound travel from the United States has grown significantly over the past ten years, and notably over the past five years, helped by the relative strength of the dollar which has improved the affordability of outbound travel. While the strength of the dollar is waning, sizeable growth is still expected with all Nordic destinations benefitting.

Sweden had the greatest number of arrivals from the US in 2007 and 2017, and is expected to remain the most popular Nordic country for US visitors in 2027 in terms of footfall.

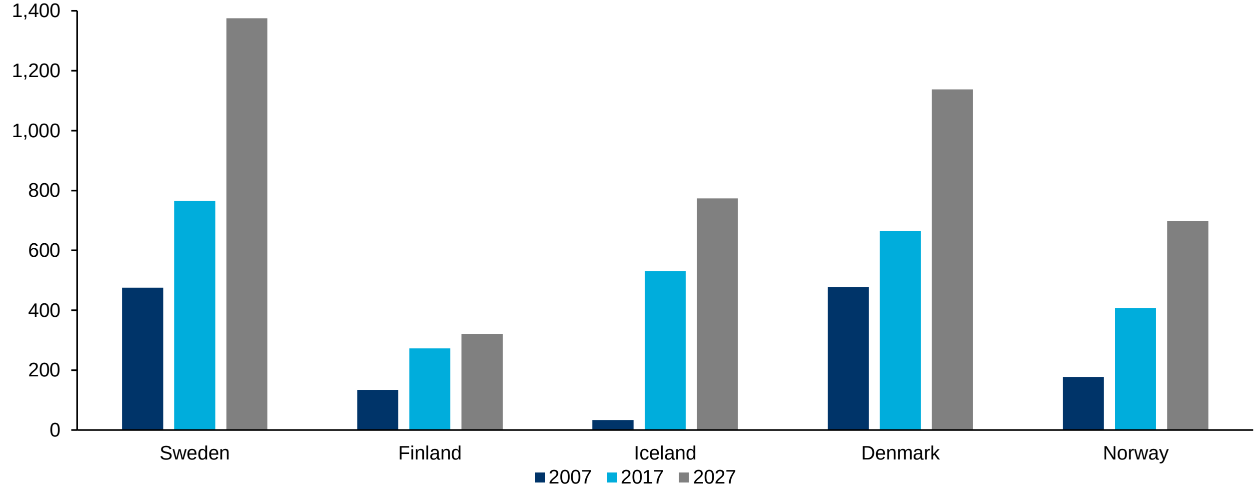
However, rapid growth in travel to Iceland means that by 2017 Iceland was the most popular overnights destinations with 3 times as many US overnights as Sweden, the next most popular overnight destination in the Nordic region. By 2027, Iceland is expected to remain the most popular overnights destination in the region, boasting more than twice the number of overnights than Sweden, the next most popular.

Average length of stay is much higher for US travellers to Iceland than for any of the other Nordic destinations. This may be due to more independent visits rather than as part of a multi-destination trip.

New York is the a top source market city for European destinations and also for Nordics. Los Angeles is the next largest city market, despite the longer flight distance involved. Houston and Chicago are among the top five source markets for travel to long-haul destinations, Europe and the Nordics.

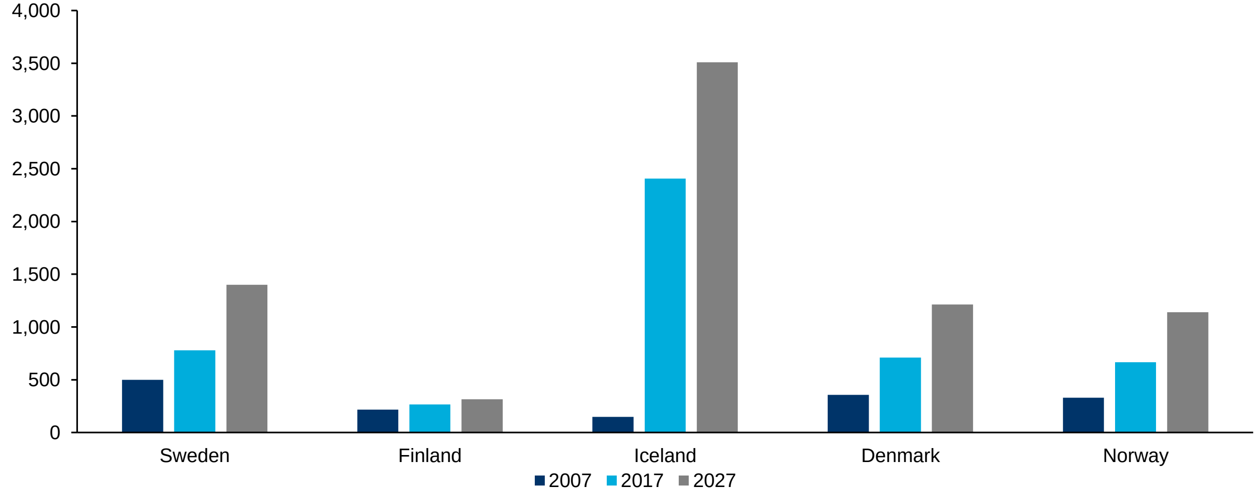
US: Arrivals to top Nordic countries, 2007-2027

No. arrivals (000s)



US: Nights to top Nordic countries, 2007-2027

No. nights (000s)



India forecast

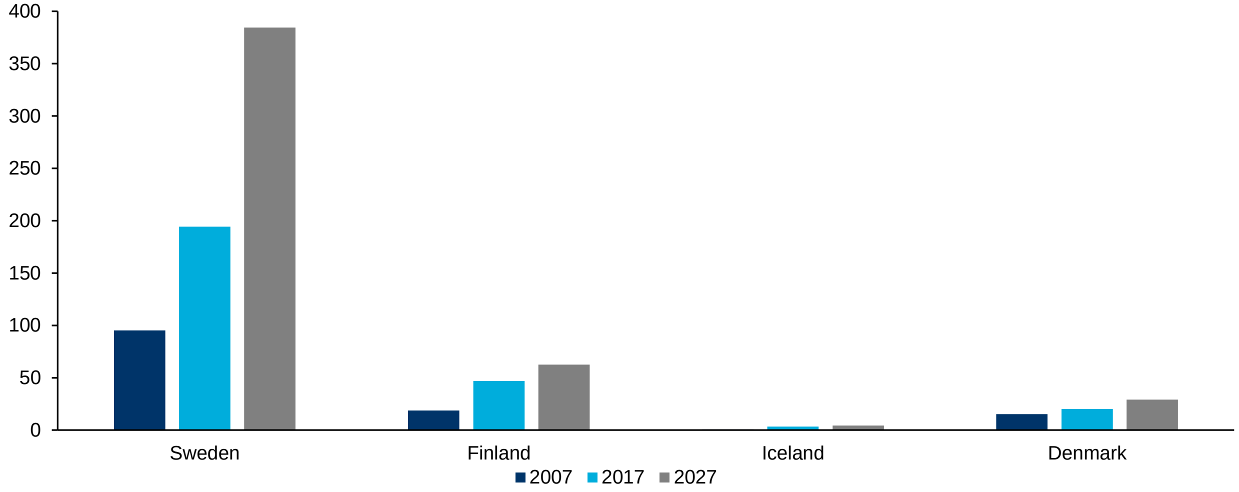
India's outbound travel is set to continue to grow in line with economic expansion. It is one of the fastest growing large economies (with the fastest GDP growth among BRICs), and it is becoming an increasingly important source market for many destinations including the Nordic countries.

Sweden received the greatest number of arrivals from India in 2007 and 2017, and is expected to remain the most popular Nordic country for Indian visits in 2027. This is also true of overnights, which also imply a low average length of stay. However, the short stays do not appear to be related to trips involving mutliple Nordic destinations as travel is highly concentrated in Sweden.

Delhi, Bangalore and Mumbai are the top city source markets. Source market patterns are comparable to the rest of Europe.

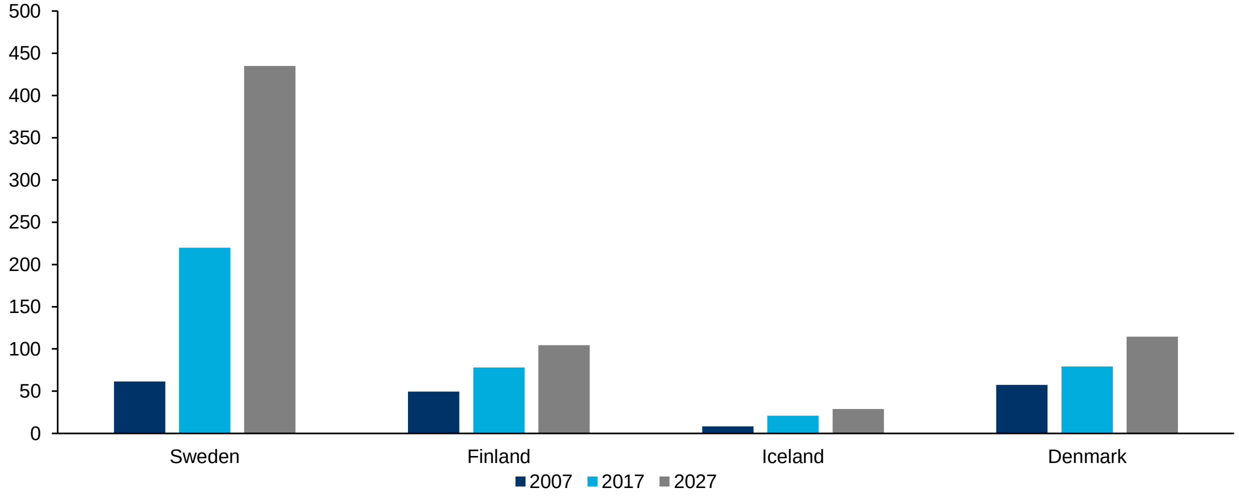
India: Arrivals to top Nordic countries, 2007-2027

No. arrivals (000s)



India: Nights to top Nordic countries, 2007-2027

No. nights (000s)



China forecast

Chinese outbound travel is set to continue to grow in line with economic expansion and the rapid growth of China's middle class. Some growth in Chinese travel demand to Europe is expected and will be aided by ever-improving air links.

Sweden was the most popular Chinese arrivals destination in the Nordic region in 2007, but in 2017 was overtaken by Finland and Norway, in terms of visits. By 2027, Sweden is expected to reclaim its position as the most visited Nordic country by Chinese tourists.

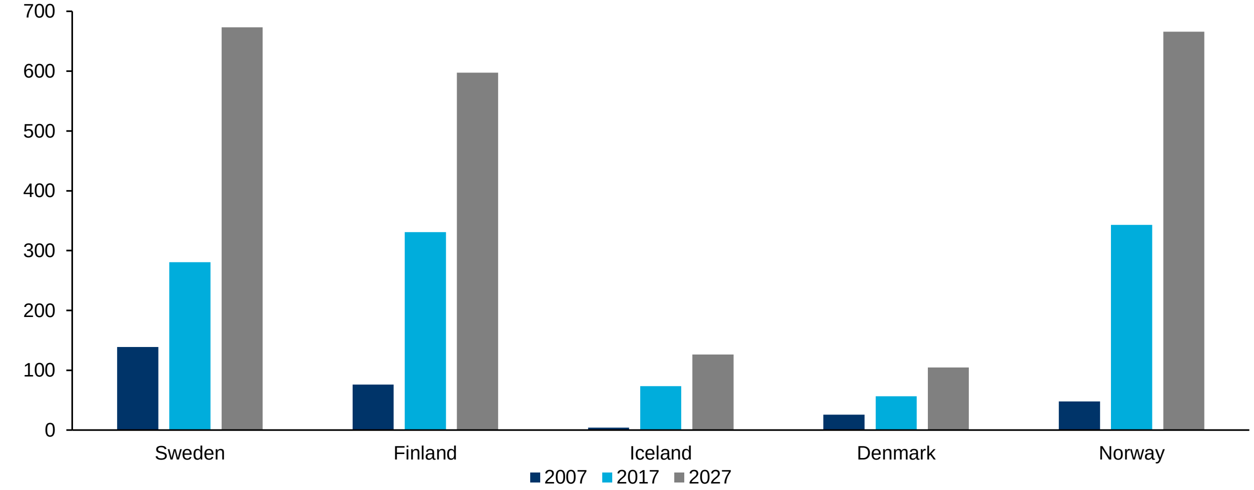
The trend in overnights broadly follows this pattern, but with some differences due to patterns in typical length of stay. Norway has also overtaken Sweden in terms of overnights in 2017, while Finland remains the third largest destination in terms of overnights.

Lower length of stay in Finland may be due to its growing status as a significant European air traffic hub. This is particularly emphasised by the large route selection between Helsinki and Asia: in 2016 Helsinki offered 25 weekly flights to destinations in China, whereas Copenhagen offered 14 and Stockholm nine. There are clear opportunities to increase overnights, and the associated economic benefit, by encouraging long-haul visitors to spend longer within the country.

Shanghai is the largest city source market for travel to long-haul destinations, Europe and the Nordics. Hong Kong and Beijing are also a very important markets, while Guangzhou and Tianjin are also among the top ten source markets.

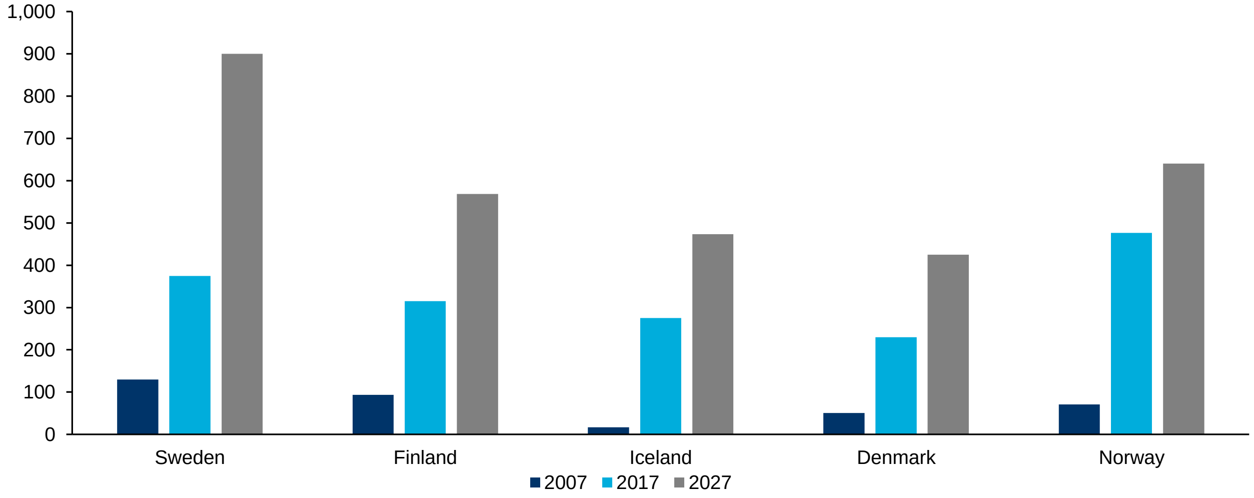
China: Arrivals to top Nordic countries, 2007-2027

No. arrivals (000s)



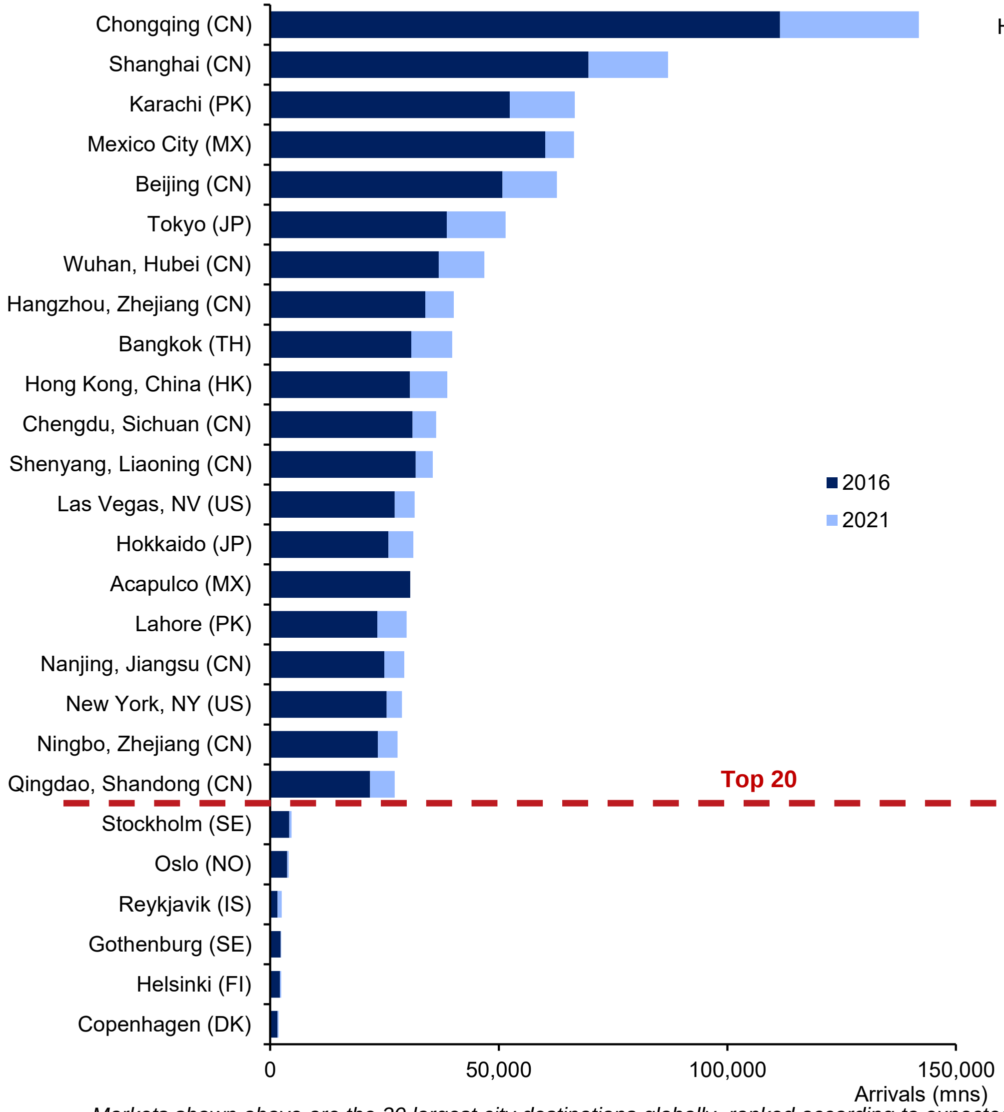
China: Nights to top Nordic countries, 2007-2027

No. nights (000s)

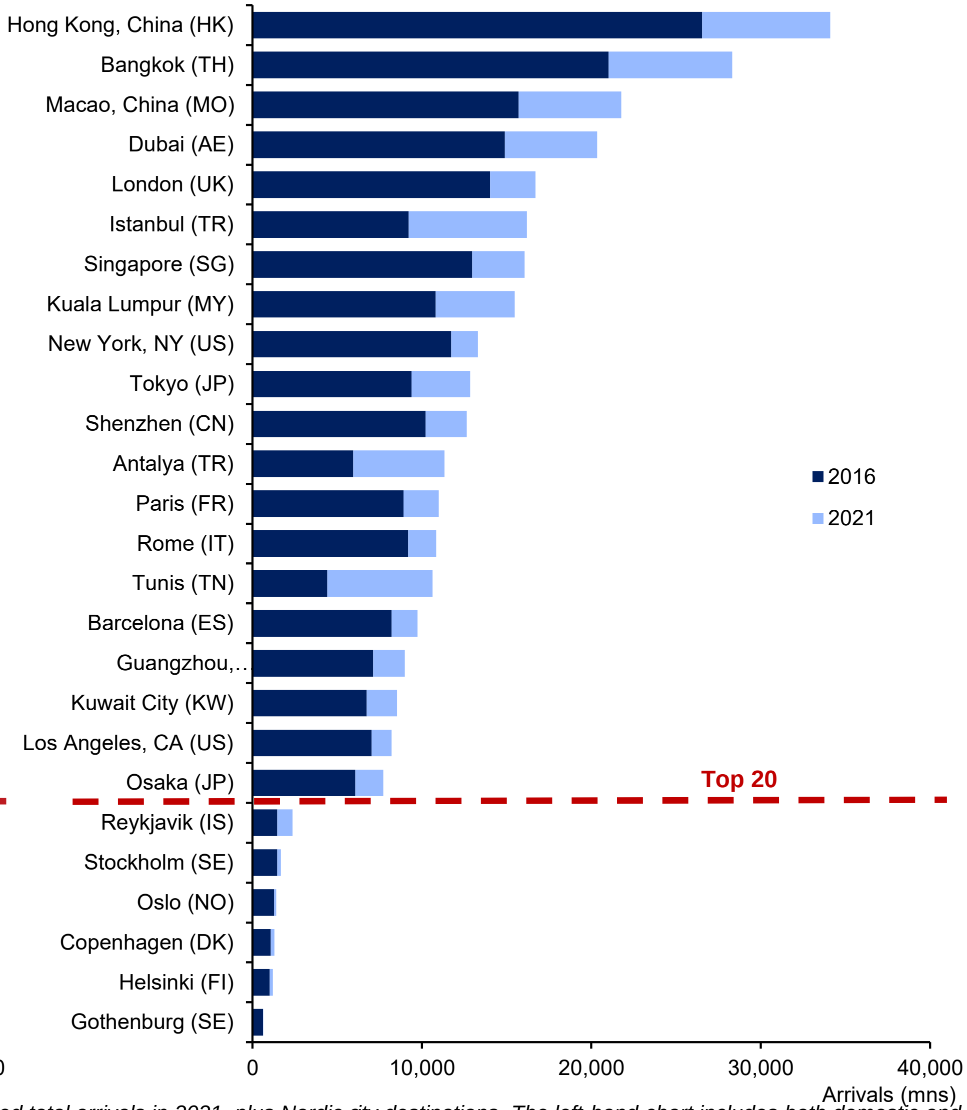


Top Global city destinations, 2016 vs 2021

Global cities: total domestic and inbound arrivals
Top markets and Nordic cities, 2021



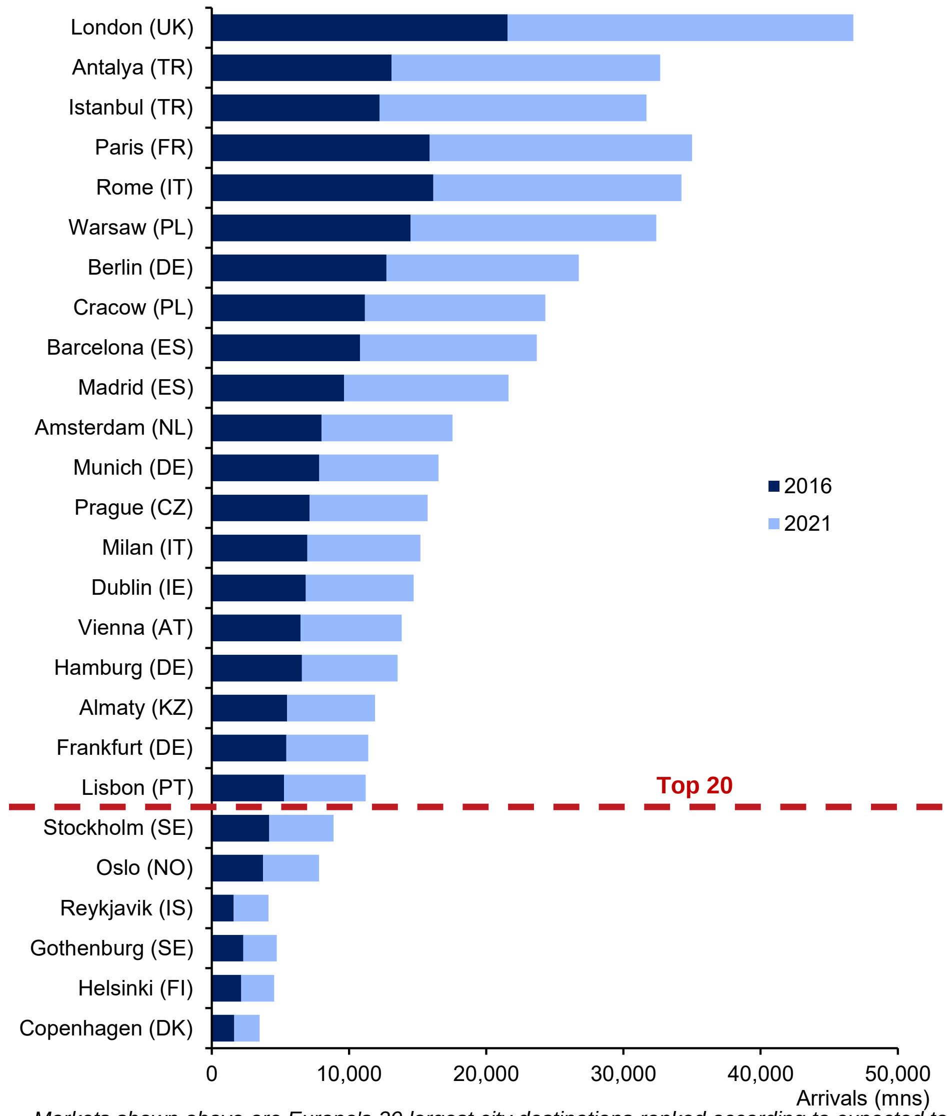
Global cities: international arrivals
Top markets and Nordic cities, 2021



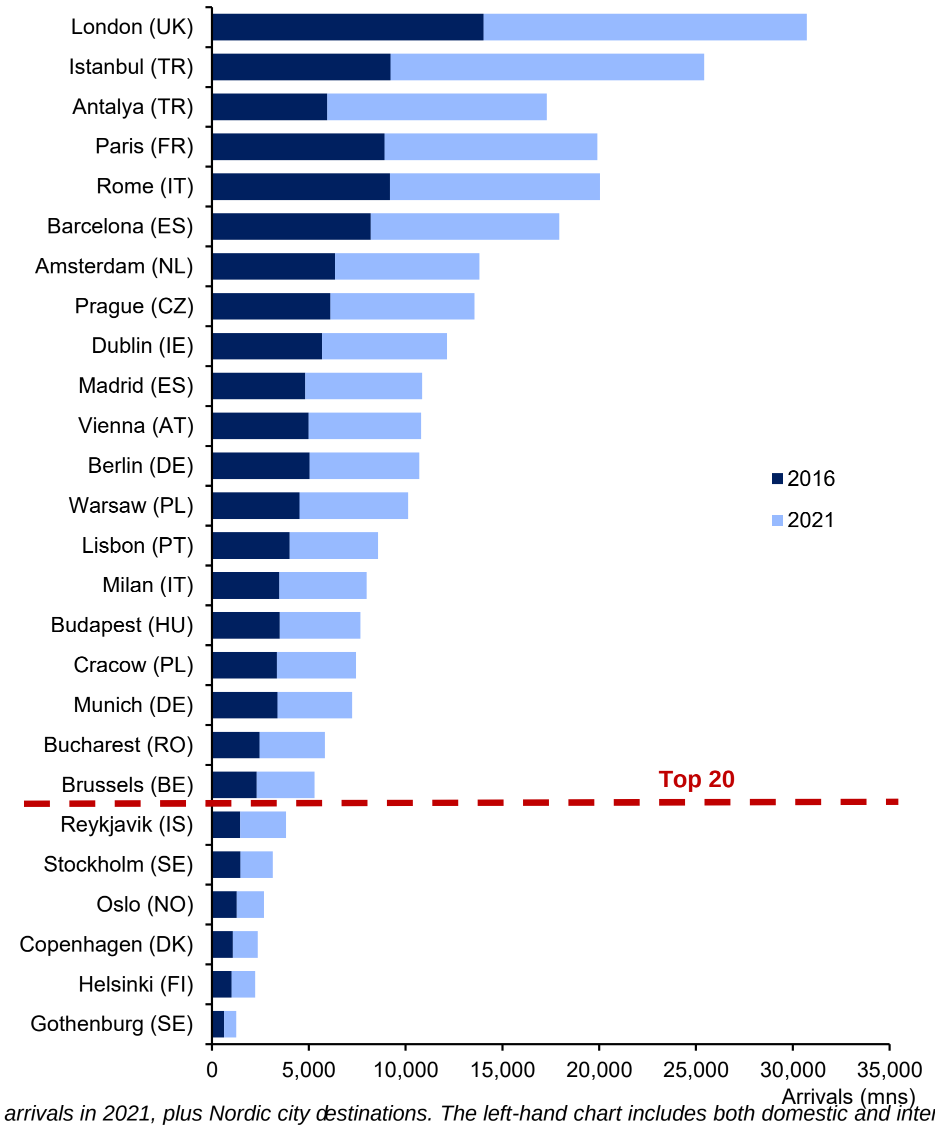
Markets shown above are the 20 largest city destinations globally, ranked according to expected total arrivals in 2021, plus Nordic city destinations. The left-hand chart includes both domestic and international arrivals. The right-hand chart shows international arrivals only. Both charts show each city destination's size in 2021 as well as its size in 2016. The red dashed line separates Nordic destinations from top markets as Nordic destinations fall outside the top 20.

Top European city destinations, 2016 vs 2021

European cities: total domestic and inbound arrivals
Top markets and Nordic cities, 2021



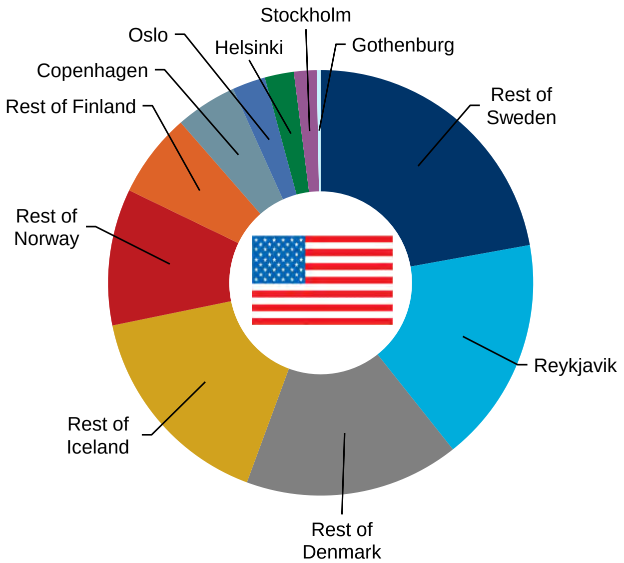
European cities: international arrivals
Top markets and Nordic cities, 2021



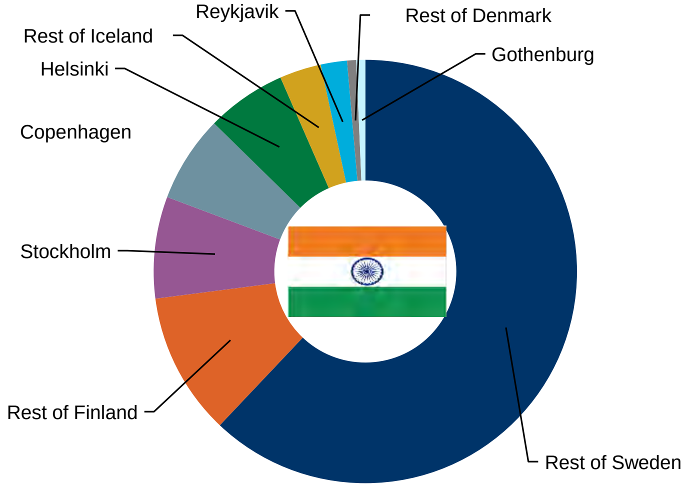
Markets shown above are Europe's 20 largest city destinations ranked according to expected total arrivals in 2021, plus Nordic city destinations. The left-hand chart includes both domestic and international arrivals. The right-hand chart shows international arrivals only. Both charts show each city destination's size in 2021 as well as its size in 2016. The red dashed line separates Nordic destinations from top markets as Nordic destinations fall outside the top 20.

Top Nordic city destinations from major long-haul markets

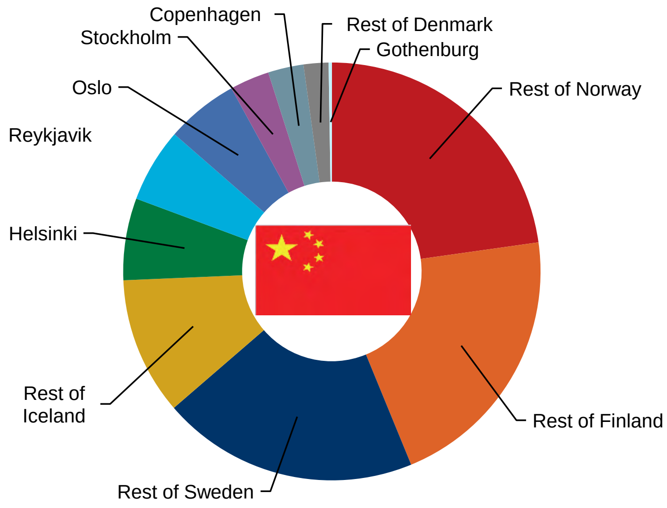
US: Arrivals to Nordic countries, 2017



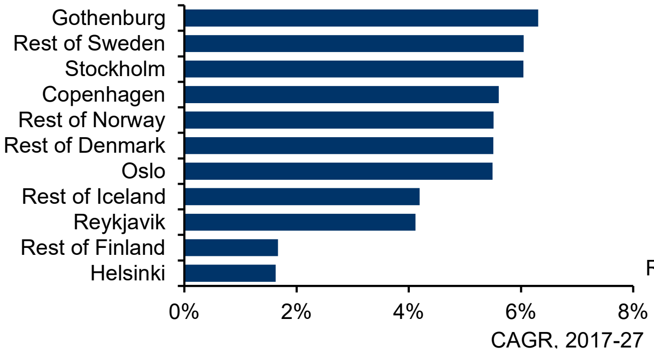
India: Arrivals to Nordic countries, 2017



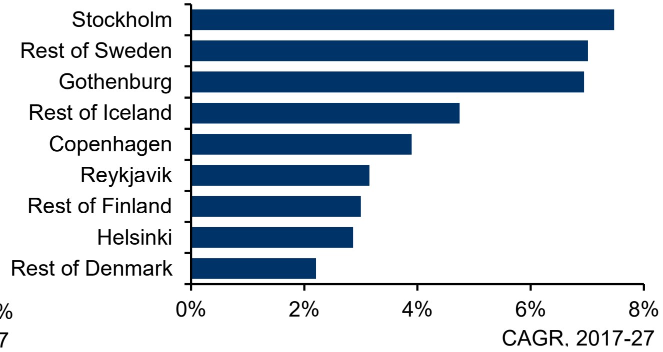
China: Arrivals to Nordic countries, 2017



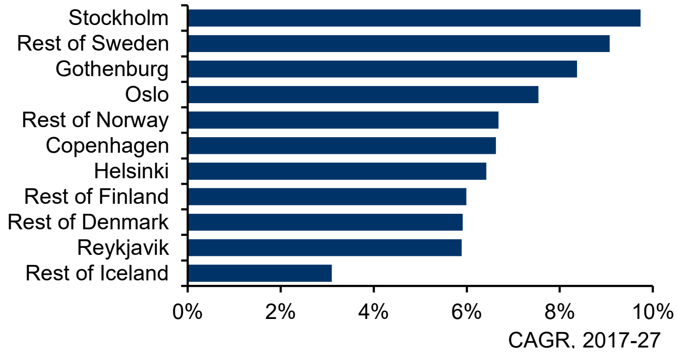
Expected arrivals growth, top Nordic cities from US
City destinations based on 2017 levels



Expected arrivals growth, top Nordic cities from India
City destinations based on 2017 levels



Expected arrivals growth, top Nordic cities from China
City destinations based on 2017 levels



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Top Nordic city destinations from major long-haul markets

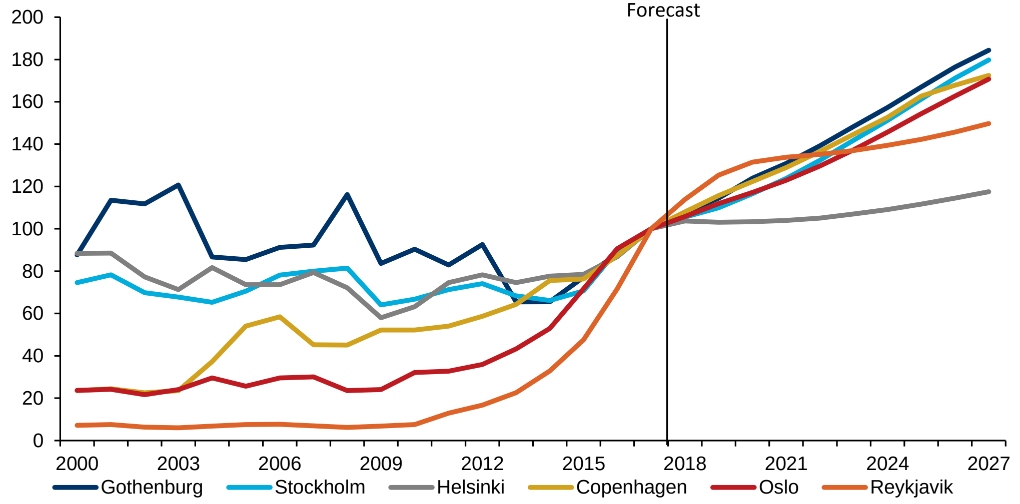
Historic performance by Nordic city destinations in arrivals growth terms followed a similar pattern but varied considerably in terms of magnitude. Broadly speaking the trend observed at the Nordic city level track performance for that Nordic country as a whole, largely due to relatively low number of city destinations within the Nordic region.

Sweden is the only Nordic country for which we have data for more than one city destination: data show some stronger arrivals growth in Gothenburg in earlier years compared to Stockholm. But data also show that Gothenburg was more negatively impacted by the global financial crisis of 2007-08 than Stockholm; this was symptomatic of its smaller and less diverse visitor mix (including fewer business travellers, and less VFR) which proved less resilient to the economic shock of the global financial crisis.

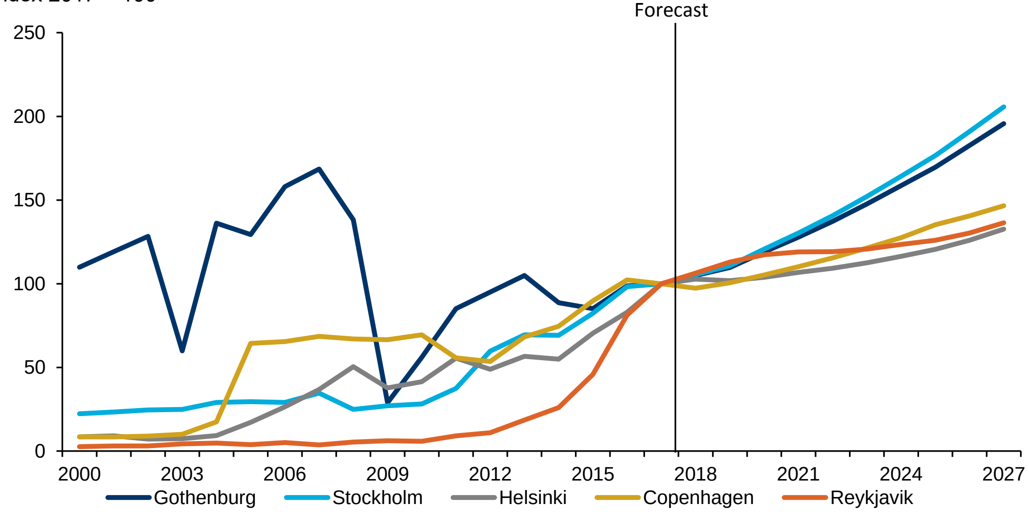
Some large declines in arrivals from China to Gothenburg were notable in 2009, but this followed sizeable growth in 2008 which may be related to Gothenburg hosting the World Figure Skating Championships. With a lower base of Chinese visitors the impact of an event such as the World Figure Skating Championships can be significant in growth terms, but relatively small in volumes terms.

There is large, and growing, demand for travel beyond the capital cities from all long-haul source markets.

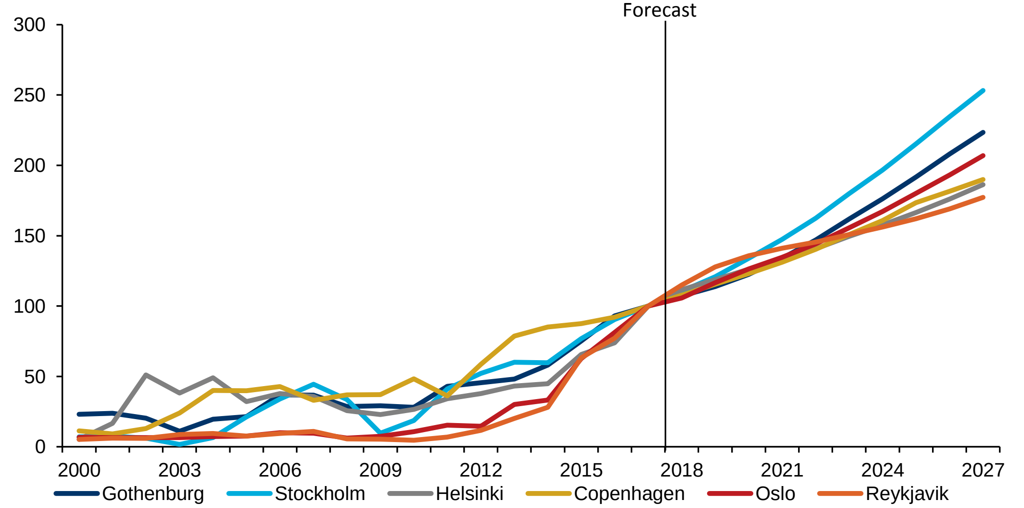
Top Nordic city destinations, arrivals from US
Index 2017 = 100



Top Nordic city destinations, arrivals from India
Index 2017 = 100

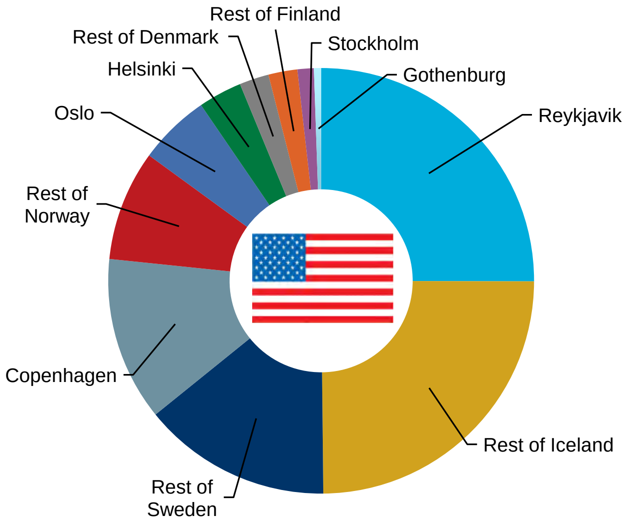


Top Nordic city destinations, arrivals from China
Index 2017 = 100

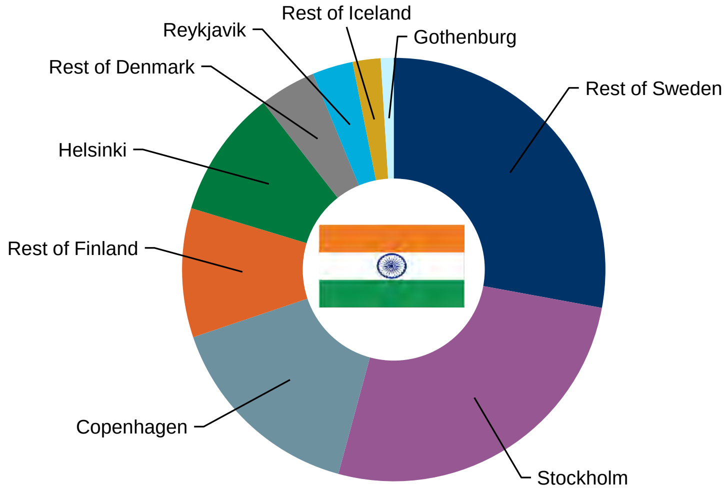


Top Nordic city destinations from major long-haul markets

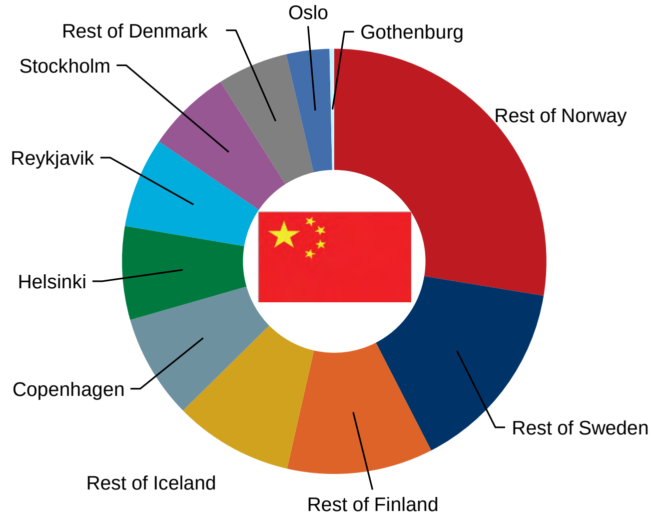
US: Nights to top Nordic cities, 2017



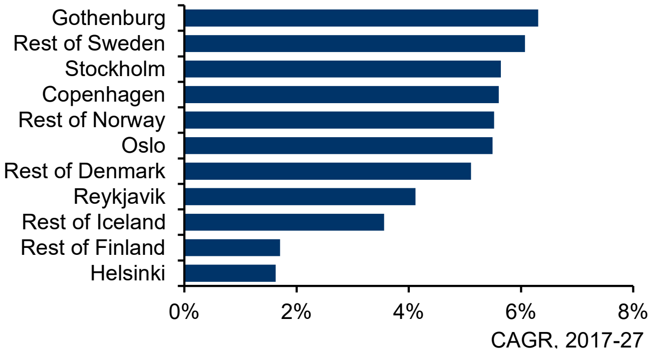
India: Nights to top Nordic cities, 2017



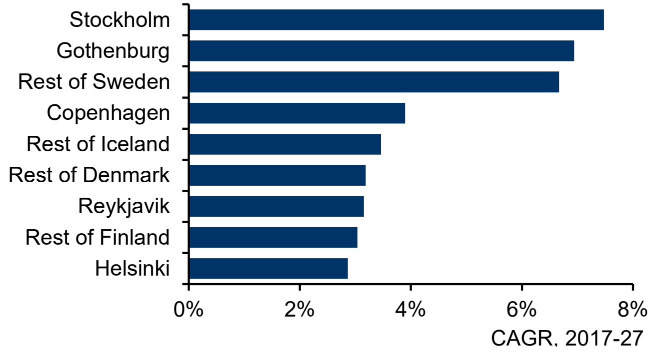
China: Nights to top Nordic cities, 2017



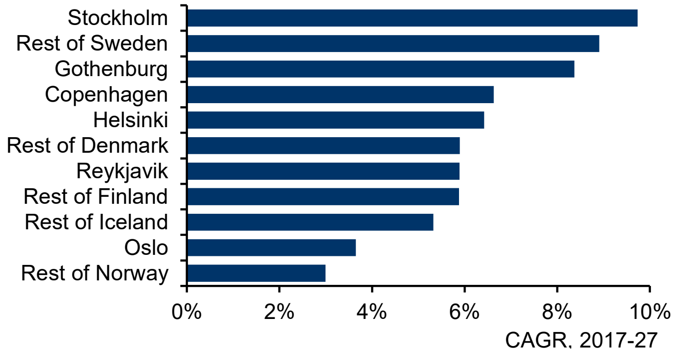
Expected nights growth, top Nordic cities from US
City destinations based on 2017 levels



Expected nights growth, top Nordic cities from India
City destinations based on 2017 levels



Expected nights growth, top Nordic cities from China
City destinations based on 2017 levels



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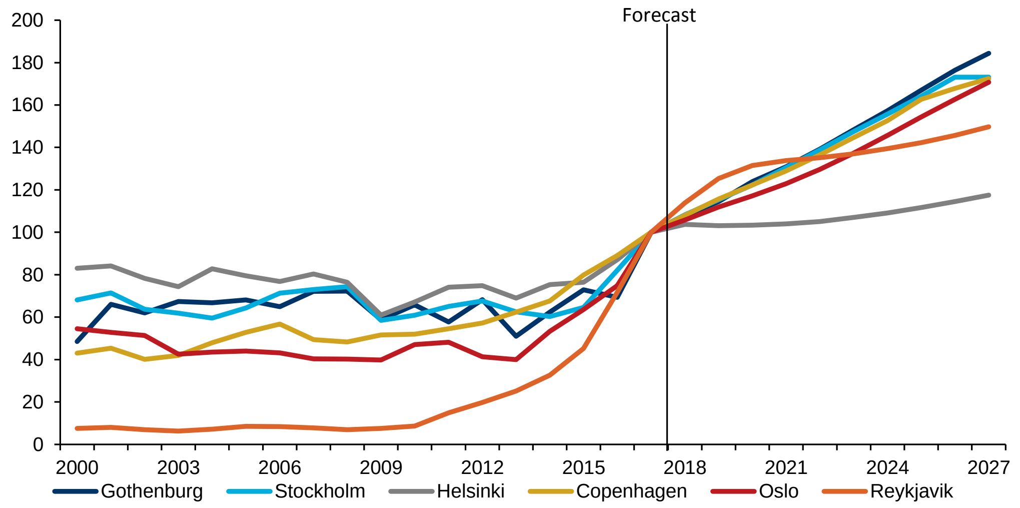
Top Nordic city destinations from major long-haul markets

In terms of overnights to Nordic city destinations from the US, India, and China, patterns are similar to those observed for overnights at the Nordic country level due to a relatively low number of city destinations within the Nordic countries and within the Nordic region as a whole.

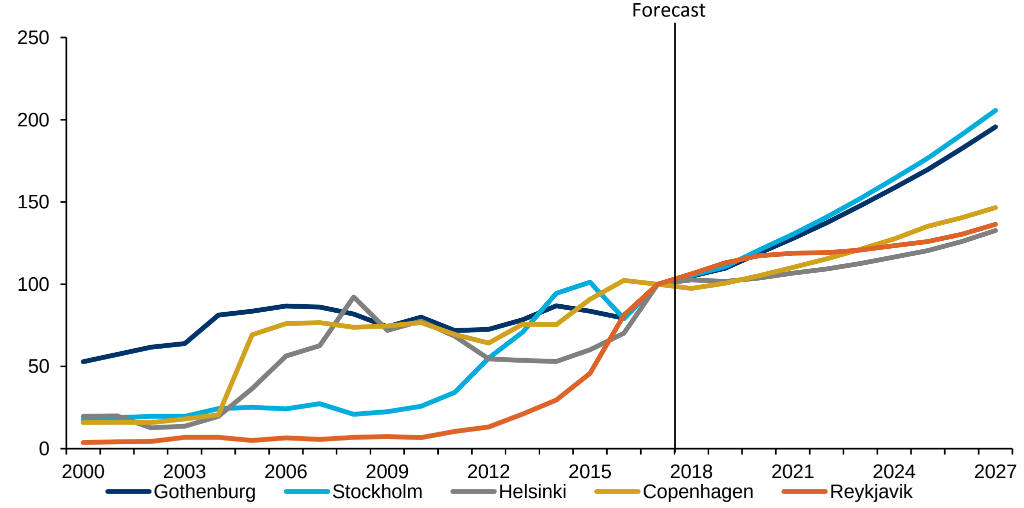
The main capital city destinations are more important when measured in terms of overnights than in terms of arrivals; a higher share of overnights are in these cities than the proportion of arrivals. This implies a higher average length of stay in these cities than in the rest of the country.

Cities are important hubs for travel, and for exploring the rest of the country. The cities shown here are the main gateways for long-haul travellers to enter the city and often provide a base from which travellers then explore the rest of the country. There are large economic benefits for these cities from long-haul travel despite some relatively low reported arrivals figures.

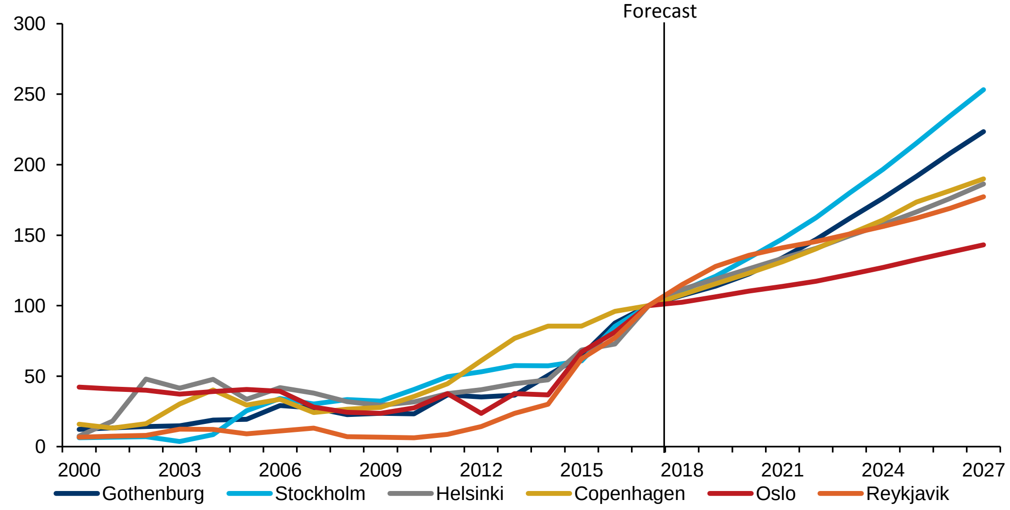
Top Nordic city destinations, Nights from US
Index 2017 = 100



Top Nordic city destinations, nights from India
Index 2017 = 100

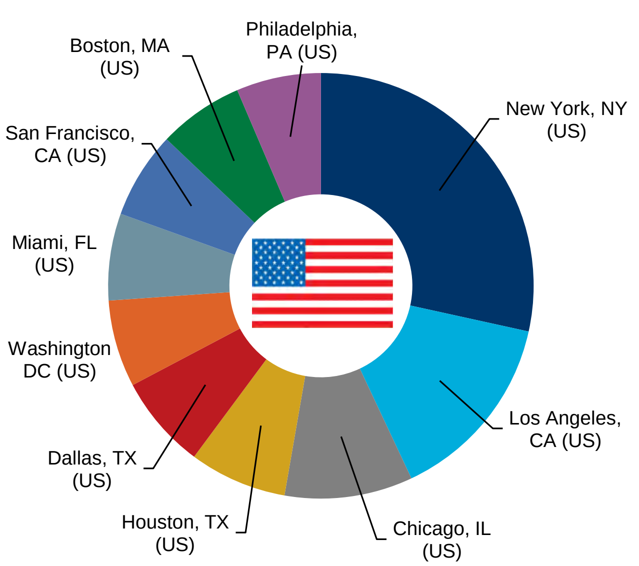


Top Nordic city destinations, nights from China
Index 2017 = 100

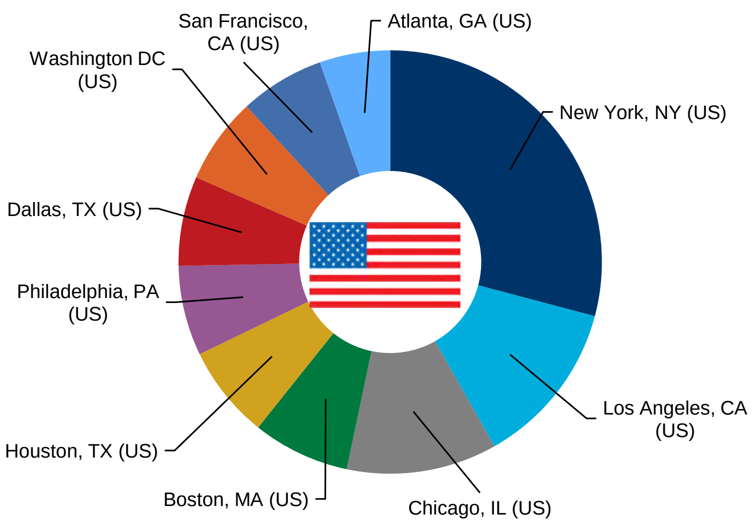


Top US outbound source cities

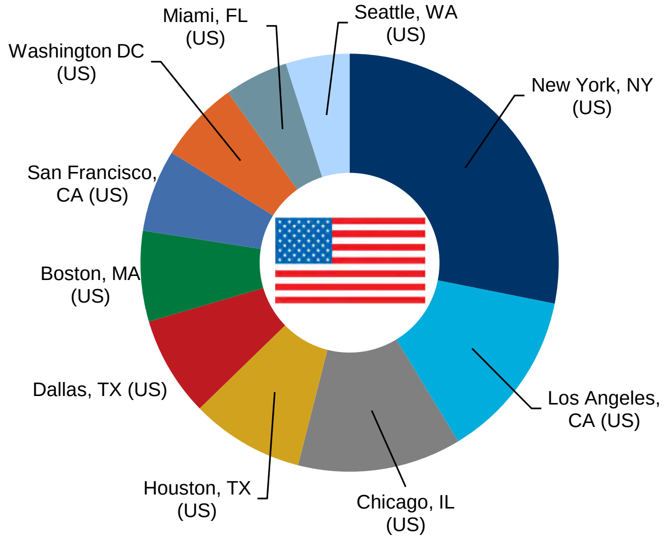
US: Top 10 cities for long-haul travel



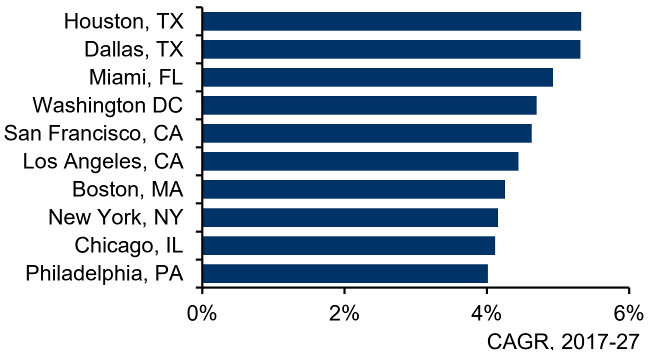
US: Top 10 cities for travel to Europe



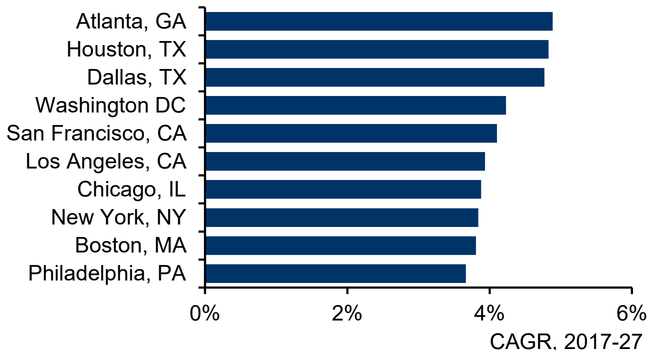
US: Top 10 cities for travel to Nordics



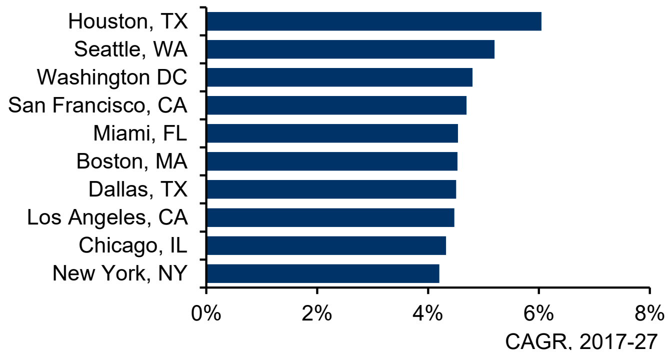
Expected outbound growth for long-haul travel
Based on 2017 levels



Expected outbound growth for travel to Europe
Based on 2017 levels

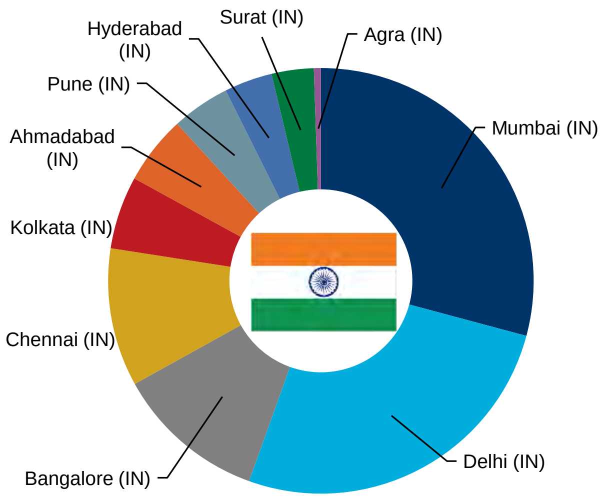


Expected outbound growth for travel to Nordics
Based on 2017 levels

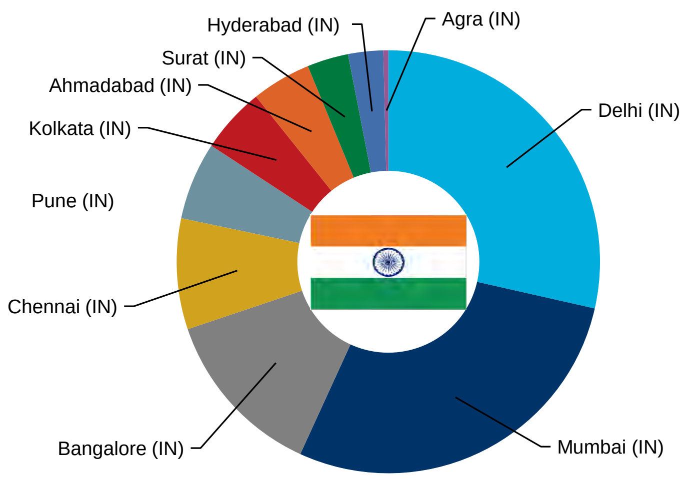


Top Indian outbound source cities

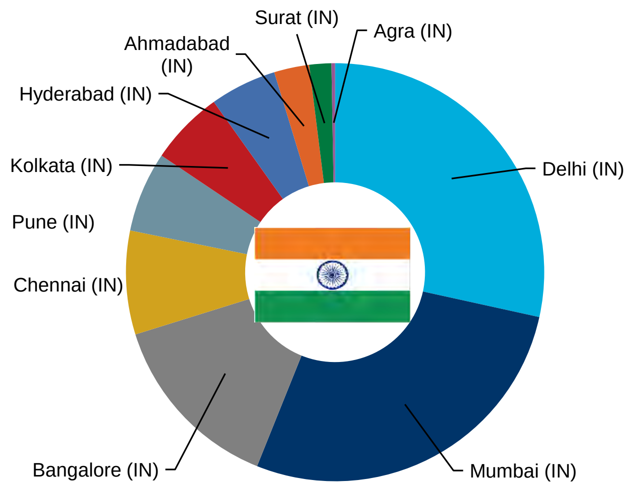
India: Top 10 cities for long-haul travel



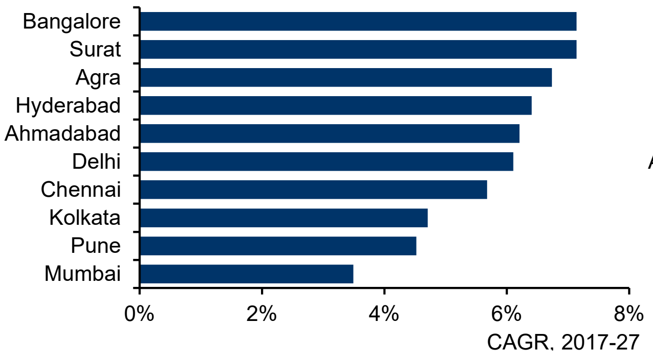
India: Top 10 cities for travel to Europe



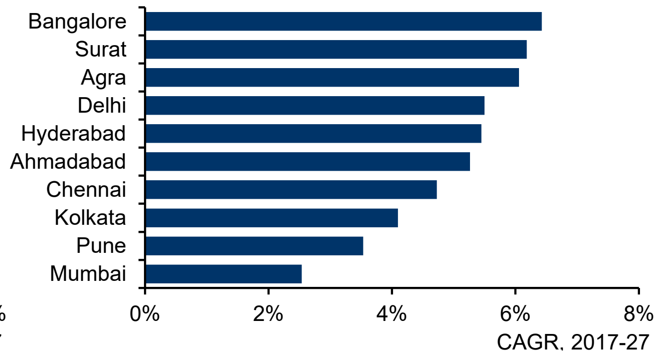
India: Top 10 cities for travel to Nordics



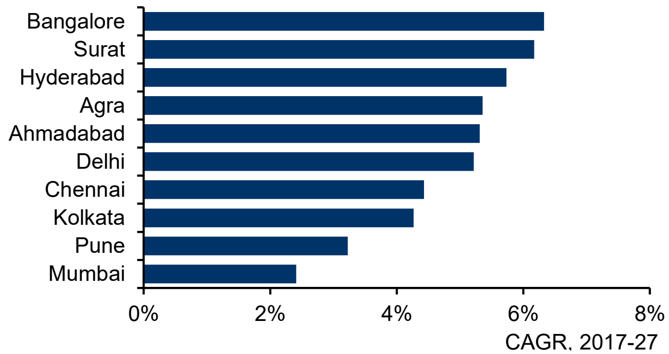
Expected outbound growth for long-haul travel
Based on 2017 levels



Expected outbound growth for travel to Europe
Based on 2017 levels



Expected outbound growth for travel to Nordics
Based on 2017 levels



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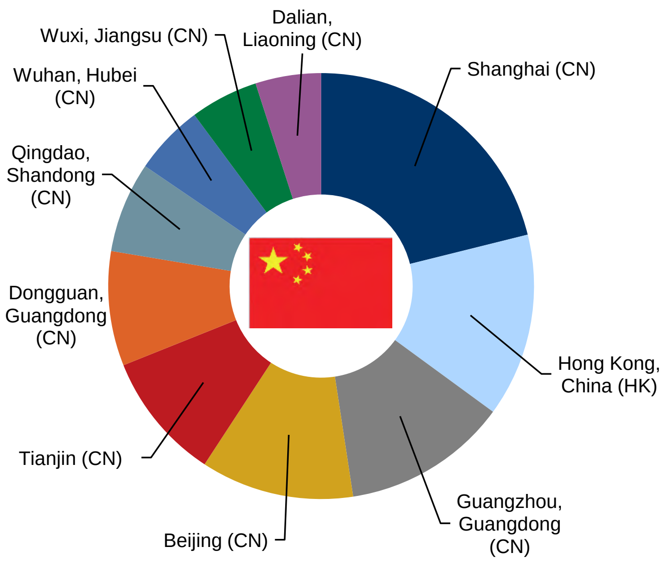
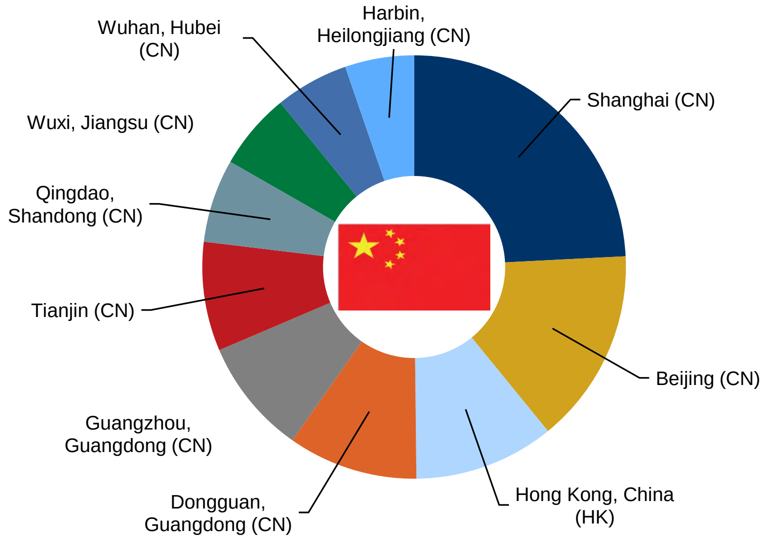
Top Chinese outbound source cities

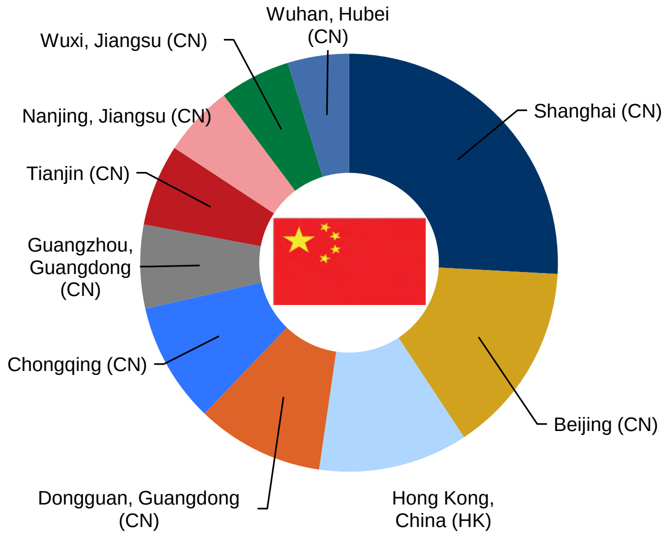
China: Top 10 cities for long-haul travel



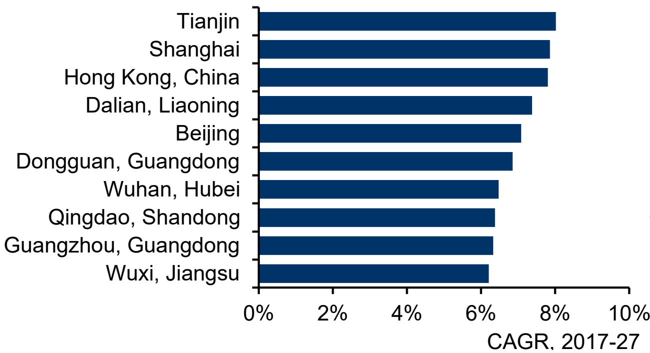
China: Top 10 cities for travel to Europe



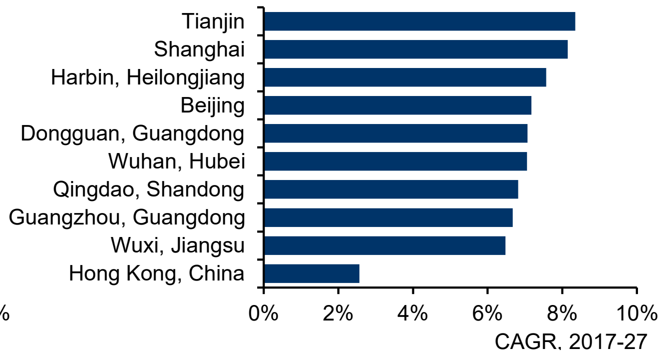
China: Top 10 cities for travel to Nordics



Expected outbound growth for long-haul travel
Based on 2017 levels



Expected outbound growth for travel to Europe
Based on 2017 levels



Expected outbound growth for travel to Nordics
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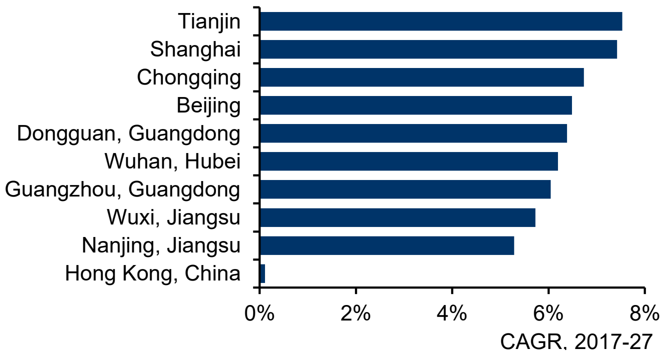

About Us

Tourism Economics

Tourism Economics is an Oxford Economics company with a singular focus on quantitative analysis of the travel industry. By combining rigorous modeling with industry knowledge, Tourism Economics develops custom market strategies, industry forecasts, policy analysis and economic impact studies. Our parent company, Oxford Economics, is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics enjoys a reputation for high quality, quatitative analysis and evidence-based advice.

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Sources used in this document:

All national and regional level data come from Tourism Economics' Global Travel / TDM service, and city level data come from Tourism Economics' Global City Travel service. In both services, tourism statistics are sourced from a variety of national statistical agencies. Specific sources for Nordics destinations are:

Finland: Statistics Finland
Denmark: Visit Denmark & Statistics Denmark
Iceland: Statistics Iceland
Norway: Statistics Norway
Sweden: Statistics Sweden & Swedish Agency for Economic Growth

For non-Nordics destinations (e.g. as in the Global Top Cities and European Top Cities charts), data are sourced from official statistical agencies, where this information is published. Where data are not direclty published, estimates are derived from industry data (lodging and aviation data).

Further details of methodology can be provided upon request.