

Summary:

Expenditures by foreign visitors to Norway in 2007

This study documents the expenditure by foreign visitors to Norway during the winter and summer seasons of 2007. The study deals with visitors who stayed overnight in Norway; who left Norway by air, bus, railway or by car; and where the main purpose of travel was vacation, visiting friends and relatives or other holiday purposes. The consumption expenditure of foreigners on business trips by air to Norway was also analysed.

This report is based on the Foreign Visitor Survey 2007; a representative sample survey carried out by the Institute of Transport Economics. Innovation Norway is the project partner and sponsor of the project. Visitors travelling in a total of 2,074 motor vehicles, plus 846 visitors who left Norway by air, and another 531 visitors departing by rail or by bus, were interviewed during the winter season. Among the respondents 493 persons on business travel were interviewed, and 218 of these business travellers left Norway by air.

Results for the summer season were based on completed questionnaires from 4,473 respondents travelling by car/other road vehicle, and another 4,056 persons who travelled by air. In addition, we received questionnaires from 1,247 travellers by rail or by bus. Most of the respondents were on holiday, including visits with friends and relatives. About 1,050 of the respondents were on business trips. Among the business visitors in the summer survey, 779 persons departed Norway by air.

In most tables, exhibits or commentary text the sample population is limited to holiday travellers, unless specified otherwise (chapter 5), or specifically regarding business travellers by air (sections 3.4 and 4.6). However, there is no study of the consumption expenditures of *day visitors* to Norway, or of foreigners visiting Norway by *tour bus/coach*, included in this report.

The winter season 2007

For all the tourists in the winter sample, all travel modes combined, average consumption expenditure was NOK 920 per guest night (see table A below). In total for the whole trip this amounted to about NOK 5,800 per person on average.

The average consumption expenditure per tourist travelling by car/other motor vehicle was approximately NOK 3,950 during the winter season 2007, corresponding to about NOK 620 per guest night.

Table A: Average expenditure per guest night and for the entire sojourn of foreign holidaymakers in the winter seasons of 2005 and 2007, all travel modes combined.

| Survey year | Prepaid expenses | | Paid in Norway | | Total expenditure per day | | (n) |
|-------------------------------|------------------|-------|----------------|-------|---------------------------|-------|-----------|
| | 2005 | 2007 | 2005 | 2007 | 2005 | 2007 | |
| Per guest night | 430 | 410 | 370 | 510 | 800 | 920 | 1580/1816 |
| Total expenditure for sojourn | 2 860 | 2 630 | 2 520 | 3 190 | 5 380 | 5 820 | 1580/1816 |

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Data source: Institute of Transport Economics. Foreign Visitor Surveys 2005 and 2007

The expenditure per guest night for tourists on skiing holidays travelling by car, was somewhat higher than average (NOK 650), while the expenditure of those visiting friends and relatives other holiday trip was lower than average (NOK 500).

Among tourists travelling by car or other motor vehicle, Swedish tourists' expenditures (NOK 460) were lower than e.g. Danish and German tourists' expenditures (about NOK 700). This is mainly due to lower prepaid expenses, since Swedish tourists (usually) do not use ferry when travelling to Norway.

Expenditures vary by the main choice of accommodation. Tourists who stayed in hotels (NOK 5,760), or rented a cottage/cabin (NOK 4,150) spent most money on average for the entire trip. Visitors who used non-commercial accommodation (stayed in their own or a borrowed cottage or stayed with relatives or friends) spent the least; on the average NOK 1,700 on the entire visit.

In our previous study from 2005, we were able to apportion the costs to consumption categories for the portion of expenditures motor vehicle tourists paid while staying in Norway. The results from 2005 have been included in appendix 1 through 3 for the convenience of new readers of this series of reports.

Tourists who travel by air when visiting Norway spend on average more than motor vehicles tourists. While the latter spent about NOK 620 per guest night, the corresponding expenditure of tourists departing Norway by air was approximately NOK 1,600. For the entire sojourn the air-travelling tourists spent on average about NOK 10,300. Both prepaid expenses and expenses paid in Norway were higher for airborne tourists than for motor vehicle tourists.

Business travellers who departed Norway by air reported expenditures of NOK 2,840 per day on average during the winter of 2007. That was about NOK 1,200 more than the tourists on holiday who travelled by air. For the entire stay, the business travellers spent an average of NOK 12,300 per person. As much

as 76 percent was spent during the stay in Norway; the rest was prepaid expenses. Among the business visitors, the meeting/conference/convention visitors spent the most; on average NOK 3,650 per person per guest night.

The summer season 2007

Foreigners on vacation in Norway in the summer season of 2007 spent on average NOK 930 per day. This figure suggests an increase in expenditure since 2005, when the corresponding figure was estimated to be NOK 730. This is also the highest nominal per-night expenditure we have registered since the surveys started in 1995 (NOK 550 back then). In 2007 prepaid expenses were about NOK 400, while NOK 530 was paid during the stay in Norway.

The expenditure per guest night was considerably higher for holidaymakers who travelled to and from Norway by air than for motor vehicle tourists. The former spent more than three times what the motor tourists spent on average (see table B).

Table B: Average expenditure per day of foreign holidaymakers in the summer seasons of 2002, 2005, and 2007, by transport mode at departure and time of payment (NOK)

| Summer season | Prepaid expenses | Paid in Norway | Total expenditure per day |
|---------------------------------|------------------|----------------|---------------------------|
| 2002 Motor vehicle tourists | 160 | 390 | 550 |
| 2005 Motor vehicle tourists | 160 | 350 | 510 |
| 2007 Motor vehicle tourists | 140 | 420 | 560 |
| 2002 Tourists travelling by air | 550 | 780 | 1330 |
| 2007 Tourists travelling by air | 830 | 700 | 1530 |

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Data source: Institute of Transport Economics. Foreign Visitor Surveys 2002, 2005 and 2007

Prepaid expenses (e.g. air fare cost) were much higher for the tourists travelling by air than the tourists who used a motor vehicle. Holidaymakers arriving by air have shorter average stays in Norway (with fewer guest nights) than people travelling by car/motor vehicle, as well as higher transit expenses. Thus, overall expenditures of air travellers will usually be considerably higher per guest night.

Vacationers who stayed mainly in hotels, i.e. at least 60 percent of the total number of nights, had the highest expenditure per guest night (see table C below). For the motor vehicle tourists who used hotel accommodation, expenditures were four times the expenditures of tourists who stayed with friends or relatives. The group with the lowest expenditures were motor vehicle tourists staying with friends and relatives, with a total daily expenditure of NOK 350. In this category there has been a slight decrease in daily expenditures, while the other categories have had increases since 2005. The expenditures for tourists travelling by air and staying at hotels/motels (NOK 2,210) were more than twice the expenses of those who stayed with friends or relatives (NOK 940) in 2007.

Table C: Average expenditure per day of foreign holidaymakers in the summer seasons of 2005 and 2007, by main type of accommodation (NOK)

| Main accommodation | Motor v. tourists | | | | | | Tourists travelling by air | | |
|-----------------------|-------------------|------|----------------|------|---------------------------|-------|----------------------------|----------------|---------------------------|
| | Prepaid expenses | | Paid in Norway | | Total expenditure per day | | Prepaid expenses | Paid in Norway | Total expenditure per day |
| Year | 2005 | 2007 | 2005 | 2007 | 2005 | 2007 | 2007 | 2007 | 2007 |
| Altogether | 160 | 140 | 350 | 420 | 510 | 560 | 830 | 700 | 1,530 |
| Hotel | 470 | 450 | 610 | 900 | 1,080 | 1,350 | 1,310 | 900 | 2,210 |
| Rented cottage | 250 | 250 | 300 | 370 | 550 | 620 | - | - | - |
| Camping | 70 | 90 | 350 | 470 | 420 | 560 | - | - | - |
| Friends and relatives | 100 | 50 | 260 | 300 | 360 | 350 | 330 | 610 | 940 |

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Data source: Institute of Transport Economics. Foreign Visitor Surveys 2005 and 2007

*Main accommodation classification requires that the relevant accommodation type has been used in at least 60 per cent of the total number of nights stayed in Norway.

As can be expected, expenditure per guest night varies considerably between tourists from various countries. Expenditure per day was lowest for Swedish motor vehicle tourists, who spent NOK 390 per day on average. German motor vehicle tourists spent NOK 600 per day, while Danish and Finnish tourists spent NOK 560 and 530 per day, respectively. Daily expenditures for motor vehicle tourists from most other countries ranged from NOK 400 and NOK 600 per day. Swiss and Austrian tourists' expenditures were highest – about NOK 950 per day.

As for tourists travelling by air, visitors from the USA, Great Britain, Japan and Germany had the highest expenditures per guest night (about NOK 1,600 to 2,000). Tourists travelling by air from these countries have relatively short sojourns in Norway, which implies high expenditures when measured per guest night.

The overall expenditure per visitor for the entire journey to Norway has also been estimated in the study (see table D below). Average total expenditure for foreign motor vehicle tourists visiting Norway in the summer season was nearly NOK 4,900. About seventy percent of this, approximately NOK 3,500, was paid while in Norway, while the rest was prepaid (NOK 1,400). As a comparison, tourists travelling by air spent on average over NOK 14,000 on their trip to Norway, of which about half of it was paid in Norway.

Table D: Average expenditures for the entire sojourn of foreign holidaymakers in the summer seasons of 2002, 2005, and 2007, by transport mode at departure and time of payment (NOK)

| | Prepaid expenses | Paid in Norway | Total expenditure for sojourn |
|---------------------------------|------------------|----------------|-------------------------------|
| 2002 Motor vehicle tourists | 1,180 | 2,950 | 4,130 |
| 2005 Motor vehicle tourists | 1,680 | 2,790 | 4,470 |
| 2007 Motor vehicle tourists | 1,440 | 3,470 | 4,910 |
| 2002 Tourists travelling by air | 5,510 | 7,780 | 13,290 |
| 2007 Tourists travelling by air | 7,480 | 6,730 | 14,210 |
| All travel modes combined '07 | 3,380 | 4,510 | 7,890 |

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Data source: Institute of Transport Economics. Foreign Visitor Surveys 2002, 2005 and 2007

The expenditures of the motor vehicle tourist from neighbouring Nordic countries were between NOK 2,000 and NOK 4,000 for the Norway visit, while the expenditures of vacationers from other main tourist markets were twice or even three times of that during the summer of 2007 (approximately NOK 8,000). Among the tourists travelling by air, visitors from the USA spent the most on their Norway vacation (about NOK 18,000 on average). Germans, Swiss/Austrians and French spent about NOK 15,000 each on their vacation in Norway.

Business travellers using air transportation spent on average about three times the amount of money per guest night compared to holiday tourists travelling by air on their Norway visit. Average consumption per night for business visitors was NOK 2,400, of which two thirds was spent during the stay in Norway. That was a slight increase from 2005 (from NOK 2,100). The share of prepaid expenditures was lower in 2007 than two years before. This is probably due to an increase in use of discount air fares also among business travellers. On the entire visit to Norway business travellers using air transportation spent about NOK 9,200 on average, which was about five percent more than during the summer of 2005.

Meeting/seminar/conference visitors spent the most compared to other business visitors. Their average expenditure was NOK 9,600 for the entire visit to Norway during the summer season of 2007.

The distribution of expenditures on various goods and services among foreign tourists during their summer stay in Norway has been studied and reported in 2005, see appendix 3.

Other conditions affecting the expenditures of foreign visitors to Norway

In chapter 5 we have presented some other factors than travel mode, accommodation type, nationality etc., which also can affect visitor expenditures. For instance, the level of expenditure appears to vary by time of visit (month). This applies to both prepaid expenditures and for expenditures during the stay in Norway. People departing during mid-summer (July) had a considerably higher total expenditure per visitor than those departing in early summer (May-June), mainly due to longer average stays during the holiday month of July.

Travellers who have visited the bigger cities in Norway (Oslo, Bergen, Trondheim and Tromsø) also reported higher-than-average expenditures. Visits to the Fjord-region on the West-coast also entailed higher expenditures. Several destinations in the Northern part of Norway had visitors who reported high expenditures as well.

Visitors who indicated they had higher-than-average household incomes also reported higher travel expenditures than lower-income travellers. These “high-income visitors” spent about NOK 2,700 more than the average visitor.

The highest share of visitors who reported relatively high household income was found among travellers from the USA and Great Britain. Visitors from the USA and Great Britain also had the highest average expenditure in general compared to other nationalities. The relatively high price level in Norway combined with the considerable cost to travel to and in Norway, may deter some lower-income travellers to come to Norway.

Total expenditure of holidaymakers in the summer and winter seasons of 2007

The estimate for total visitor expenditures during the winter season (January-April) of 2007 was NOK 4.5 billion, of which NOK 2.5 billion was spent during the stay in Norway.

The car/motor vehicle tourists spent about 1,8 billion altogether. Almost two billion NOK of the total expenditures were incurred by tourists travelling by air. Denmark is the main market for Norwegian tourism in the winter in terms of overall expenditure. Danes spent NOK 700 million, which is 40 percent of the total overall expenditure during the winter season. Sweden (NOK 390 million) and Germany (NOK 270 million) are also important winter markets, while tourists from other countries spent a total of NOK 325 million.

Based on the findings in this study, the total expenditure by foreign holidaymakers during the summer season (May to September) was estimated to NOK 16.6 billion. About NOK 7.4 billion of this were prepaid expenses, while nearly NOK 9.2 billion was spent during their sojourn in Norway. Tourists travelling by air had higher combined expenditures than motor vehicle tourists altogether; mostly due to higher prepaid expenditures for air travellers.

Table F: Total prepaid expenditures and expenditures during the sojourn in Norway for foreign holidaymakers in the summer season 2007, by nationality (NOK million)

| | Prepaid expenses | Paid in Norway | Total expenditure |
|-----------------|------------------|----------------|-------------------|
| Sweden | 177 | 567 | 744 |
| Denmark | 245 | 490 | 735 |
| Finland | 62 | 292 | 354 |
| Great Britain | 391 | 673 | 1,064 |
| Netherlands | 339 | 621 | 960 |
| France | 612 | 400 | 1,012 |
| Germany | 1,772 | 1,999 | 3,771 |
| USA | 1,234 | 1,124 | 2,358 |
| Other countries | 2,595 | 3,033 | 5,628 |
| Altogether | 7,427 | 9,199 | 16,626 |

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Germany is the main market for Norwegian tourism in the summer, as shown in table F. (Please note that the expenditures of business travellers are not included in the figures presented for holidaymakers in table F).

As much as NOK 3.8 billion, out of a total expenditure of NOK 16.6 billion, was incurred by Germans. American visitors spent approximately 2.4 billion altogether, while visitors from Great Britain spent NOK 1.1 billion. French and Dutch tourists also spent close to one billion NOK in Norway. The Swedes (NOK 744 million) topped the expenditure-list among the Nordic countries, with Danes spending slightly less (NOK 735 Million). However, the German visitors spent more than the visitors from Nordic countries altogether in Norway during the summer season 2007.