

France: Tourism Market Insights 2017

This tourism report provides an outlook on key market insights on a global, national and provincial scale for France. In addition, it includes key behavioural trends and characteristics of travellers from France.

Obtaining a thorough understanding of when and where travel consumers search and source their information sheds light and insight on how to effectively influence travellers' decision as they plan their next trip.

Inbound Tourism Trends

- Inbound arrivals to France are set to increase by 1% in 2017, to reach 83.5 million.
- Inbound arrivals are expected to record a volume CAGR of 3% over the forecast period to reach 94.3 million in 2022.
- Apart from the absence of major terrorist attacks until mid-2017 and other factors such as the more favourable exchange rate of the US dollar against the euro, this improvement notably stemmed from the emergency plan by the French Government.
- France remained the world's leading tourist destination in terms of inbound arrivals in 2017, however, the country enjoys a prime location in the heart of Western Europe, and varied and appealing landscapes and cultural spaces. It has the longest beaches of any country in Europe, and, with the US, has the largest number of ski slopes in the world.
- France has some of the leading tourist attractions in the world, such as historic buildings/sites including the Eiffel Tower and Versailles, world-class museums including the Louvre and theme/amusement parks such as Disneyland Paris.
- Accounting for more than three quarters of total inbound arrivals, Western Europe remained the main source market in 2017, with the three main countries being the United Kingdom, Germany and Belgium.
- Trends further indicated that tourists mainly spent their money on gastronomy, wine, culture, attractions, and, in particular, luxury goods.

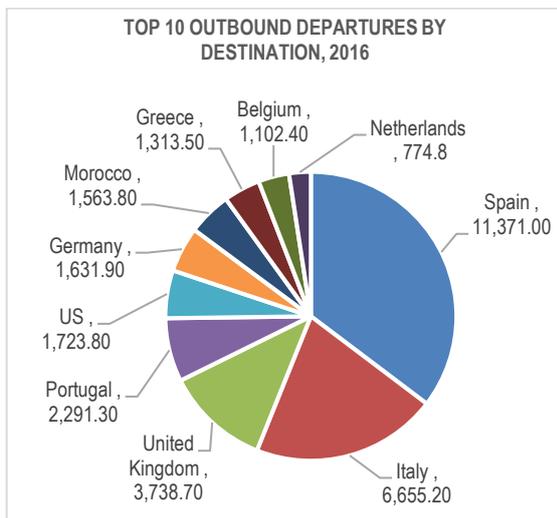
- According to Euromonitor International's luxury goods research, Paris remained the leading destination globally for the purchase of luxury goods in 2017.
- In order to promote France as a tourist destination, the national tourism board coupled with stakeholders also use social media and mobile web campaigns and apps. With regional travel promotional offices, it is investing in online community management in an attempt to enhance tourism flows, specifically geared towards online campaigns and promotions for smartphone and tablet users.
- To speed up the process of visa applications, it launched "France Visas" to provide the same quick turnaround period of two days for China to visa applications from Thailand, Indonesia and India.

Outbound Tourism Trends

- With 194.5 million trips forecasted for 2017, domestic tourism plays a key role in the French tourism market.
- Outbound trips recorded a below average growth of 3% in 2016 and 2017 respectively. Booking trends also indicated that many French citizens waited until the last moment to book their outbound travel, with the majority opting for sunny and affordable destinations.
- North Mediterranean countries, and particularly Spain, remained key destinations in 2017. For the bulk of French people, Spain remains affordable, whilst the Latin culture and almost definite sunshine are highly attractive. Regarding more distant destinations, Asia Pacific and French overseas departments gained ground on Middle East and Africa in 2017.
- Within private players, the leading contributors in terms of stimulating outbound travel were low cost carriers and pure players such as easyJet, Vueling and Volotea (which focused on short-haul and medium-haul European routes) and pure players such as Booking.com or AirBnb.
- French consumers increasingly tended to mix online travel agencies and shorter-term rental operators for increasingly fashionable city breaks in France and Western Europe.
- According to research, more than half of French consumers surveyed indicated that they would be willing to change their country of destination in order to take

advantage of a favourable last-minute deal. Therefore, Facebook tries to position itself as an intermediary in travel and local players such as Departdemain.com (Departure tomorrow) or the mobile app of Voyage-prive.com forged ahead in 2017.

- The number of outbound departures are expected to record a positive but rather modest CAGR of 2% over the forecast period to reach 57.2 million in 2022. Nonetheless, according to the Entreprises du Voyage trade association, the aim to go on holiday in foreign countries took off during the first half of 2017, notably with double-digit growth in the booking of medium- and long-haul flights.
- The northern-Mediterranean countries (Spain, Portugal and Italy) are expected to remain the favourite destinations from France, along with the United Kingdom. However, the United States, Canada, Cuba, India, Australia or Japan rank within the most preferred countries by the French, according to the most recent insights in 2017.



Source: Euromonitor International, 2017

Understanding the French Digital Consumer

- According to Euromonitor International, France has proven to be one of the leading and most sophisticated Western European telecom markets, and has profited from competition and strong investment in mobile broadband and the latest digital services.
- Orange Telecom is the main fixed broadband supplier in the country, with Numericable-SFR being another noticeable operator in this area. Although fixed broadband services are obtainable to most households, the country still lags behind other major European nations in terms of superfast broadband connections.
- Fibre optics has been attracting significant investment, in keeping with the government's commitment to extend nationwide high speed broadband coverage by 2022.

- Consumers are busier than ever and the online environment is a perfect fit into this new consumer world. Despite low income inequality, access to fixed broadband and PCs is relatively low among poorer households, due to a period of slow economic growth and high unemployment.
- Digital commerce has therefore taken off in France, and it is one of the leading countries in Europe.
- France is also home to an exceptionally advanced and competitive mobile market, which is nearing capacity levels.
- Conversely, mobile phones are accessible across most income classes due to the range of handsets available at affordable prices. High disposable incomes and widespread access to mobile internet have compelled the usage of smartphones and tablets amongst the French.
- The overall digital remote purchase environment saw noteworthy value growth of 7% in 2016. France is one of the leading countries in terms of the digital remote environment in Europe.
- Card payment transactions recorded a strong retail value growth in 2016, as economic conditions improved, with a recovery in consumption.
- Digital trends further indicated a shift away from cash and other paper payment transactions, supported by the French government, which limited the validity period of cheques to six months. This stimulated an even stronger digital structure and boosted the digital remote purchase landscape further.
- Tablets are taking share of digital remote purchases from laptops in France, with 12% growth in 2016. There was, however, a decline in demand for tablets in 2015 and 2016, which was largely due to consumer favourites converting to bigger smartphones, which provided added convenience.
- The use of social media platforms, such as Instagram, Pinterest and Twitter, has improved in France in recent years, creating more opportunities for brands to interact directly with shoppers.
- According to Euromonitor International Survey results, those who shop online, share online. The more often a consumer makes purchases via the internet, the more likely he or she is to share, re-tweet or otherwise promote brands on social media.
- Online travel agencies (OTAs) sales to residents saw fast growth in 2016, with a growth of 5% in current value terms. French consumers pursued to control their spending on major purchases in 2016, including their spending on

travel. They therefore dedicated growing time online to prepare their travel, above all with price and consumer feedback comparisons.

- French consumers track special deals and last-minute offers on the internet, often linking hotels and their prices, as well as reading former guest reviews through online intermediaries.
- Within online sales, intermediaries remain dominant, and for the majority of hotels in France, listing their outlets on Expedia, Hotels.com or Booking.com is now unavoidable.
- Direct suppliers struggled to contest against global OTAs, such as Airbnb France (the newcomer in the top 10 FEVAD 2015 ranking, with almost two million unique visitors a month) and Booking.com (five million unique visitors a month).
- Despite a likely slowdown at the end of 2015, due to regulatory challenges and a contentious relationship with suppliers, Booking.com appears inevitable in online booking, and is still almost unrelenting.

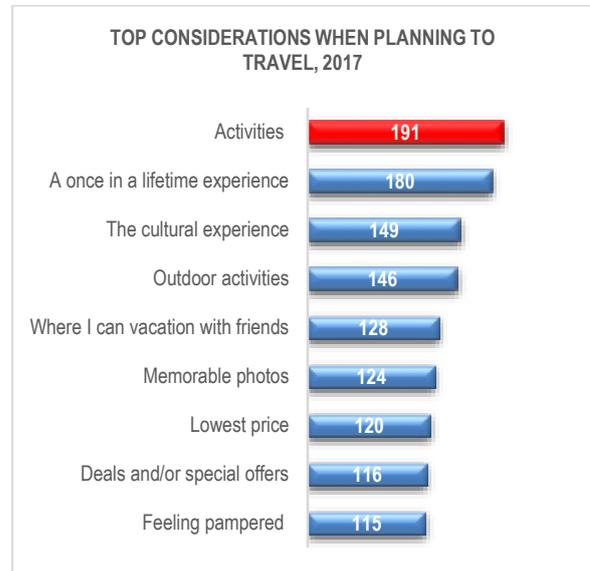
Travel behaviour and Key Travel Influencers

FRANCE TRAVELLER TRENDS, 2016/17	
Paid holiday	25.0
Public holidays	11.0
Annual leave	36.0
Age profile	35-49 years (10.2 million)
Seasonality by month (Number of people)	August (7.5 million)
	July (5.1 million)
	May (4.8 million)
Top travel group size	Families (18.5 million)
Number of trips taken in the past year	Personal (2.7 trips)
	Business (1.2 trips)
Types of vacation taken in the last year	Relaxing (51%)
	Sight-seeing (46%)
	Visiting family (39%)
	Family play (35%)
	Romantic getaway (24%)
Duration of last vacation	10.2 days
Mode of transport to last destination	Plane (54%)
	Car ride (30%)
	Train ride (13%)
Preferred accommodation	Hotels (51%)
Domestic vs. travelling abroad?	Outside my country (56%)
	In my country (44%)

Sources: Euromonitor International, Expedia Media Solutions, 2017

1. Which considerations were the most important when choosing a destination?

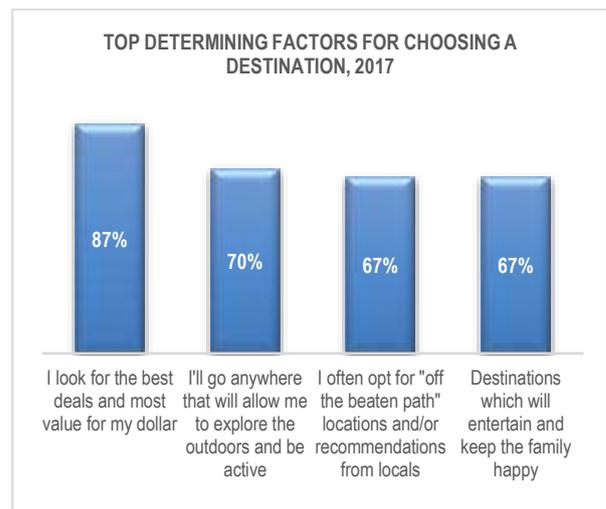
- French travellers place a high importance on the activities they will be embarking on during their holiday.



Source: Expedia Media Solutions, 2017

2. What is the top determining factors for choosing a destination?

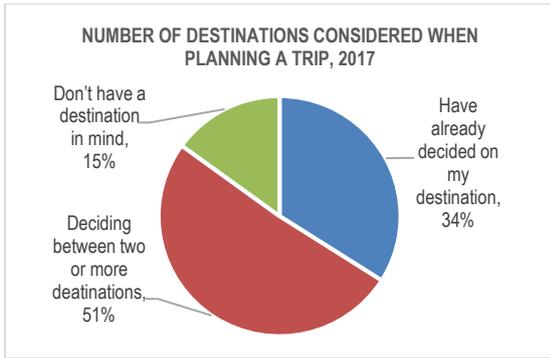
- Top determining factors when choosing a destination included value for money deals, exploring the outdoors, and destinations which will provide entertainment for the entire family.



Source: Expedia Media Solutions, 2017

3. Number of destinations considered while planning?

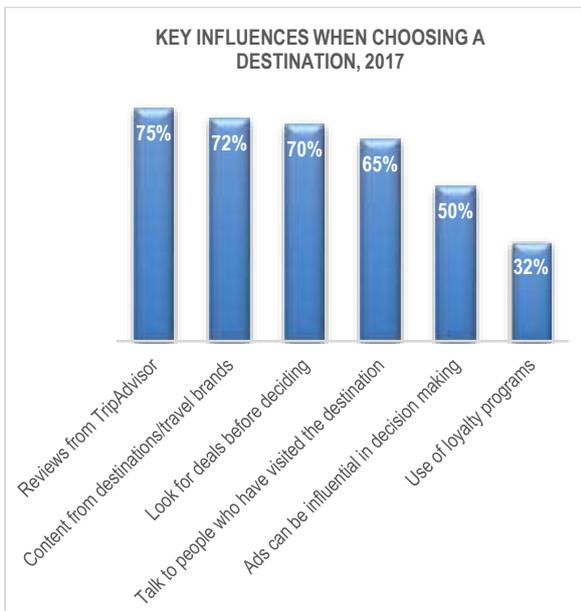
- The French market are most likely to decide between two or more destinations, however, Expedia Media Solutions survey results indicated that a share of 34% have already decided on a destination when deciding to travel.



Source: Expedia Media Solutions, 2017

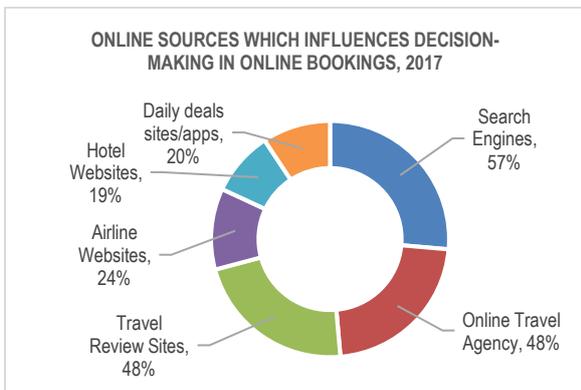
4. What was the key influencers which impacted on destination decisions?

- Destination reviews, particularly obtained via TripAdvisor ranked as the leading influencing factor when the French choose a holiday destination.



Source: Expedia Media Solutions, 2017

5. Which online sources influenced decision-making in online bookings?



Source: Expedia Media Solutions, 2017

6. Which online sources were used to book travel on the last trip?

- Online Travel Agencies ranked as the top online source the French used to book their travel.



Source: Expedia Media Solutions, 2017

7. When was the last online travel booking made?

BOOKING TRENDS AMONGST FRENCH TRAVELLERS, 2017	
Last online travel booking made?	How long did it take to book the trip?
Less than 3 months ago (36%)	Within a week (27%)
3-5 months ago (23%)	1-3 weeks (34%)
6 months ago (21%)	A month (19%)
A year ago (20%)	2-3 months (13%)

Source: Expedia Media Solutions, 2017

8. How influential is budget when booking travel?

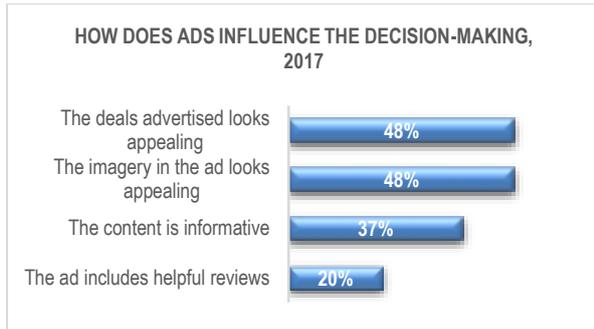
- 77% of French travellers who were surveyed by Expedia Media Solutions indicated that budget was a primary factor when travelling.

APPROXIMATE TRAVEL BUDGET, 2017	
Category	Proportion spent
Hotel	22%
Flight	18%
Food	16%
Transportation	12%
Attractions/tours	11%
Shopping	9%
Alternative accommodation	7%
Other	4%

Source: Expedia Media Solutions, 2017

9. How does ads help to influence the decision-making process?

- The French respond the best to ads and imagery that looks appealing, followed by rich content.

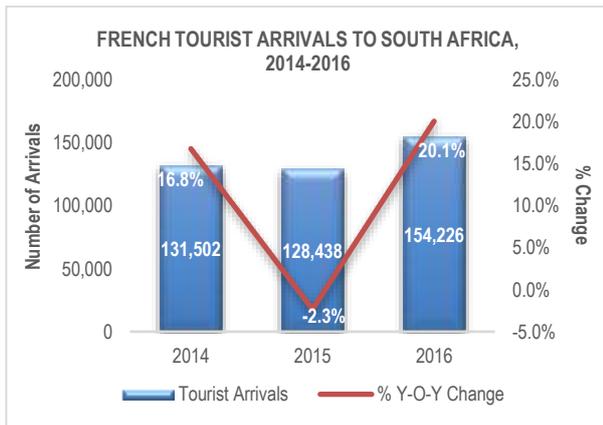


Source: Expedia Media Solutions, 2017

Profile of the French Traveller to South Africa:

1. How many French tourists visit South Africa per year?

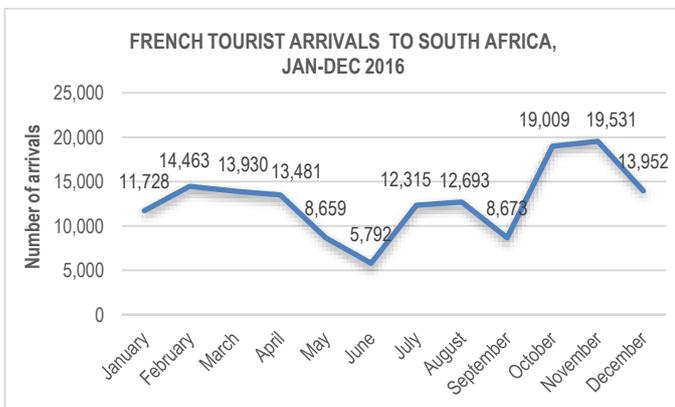
- South Africa welcomed over R150,000 French tourists in 2016. The country not only recorded the highest volume in tourists during 2016, but also achieved the highest growth, reaching a remarkable 20.1% increase.



Source: SATourism, 2017

2. Which months do they prefer travelling to South Africa?

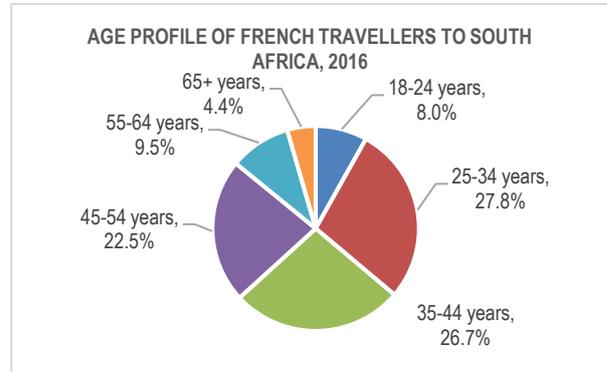
- During 2016, October and November held the highest number of French tourists, with over 19,000 recorded for each month.



Source: SATourism, 2017

3. What is the age profile of the French tourists to South Africa?

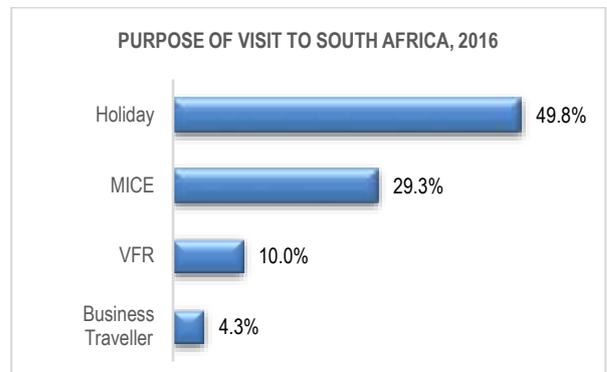
- South Africa attracted around 62.5% of tourists from the youth French market, ranging from the age group 18-24 years and 35-44 years.



Source: SATourism, 2017

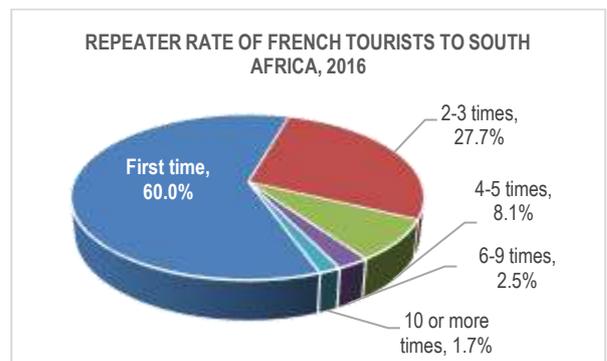
4. What is their main reason for travelling to South Africa?

- The dominant share of French tourists to South Africa primarily travel for holiday (49.8%). However, MICE (Meetings, Incentives, Conferences and Exhibitions) emerged as an equally strong reason for travelling to South Africa. An additional 4.3% of French travellers incorporated leisure into their business trips.



Source: SATourism, 2017

5. How often do French tourists travel to South Africa?

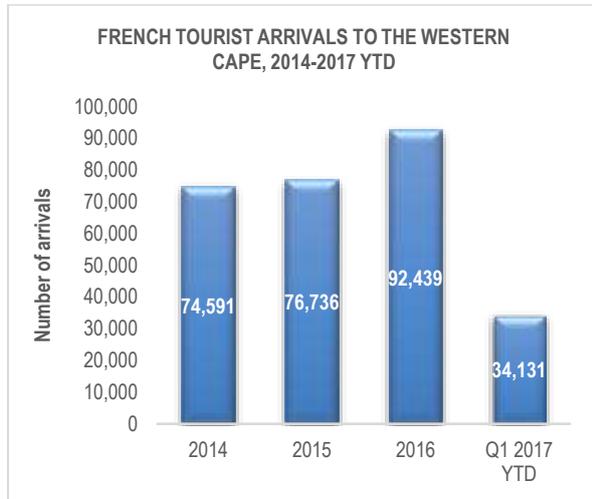


Source: SATourism, 2017

Profile of the French Traveller to the Western Cape:

1. How many French tourists visit the Western Cape per year?

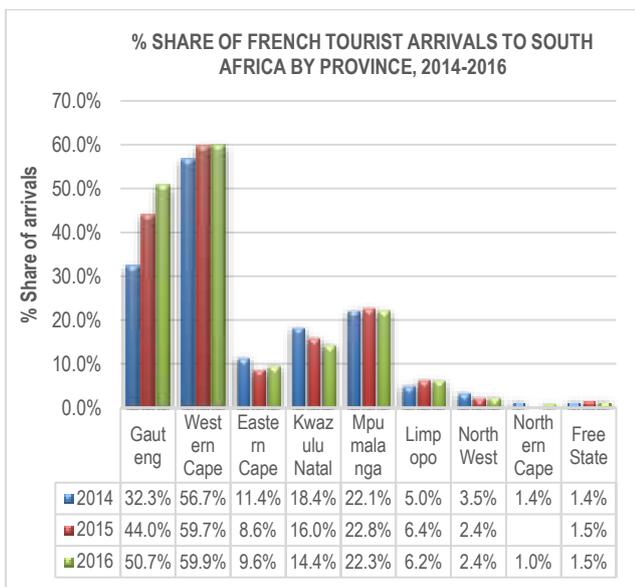
- In 2016, France ranked as the Western Cape's 6th largest international market, recording over 90,000 tourist arrivals for the year.
- French arrivals to the Western Cape recorded a remarkable year-on-year growth of 20.5% in 2016, and continued into the first quarter of 2017 registering an increase of 40.9%.



Source: SATourism, 2017

2. How attractive is the Western Cape to the French market?

- Of all provinces, the Western Cape captured the highest share of French tourists who travelled to South Africa between 2014 and 2016.



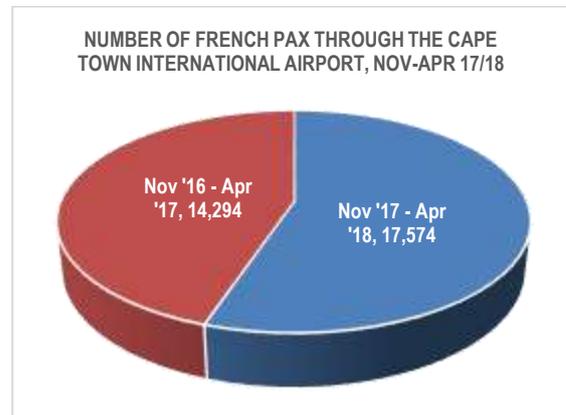
Source: SATourism, 2017

FRENCH TRAVELLER TRENDS	2015	2016
Total Foreign Direct Spend in the Western Cape	R0.6 billion	R0.8 billion
Average spend in the Western Cape	R9,900	R11,000
Total bed nights spent in the Western Cape	751,000	783,000
Total formal bed nights spent in the Western Cape	488,000	554,000
Average length of stay in the Western Cape	11.7 nights	10.4 nights

Source: SATourism, 2017

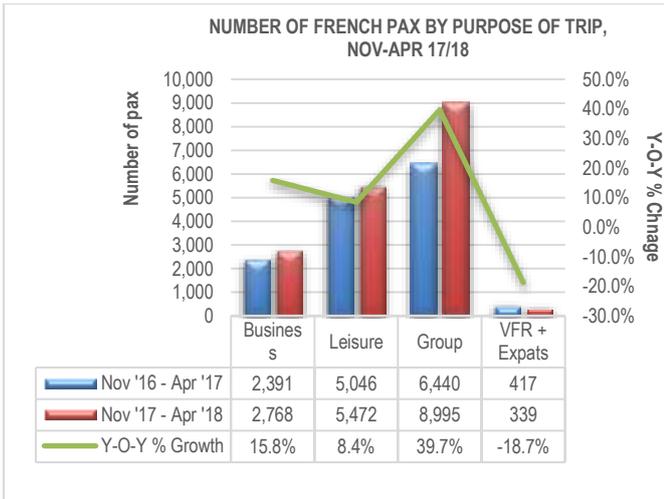
LOOKING AHEAD: Do we foresee continued growth from the French market?

- A total of 17,574 French arrivals are expected to arrive through the Cape Town International Airport between November 2017 and April 2018, and are forecasted to increase by 22.9% year-on-year.
- This is an extremely important market for the Western Cape, evident in the strong growth in tourist arrivals. However, the strength in this market holds huge opportunities for marketers to attract an even greater share of tourists from France.



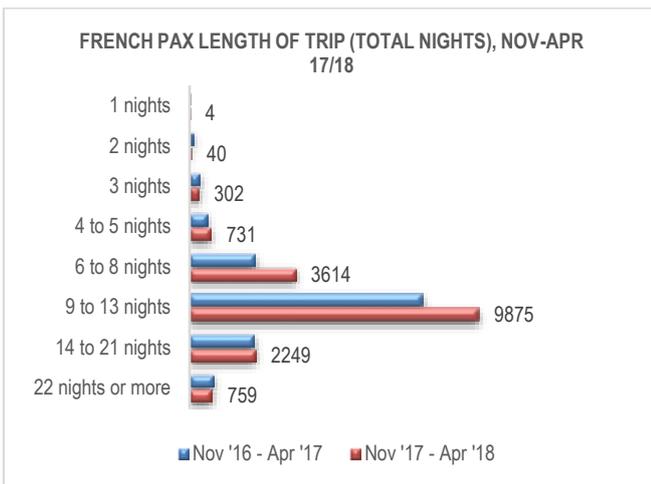
Source: Forwardkeys, 2017

- ForwardKeys booking trends for the six months ahead indicate "groups" as the largest pax profile amongst the anticipated French travellers, this segment also reflects a year-on-year growth of 39.7%. While the leisure (5,472) market ranked as the second largest segment, business travellers increased by 15.8% year-on-year.



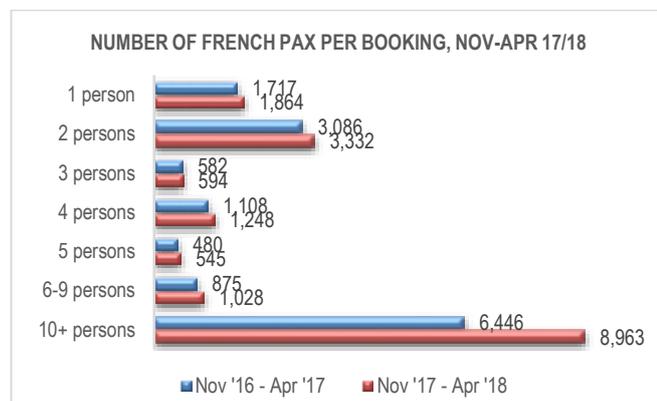
Source: Forwardkeys, 2017

- The French arrivals is expected to stay for an average of 9-13 nights between November and April 17/18, followed by over 3,000 travellers who will be staying for an average of 6-8 nights.



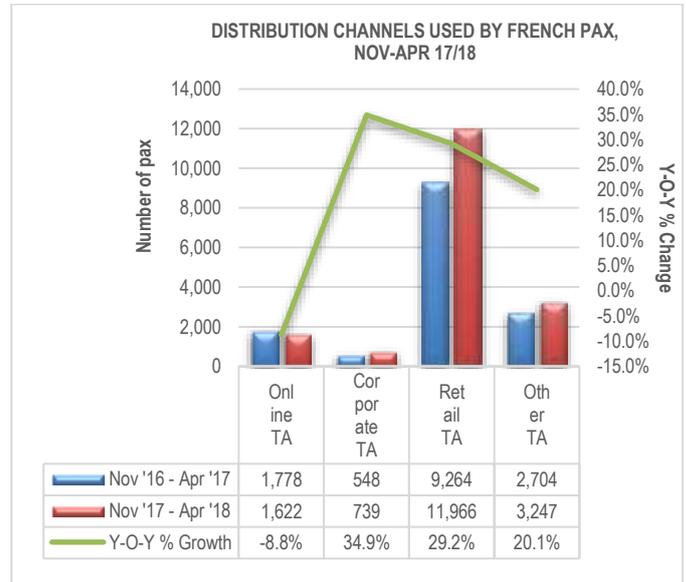
Source: Forwardkeys, 2017

- The most prominent number of pax per booking were ten travellers and more, this confirms the large share and strong growth in group travel from this market.



Source: Forwardkeys, 2017

- The top distribution channel used by the French market was Retail Travel Agencies, with over 11,000 bookings made via this channel. Other travel agencies which portrayed strong year-on-year growth included the Corporate Travel Agents, which recorded the highest (34.9%) growth when compared to the same period of the previous year.



Source: Forwardkeys, 2017

Key findings for Destination Marketers:

- French travellers are sophisticated and relish in quality goods and services. In 2016, households in France increased their spending on the back of factors like substantial monetary stimulus, low levels of inflation, and growing consumer confidence. Marketers who target France should offer high quality packages which are tailored to the specific needs of this market.
- Couples with children accounted for the leading share of total consumer expenditure, demonstrating a huge market for categories like education, household goods and services, and transport.
- There has also been a solid growth in the number of single-person households, largely due to the delay in marriage, developing tertiary education enrolment rates, and the country's ageing population. This fast-growing household type is expected to back demand for categories like hotels and catering, housing, and health goods and medical services over the long term.
- The typical French traveller decides between two or more destination during their planning phase, this is an important phase marketers should use to embark on customised and tactical advertising.

- Online travel agencies ranked as the leading channel for booking travel. Marketers should aim to align to this medium for greater awareness of South African products and packages.
- Activities lead as one of the most influential factors in determining the final destination. Trends indicate that the French market also enjoys outdoor activities as well as experiencing the culture of a destination. These trends will enable marketers to advertise a strong message to the French, ensuring that demand is being met.

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