

# Research on tourism trends in Hungary and their transfer into tourism education

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*The contribution presents the results of research on tourism trends in Hungary. The trends show that this country, in the very middle of Europe, is one of the most visited areas of the world, yet has only a very low share of tourism revenues. The facts urge a change of paradigm, a new strategy with exclusive tourism in the foreground: quality approach instead of quantity approach, with perhaps fewer visitors but higher revenue per tourist. A good opportunity to seek a new position and qualitative changing of tourist supply may well be enhanced by the EU accession.*

*It is very important to assure the financial basis of those changes by State subsidy and creating good economic surrounding; moreover, the transfer of researched tourism trends into tourism education is at least of the same significance. Consequently, more practical training programmes will be introduced to create the human capital of the renewed Hungarian tourism.*

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## 1. Research of tourism trends in Hungary

Hungary joined the EU on 1 May 2004. Hungarians are commonly referred to as a spicy people so hopefully they will bring a little more spice to the EU, not only from the hot Szeged paprika in cooking but also in tourism. The Hungarian language, origin and the incidental relationship with Attila's Huns (Cf. the name of the country), Hungarian folklore and traditions make Hungary perhaps a little bit mysterious. In the language of marketing that becomes a niche product for the rest of Europe and the world, so we should make a unique selling proposition of it. At the same time our people are regarded as a hospitable people and now one of the most welcoming ones in the EU, according to international surveys. This seems the most important aspect, on the basis of which we can look forward with faith to the future of Hungarian tourism.

According to the data of the World Tourism Organisation (WTO) for the year 2002, Hungary still occupies the 13th place, a high international rank in the number of incoming tourists (Annex 1). Yet in tourism revenues Hungary can only be found at the 31st place in 2001 (Annex 2).

As estimated by the World Travel and Tourism Council (WTTC) the contribution of the tourism sector to the GDP of Hungary in 2003 (taking into consideration multiplying impacts) is EUR 7.5 billion, or 10.4 %. Every 10th job is related to tourism.

With EU accession, Hungary becomes part of the biggest tourism market in the world. The figures for the first years of the new millennium well illustrate the extent of market expansion brought about by the accession process, benefiting entrepreneurs and undertakings involved in tourism.

Two thirds of EU citizens spend their holidays in the EU, with approximately 50 % of the revenues from world tourism raised in the EU market. Some 50 % of Hungarian tourists are also most likely to travel to other Member States. Almost 70 % of tourist nights at Hungarian accommodation establishments are spent by guests coming from the EU.

There is no uniform European level tourism policy and the legislation on tourism varies in the Member States. Because of the contribution of tourism to the national economy, government ideas on development strategy and the development level and traditions of the particular countries, Member States have different views on legislation for tourism.

Consequently, there is no uniform or adoptable recipe for the Hungarian administration. After the accession, Hungary may count on the Mediterranean countries as allies in developing tourism. This group of Member States normally receive large numbers of tourists. They are urging an increase in tourism competence and activities in the EU. They need resources to develop their neglected regions and their tourism in general as well as to increase their competitiveness. Such resources are available within EU structural and cohesion funds. The interest of the members of the group is to receive more targeted funding for tourism development from the funds mentioned above.

The importance of tourism in Hungary is not only in its economics. While revenues produced by tourism are important for the country, its main significance lies in social and environmental impacts. Tourism facilitates recreation for people, thus contributing to establishing a healthy way of living and playing a mediator role between different cultures; it also strengthens tolerance. Tourism may facilitate employment, regional balancing and increased knowledge among the people. Nonetheless, the economic impacts of tourism are also important due to its capacity to cover trade deficit. Although the tourism trade suggests that over 10 % of the GDP are provided by tourism, the data are not necessarily accepted in other fields of public administration in absence of appropriate and exact survey figures.

A basic problem in Hungary is the weakness of the tourism trade in lobbying skills, although this is not a characteristic of this country alone. A good illustration is the provision concerning structural funds, which had to provide the basis for the *National development plans* of the countries accessing to the EU, and which contains the word 'tourism' only once in 94 pages (Council Regulation, 1999). In Hungary the State subsidy for tourism (or rather let us call it an excellent investment) of EUR 22.5 million in 1998 rose to EUR 115 million by 2002. From this, particularly on the basis of our thermal waters, health tourism started to grow significantly. Currently, due to the economic constraints the State subsidy targeted to tourism decreased to EUR 42.5 million, 37 % of the 2002 figure (Panoráma Bulletin, 26 April 2004).

Despite the advantageous facilities of the Hungarian tourism and the high number of visitors, the sector is struggling with several other problems:

- (h) revenue per tourist is fairly low, the main reason being primarily services of an inappropriate price/value rate and the lack of complex products;
- (i) regional concentration is strong. Budapest and the region of Balaton represent nearly half of the Hungarian tourism;
- (j) seasonal concentration is strong. The country has few attractions suitable for extending the season, so the actual high season is fairly short, which results in short term profits maximised by those involved in tourism services.

Similarly to other sectors, tourism also started becoming 'green'. While the term 'sustainable tourism' is now becoming obsolete, few people are aware of its particular content. Sustainability will mean that the resources providing the basis for tourism, as well as those involved in tourism, will not be subjected to effects in their use that start some irreversible negative processes.

From 1993, domestic tourism was marked by an almost continuous increase. Quality changes are more significant than quantitative changes; the majority of domestic tourists are increasingly looking for services of higher standards. The number of domestic tourist arrivals doubled by 2002 compared to 1990, with turnover in three or four star hotels continually rising. There was also an increase in the popularity of making several shorter trips, with the average stay for domestic tourists considerably decreasing in the past decade, from 5.5 days in 1990 to 2.6 by 2002.

The main countries providing tourists to Hungary comprise three different groups:

- (a) first, a high number of groups of relatives and friends primarily from the Hungarian regions of the neighbouring countries, generating significant excursion turnover;
- (b) Austria is an exception from the neighbouring countries group, occupying a significant place in the number of tourist nights. Austria is included in the second group constituting the main traditional originating countries for Hungary: Belgium, Germany, Italy, Luxembourg, the Netherlands, Poland and the US. Germany has for decades traditionally been considered to be the most important tourist originating country for Hungary. However, the rate is so high that it also suggests dependence, with tourism sensitive to changes in the German economy and in demand, which many competitors can satisfy;
- (c) the third group of countries consists of dynamically developing, new originating areas such as France, Portugal, Russia, the Scandinavian countries, Spain, the UK and areas outside Europe such as Canada, Israel or Japan. These countries currently do not have a significant share in use of public accommodation establishments but the trends of the past five years suggest opportunities for development.

Currently, there is no tourism research organisation to assist strategic planning which would entirely satisfy all national and regional demands as well as those of enterprises. At national level only the Hungarian National Tourist Office is involved in tourism-specific research programmes, primarily supposed to satisfy its own demands as well as occasionally those of

the State Secretariat for Tourism. One of the research programmes of the Hungarian National Tourist Office covers the travelling habits, motivations and financial spending structure of visitors from the main originating countries, as well as those of the Hungarian population. Results have been acquired so far on the basis of secondary analysis of guest turnover data, and primary surveys are under way in Denmark, Finland, Russia and Sweden, and expected in the Czech Republic and Switzerland in 2005.

The Hungarian Central Statistics Office (HCSO), in accordance with EU provisions, is currently adjusting its data registration system for tourism, in which the tourism targeted consumption/spending of the Hungarian population and foreign tourists visiting Hungary are regularly examined. These surveys will also provide information on tourism demands concerning Hungary, which will be the basis for the marketing activity of the Hungarian National Tourist Office and will also be indispensable for its efficiency measuring activities.

Special attention will be paid to the research of the demand and supply of specific tourism products by applying primary and secondary, as well as qualitative and quantitative, survey methods.

The main directions of the product-specific survey are as follows:

- (a) exploration and continual monitoring of the national and international trends of supply and demand;
- (b) analysis of supply of main originating countries and competitors;
- (c) survey of the special needs, travelling habits and spending structure of the particular market segments;
- (d) examination of ways of acquiring or sources of information used by tourists;
- (e) survey of the potential demand in the originating countries for certain products;
- (f) analysis, qualification of products, elaboration of development proposals.

It is a severe deficiency that the results of the central survey do not assist activities in the regions. At regional level no survey results are available which would be suitable for thorough marketing activities. However, in 2003 the Hungarian Central Statistics Office launched two periodical data recording programmes, which will continually provide information on Hungarian travelling habits (quarterly) as well as those of foreign tourists visiting Hungary.

## **2. Transferring tourism trends into tourism education**

Tourism basically demands a considerable labour force and offers a high job supply for both highly and less qualified manpower. An indispensable factor in developing the tourism sector is a professional client-oriented attitude, a basic product component being personalised service. Currently, however, some deficiencies may be observed both in skills and in handling clients. It is, at present, a quite common contradiction that young people graduate from schools involved in tourism education, whereas businesses need qualified professional

manpower with practical experience. Hungarian tourism training and education opportunities are continually expanding and training programmes performed in foreign languages are also available in secondary and tertiary education. Tourism education, however, became student market oriented, which resulted in overeducating in certain fields with shortages in others.

The number of those graduated in tourism tertiary education exceeds labour market demand, explained by the interests of the institutions being maintained on a market basis as well as by the inflexibility of the education sector. Nevertheless, tourism is still a fashionable profession; it is also quite popular among those young people who wish to carry on with their studies but do not have a specific choice of profession. A considerable number of qualified tourism experts continue their careers outside the profession.

In Hungary, tourism education is absent from formal university education. Six institutions carry out college level training in the major subjects of catering and hotels, and tourism and hotels. The education system has not yet reacted to the demands emerging from EU accession. The training programmes are still catering and hotel dominated, while no progressive programmes have so far appeared capable of keeping pace with the demand trends across the world.

The survey results draw our attention to the fact that education and training programmes must be rearranged in accordance with the changing supply of products. There is a gap between the labour force demand for tourism and the supply of those graduating from schools.

Consequently, more practical training programmes must be introduced. Systems of exchange, facilitating acquisition of practical experiences abroad, must be developed, since tourism expects its manpower to be familiar with as many cultures and languages as possible. With the rapid growth of health tourism, 1 500 animators and wellness specialists will soon be needed. It seems a grave mistake not to provide the qualifications appropriate to the everyday practice of tourism and give trained students to other economic fields.

EU accession and the expansion of the labour market will, it is hoped, bring about the alignment of tourism education principles within the EU.

## References

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## Annex 1

Table 1: The most visited destinations throughout the world in 2002

Order		International tourist arrivals (million people)		Change (%)	Market share (%)
		2001	2002	2002/2001	2002
1	France	76.5	76.7	+0.3	10.7
2	Spain	49.5	51.8	+4.6	7.2
3	US	45.5	41.9	-7.9	5.9
4	Italy	39.0	39.8	+2.1	5.6
5	China	33.2	36.8	+10.8	5.1
6	UK	23.4	23.9	+0.5	3.3
7	Russia	-	21.2	-	3.0
8	Canada	19.7	20.0	+1.5	2.8
9	Mexico	19.8	19.7	-0.5	2.8
10	Austria	18.2	18.6	+2.2	2.6
11	Germany	17.9	18.0	+0.6	2.5
12	Hong Kong (China)	13.7	16.6	+21.2	2.3
13	Hungary	15.3	15.9	+3.9	2.2
14	Poland	15.0	14.0	-6.7	2.0
15	Greece	-	13.1	-	1.8

Source: Data of the World Tourism Organisation, calculation by the Hungarian National Tourist Office

## Annex 2

Table 2: The world's top 15 earners from international tourism in 2001

Order		International arrivals (USD billion)		Change (%)	Market share (%)
		2000	2001	2001/2000	2001
1	US	82.0	72.3	-11.9	15.6
2	Spain	31.5	32.9	4.5	7.1
3	France	30.7	29.6	-3.7	6.4
4	Italy	27.5	25.9	-5.7	5.6
5	China	16.2	17.8	9.7	3.8
6	Germany	17.9	17.2	-3.7	3.7
7	UK	19.5	15.9	-18.8	3.4
8	Austria	10.0	12.0	19.7	2.6
9	Canada	10.7	-	-	-
10	Greece	9.2	-	-	-
11	Turkey	7.6	8.9	17.0	1.9
12	Mexico	8.3	8.4	1.3	1.8
13	Hong Kong (China)	7.9	8.2	4.5	1.8
14	Australia	8.0	7.6	-4.8	1.6
15	Switzerland	7.5	7.6	1.6	1.6
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31	Hungary	3.4	3.8	9.8	0.8

Source: Tourism highlights, WTO, 2003.