

Consequences for the hospitality industry of the volcanic ash cloud of mid-April 2010

HOTREC carried out a survey among its members on the consequences for the hospitality industry of the closure of the European airspace mid-April 2010, caused by the volcanic activities in Iceland.

HOTREC Member Associations are sharing the view that the hospitality industry suffered substantially.

The countries, where some figures are already available, reported losses in occupancy and revenue of between 10% and 40%, with some hotels showing an even much higher decline. The first estimations show that the hotel industry had to face losses of hundreds of millions of euros, which will never be recuperated. In Prague, the loss was estimated at €12 million for accommodation only. In Greece, cancellations and no-shows caused a total loss of approximately €20 million to the hotel industry. The estimation is even higher in Italy: €180 million.

A large number of conferences and seminars had to be cancelled, making business hotels loosing above average. For example, the annual Ireland Tourism Marketing workshops, which involve over 300 foreign buyers coming to Dublin and Belfast to meet with Irish product providers and negotiate contracts for the 2011 season, had to be postponed.

Only a few countries reported about some very limited benefits for certain segments of the hotel market (i.e. airport hotels and city hotels), which accommodated stranded travellers for some extra nights. However, finally the losses by far outweighed this benefit, due to the cancellations and no-shows of the non-arriving new guests. In Italy, for example, the hotel industry had to face approximately 1,8 million cancellations in 4 days.

Hoteliers were very flexible when it came to dealing with cancellations. In general, no cancellation fees were applied.

Most hoteliers across Europe are of the opinion that strong marketing activities, with possibly the help of public authorities, will be needed in order to attract guests back and recover from the losses.

According to the HOTREC Member Associations, some governments (e.g. Italy, France, Czech Republic) are considering asking the EU Institutions for help for the tourism industry.