
COMPARATIVE ANALYSIS OF MAJOR TRAVEL AND TOURISM INDICATORS: ESTONIA, LATVIA AND LITHUANIA, 2010

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Abstract. The target of the paper is to find the similarities and particularities of the travel and tourism market in each Baltic country by comparing the main statistical indicators. For this purpose, bibliography review/analysis, induction and deduction, as well as statistical analysis methods such as grouping, processing and comparison methods are used. The research shows that Estonia features the highest travel and tourism industry's share both in the total GDP of the country and employment, exceeding the average figures of the EU countries. Estonia is a leader among the Baltic countries both in terms of the number of foreign visitors with an overnight stay and the total number of nights spent in tourist accommodation. Lithuania has developed the most even distribution of tourist accommodation within the country – in contradistinction to Estonia and Latvia that face too high concentration of tourists in capital cities. Riga airport is the leading airport in the Baltic region showing the highest results for direct and transit passengers volume, aircraft movements and the number of direct destinations offered. Estonia not only is very successful in using its seafront location and developing an effective ferry route network but also has positioned Tallinn as one of the Baltic Sea cruise destinations that is offered by the largest cruise companies.

Keywords: travel and tourism, Baltic countries, statistical indicators, comparative analysis.

1. Introduction

In global travel and tourism industry, the Baltic countries are generally viewed as a common region. In the environment of increasing competition among European tourism destinations for attracting visitors from other continents, a unified marketing and destination positioning for the Baltic region is a considerable prerequisite for strengthening its position on the European map and for increasing attractiveness for business and leisure travellers. At the same time, possessing similar cultural, historical and natural resources, all three Baltic countries are strong competitors among themselves. The Travel and Tourism Competitiveness Report 2011, composed by the World Economic Forum [16], ranks cultural and natural resources of all three countries quite close to each other: out of 139 countries, Estonia's natural resources ranked 59, cultural resources – 64, Latvia's – 73 and 70, Lithuania's – 114 and 57 respectively. Nevertheless, in terms of the cumulative index of all competitiveness criteria, Estonia ranks 25th out of 139, leaving Latvia 51st and Lithuania 55th. Compared to the same index of 2009, Estonia climbed a few positions, while Latvia and Lithuania – dropped a few positions. The paper therefore poses a question: what trends are revealed by the travel and tourism industry indicators of 2010?

This paper is aimed at finding similarities and particularities of the travel and tourism market in each Baltic country. The methods used in the preparation of the paper are bibliography review/analysis, induction and deduction, as well as statistical analysis methods such as grouping, processing and comparison.

2. Key travel and tourism indicators

The travel and tourism industry's contribution to total gross domestic product (GDP) and employment is quite different in each Baltic country. As shown in Table 1, it is the most insignificant in Lithuania, with a direct travel contribution to GDP of only 1.4%, that is, two times lower than in Estonia and the EU average, and with a contribution to employment of only 1.4%, compared to 3.5% in Estonia and 3.1% in the EU countries, on average. A direct travel contribution to GDP is generated by industries that deal directly with tourists, including hotels, travel agents, airlines and other passenger transportation services, as well as the activities of restaurant and leisure industries that deal directly with tourists. Quite outstanding are Estonian indicators of total contribution to GDP – generated by direct travel and tourism industries plus the indirect and induced contributions, including the contribution of capital investment spending, and total contribution to employment – the number of jobs generated directly in the travel and tourism industry plus indirect and induced contributions, which is, respectively, 13.6% and 13.1% compared to the EU average of 7.8% and 8.4%. [17]

Table 1. Travel and tourism direct and total contribution to GDP and employment, 2010 [17]

	Direct contribution, US\$ bn / share of total GDP	Total contribution, US\$ bn / share of total GDP	Contribution to employment, % direct/total
Estonia	0.68/3.4%	2.64/13.6%	3.5/13.1
Latvia	0.73/3.0%	1.98/8.1%	2.8/7.6
Lithuania	0.55/1.4%	1.86/5.1%	1.4/4.9
EU countries	472/2.9%	1275/7.8%	3.1/8.4
World	2.8%	9.0%	3.3/8.6

For leisure and business travel spending within a country by residents and international visitors, Latvia has accumulated the least volume, leaving Lithuania as a leader in leisure travel spending and Estonia in business travel spending, as seen in Figure 1. Business travel is considered to be of particular importance, as revealed by a study commissioned by the World Travel and Tourism Council, published in May 2011 [1]. According to this study, business travel improves global corporate productivity, yielding a return on investment of 10:1, i.e. one unit of new business travel spending produces incremental industry sales of ten units. Approximately one-third of the growth in global trade over the past decade has been driven by international business travel. If business travel was cut by 25% over two consecutive years, global GDP would be by 5% lower than would otherwise be the case after a five-year period. Globally, this would mean 30 million fewer jobs than forecast under baseline assumptions for the same period – an average loss of 1% of global employment.

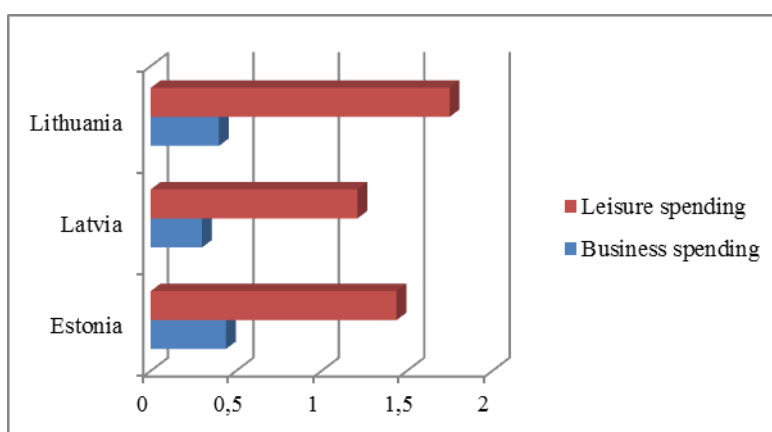


Fig. 1. Travel and tourism spending in the Baltic countries, 2010 (US\$ bn) [17]

Lithuania has a considerably stronger and larger domestic travel market, with domestic spending reaching double volume compared to Latvia and almost triple compared to Estonia. Domestic travel and tourism spending is defined as spending within a country by country's residents for both business and leisure trips. Multi-use consumer durables are not included since they are not purchased solely for tourism purposes; outbound spending by residents abroad is not

included as well. Lithuania also shows higher internal travel and tourism consumption, that is, the total revenue generated within a country by industries that deal directly with tourists, including visitor exports, domestic spending and government individual spending; however, this does not include spending abroad by residents.

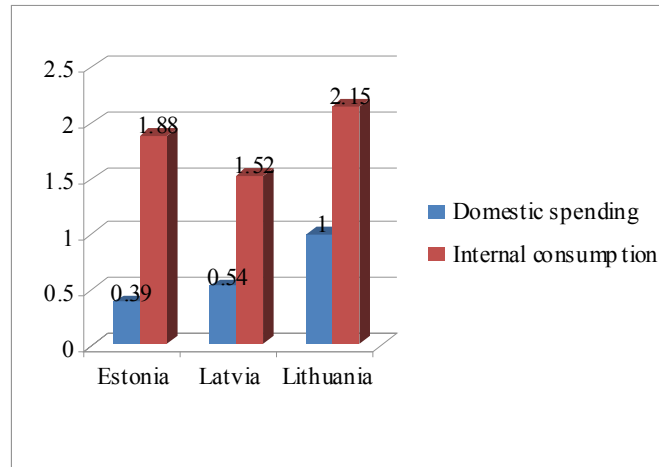


Fig. 2. Domestic travel and tourism spending and internal consumption, 2010 (US\$ bn) [17]

3. Accommodation and overnight stays: capital cities and regions

As seen in Table 1, travel and tourism play an important role in terms of their economic, employment and social potential. The infrastructure that is created for tourism purposes and needs contributes to local development, and newly created jobs may help to alleviate the decline in regions. In 2006, the European Commission adopted a Communication on a renewed EU tourism policy: towards a stronger partnership for European tourism [3]. Among other priorities, this Communication emphasises the importance of the development of more sustainable and environmentally-friendly tourism practices in the circumstances of growing external competition. As a cross-cutting sector, tourism involves a big diversity of services and professions and is linked to numerous other economic activities. The attraction of foreign visitors for a longer stay and offering a wider range of tourism destinations within the country is one of the major priorities. Table 2 shows the total number of overnight stays in tourist accommodation, both by residents and foreign visitors, where Latvia reveals the most unsatisfying results. The high number of foreign visitors in Estonia is mainly influenced by neighbouring Finland and Finnish guests, who in 2010 totalled 832 thousand and stayed for more than 1.66 million nights, that is, half of all overnight stays by foreigners. Lithuanian tourist accommodation capacity is strongly supported by domestic travel and residents.

Table 2. Number of nights spent in tourist accommodation, 2010 (million) [2, 11, 12]

	Total	Foreign visitors
Estonia	4.7	3.2
Latvia	2.8	1.91
Lithuania	4.33	1.99

For sustainable development and balanced economic and employment growth, it is important that tourism destinations and infrastructure for a longer stay are created throughout the country. All Baltic countries covering a rather small territory are vulnerable to centralization risk when all tourism activities, hence all benefits – employment, income, business development, social issues, etc., are concentrated in capital cities. The European Commission's Communication on renewed tourism policy emphasises that rural areas have become more attractive and offer many environmental amenities, thus making it an important source of diversification of the rural economy and declares support through the European Agricultural Fund for Rural Development to improve the environment of the countryside, study and investments associated with the maintenance, restoration and upgrading of the cultural heritage, as well as to encourage tourist activities as part of the diversification of the rural economy objective. The following six figures show the distribution of

beds in tourist accommodation among regions and in the largest cities of Estonia, Latvia and Lithuania. The largest concentration around the capital city is seen in Latvia, Lithuania showing the most even distribution.

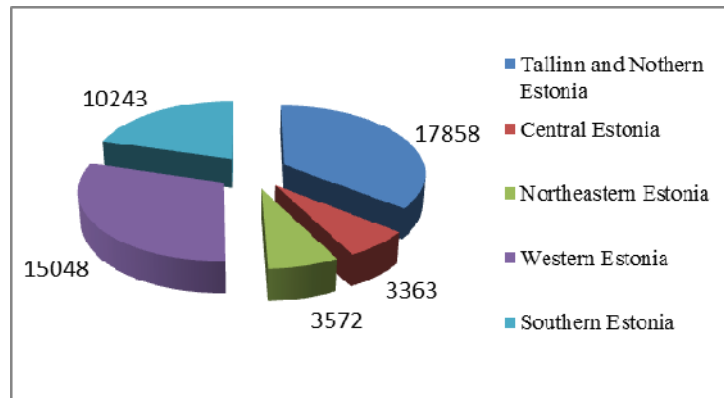


Fig. 3. Number of beds in tourist accommodation in Estonia by region, 2010 [11]

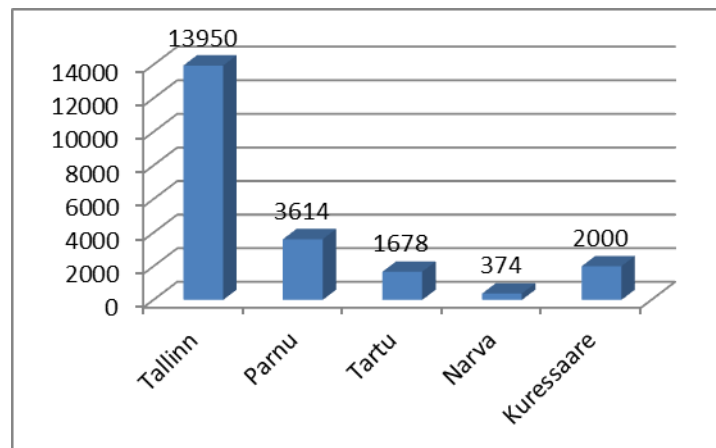


Fig. 4. Number of beds in tourist accommodation in the cities and resorts of Estonia, 2010 [11]

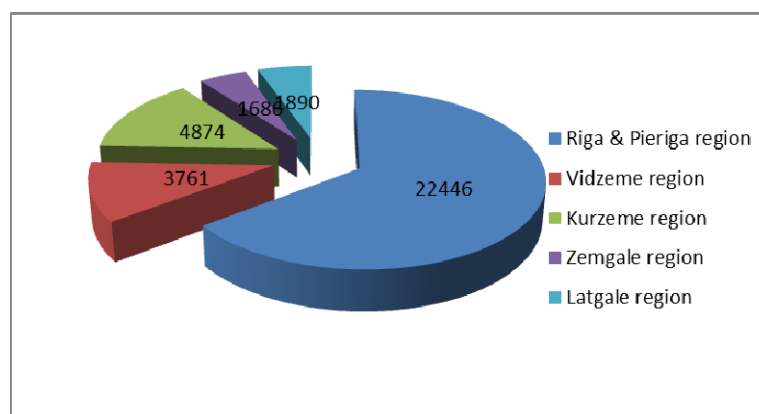


Fig. 5. Number of beds in tourist accommodation in Latvia by region, 2010 [2]

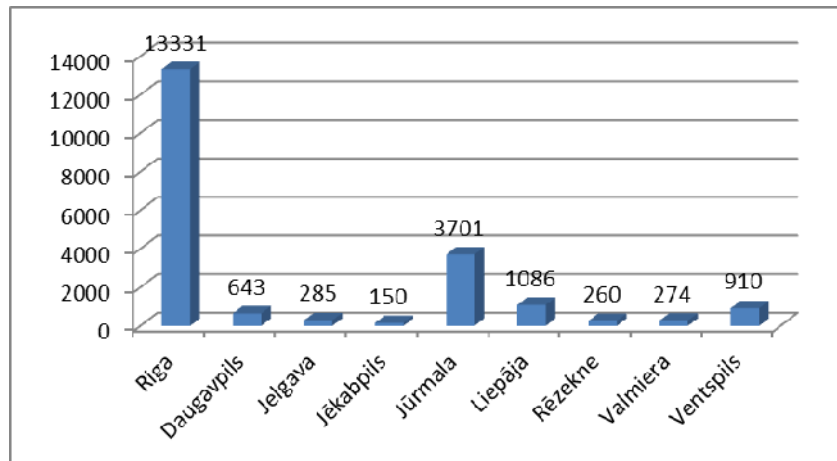


Fig. 6. Number of beds in tourist accommodation in the cities and resorts of Latvia, 2010 [2]

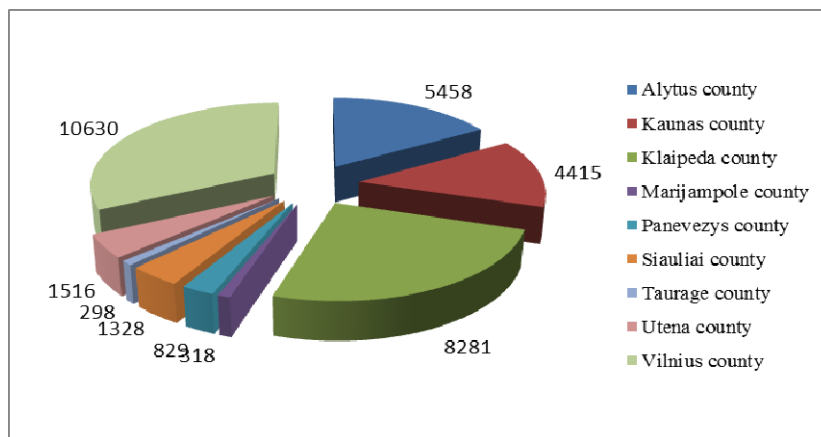


Fig. 7. Number of beds in tourist accommodation in Lithuania by county, 2010 [12]

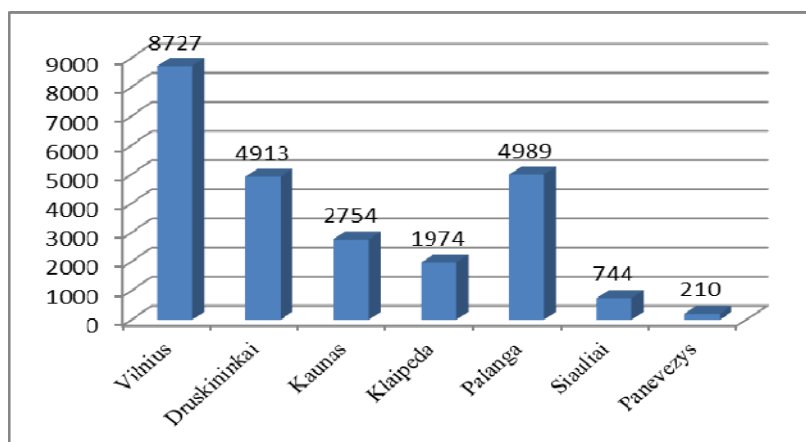


Fig. 8. Number of beds in tourist accommodation in the cities and resorts of Lithuania, 2010 [12]

The imbalanced provision of tourist accommodation within a country is directly reflected by the number of guests accommodated within the country. As shown in Table 3, the capital cities of Estonia and Latvia – Tallinn and Riga – accommodate more than half of the total number of guests staying in tourist accommodation; however, for foreign visitors, this share exceeds 73 and 78% respectively. In Latvia, the number of foreign guests accommodated in Riga and a neighbouring resort town Jurmala reaches 88% of the total share. Lithuania shows a more balanced distribution of overnight stays within the country as its capital city – Vilnius – accommodates 37% of all guests and 51% of foreign visitors. In the longer term, this may be of vital importance for the economic, employment and social growth in the regions outside the capital city.

Table 3. Number of guests in tourist accommodation, 2010 (million) [2, 11, 12]

	Guests in the country, total	Guests in the capital city	Share of guests staying in the capital city	Foreign guests, total	Foreign guests in the capital city	Share of foreign guests staying in the capital city
Estonia	2.4	1.3	54%	1.57	1.14	73%
Latvia	1.3	0.78	60%	0.87	0.68	78%
Lithuania	1.5	0.56	37%	0.84	0.43	51%

4. Airports, sea and land transportation

An accessible and a well-developed public transportation network is a key prerequisite for travel tourism growth and increase in tourist flow. Latvia is a leader among the Baltic countries in terms of direct destinations, aircraft moves and air passenger flow, which in 2010 reached 3 million passengers, compared to 1.39 million in Estonia and 2.29 million in Lithuania (excluding direct transit) [6, 7, 12]. Furthermore, Riga International Airport accounts for 1.7 million direct transit passengers, which ensures Riga an important place among the largest airports in the North European region. In 2010, despite being an undoubted leader in terms of airport results, Latvia had only one international airport with regular commercial flights – Riga International Airport, which is based on geographical and economic feasibility and traditions but is not supportive for regional development. Lithuania has 3 airports with regular international commercial flights – in Vilnius, Kaunas, and Palanga (see Figure 9). Since 2010, Kaunas Airport has been growing tremendously due to a low cost airline Ryanair that moved there one of its regional bases and is likely to increase its volume in the years to come as well. There are 4 airports with commercial flights in Estonia; however, only one of them – in Tallinn – may be considered as significant, while other airports perform low volume and mainly domestic flights, with domestic flight volume reaching 55 thousand passengers in 2010 [13]. In 2010, Riga International Airport serviced 68 145 aircraft movements, that is, a double amount, compared to the total number of aircraft movements in Estonian and Lithuanian airports (43 342 and 38 004 respectively) [6, 7, 10, 13, 14]. Although the number of airlines in Tallinn, Riga and Vilnius is quite similar, the number of destinations from Riga International Airport exceeds the respective figures of Tallinn and Vilnius airports almost three times, which is due to the strong performance of a national carrier Air Baltic.

Table 4. Number of destinations and airlines, June 2011 [6, 7, 10, 13, 14]

	Number of destinations	Number of airlines
Estonia		
Tallinn	32	13
Kuressaare	2	1
Tartu	2	2
Kardla	1	1
Latvia		
Riga	86	17
Lithuania		
Vilnius	29	16
Kaunas	17	2
Palanga	4	4

As there are three important operational airports in Lithuania, the paper includes detailed results for each airport shown in Figure 9.

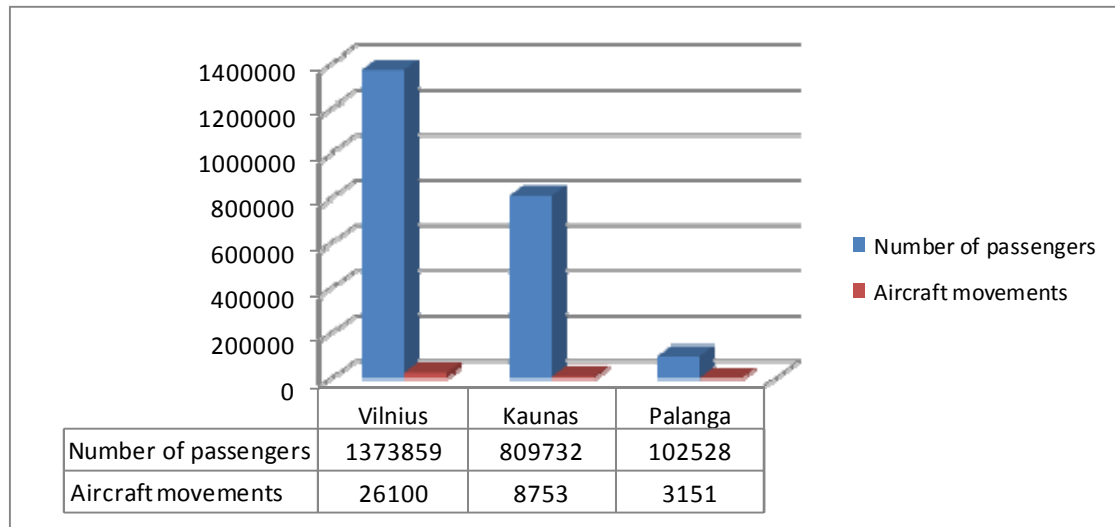


Fig. 9. Number of passengers and aircraft movements in Lithuanian airports, 2010 [6, 7, 14]

Enjoying seaside location, sea transportation is important for tourist attraction. Figure 10 shows the number of ferry and cruise passengers in each Baltic country. Estonia's main ferry traffic is carried out with closely located Finland (6.9 million ferry passengers in 2010 out of 8.2 million in total). But even without Finnish visitors Estonian figures are considerably higher than in Latvia that has three active ports with regular commercial ferry lines (Riga – 0.764 million, Ventspils – 0.018 million, Liepaja – 0.01 million passengers). In 2009, Tallinn port ranked among 20 largest EU ports in terms of the number of passengers [4]. Estonia has also reached good results in putting Tallinn as one of the Baltic Sea cruise destinations and attracting international cruises, totalling 274 ships in 2010 compared to 64 ships in Riga and 45 ships in Klaipeda.

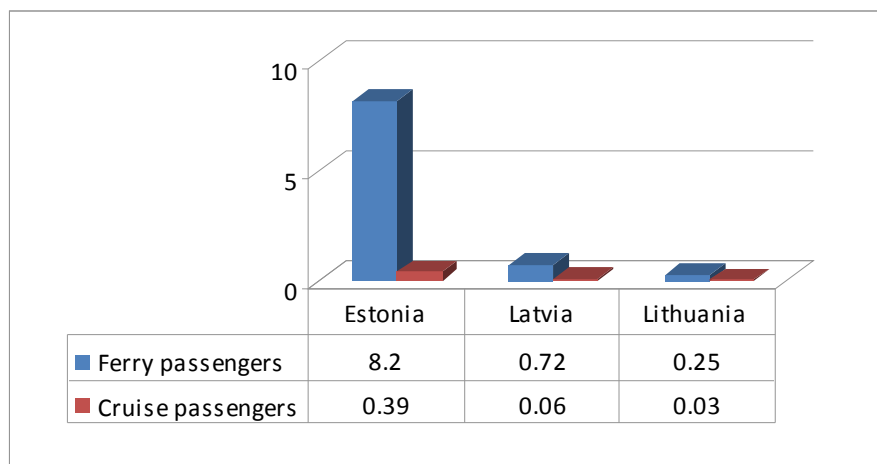


Fig. 10. Ferry and cruise passengers in Estonia, Latvia and Lithuania, 2010 (million) [2, 5, 9, 11, 12]

Table 5 shows the number of passengers served by international railway and bus carriers in the Baltic countries.

Table 5. Bus and railway passengers on international routes in the Baltic countries, 2010 (thousand) [2, 8, 9, 11, 12]

	Passengers on international railway routes	Passengers on international bus routes
Estonia	...	486
Latvia	340	420
Lithuania	313	268 (year 2009)

The number of international passengers travelling by ground – regular international bus routes and railway – is considerably lower than that of passengers using airlines. Latvia has daily direct international railway connection with two major cities in Russia – Moscow and St. Petersburg, Estonia – one international route Tallinn–Moscow, Lithuania – with Russia, Belorussia, and Poland.

5. Conclusions

1. Estonia features the highest travel and tourism industry's share both in the total GDP of the country and employment, exceeding the average figures of the EU countries. This position is more likely to be kept during the next years according to the World Economic Forum report, which has ranked Estonian travel competitiveness as high as 25th out of 139 countries.

2. Estonia is a leader among the Baltic countries both in terms of the number of foreign visitors with an overnight stay and the total number of nights spent in tourist accommodation. The large gap in those results is reached mainly because of the neighbouring Finland and existing travel traditions – half of foreign visitors are Finnish guests. A potential change in the Finnish market alone would significantly change Estonian travel industry results.

3. Lithuania has developed the most even distribution of tourist accommodation within the country. In 2010, nights spent by visitors in tourist accommodation in the capital city accounted for only 37% of the total number of nights spent by visitors in tourist accommodation, compared to 54% in Estonia and 60% in Latvia. This might be supported by a high volume of domestic travel by residents, as well as by the fact of international airports with regular commercial flights being located in three cities – Vilnius, Kaunas, and Palanga.

4. Riga International Airport is the leading airport in the Baltic region, showing the best results for direct and transit passenger volume, aircraft movements and the number of direct destinations offered.

5. Estonia not only is very successful in using its seafront location and developing effective ferry route network but also has positioned Tallinn as one of the Baltic Sea cruise destinations that is offered by the largest cruise companies. Riga has great potential in this area to be developed in the future.

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**PAGRINDINIŲ KELIONIŲ IR TURIZMO RODIKLIŲ PALYGINAMOJI ANALIZĖ:
ESTIJA, LATVIJA IR LIETUVA 2010 M.**

Iveta Vanaga

Santrauka. Straipsnio tikslas – lyginant svarbiausius statistinius rodiklius rasti Baltijos šalių turizmo rinkos bendrumus ir ypatumus. Tuo tikslu buvo daroma literatūros šaltinių apžvalga bei analizė, taikoma indukcija bei deducija, o taip pat tokie statistiniai metodai, kaip grupavimas, agregavimas bei lyginimas. Tyrimas rodo, kad Estijos kelionių bei turizmo industrijos dalis tiek bendrajame vidaus produkte, tiek ir darbuotojų skaičiumi yra didžiausia ir viršija Europos sąjungos atitinkamų rodiklių vidurkius. Estija tarp Baltijos šalių užima lyderio pozicijas tiek su nakvyne atvykstančių užsienio lankytojų skaičiumi, tiek jų lankytojų šalyje praleistų naktų skaičiumi. Lietuvoje nakvynės paslaugas turistams teikiančių įmonių išsidėstymas šalyje išvystytas tolygiausiai, priešingai Estijai ir Latvijai, kuriose stebima per didelė turistų koncentracija sostinėse. Rygos oro uostas yra stambiausias Baltijos šalių regione, ir jame yra didžiausi pervežtų keleivių, orlaivių skrydžių ir tiesiogiai pasiekiamų pasaulio vietų skaičiai. Estijai pavyko ne tik sėkmingai išnaudoti savo pajūrio geografinę padėtį, efektyviai vystant keltų tinklą, bet ir pasiekti, kad Talinas taptų vienu iš Baltijos jūros kruizinių laivų sustojimo punktų, siūlomu stambiausioms kruizinių laivų kompanijoms.

Reikšminiai žodžiai: kelionės ir turizmas, Baltijos šalys, statistiniai rodikliai, palyginamoji analizė.