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CENTRAL BALTIC
INTERREG IV A
PROGRAMME
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Market research under the INTERREG IVA project „Friendly Island Routes (FIR AI2)”

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Introduction

Tourism is one of the most important economy sectors. In developed industrial countries the share of tourism in the BNP is often higher than the share of other economy sectors.

In Sweden for example – which is not known as THAT tourism country - the GDP share of the tourism industry was 2,94 % - almost 1,5% higher than the the GDP share of agriculture, fishery and wood industry! (source: Nutek) In the beginning of this decade Estonia's tourism industry's GDP share was around 8 % (Estonia statistics). Tourism's importance as employer is constantly increasing. (In 2006 the tourism industry employed over 150.000 people in Sweden, which is more than the number of people which where employed by the following Swedish companies in Sweden: Volvo AB with daughter companies, Ericsson, Volvo Cars, Scania, Skanska, Saab, TeliaSonera, Sandvik, AstraZeneca, ABB and SCA together.

Tourism is always local, meaning that people being employed by tourism related companies cannot be transferred to countries where employment costs are lower than in the respective country. Tourism contributes very much to the development of rural, remote and coastal areas and are often the only functioning source of income for people in those areas. Although tourism is in all countries around the Baltic Sea very seasonal - income generated by tourism has grown until the recent economic crisis in all Baltic Sea countries.

Estonia as an incoming tourism destination has been a success story since regaining independence in 1991. From a more or less closed city Tallinn became one of the main tourism attractions in Northern Europe. The number of 305 cruise ships visiting the Tallinn harbour is only one indicator. Huge investments have been done in order to develop a good tourism infrastructure. TallinkSilja is by a number of indicators the biggest ferry line globally. Here, a great advantage of Tallinn and the entire country is the close location to the main

Estonian source market – Finland. A quarter of the Finnish population lives in the the region around the Finnish capital Helsinki (Uusimaa) which makes the ferry connection between Helsinki and Tallinn to one of the biggest in the Baltic Sea region in terms of number passengers - in 2009, almost 7.26 million passengers arrived and departed through the Port of Tallinn (EAS).

However tourism in Estonia is often concentrated on the capital city - Tallinn, but also other Estonian regions like Pärnu and Saaremaa gain eventually popularity.

Estonia's coastal areas have been closed for visitors during the Soviet occupation. The entrance to the coastal areas was restricted, often people were forced to leave their homes in areas, which were in the eyes of the occupational power to close to the 'enemy'. This period left its footprint on the Estonian coast – one of the 'best' example is the city of Paldiski and the Pakri Islands.

Estonia's coastal areas offer with its beaches, woods, bays, svamp and bog areas excellent recreational conditions. Already now the Lahemaa National Park is one of the best visited tourism attractions in Estonia. Saaremaa became after being closed for almost half a century a tourism magnet.

Tourism is not only landborne – the seaborne tourism in form of annually over 300 cruiseships calling the port of Tallinn is one. The growing part pleasure boats in Estonian waters is important for the development of remote coastal areas. Maritime tourism has many faces – I mentioned the cruise ships but also the cruise ferries which connect Estonia to their neighbouring countries are a part of maritime tourism. Sailing, boating, fishing, windsurfing, birdwatching, diving etc. can be connected to maritime tourism. The intention with this research is to have a closer look at the tourism development of the coastal areas of Harju an Hiiu counties – from land and from the sea.

What is the situation now – compared to the rest of Estonia and compared also to the tourism development to the neighbouring coastal areas on the other side of the Gulf of Finland. Finland has been an example for Estonia in many ways and investigating tourism in Finnish coastal areas can give valuable information about future trends for the tourism development on the Estonian side of the Gulf of Finland. Therefore a big share of this research will deal with Finland and the tourism in the coastal areas. But also the other primary Estonian source markets – Sweden, Germany and Russia will be investigated.

In October 2009 I had the pleasure to visit Aegna, the harbour of Leppneeme, Kaberneeme, the city of Paldiski, Viinistu, Kalana and Kõrgessaare. In my research I used different information sources like the statistical offices publications in Europe, travel trade publications, publications from the National Tourism Boards, European Travel Commission, UNWTO, governments, municipalities, interviews with tourism officials from Tallinn, Estonian Tourism Board and other sources.

Thomas Mielke

Stockholm, April 2010

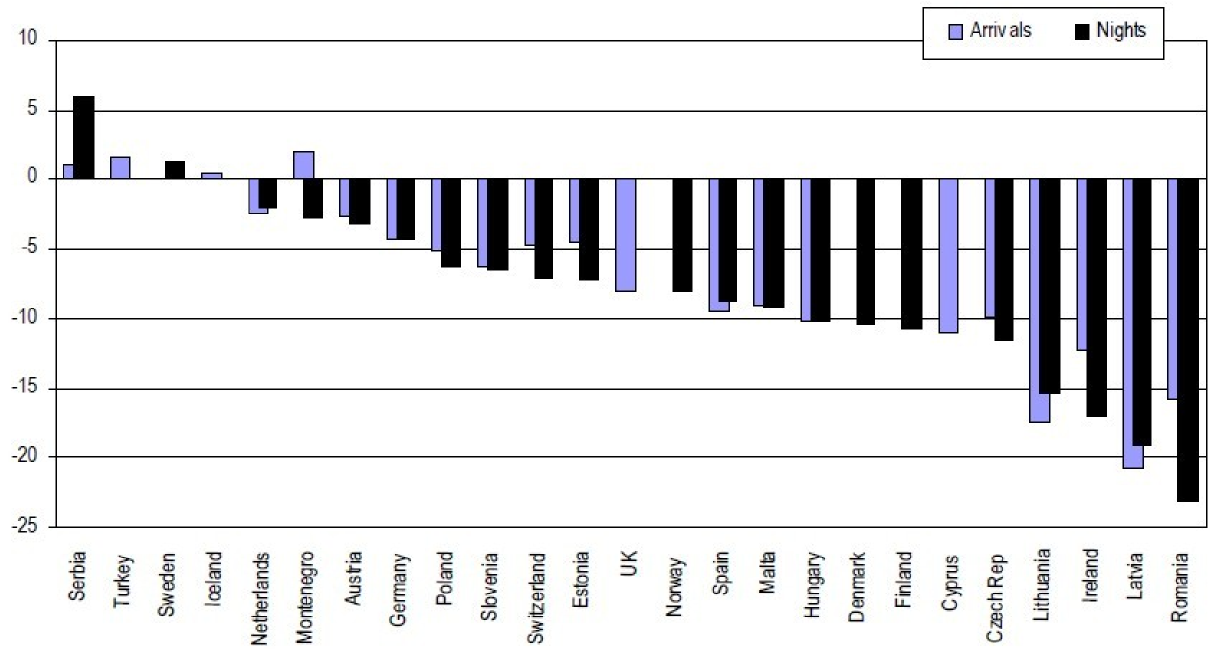
Content

1. Tourism development

1.1. Tourism development in Europe

Due to the ongoing financial crisis the number of arrivals and the total number of trips have decreased worldwide by 4% in 2009. Europe and North America have lost most in 2009 with a decrease of 6% (UNWTO).

International arrivals and nights in European destinations, year to date 2009[a]
(% change on same periods in 2008)

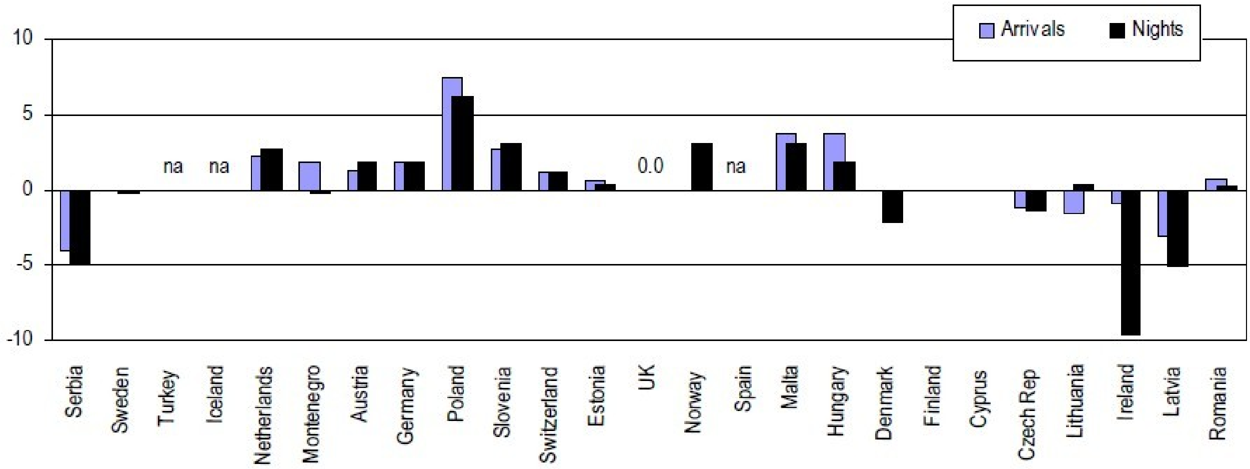


[a] Jan-Sep, Jan-Oct or Jan-Nov – measures used by the individual destinations vary.

The region around the Baltic Sea was not an exception concerning a negative arrival growth. Almost all countries have an higher decrease than the European average. Only Sweden reached a small growth – mainly due to the weak performance of the Swedish Crown.

However 'light in the end of the tunnel' can be seen. The first statistics for 2010 show a positive growth for tourist arrivals.

Comparison of 2009 year-to-date figures reported by European destinations in October 2009 and January 2010 a
(% point change on figures reported three months ago)



[a] Usually Jan-Sep compared with Jan-Jun, or Jan-Oct compared with Jan-Jul, or Jan-Nov compared with Jan-Aug. The countries listed are shown in the same sequence as in the previous graph.

Less available income and a weak labour market led to an increased domestic travel in Western and Northern Europe. In many young market economies in Eastern Europe the negative impact of the economy turn down was so huge that even domestic tourism was badly effected.

According to the ETC (Euroean Travel Comission) people have travelled less, less far, reduced the number of short breaks, they are spending less and they search for cheaper alternatives in the internet. Business travel reduced dramatically when many companies had to reduce their travel expenses substantially.

1.2. Tourism development in Estonia in 2009

The economic crisis had a severe effect on the Estonian tourism industry. However the recent European arrival comparison showed a positive result for arrivals to Estonia with just above the zero line. (see "Comparison of year 2009 to year figures ..."). The year 2009 has been a difficult year for Estonian tourism – with 6,5 % less overnights in 2009 compared to 2008. Airlines reduced or stopped their flights to Tallinn which had a negative impact on the number of foreign guest nights especially from Sweden, Germany and UK.

Here the Tallinn port statistics shows a small increase of passenger numbers from Finland confirming the thesis that domestic or travel to close-by destination in the Nordic countries has been less affected by the economic crisis.

The domestic market which showed in the past a strong growth has decreased by 19 %.

As Enterprise Estonia (EAS) tourism development centre director Tarmo Mutso declared on March 30th 2010: "...our proportion amongst destination markets has become that which it was five years ago. The number of hotel bookings from four of the five greatest markets of that time – Finland, Sweden, Germany and the UK – has fallen to below 2004 levels. Had tourist numbers from Russia, Latvia and Lithuania and also domestic tourism not grown strongly in the meantime, we would be much sadder at the moment."

Estonia – total number of foreign overnights in all accommodation establishments (Statistics Estonia)

			Change in %	
2004	2008	2009	2008/09	2004/09
2868319	2962549	2771552	-6,45	-3,37

Estonia – total number of domestic overnights in all accommodation establishments (Statistics Estonia)

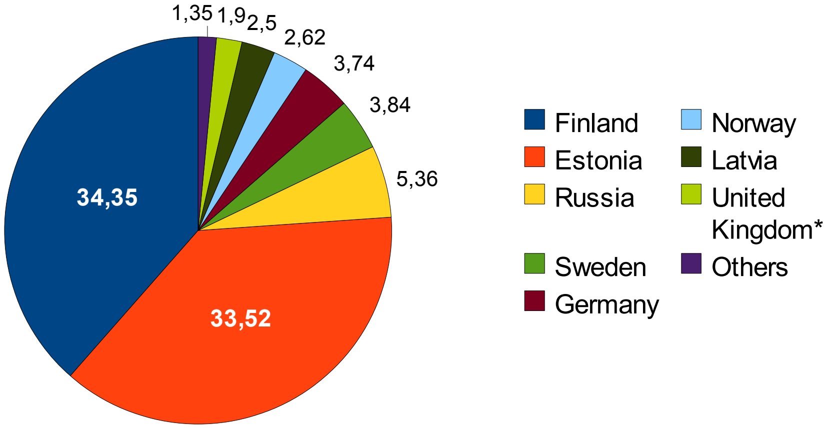
			Change in %	
2004	2008	2009	2008/09	2004/09
1010909	1669550	1381830	-17,23	36,69

Mainly the increased share of the domestic market in the total number of overnights is the reason for Estonia's relatively good performance with an increase of almost 37% in 2009 compared to 2004.

According to a research made by EAS in June, July and August 2009 80% of all domestic overnights are in free accommodation, meaning Estonians are visiting friends and relatives and combining their visits with holiday. Although the number of domestic registered overnights has decreased the number of guests staying at 'free accommodation establishments' has slightly increased. This confirms the previous statement that people during an economical crisis tend to reduce their spendings on travelling etc..

The domestic share of all nights spent is a bit more than 1/3 of all nights spent and slightly less than the Finnish (as the biggest foreign share).

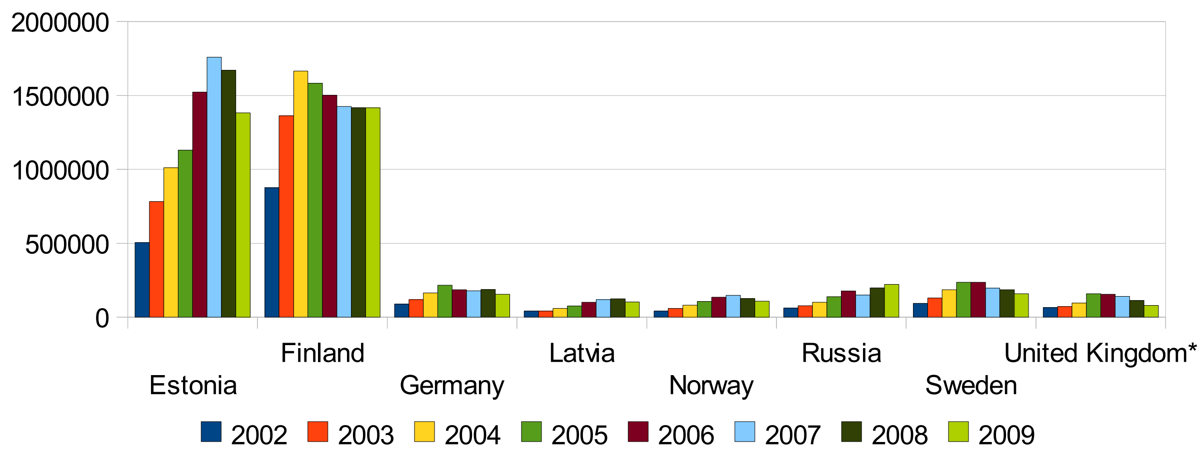
Distribution of nights spent in Estonia 2009 by country of residence in % (Statistics Estonia)



Foreign source markets mainly decreased or remained stable (Finland) in 2009 (see graphs below). The reason for the negative development in the other source markets are mainly the global financial crises (weak Swedish Crown – which lost 2008/09 almost 20% of its value against the EURO) and thus reduced air traffic capacities or suspended flight routes (Germany, UK – Estonian Air reduced frequencies and destinations) or ferry routes (Latvia). It is not self evident that masses of Finnish tourist will pour into Estonia every year – every market needs to be conquered again and again.
The chart below shows the importance of the both main markets – the domestic market and the Finnish market .

Number of overnights by country of residence 2002-09 (Estonia statistics)

2008	1st	Finland	1415884	2009	1st	Finland	1416113
	2nd	Russia	198319		2nd	Russia	220945
	3rd	Sweden	185592		3rd	Sweden	158492
	4th	Germany	187665		4th	Germany	154260
	5th	Norway	125683		5th	Norway	108207
	6th	Latvia	123299		6th	Latvia	103091
	7th	United Kingdom & Ireland	112423		7th	United Kingdom and Ireland	78322
	15th	Denmark	31684		15th	Denmark	25725
	16th	Benelux	27662		16th	Benelux	24876



The gap between the most important source market – Finland and the second most important – Russia – is substantial. The Finnish source market produces over 6 times more overnights than the Russian.

The Finnish market was in 2009 despite of the crisis very robust .

The number of overnights in 2009 was stable compared to 2008 (1.415.884). Especially the summer months of July/ August but also October showed very good results with 8%, 6% and 9% growth.

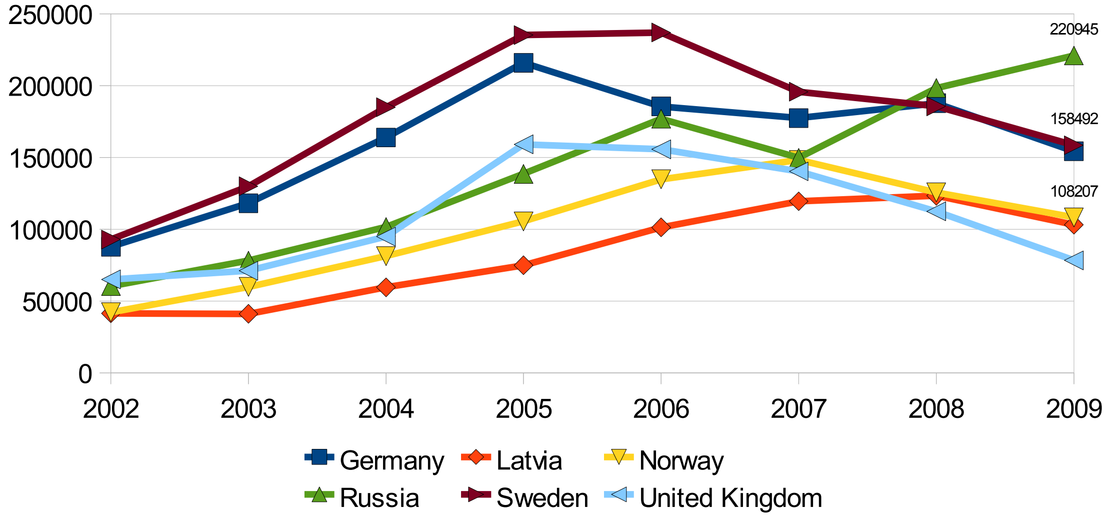
The number of Finnish overnights passed again the number of nights spent by Estonians in Estonia.

Over ¾ of all Finnish visitors stayed in Tallinn or Pärnu. Both destinations showed also a positive growth in 2009. Saaremaa as third biggest destination experienced a fall in the number of visitors mainly due to the reduced flight connections to the island.

Number of Finnish guest nights in selected Estonian destinations (Statistics Estonia)

	Harju county without Tallinn	Tallinn	Hiiu county	Pärnu city	Saare county
2008	47452	726392	3441	338158	103533
2009	36378	762099	4775	342212	81653
change in % 08/09	-23,34	4,92	38,77	1,2	-21,13

Number of nights by different source markets in Estonia 2002-09 (Statistics Estonia)



The Russian market looks promising – despite of infrastructure problems has the influx of Russian guests increased.
Swedes and Germans are on the same level – as they were in 2002. Without the newly introduced 'Baltic Princess' the figures for Sweden would have been worse. Norway and Latvia suffered mainly from suspended flight and ferry connections.

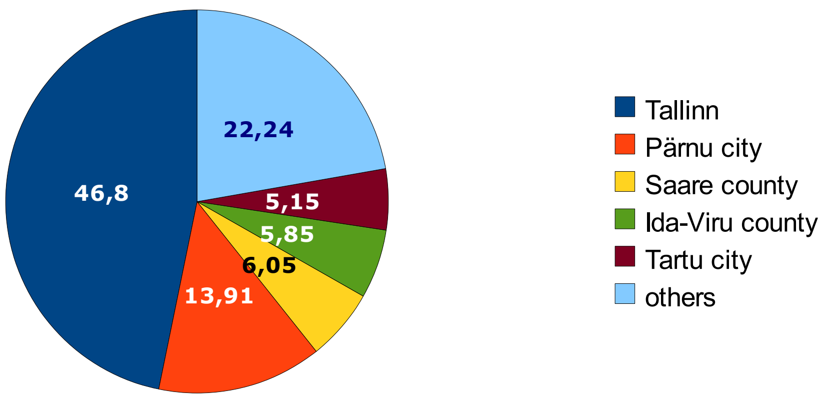
Conclusions/main findings

- Estonia suffered from the global financial crisis – both the domestic and foreign incoming sector decreased.
- Estonia's tourism industry depends on a great extent on the influx of Finnish tourists – however the Russian market become stronger.
- The domestic market had probably it's biggest decrease since regaining independence

1.3. Tourism development in Tallinn

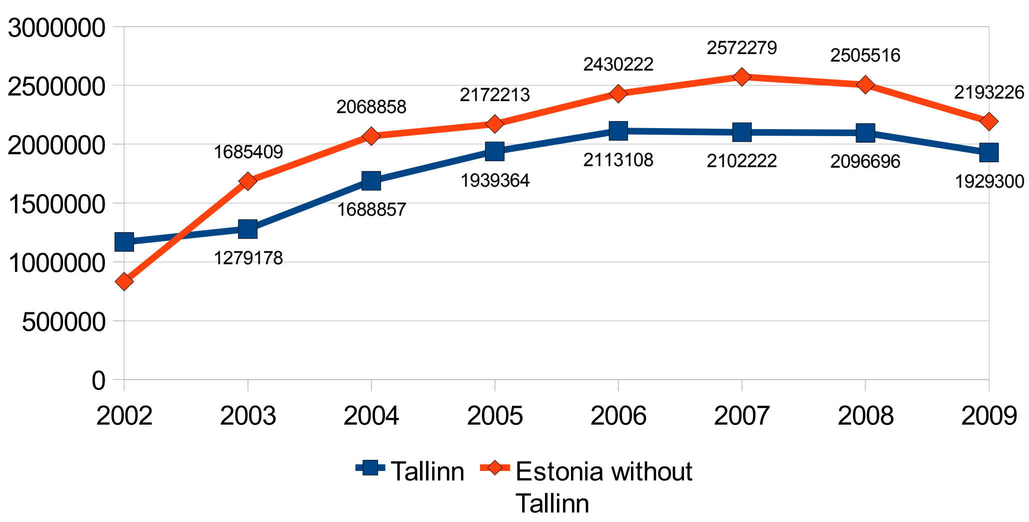
Tallinn is by far Estonia's biggest tourism destination. In 2009 Tallinn had 1.929.300 overnights. From all overnights in Estonia Tallinn's share in 2009 was almost 47 %.

Distribution of all nights spent in accommodation establishments in Estonia 2009 (Statistics Estonia)

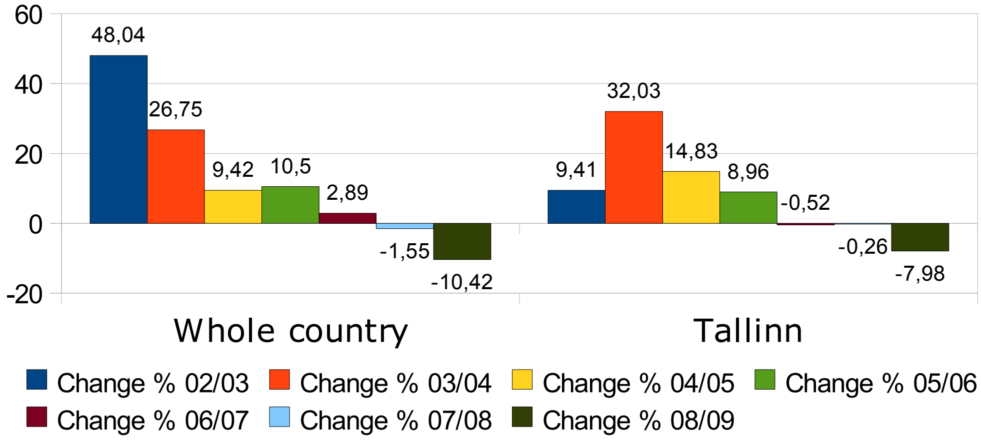


During the past 10 years destinations outside Tallinn's like Pärnu, Saaremaa and Tartu gained popularity. However the recent economic crisis hit the regions outside Tallinn stronger than Tallinn itself.

Number of nights spent in Tallinn and in Estonia without Tallinn 2002-09 (Statistics Estonia)

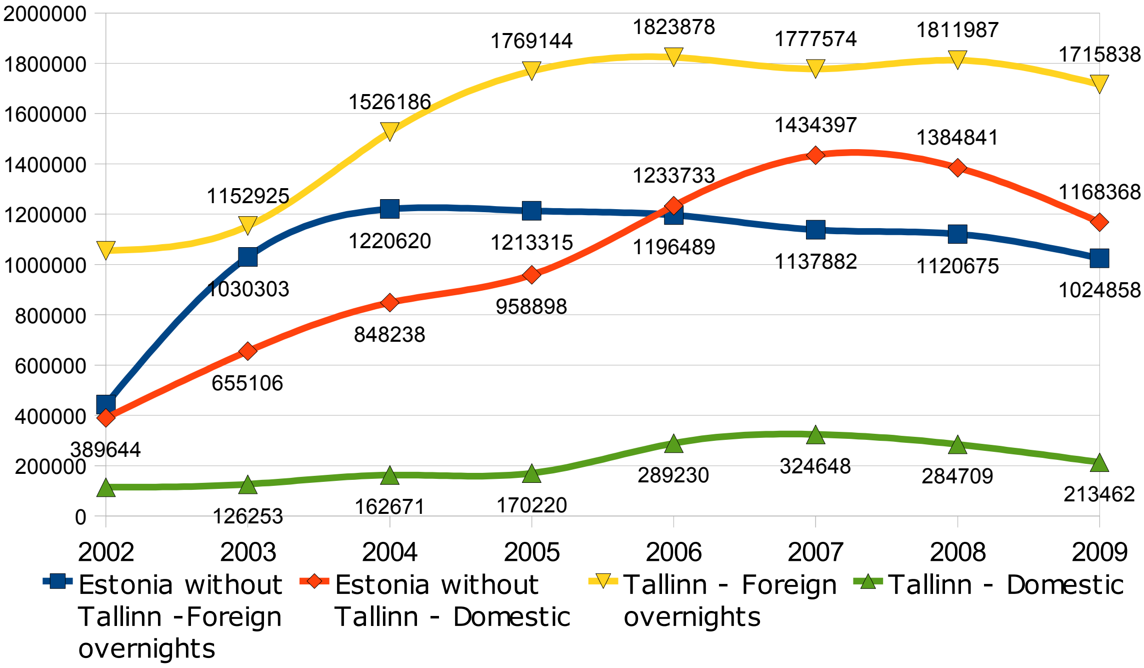


Change in the number of nights spent in all accommodation establishments in Tallinn and in Estonia without Tallinn 2002-09 (Statistics Estonia)

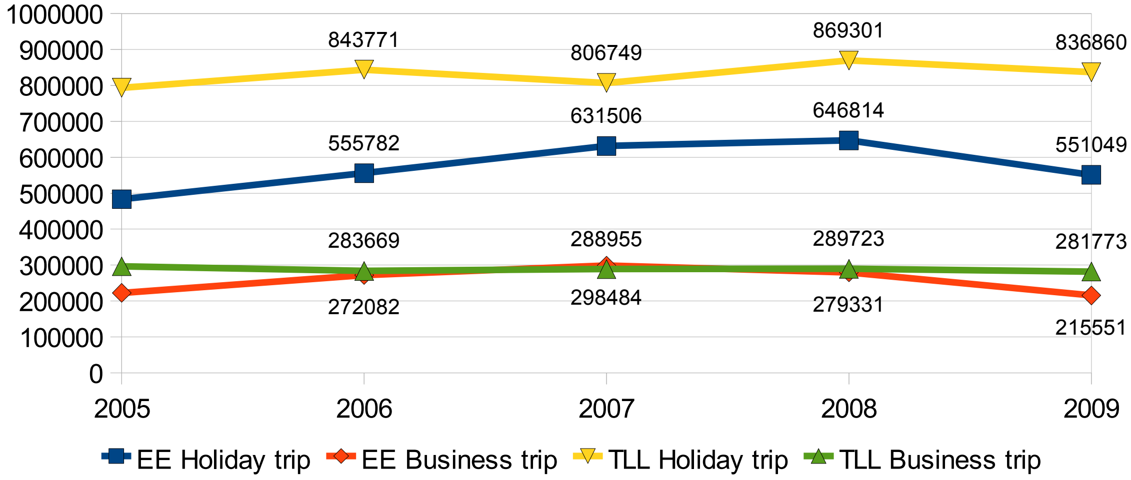


Foreign visitors have a strong grip on tourism in Tallinn. Estonians do not spend their holidays in Tallinn. Estonians prefer other tourism destinations outside Tallinn for their holidays. The graph shows also that the negative development regarding the number of foreign overnights in Estonia outside Tallinn has started already in 2004 (!).

Nights spent by Estonia without Tallinn and Tallinn, foreign/ domestic overnights and year (source Statistics Estonia)

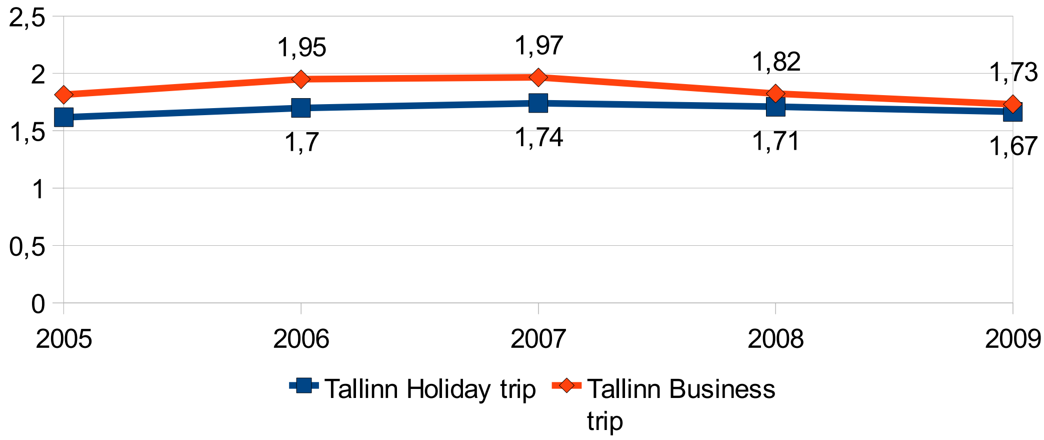


Nights spent by purpose of the trip by Tallinn and Estonia without Tallinn 2005-06 (Statistics Estonia)



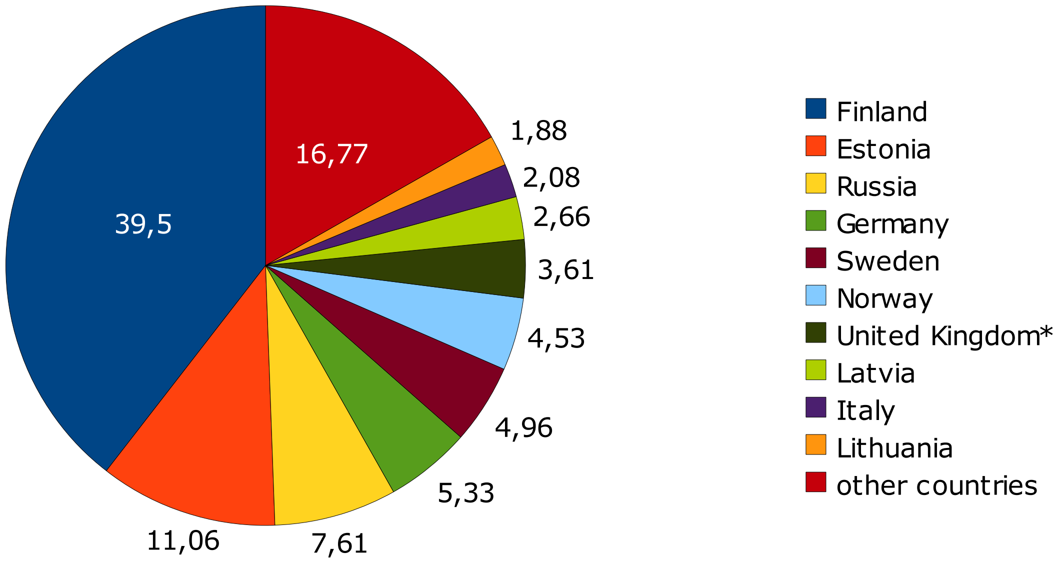
The length to stay in Tallinn has decreased in the last years and business and leisure trips are almost equally long.

Length of stay in Tallinn by holiday and business trips 2005-09 (Statistics Estonia)



The total share of foreign tourists in Tallinn's 'nights spent' statistics is higher compared to the country in general: Only 1/10 of all visitors in Tallinn's accommodation establishments are Estonians, almost 90% are foreigners and here Finns have the biggest share with almost 40%.

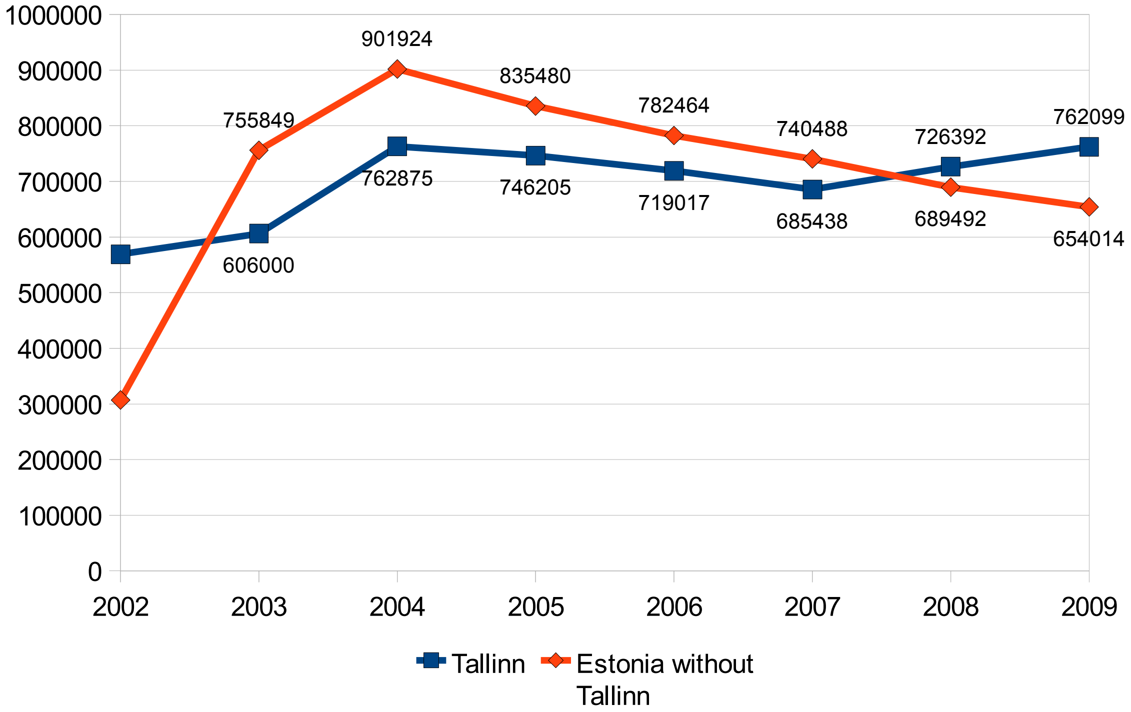
Distribution of nights spent in Tallinn 2009 by country of residence (Statistics Estonia)



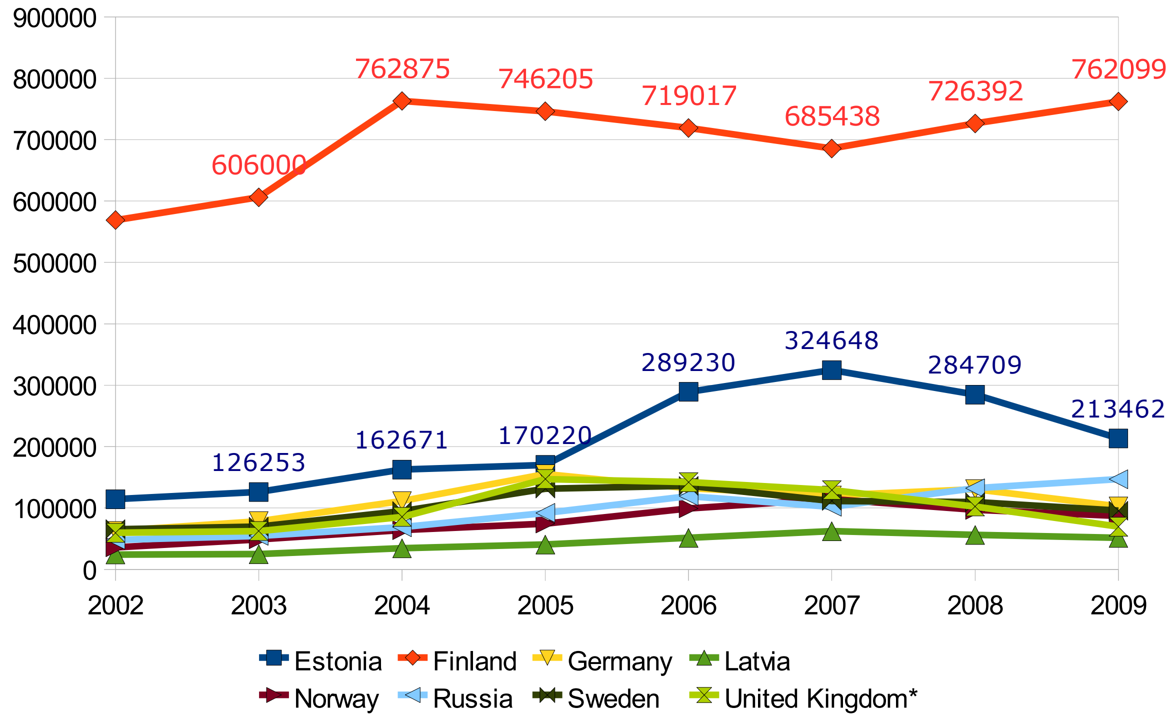
The share of Finnish nights spent in Tallinn has been very stable and has increased even during recent years. Finns are spending less nights in destinations outside Tallinn. The share of domestic nights spent has decreased during the recent years reaching the top notation in 2007 and returning now the the level of 2005/06.

Tallinn managed to change the negative trend regarding the number of Finnish overnights, having now more Finnish overnights than the rest of the country.

Number of nights spent by country in Tallinn and Estonia without Tallinn 2002-09 (source Statistics Estonia)

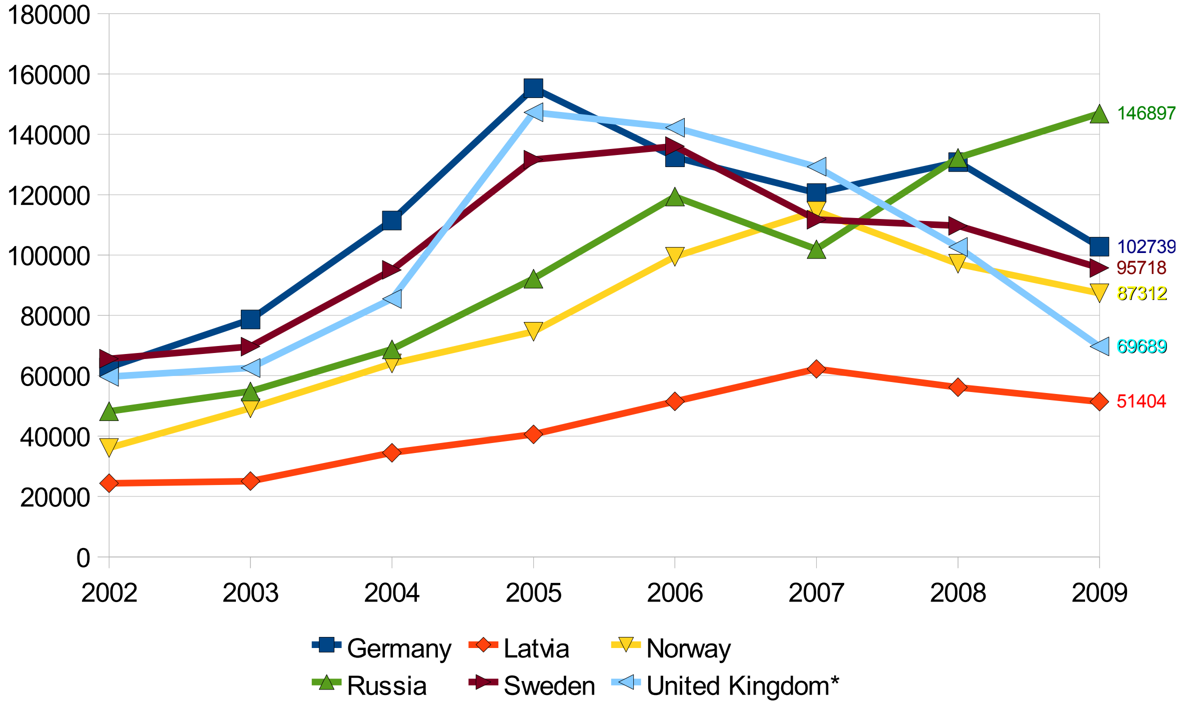


Number of nights spent in Tallinn 2002-09 by country of residence (Statistics Estonia)



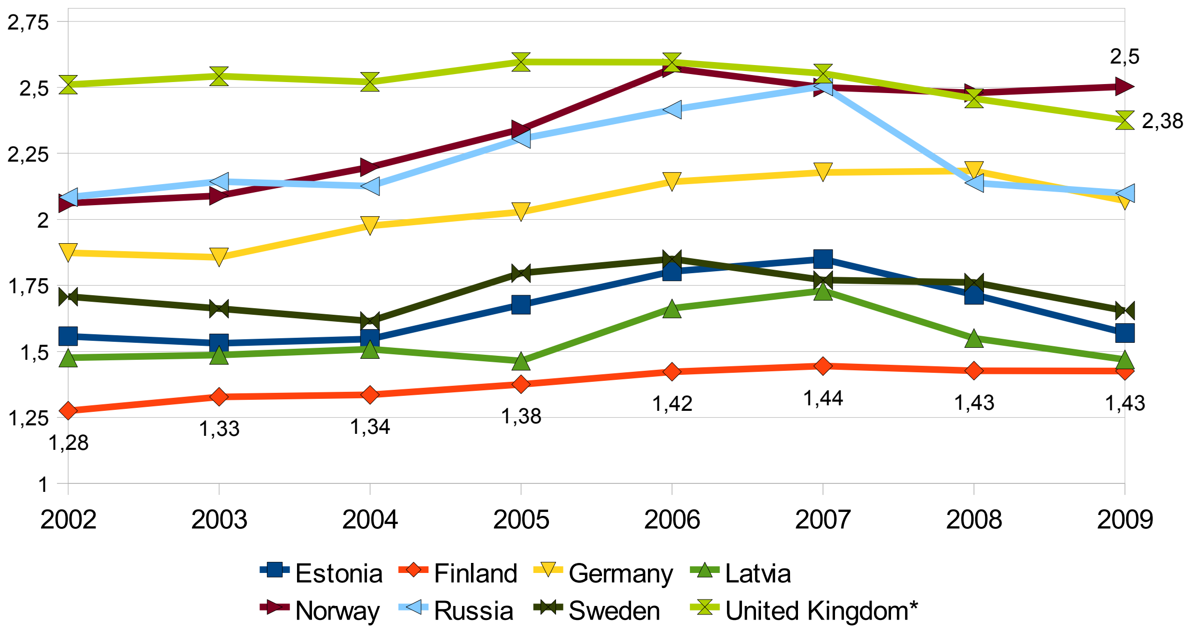
The nights spent by tourists from other source markets have also decreased – with one exception Russia, which became in 2009 the second biggest foreign source market by overtaking Germany.

Number of nights spent in Tallinn 2002-09 by country of residence (Statistics Estonia)



For Finns Tallinn is a pure city break destination – staying half of the time in Tallinn as Norwegian or British citizens do.

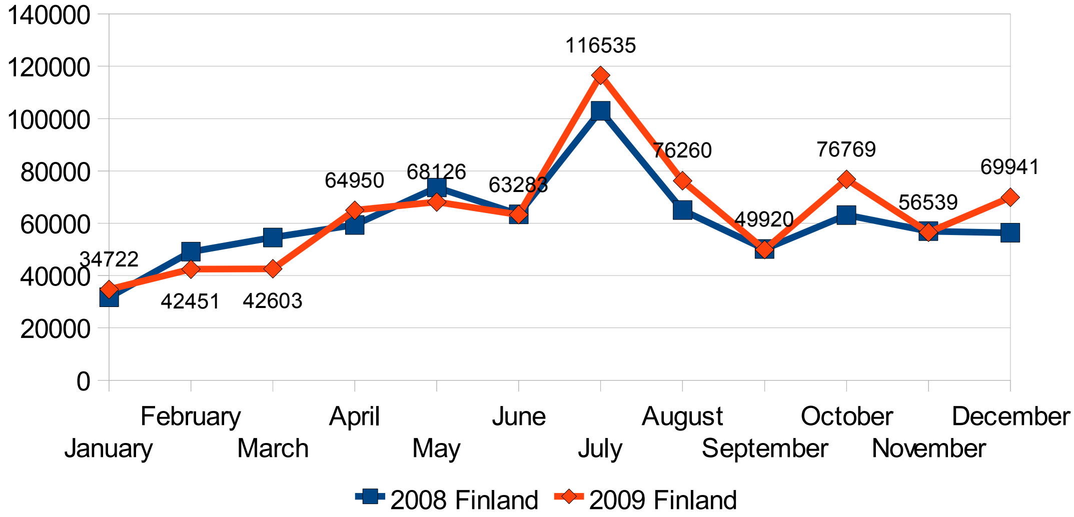
Length of stay (nights spent) Tallinn, by year, country of residence (Statistics Estonia)



The main tourism season in Tallinn is summer.

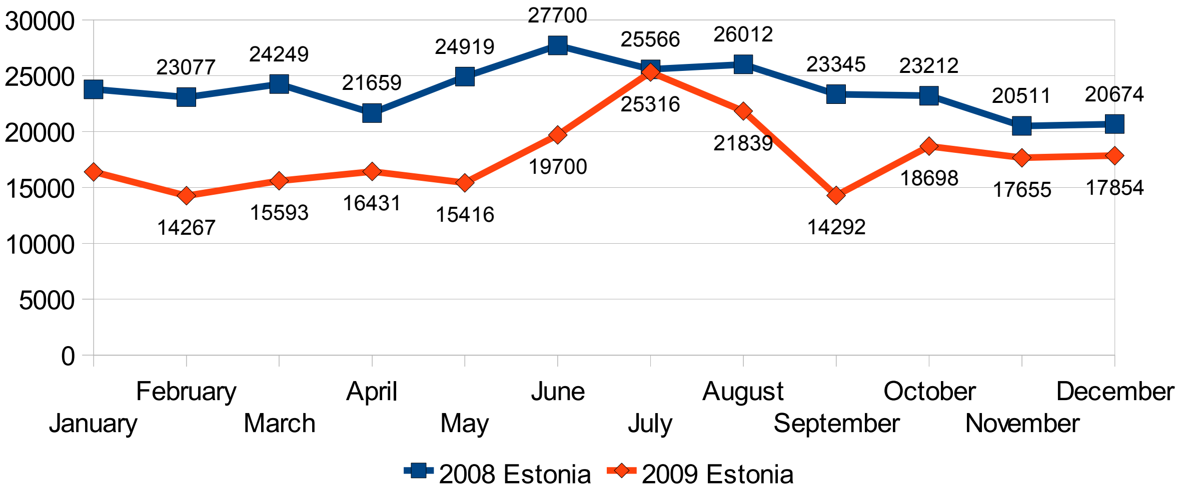
Finns prefer the July as main month but also the October seems to gain popularity.

Nights spent 2008/2009 in Tallinn by month, country of residence (Finland) (Statistics Estonia)



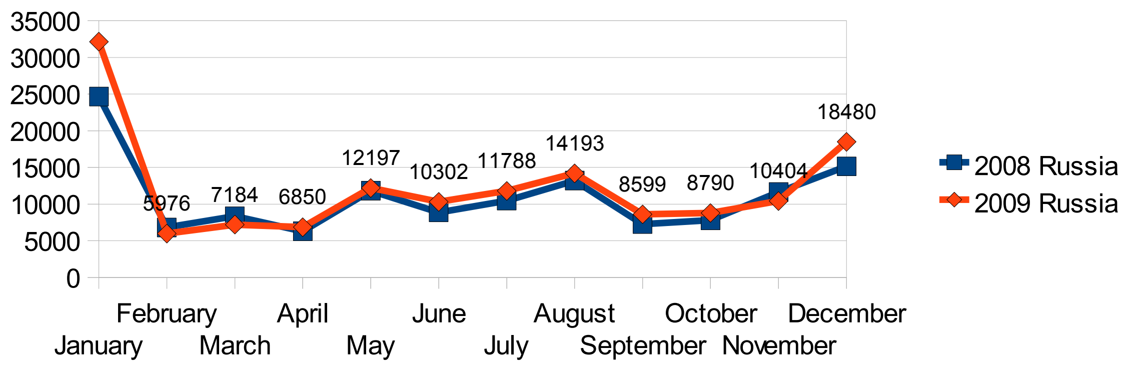
Since Estonians are mainly visiting Tallinn for business reason the domestic distribution of night spent through the year has been more less even, with a small top in June. During the last year we could see a fall of all domestic nights spent except the top in July – mainly due to major events which drew a lot of visitors to Tallinn in July.

Nights spent 2008/2009 in Tallinn by month, country of residence (Estonia) (Statistics Estonia)

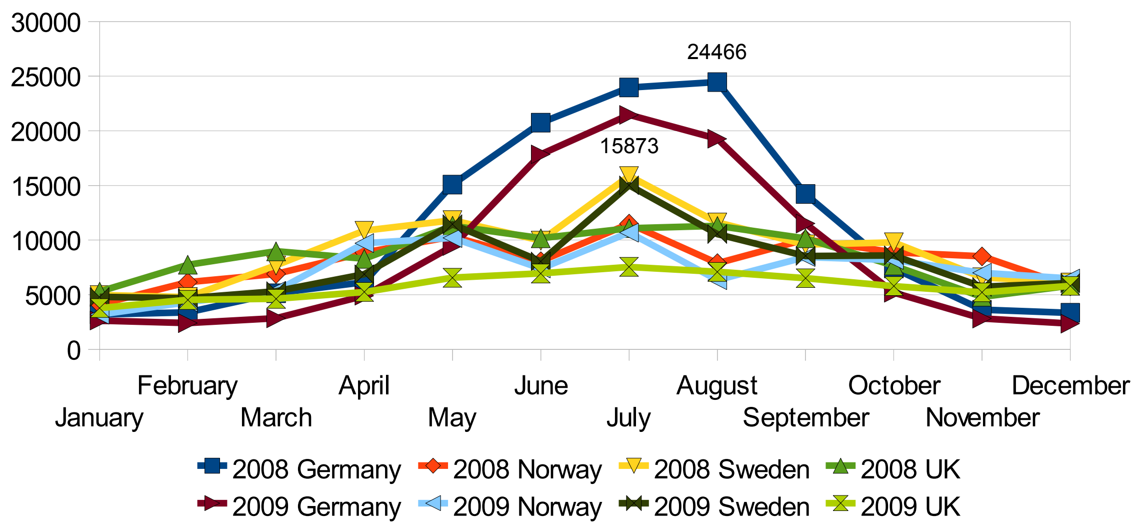


Tallinn became a popular destination among Russian tourist for Christmas and New Year celebrations. The biggest amount of Russian tourists per month are registered in December and January. Germans are the main foreign visitors (after the Finns) in summer – with the top in July/August.

Nights spent 2008/2009 in Tallinn by month, country of residence (Russia) (Statistics Estonia)

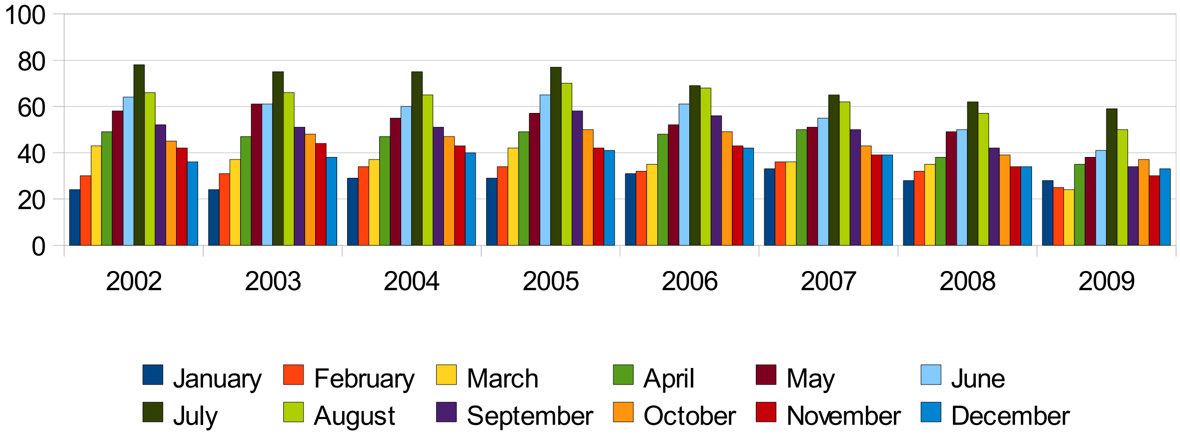


Nights spent 2008/2009 in Tallinn by month, country of residence (Germany, Norway, Sweden,UK)



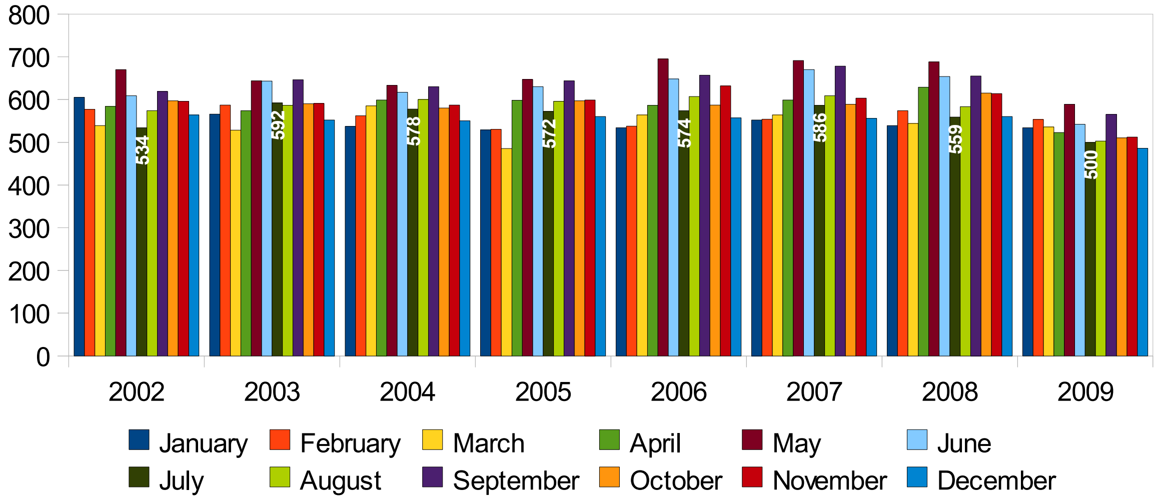
Finally we have a look at the bed occupancy and the average price of a guest night. If we take the month with the highest demand on beds in Tallinn – July, we can see that the bed occupancy is declining – from 78% in 2002 to 59% in 2009. A sign of market saturation?

Bed occupancy Tallinn per year and month 2002-09 in % (Statistics Estonia)



On average the bed occupancy is declining by almost 4% from 2002-2009. The average guest night price is stable or declining.

Average guest night price in Tallinn by month and year 2002-09 in EEK (Statistics Estonia)



Hotel owners are earning the same or less per guest during the years and if we take into account the inflation rate in Estonia which varied 2002-09 between 0,2 % and 10,6% the real earnings were even lower.

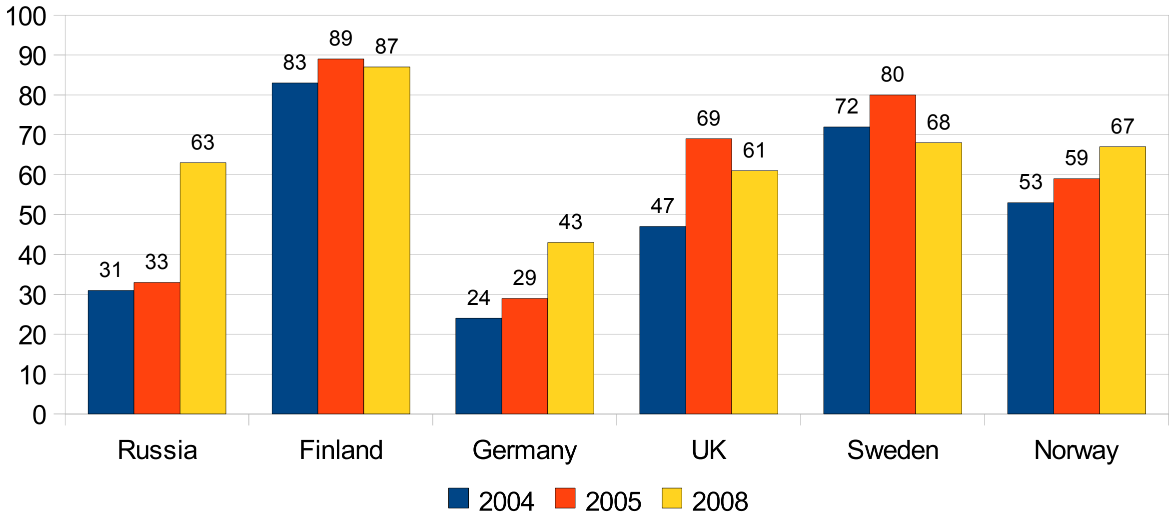
Travel behaviour of foreign guests in Tallinn

(source Tallinn City Tourism & Convention Bureau)

Tallinn is the main tourism destination for foreigners and as maritime capital close to the main foreign source markets.

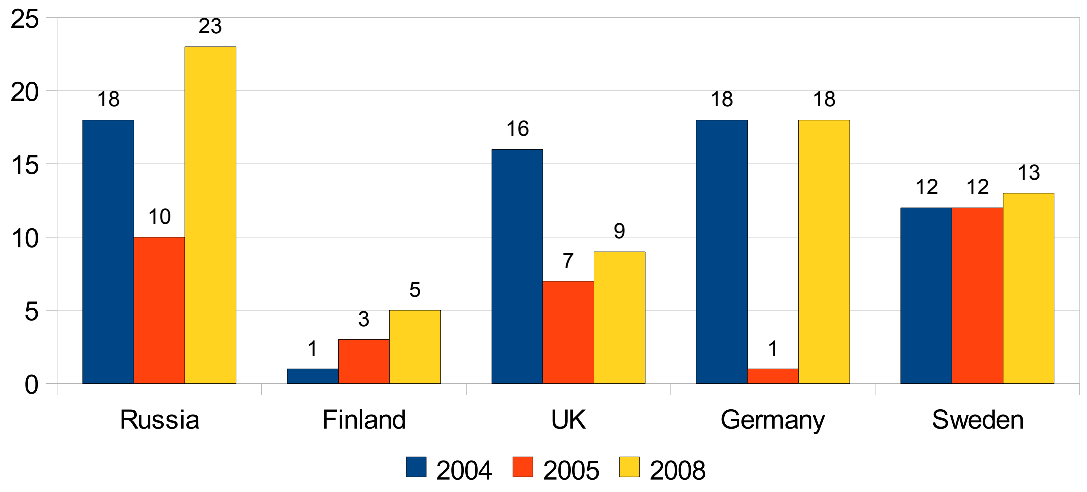
For the majority of foreigners Tallinn is the only destination when visiting Estonia – except for Germans, although also here the share of "Tallinn as only destination" is rising.

Tallinn as only destination in Estonia by country of residence 2004- 08 in % (source Tallinn City Tourism & Convention Bureau)



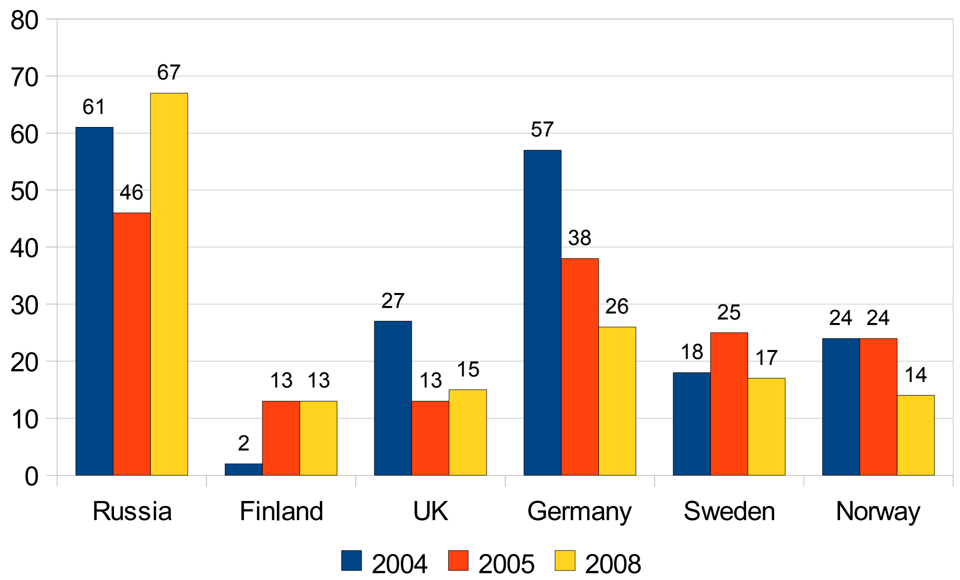
Finnish guests show their intention to travel more outside Tallinn but the number of Finnish overnights outside Tallinn is declining!

Tallinn as main destination but visiting also other destinations in Estonia in % (source Tallinn City Tourism & Convention Bureau)



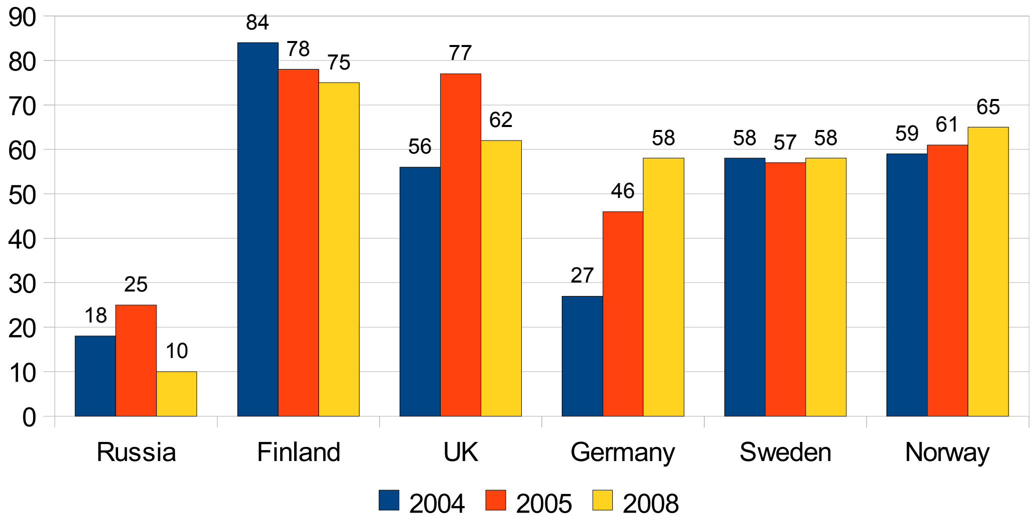
For many Russian visitors the trip to Tallinn is the main holiday destination. The big share of German tourist visiting Tallinn during their main holidays as a part of a round trip through Estonia, the Baltic's to St. Petersburg or Finland.

Visiting Tallinn as main vacation per year by country of residence in % (source Tallinn City Tourism & Convention Bureau)



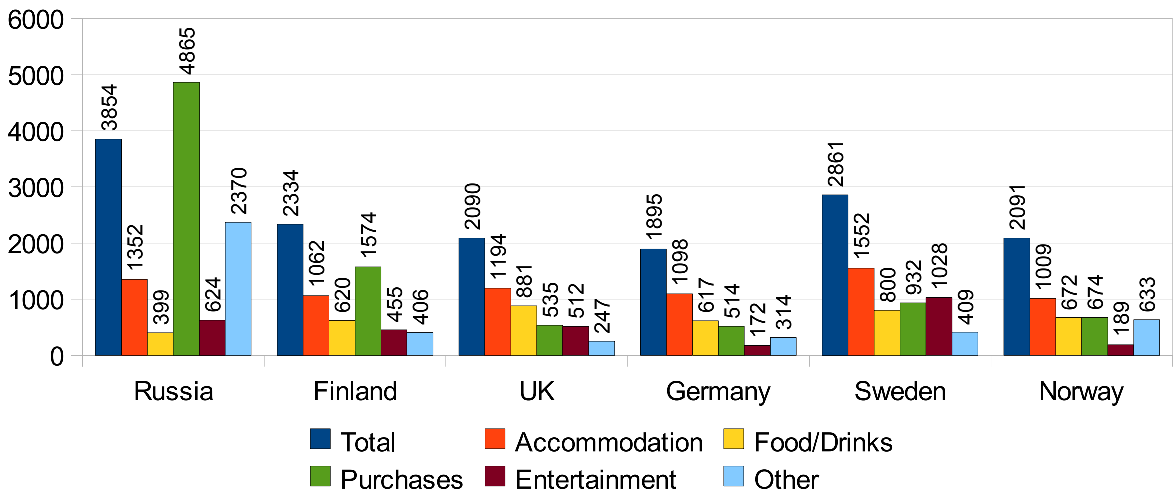
But for the majority of visitor Tallinn is THE city break destination with rising percent numbers for Norway and Germany and a decline for Finland.

Visiting Tallinn as short break by country of residence in % (source Tallinn City Tourism & Convention Bureau)



Russian tourists spent most during their stay in total and for shopping. Sweden spent most on accommodation, food and entertainment.

Average expenditure in EEK in 2008 per trip and person by country of residence (source Tallinn City Tourism & Convention Bureau)

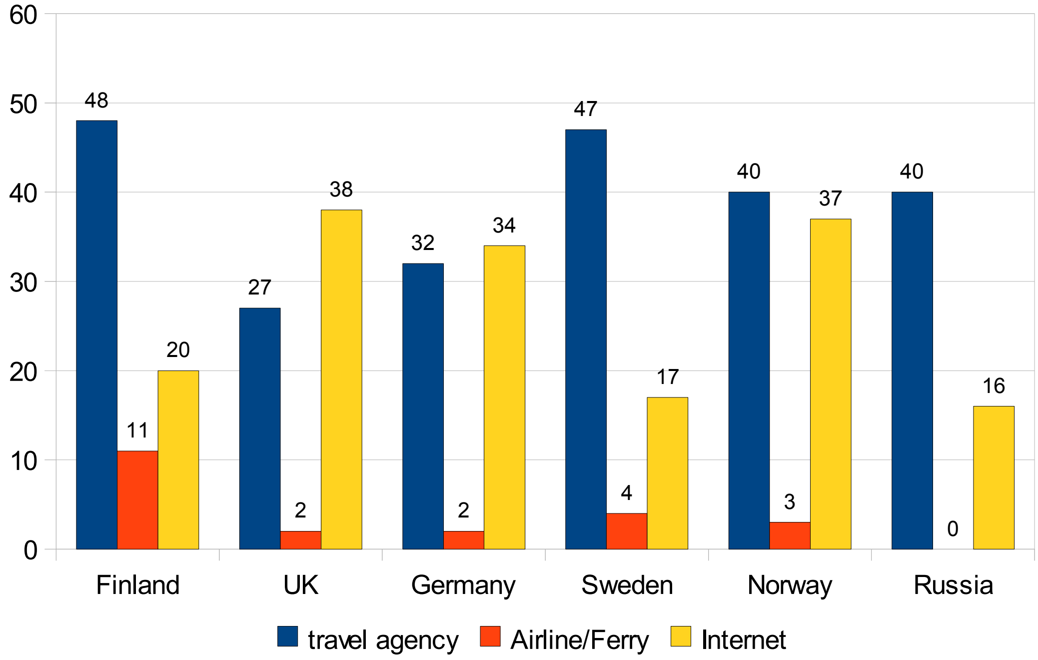


The majority of foreign visitors to Tallinn are male and they are older than 55. However the share of younger British guests is relatively high compared to other countries and the share of younger travellers is rising for almost all countries. The share of guests who take an excursion outside Tallinn is rather low – ca. 5 % or less. The majority stays in a middle-class (3-4*) hotel. Over half of the Russian guests in Tallinn stay with friends and relatives and are not registered in any overnight statistics. The main activities are visiting attraction, walking around in the city, visiting café's and restaurants.

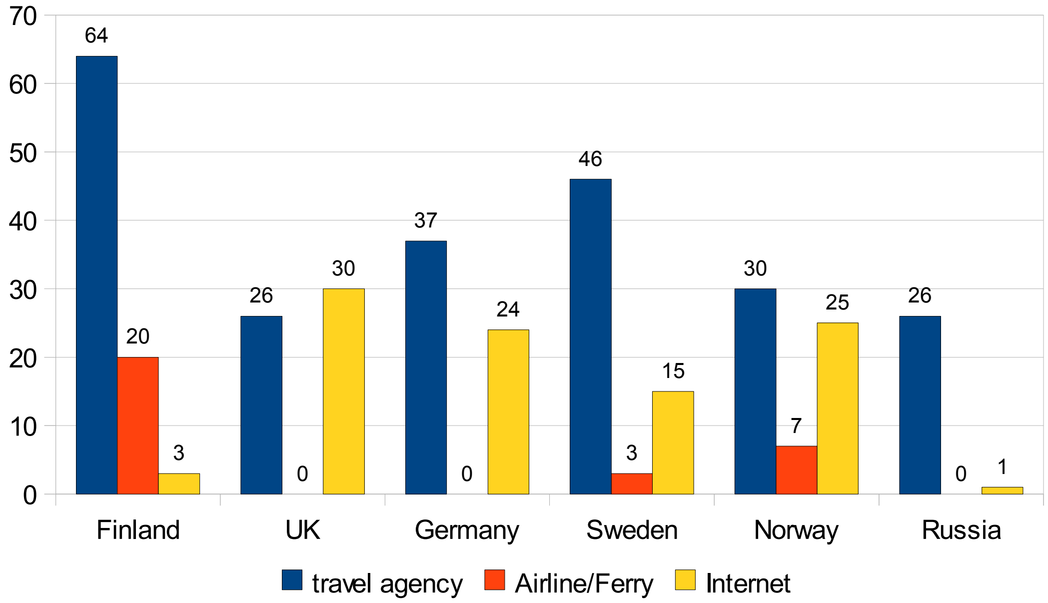
The majority for visitors to Tallinn book their accommodation before arriving to Tallinn – around one month before arrival. An exception are here again Russian guest who are rather spontaneous in their booking behaviour.

The below shows the importance of travel agencies for booking accommodation and the growing importance of the internet. However the importance of the travel agencies is diminishing and the internet becomes more important. Booking via a ferry company or airline has only in Finland some importance. The relatively small share of internet bookers until 2006 in developed IT countries like Finland is surprising. The trend to more internet and less travel agency bookings is obvious if one compares the two charts below for 2008 and 2006.

Where did guest book their accommodation? - in 2008 by country of residence an booking channel (source Tallinn City Tourism & Convention Bureau)



Where did guest book their accommodation? - in 2006 by country of residence an booking channel (source Tallinn City Tourism & Convention Bureau)



Communication to Tallinn

In 2009 the Lennart Meri Airport Tallinn reported a decrease of international passengers by 26 % (from 1.480.000 in 2008 to 1.090.000 in 2009). However the statistics from the port of Tallinn are more positive - the number of ship passengers increased slightly by 10 280 and reached the number of almost 7.26 million. The number of cruise passengers visiting Tallinn for one day increased by 10.6% (from 375.578 in 2008 to 415.575 in 2009). Tallinn is the third most visited cruise destination in the Baltic Sea after Copenhagen and St. Petersburg.

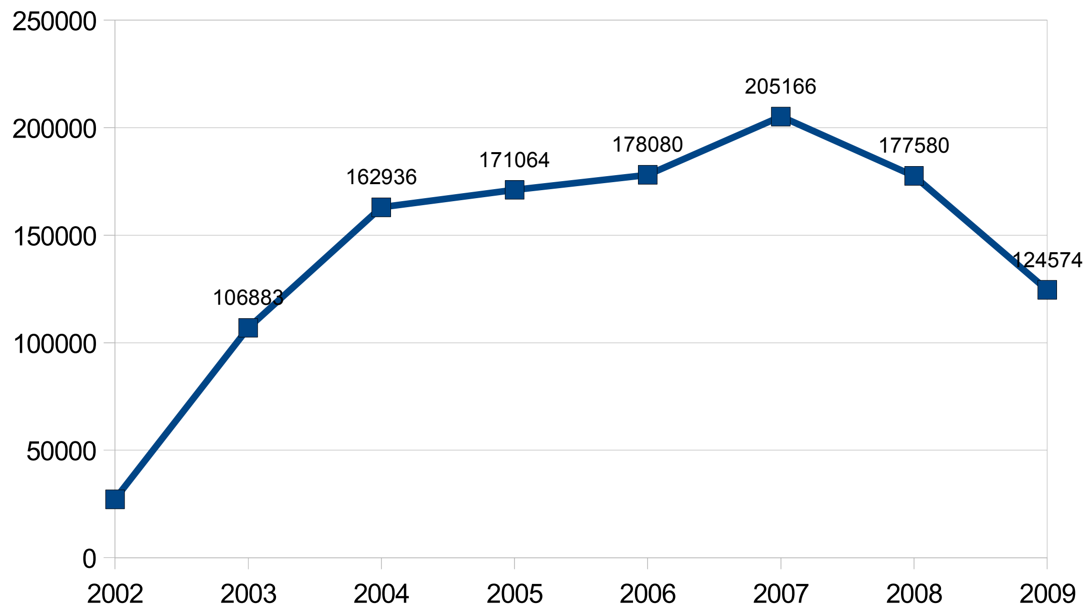
Conclusions/main findings

- Tallinn's position in Estonia's tourism is outstanding.
- Tallinn survived the crisis better than Estonia in general.
- The Finnish market is the biggest source market and its share is despite of the economic crisis increasing.
- Tallinn is a growing city break destination for other growing source markets especially Russia.

1.4. Tourism development in Harju county without Tallinn

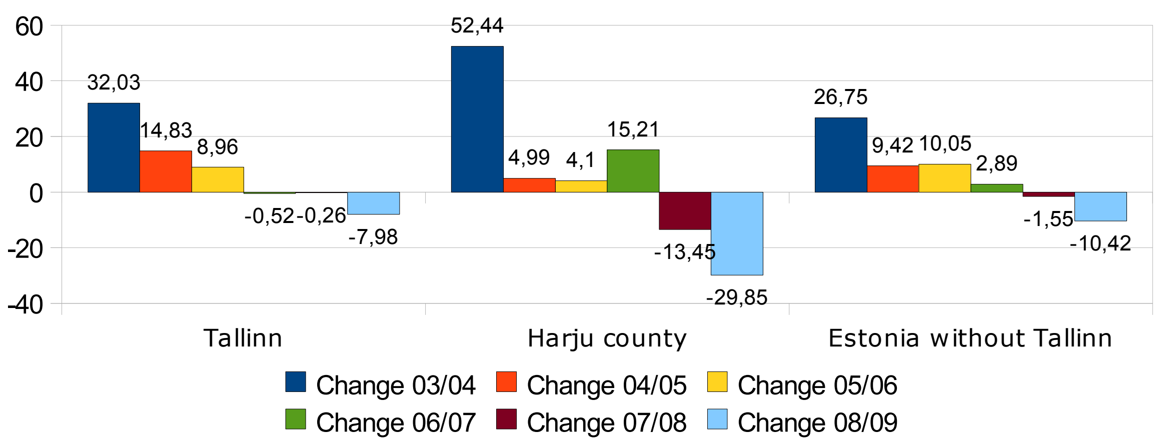
Harju county had a huge growth in nights spent in the last decade due to large investments in the tourism infrastructure. However since 2007 Harju county showed a negative trend.

Total number of nights spent in Harju 2002-2009(Statistics Estonia)



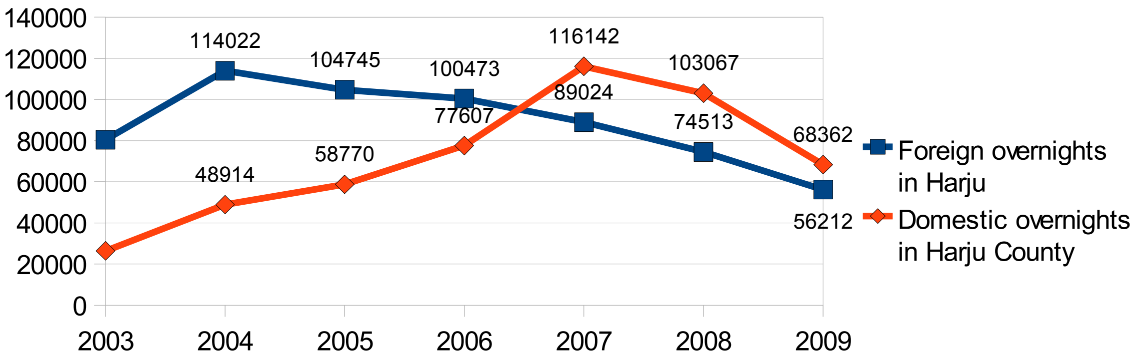
This trend becomes even more visible in the next chart where Harju's overnights growth is compared to Tallinn's and the entire country.

Change in total nights spent by Estonia, Tallinn and Harju without Tallinn 2003-2009 (Statistics Estonia)



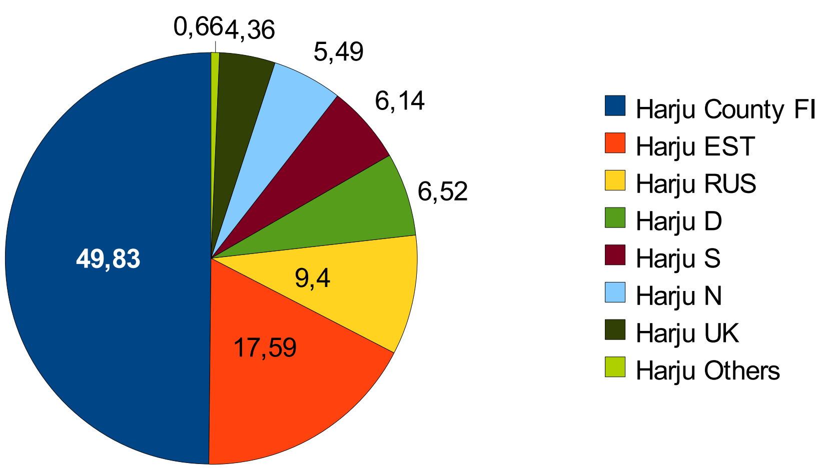
Harju county's problems started already in 2004 when the foreign overnights share started to fall. Fortunately this negative development has been compensated by a strong domestic growth until the number domestic travellers sank in 2008 due to the financial crisis. This development is similar to the development in the rest of the country – except the capital.

Number of nights spent by domestic and foreign visitors 2003-09 in Harju county without Tallinn (Statistics Estonia)

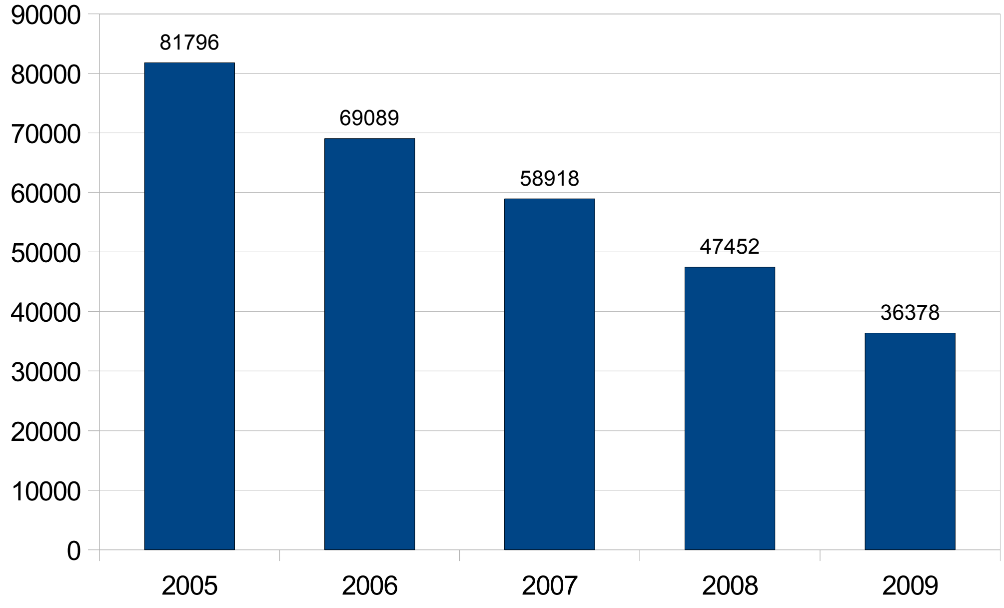


Harju county's dependence on the Finnish market is even higher than Estonia's as entire country. Half all visitors came 2009 from Finland. Although less Finns stayed in Harju county!

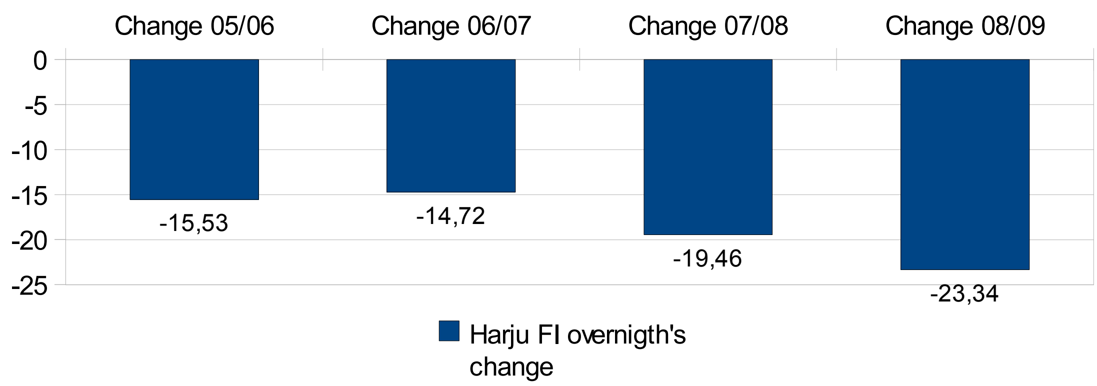
Distribution of nights spent in Harju county without Tallinn in 2009 by country of residence (source statistical office Estonia)



Number of nights spent by Finnish tourists in Harju county without Tallinn 2005-09 (source statistical office Estonia)

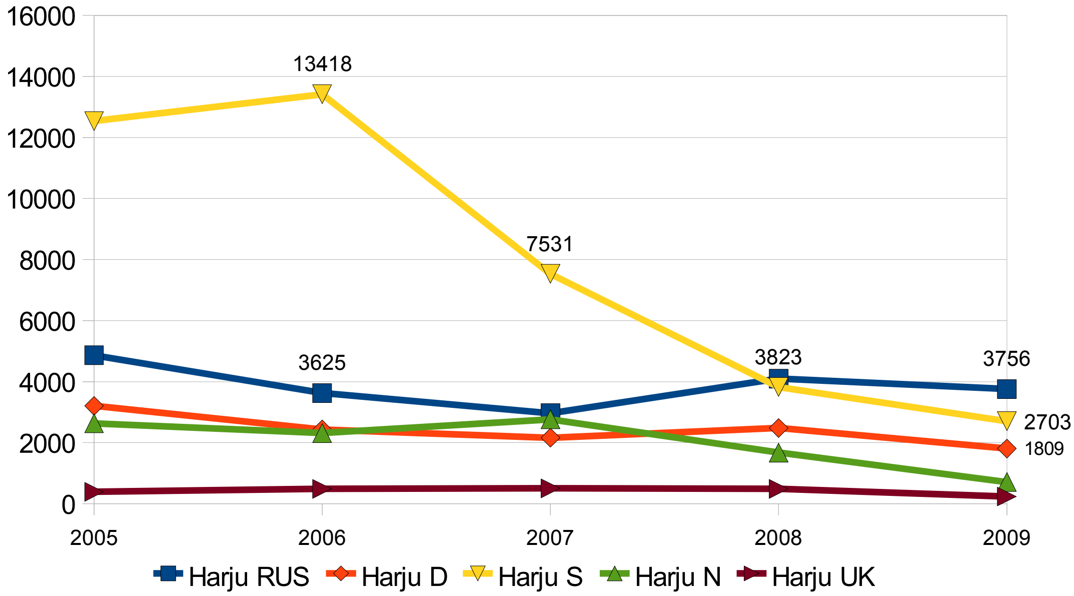


Change of number of nights spent by Finnish tourists in Harju county without Tallinn 2005-09 (source Statistics Estonia)

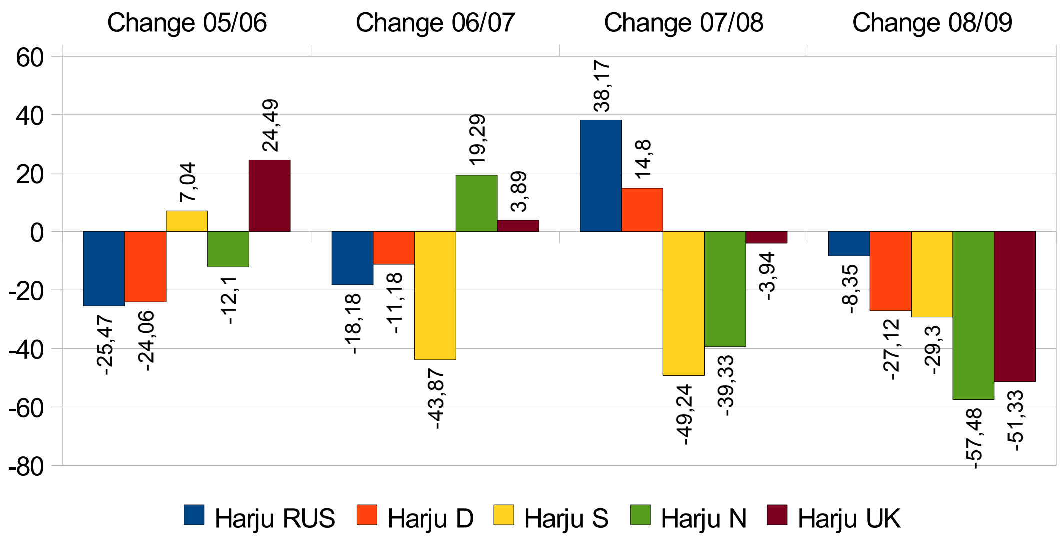


Also the other foreign source markets show a negative trend.
The Swedish market collapsed and even Russian and Germans – after a small lift in 2008 turned to negative growth in 2009.

Number of nights spent in Harju county without Tallinn 2005-09 by country of residence (source Statistics Estonia

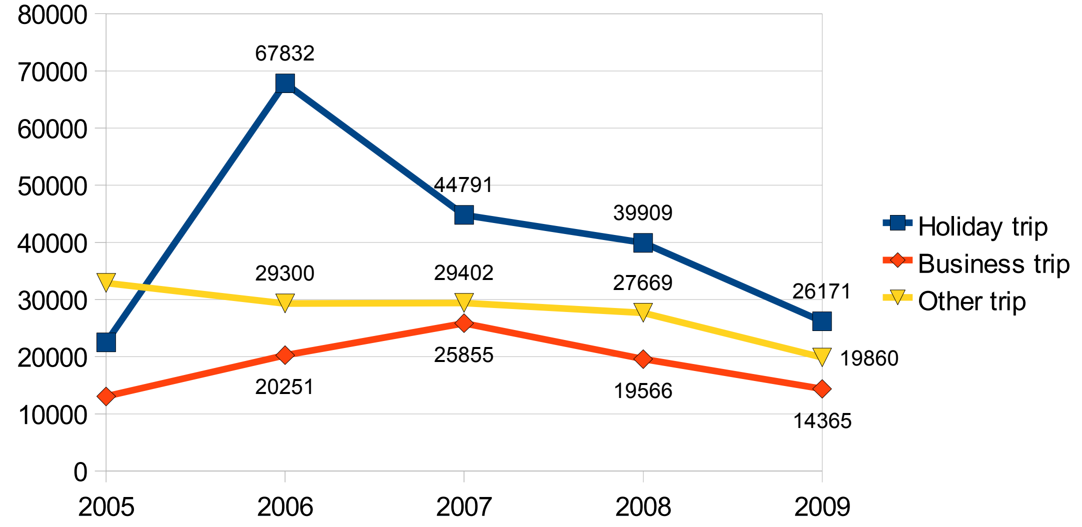


Change in number of nights spent 2005-09 in Harju county without Tallinn by country of residence (Statistics Estonia)

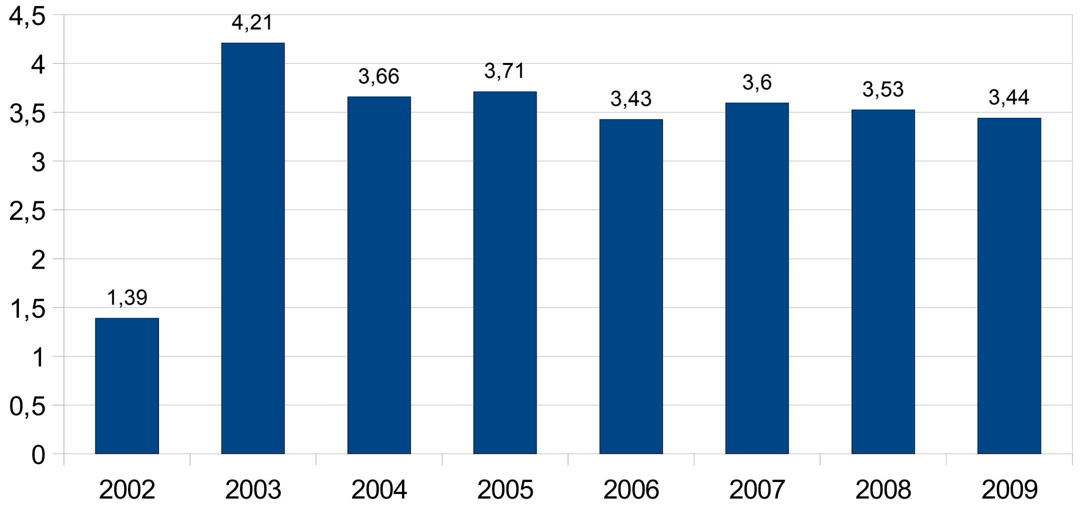


The number of nights spent on a holiday trip started to sink at the same time as the Finnish tourists ceased to visit Harju county although the Finns are staying as long as they did before it is just the number of Finnish guest which is decreasing.

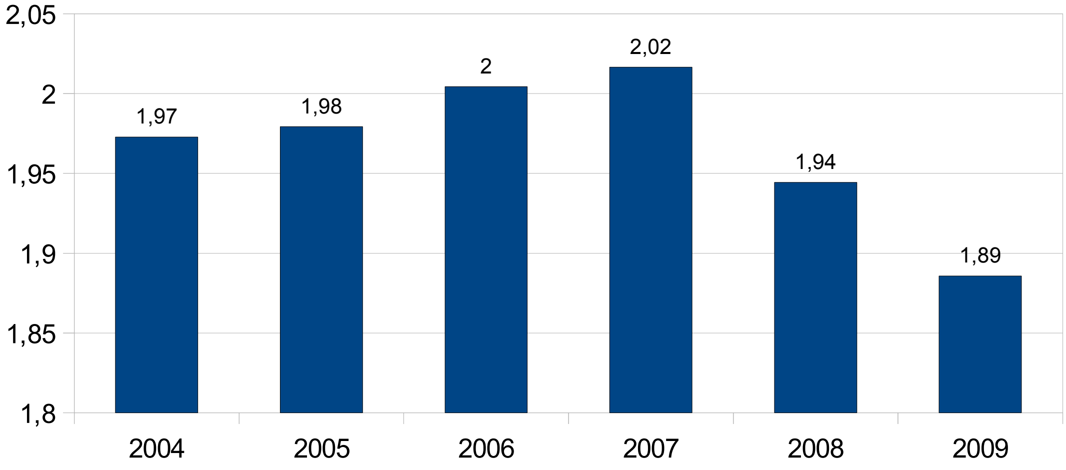
Number of nights spent in Harju county without Tallinn by purpose of the trip 2005-09 (source Statistics Estonia)



Length of stay of Finnish tourists in Harju county without Tallinn by year in nights (source statistics Estonia)

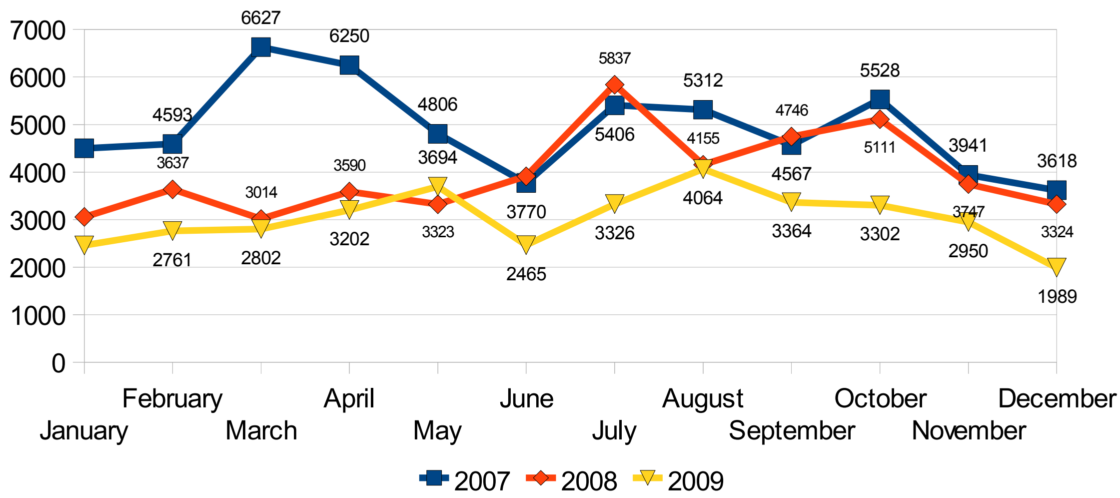


Length of stay of Finnish tourists in Estonia by year in nights (source statistics Estonia)



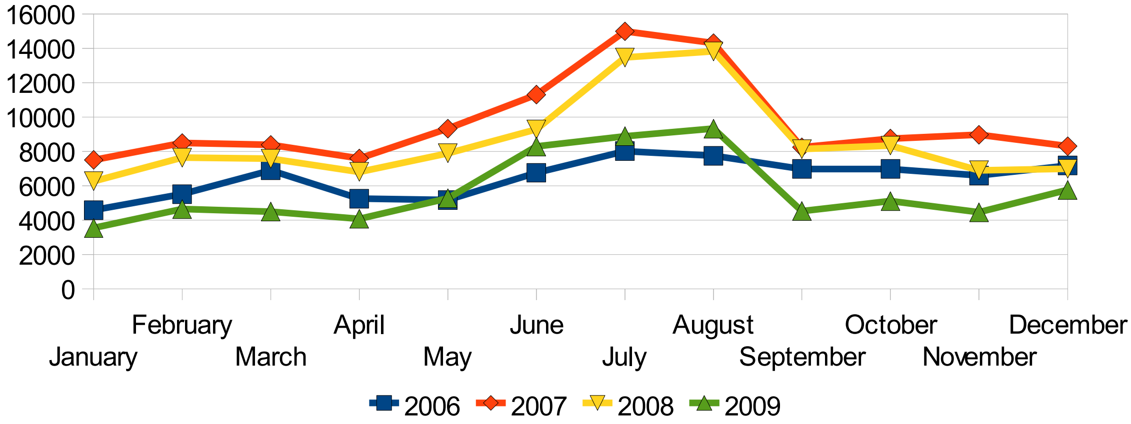
The promising development in 2007 when Finnish guests came also outside the summer season was stopped in the following years when looking at the distribution of nights spent per month.

Distribution of Finnish nights spent in Harju county by month and country of residence 2007-09 (source statistics Estonia)



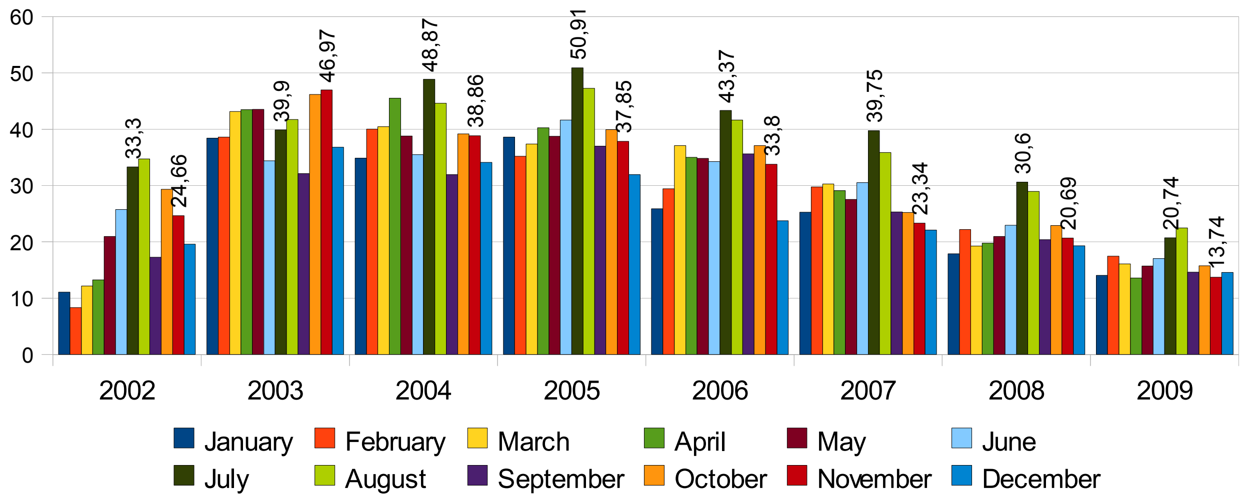
Even the domestic market decreased almost every month during 2006-08 except a small increase during the summer months in 2009, although the number of domestic nights spent never reached the levels of 2006/07.

Distribution of domestic nights spent in Harju county by month and country of residence 2007-09 (source statistics Estonia)



The bed-occupancy rate for Harju county I had to count myself using the data available from Statistics Estonia. Since I had only the monthly numbers of beds available the chart gives you a rough picture about the bed-occupancy rate development. In general bed-occupancy in Harju county is lower and it has the trend to fall more than Tallinn's.

Bed-occupancy in Harju county 2002-09 by month and year in % (source statistics Estonia)



Conclusions/main findings

- Harju county's tourism development is more negative than Estonia's on average, but quite similar to the development in the whole country.
- Alarming is the strong decrease in the number of Finnish guests – since Harju county's dependence on the Finnish market is very strong.
- Harju county could not take enough advantage of its geographical location – around Estonia's main tourism attraction – Tallinn.

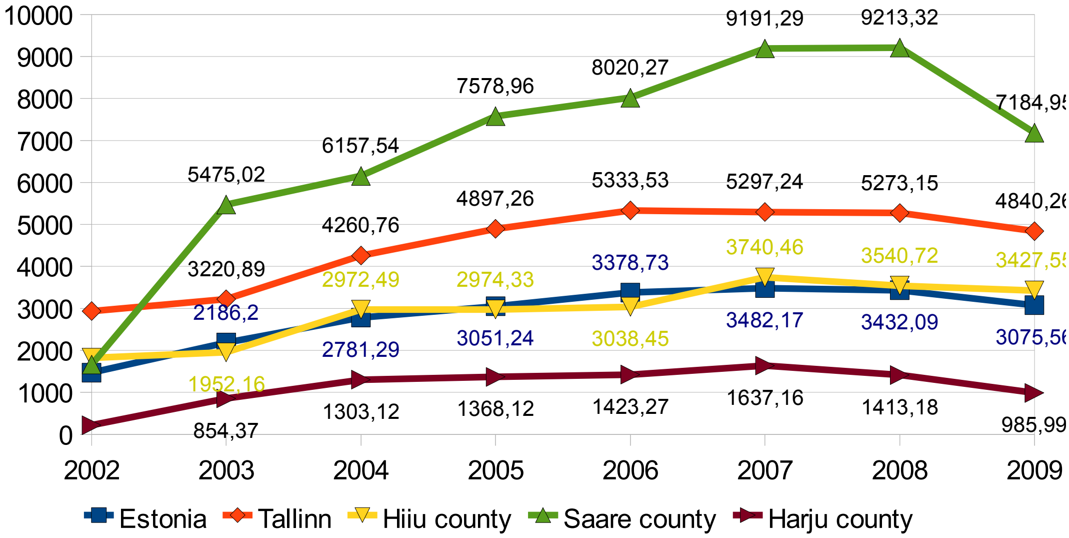
1.5. Tourism development in Hiiu county

An important tool to measure the importance of tourism in a destination is the tourism intensity, which is the ratio of nights spent in hotels and similar establishments relative to population size. For convenience I multiplied this number by 1000 - which was then for whole Estonia 3076 in 2009. For comparison – the region with the highest tourism intensity in Europe is Illes Balears in Spain with a number of 50.178. Finland's tourism intensity of 3470 is slightly higher than Estonia's. In the Baltic Sea region the land of Mecklenburg/Vorpommern has one of the highest tourism intensities in the region – with 16.373 in 2008.
If we look now at Hiiu county's tourism intensity we will notice that Hiiu county's tourism intensity is as high (or low) as Estonia's as a

whole country.

The chart below shows the development of the the tourism intensity for selected regions and for Estonia. For comparison – tourism has little importance for Harju county!

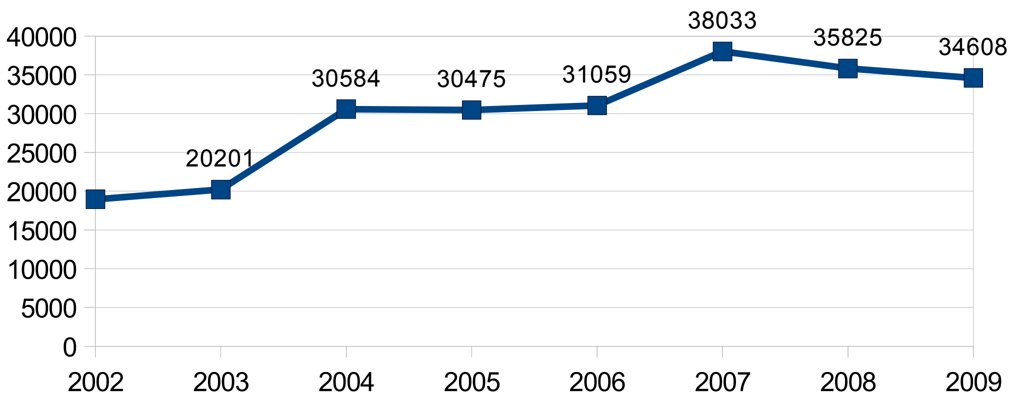
Tourism intensity in Estonia, Tallinn and in selected Estonian regions 2002-09 (source statistics Estonia)



Hiiu county is in terms of foreign tourism still a "terra incognita". From all nights spent by tourist in Estonia Hiiu county's share in 2009 was just 0,84 %!

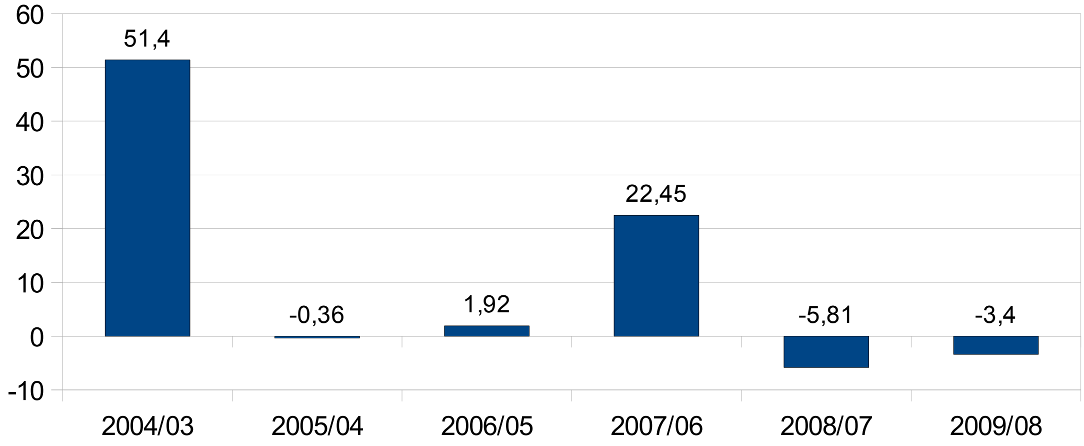
The level of registered overnights is far below both the Harju county level (3% of all Estonian overnights) and Saare county (6%).

Total nights spent in Hiiu county 2002-09 (source statistics Estonia)



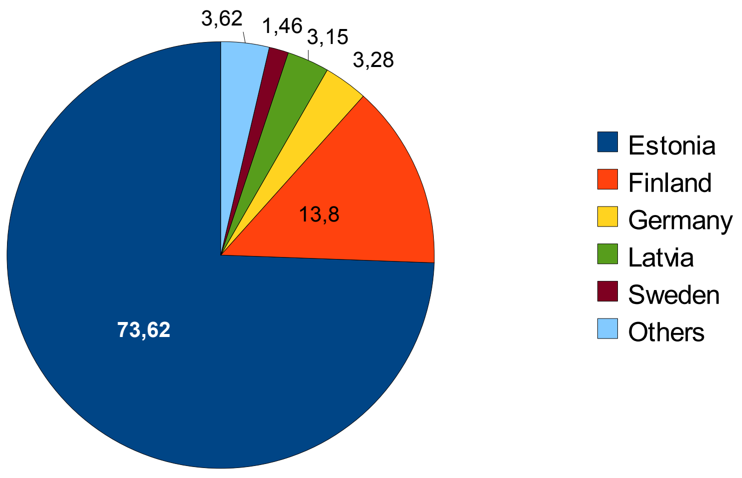
Although the numbers are relatively small, the tourism development of Hiiu county has been better compared with Estonia's in general. Hiiu county had only -3,4 % decline in overnights compared with Estonia's 10%.

Change of total nights spent compared to previous year 2003-09 in Hiiu county (source statistics Estonia)

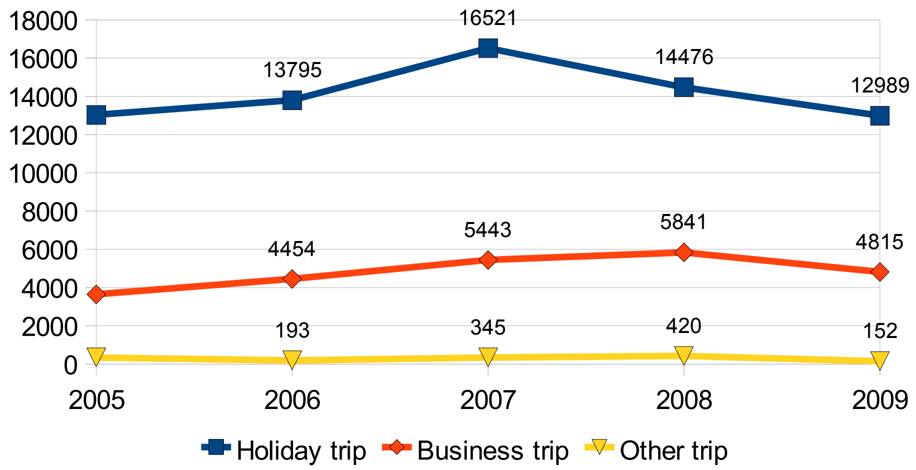


Hiiu county is the typical Estonian holiday destination with almost 75% of all beds filled with Estonian holidaymakers.

Distribution of nights spent in Hiiu county 2009 by country of residence (source statistics Estonia)

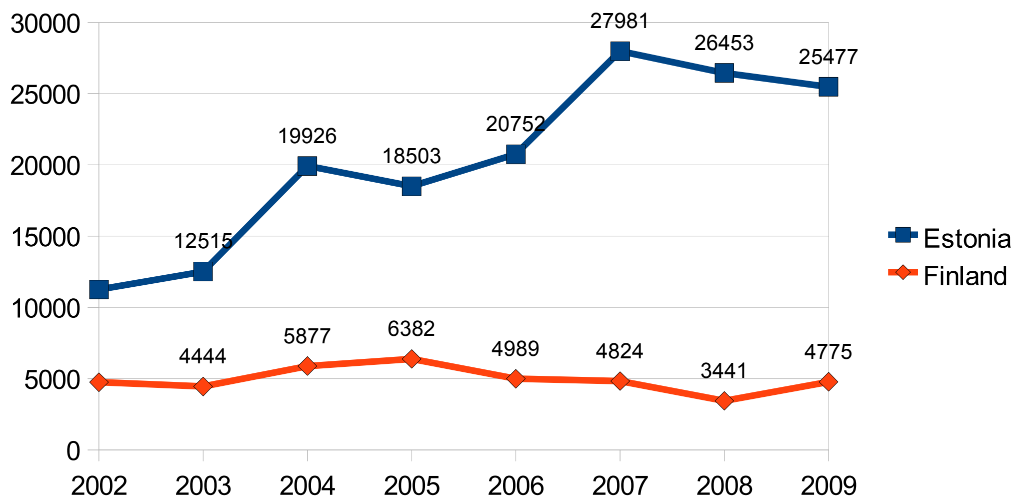


Number of nights spent by purpose of the trip in Hiiu county 2005-09 (source statistics Estonia)



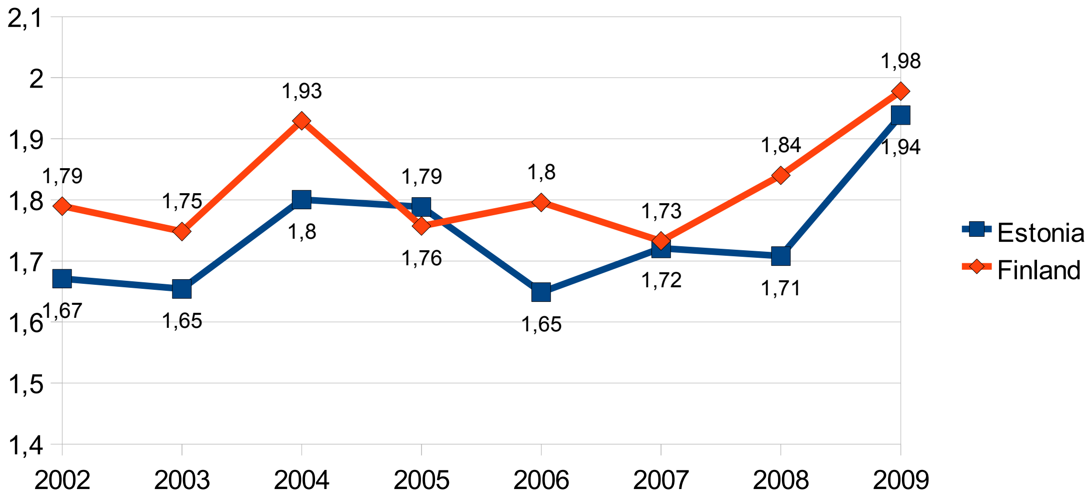
Almost ¾ of all nights spent are domestic and only 13,8% are Finnish and 12% from other countries. If we look now at the development of domestic and Finnish overnights so is the Finnish level stable and the domestic part had a negative growth during the last two years. However the fall in overnights is not so dramatic like in Harju county or in Estonia in general.

Development of nights spent by country of residence in Hiiu county 2002-09 (source statistics Estonia)



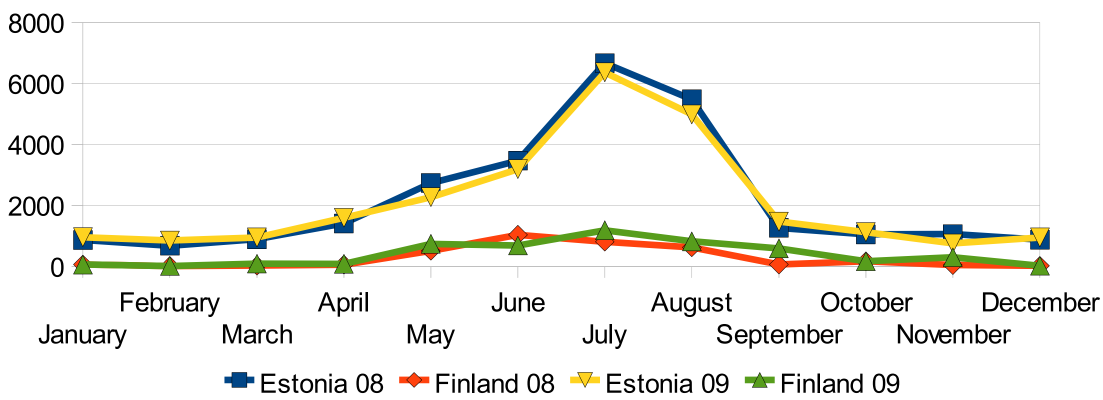
Finnish guests stay on average longer in Hiiu county and both the Finnish length of stay and the domestic show a growth trend.

Length of stay in days by country of residence in Hiiu county 2002-09 (source statistics Estonia)



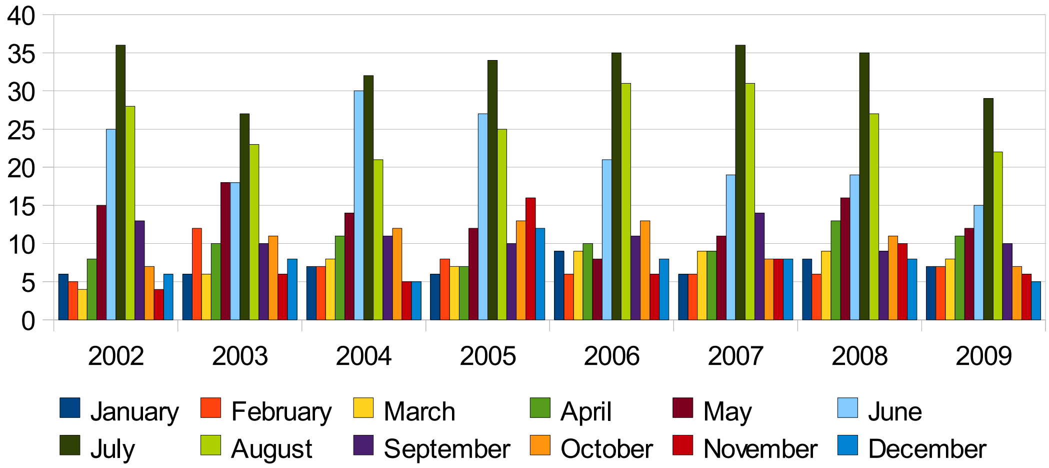
If we look on the distribution of nights spent per month only small insignificant changes are visible and confirms the previous statement that Hiiu county is a typical summer holiday destination for Estonians and less visited by foreigners.

Distribution of nights spent by year, month and country of residence (source statistics Estonia)



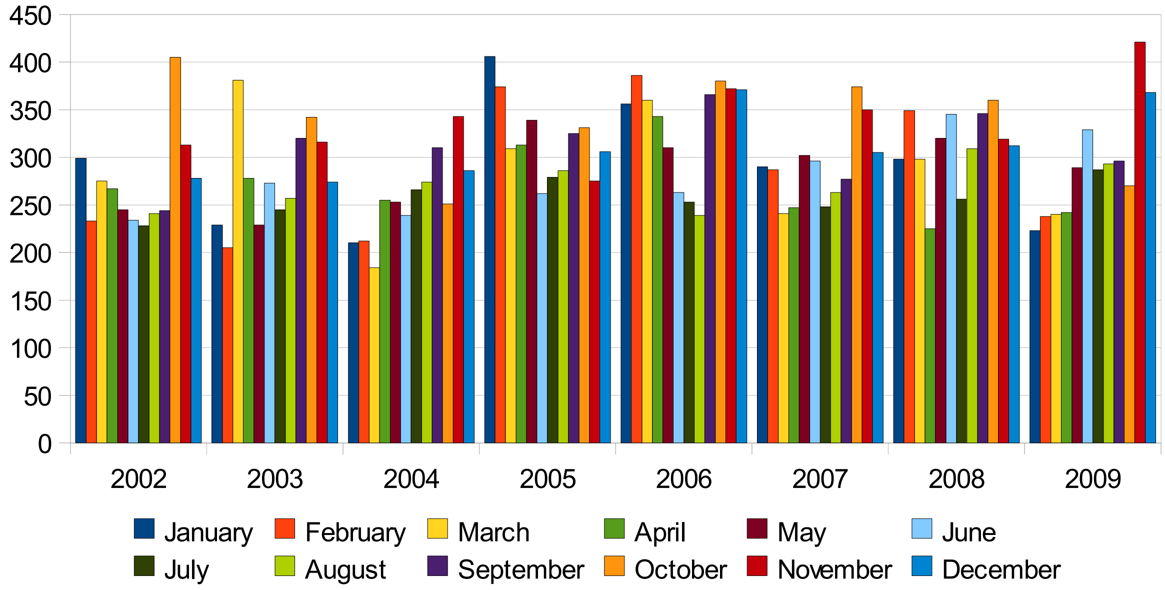
If we look now at the occupancy rate we clearly see that July is the month with the highest occupancy rate and the trend is very stable (see dark green dotted line). Also August has an occupancy rate with a stable trend. The month with the on average third highest occupancy rate is June but this month's occupancy rate has the trend to fall.

Bed occupancy rate Hiiu county per year and month (source statistics Estonia)



The average guest price for July has a little trend to grow over the years but the price growth is not exceptional and can be explained by the annual inflation rate. However it is interesting to notice that guest price in July are rather low compared to the rest of the year. One could expect that price in July are highest according to the demand and supply curve.

Average price of a guest night in Hiiu county per month and year 2002-09 in EEK (source statistics Estonia)



Communication to Hiiumaa

There are three ferries going on the route Rohuküla-Heltermaa and one ferry on the route Triigi-Sõru
with the following capacities:

Rohuküla-Heltermaa

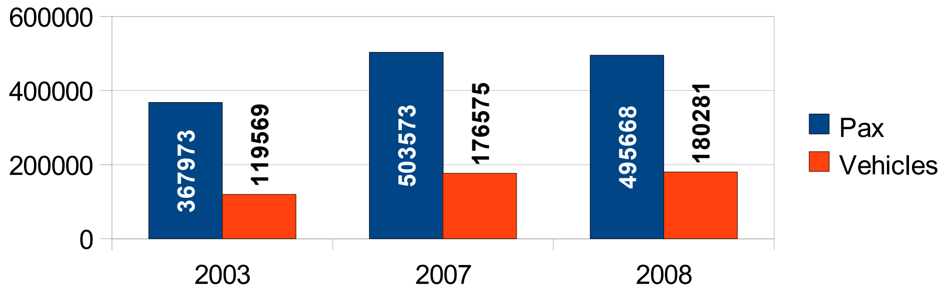
	pax	car
Ofelia	800	110
Scania	800	100
St.Ola	1000	180

Triigi-Sõru

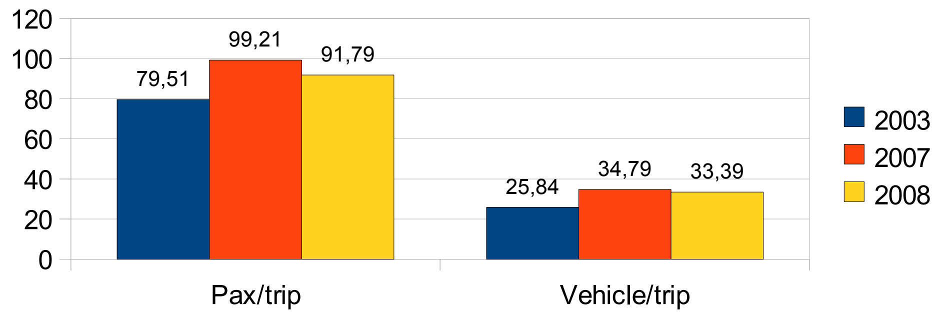
	pax	car
Körgelaid	200	35

The ferries between Rohuküla-Heltermaa commutes 12-17 times/24h. The trip takes 1,5 h and the distance is 12 nm.

Number of pax and vehicles 2003, 2007-08 - Rohuküla-Heltermaa (source shippax)

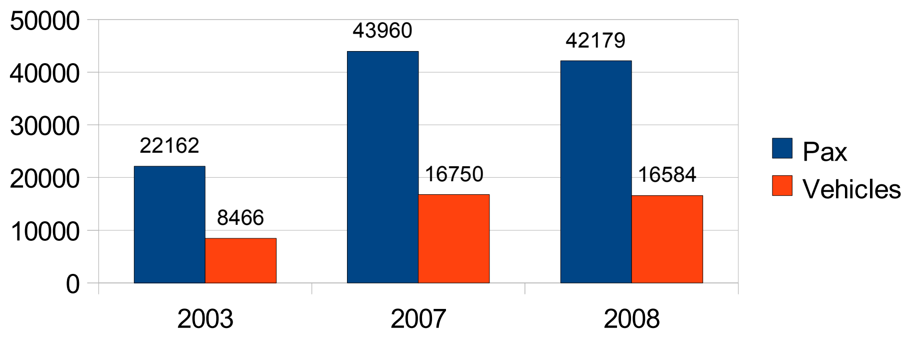


Pax/trip and vehicle/trip 2003,2008-09 - Rohuküla-Heltermaa (source shippax)

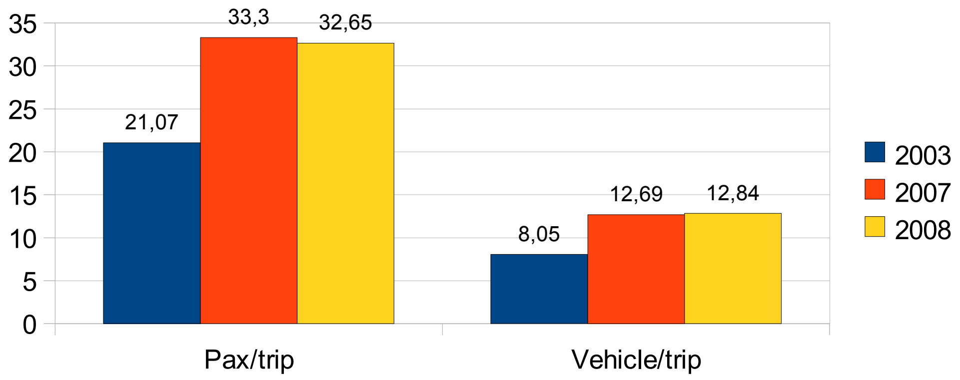


The ferry between Triigi-Sõru commutes 2-6 times/24 h. It takes one hour to cover the distance of 8 nm.

Number of pax and vehicles 2003, 2007-08 - Triigi-Sõru (source shippax)



Pax/trip and vehicle/trip 2003,2008-09 - Triigi-Sõru (source Shippax)



The capacities seem to be sufficient in terms of passengers. Unfortunately there are no statistics available how many trucks and busses were transported. That makes it difficult to estimate whether the lane length on board the ferries is sufficient, but one can assume that certain departures especially in summer are very popular, which makes it difficult to enter or leave the island.

Avies Airline serves the route between Tallinn and Kärdla mainly with a JS31 - which has 18 seats - twice a day weekdays and once a day on the weekends. The capacity is very low and has little impact on the number of guests on Hiiumaa. However the existence of an airport is important and opens possibilities for bigger planes, charter flights or routes abroad. It is necessary to increase eventually the passenger capacity to Kärdla.

Conlusion/main findings

- From all regions in Estonia Hiiu county has probably the highest potential for tourism development in West Estonia.
- According to overnight statistics there is no lack of accommodation nor transport facilities.
- The island is undiscovered by foreigners - here is the biggest potential. Especially the number of Finnish guests is comparably low.

1.6. Current situation in terms of tourism development in selected destinations

Aegna

belongs to Tallinn City and is one of Tallinn's important recreational areas. The island belongs to the Natura 2000 program. Beside beautiful beaches Aegna offers excellent hiking possibilities. Aegna offers also some points of interest – remains from the military fortress time during the last centuries.

The island is clean and very well taken care off – due to the excellent work of the island hosts – employed by the city of Tallinn.

Aegna offers also some collective accommodation facilities at one to two star level. There are signs and maps on the island however more information is needed especially about the fortifications. Very much needed are also security fences in order to keep visitors away from dangerous areas. In 2009 the island has been visited by 10.412 people with the following distribution through the year: May: 609, June: 1817, July: 3821. August: 3143, September: 935 and October: 89. In 2008 10.003 people visited Aegna. Which means, the number of visitors grew with 4% in 2009.

Marketing/sales

On Tallinn City Tourism & Convention Bureaus English website I found a notice about a day-trip to Aegna and Naissaare, but with no further information how to get there.

Enterprise Estonia mentioned Aegna on its web-site with link to www.aegna.ee. The website www.aegna.ee offers a lot of information but unfortunately only in Estonian....

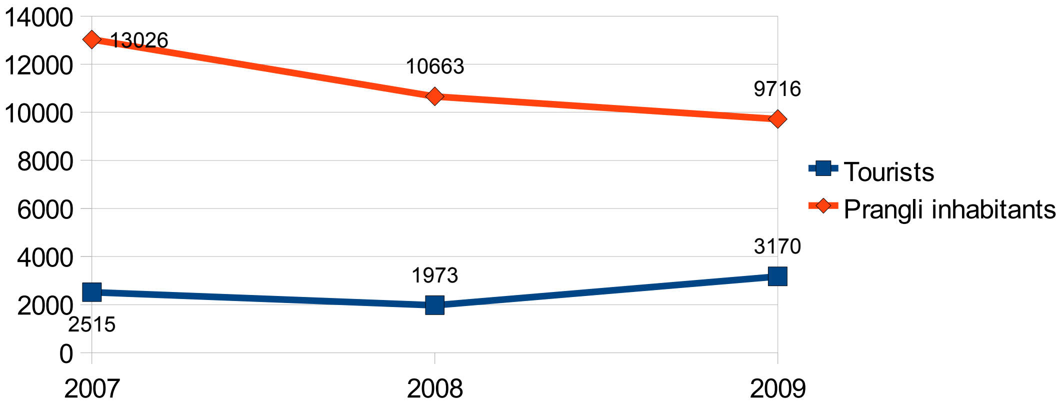
The company Aegna reisid offers trips, excursions, meals, organisation of incentives and yacht rentals.

EAS gives furthermore a link to M/S Monica (site only in Estonian available).

Prangli

Since Prangli has a local population it has the advantage to have a regular ferry connection from Leppneeme (Viimsi-mainland) to Kelnase on Prangli by the ship Helge. The ferry capacity is limited and it commutes once or twice a day from the mainland.

Number of passengers on ferry Helge from Leppneeme to Prangli 2007-08 (source Viimsi municipality)



The island offers some tourist services: camping, accommodation (2 cottages and 1 apartment on a low quality level), food shop, bicycle, kayak, jetski rent (www.prangli.com) and RIB riding.

Marketing/Sales

The company www.prangli.com offers accommodation, guiding and renting out services in Estonian, Finnish and English.

Tallinn city is not promoting Prangli. Viimsi municipality has only an Estonian web-site. The Interactive Estonian/English map on the Viimsi web-site can only be found through the Estonian web-site and does not help much. The www.prangli.ee site is only in Estonian. EAS mentioned Prangli only shortly on their web-site under sailing.

Prangli's advantage is the regular ferry connection to the mainland. However the capacity of the ferry does not correspondent to future traffic requirements – although the ferry Helge is very exotic for many western tourists. Furthermore Prangli is unique due to the fact that the island was not abandoned during Soviet time and despite of the size of the island there is a functioning school, food shop etc. Prangli is not promoted as a tourism destination. Either Viimsi nor EAS are offering any Prangli tourist products. Viimsi municipality has no own tourism web-site and Prangli is little promoted by any other company/institution. The information given by www.prangli.com frightens away people instead of inviting them (pictures from cottages!).

However there is a growing number of tourists on the island – despite of lacking information! I assume guests are mainly domestic tourists. But growing popularity is a good sign and should encourage local people and Viimsi municipality to do more in order to develop tourism on the island.

Naissaare

offers beaches and and hiking possibilities. As Aegna Naissaare was also fortified during previous centuries but Naissaare offers more sights and activities than Aegna. Collective accommodation in form of a hostel and a guest house is available.

The island can be reached by M/S Monica from Tallinn. The island receives great popularity by the Nargenfestival.

Marketing/Sales

Viimsi does not give any tourism information about Naissaare except the interactive map on the Viimsi homepage which can only be reached through the link on the Estonian page but is of little help. Tallinn City Tourist & Convention Bureau mention Naissaare on the homepage without giving further information. The Nargenfestival is mentioned on the event list of Tallinn City Tourism & Convention Bureau. The Nargenfestival homepage gives very little information about Naissaare. The Nargenfestival is also on the eventlist of ferry

companies. The company Naissaaren Majatalo offers hostel accommodation, organisation of incentives on Naissaare, transportation to the island. Their web-site is in Estonian and Finnish – mainly directed to those two customer groups.
Naissaare is one of the top attractions close to Tallinn with the music festival Nargen and with the attractions on Naissaare. However information given on the internet is deficient – by Viimsi, Tallinn, Monica boat company and Nargen Festival.

Koljunuki

There are plans to develop Koljunuki as marina. Beside the close location to Tallinn it offers a direct connections to one of the most famous golf clubs in the area - the Estonian Golf and Country Club and holiday village. Furthermore the plan to use the formerly existing mining industry as industrial culture sight would attract visitors.

Kaberneeme

has the advantage to have a accommodation and a restaurant close to the harbour. Furthermore the village Kaberneeme has a restaurant and from the harbour there is a bus connection. Close to Kaberneeme are some interesting tourist sights and Kaberneeme is also know as surfing destination.
EAS mentions Kaberneeme as holiday destination. The Watersport Centre in the harbour offers all kinds of watersports, renting out of watersport equipment etc. Watersport Centre's website is multilingual (English, Finnish, Estonian) but with a poor web-design.

Neeme

is a natural harbour on the Ihasalu peninsula. At the moment is not registered in the Estonian Maritime Administration, but is accessible to boats. Nearby is a village tavern, bus stop and a shop. The location of this harbour is excellent and would from the sailing point of view increase the attractiveness of North Estonia. Kaberneeme and Viinistu complex could also include Neeme in the future.

Viinistu

Viinistu is one of the most remarkable tourism sights and tourism service providers east of Tallinn in the Lahemaa National Park.

The hotel and restaurant offer excellent accommodation (3*) and catering facilities. Furthermore the attached art museum is in its kind unique in Estonia and is a great venue for conferences and meetings.

The island opposite to Viinistu - Mohni - is a great destination for short trips.

Unfortunately the marina in Viinistu has been destroyed during the last year and needs to be reconstructed.

Viinistu is - in relation to the importance of the the venue-poorly respresented in terms of marketing and sales.

Viinistu is mentioned at the EAS website as conference centre. Viinistu's own web-site is only in Estonian and not up-dated.

Turbuneeme

Next to Viinistu is the Turbuneeme marina, which is a fishing harbour with some essential facilities (drycloset, electricity, refuse disposal). Turbuneeme is one of the few harbours in the in one of Estonia's biggest tourist attractions - Lahemaa National Park. Turbuneeme is for the time being only promoted by Estonian Marinas and not registered as harbour by the Estonian Maritime Association.

Mohni

The Mohni island off shore Viinistu is an ideal place for short sea-trips from Viinistu or as stop over when sailing along the Estonian North coast. Mohni is a natural harbour which is neither registered by the Estonian Maritime Association nor Estonian marinas. However Mohni is mentioned by EAS at visitestonia.com as short trip destination from

Viinistu.

Paldiski/ Pakri Islands

Either Pakri nor Paldiski exist as a tourism destination. Paldiski does not offer any acceptable tourism accommodation – except some hostel rooms in the railway station. The points of interest are limited to the viewpoint north of Paldiski. Pakri islands are only accessible by boat from Kurkse. The fare is expensive and mainly for people who have a relation to the island as the former Swedish speaking inhabitants of the island.

EAS mentions Paldiski city museum in the 'Russian route'.

Kalana and Kõrgessaare

is situated on the Kõpu Peninsula and close to Ristna - know as best windsurfer place in Estonia. Kalana cottage village offers newly built low cost accommodation facilities (cottages). Kalana cottage village offers also rental service for other watersport related activities like diving, kayak etc. Another accommodation provider nearby is 'dagen haus'. Beside windsurfing Kõpu Peninsula is known for good beaches and good hiking possibilities. The most know sight is the Kõpu lighthouse. The entrepreneur Paap offers all kind of watersport related activities www.paap.ee .

Kõrgessaare has a good guesthouse at a 3* level and restaurant Viinaköök in the nice historical building of an distillery. Furthermore the whole area has an interesting historical background (Viskoosa).

Marketing/Sales

EAS mentions windsurfing possibilities and accommodation possibilities on Kõpu Peninsula. There is a link to www.hiiumaa.ee which gives all kind of tourism information. The Kalana homepage is only in Estonian, 'dagens haus' offers a multilingual web-site with on-line booking facilities. The Hiiumaa tourism association promotes the lighthouse tour which includes the main tourist attraction on Hiiumaa.

Conclusions/ Main findings

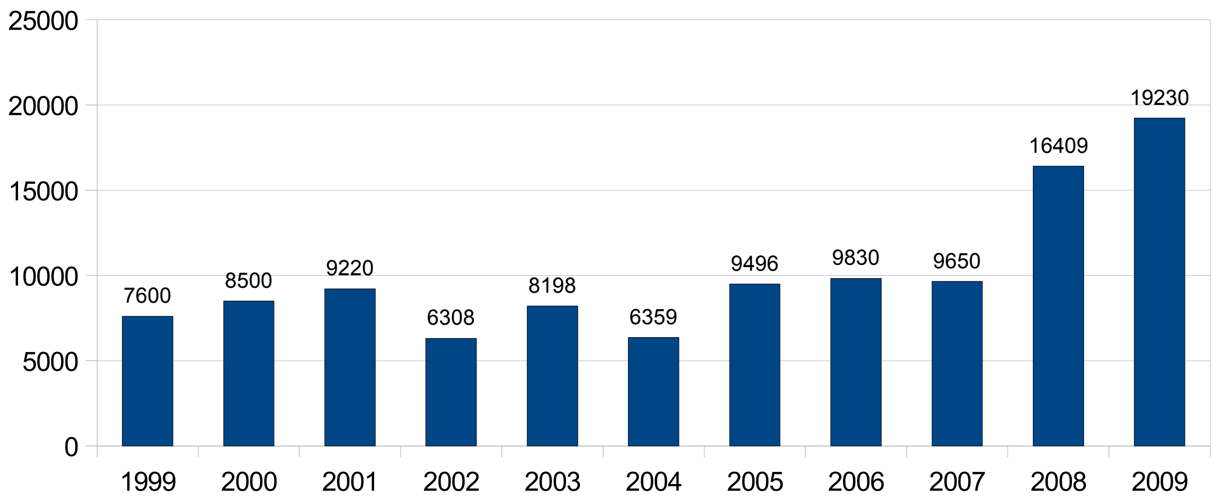
- The islands offshore Estonia's most important tourism attraction – Tallinn - have a great potential in terms tourism exploitation.
- This possibility have not been used sufficiently yet.
- Using the islands would open up a new dimension of Tallinn as tourism destination for both the local destination and for foreign visitors by providing them with a new tourism product.
- Developing marina's in the area would increase substantially not only Talinn's attraction as a sailing destination but also whole North Estonia
- By promoting the islands more actively through different sales channels the number of visitors on all islands (Aegna, Naissaaare and Prangli) could be increased quickly.
- Kaberneeme and Viinistu complex offers good prerequisites for a success.
- Paldiski and Pakri are not developed as tourism destinations. Missing tourism infrastructure is the biggest obstacle for potential visitors. However the existing products – hiking on Pakri, RIB drive to Pakri should be promoted by partners in the region like hotels, incoming tour operators.
- The main source markets for Harju and Hiiu county are: Finland, Estonia and Russia. Minor source markets are Germany and Sweden.

2. Recent development of boating tourism in Estonia

The Estonian Maritime Association asked all small boat harbours to send in statistics about boats staying in their harbours, the amount of people on board and the country where the boat has been registered. In 2007 the Estonian Maritime Association received information from 27 harbours. In 2008 reports from 18 harbour and in 2009 from 23 harbours were received. However the data available is sufficient to get a picture about boating development in Estonia.

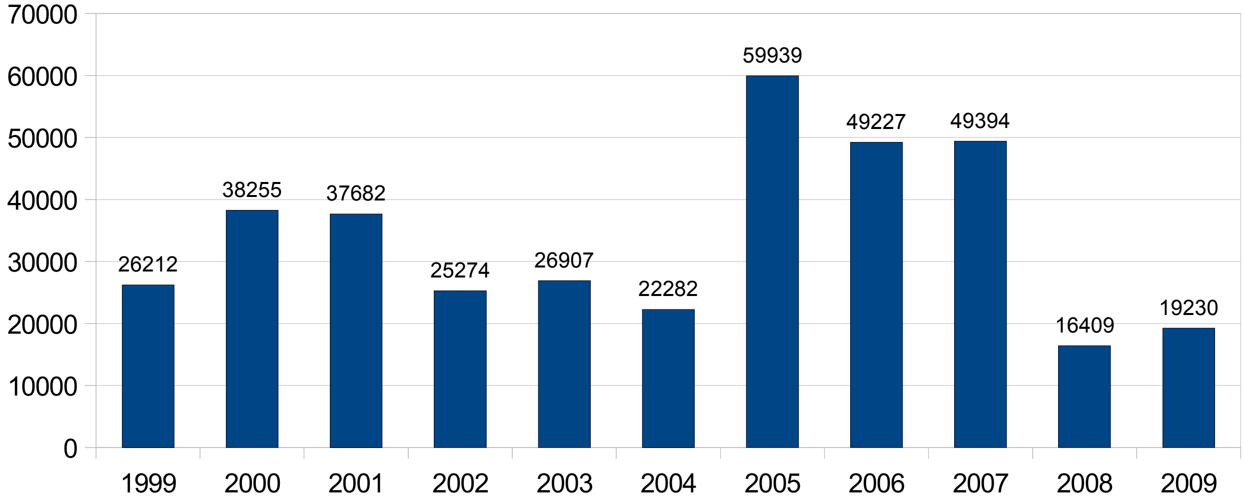
The median for the number of ships per year between 1999-09 is 9220 boats in Estonian waters per year.

Total number of small boats registered in Estonian small boat harbours 1999-2009 (source Estonian Maritime Association)

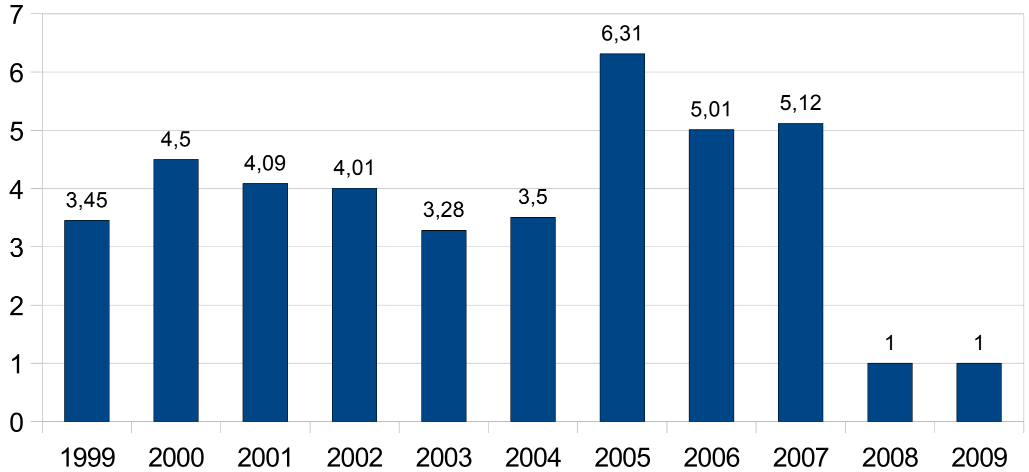


If we would draw a trendline for the number of passengers in harbours the trendline the line would be stable and for the number of ships – the trendline goes up. The median for the number of boat-passengers per year is 26.907.

Number of registered passengers at boats in Estonian small harbours 1999-2008 (source Estonian Maritime Association)

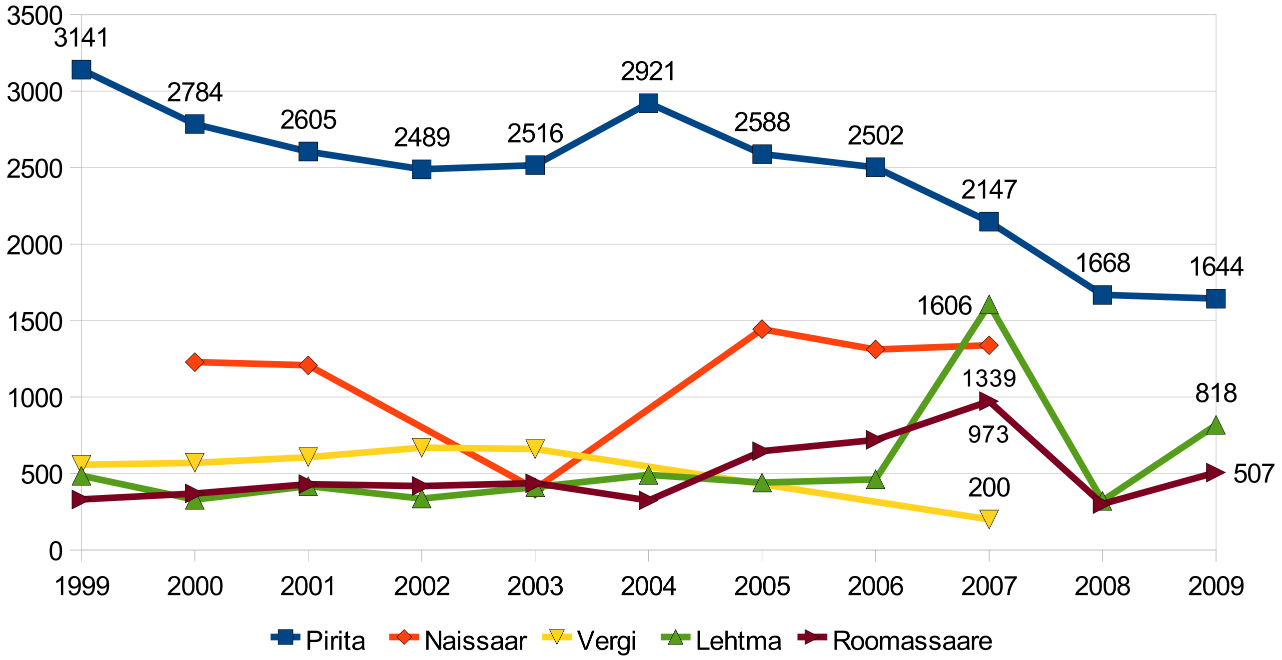


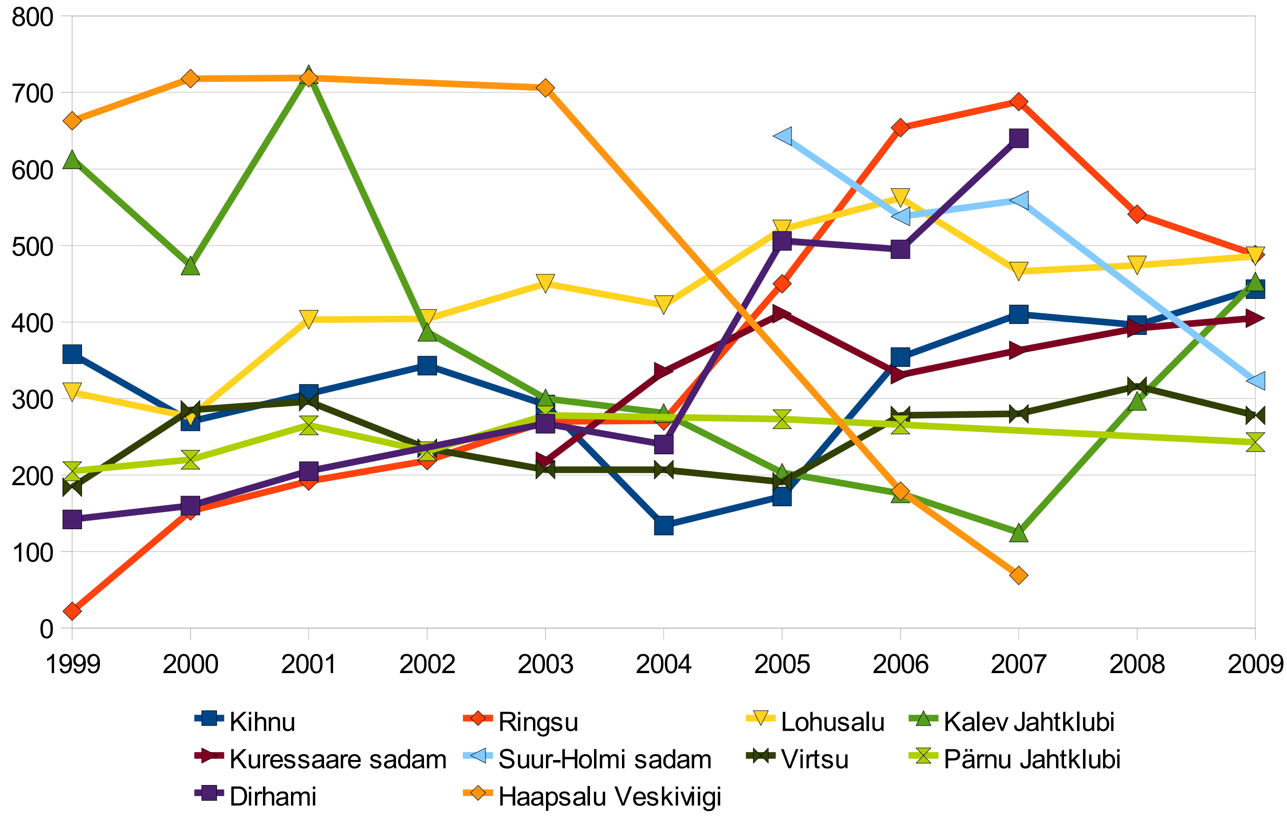
Average number of passengers on-board pleasure boats in Estonian small harbours 1999-2008 (source Estonian Maritime Association)

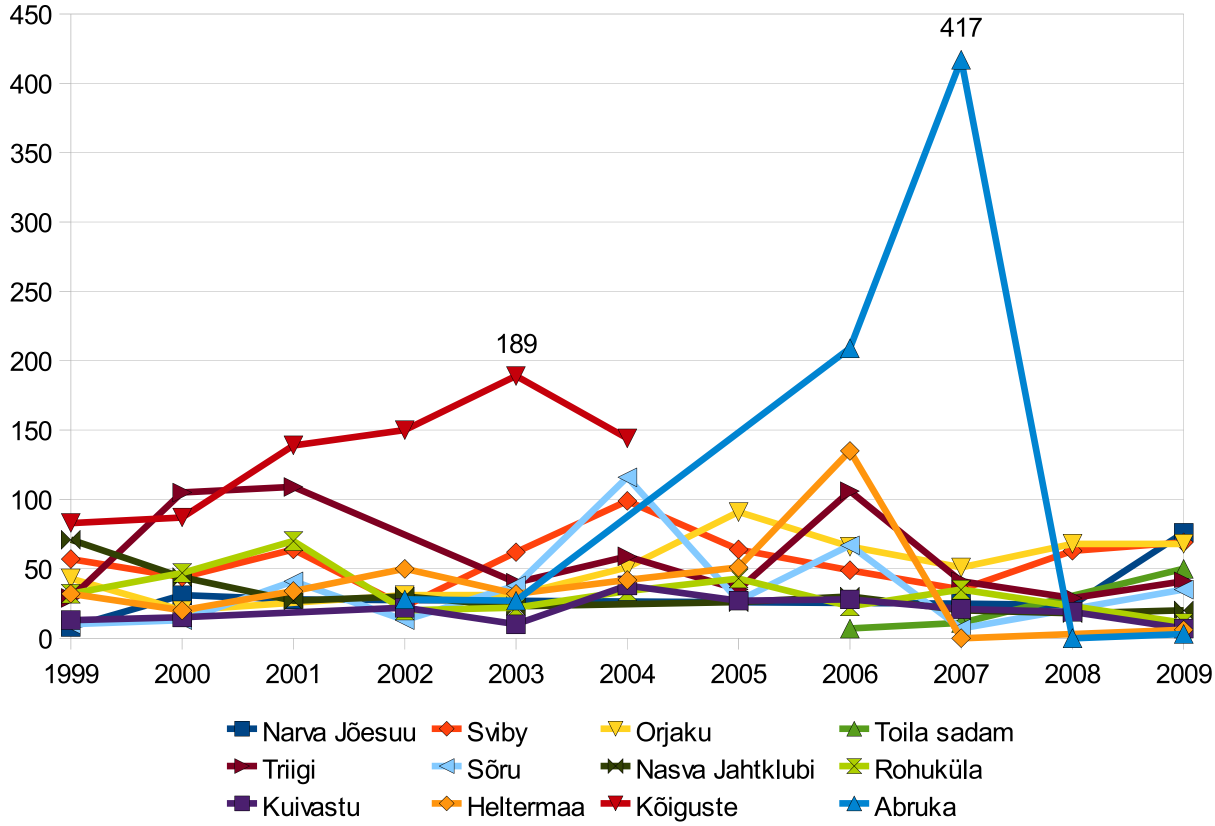


The number of boats per harbour shows that Tallinn Pirita is by far the biggest Estonian marina. In the below – showing all the marinas in Estonia where ships have been registered – the trend is more negative-less boats are visiting Estonian harbours. Tallinn Pirita shows a downward trend, Naissaar a more or less stable trend. Lehtma harbour shows a top in 2007. Pärnu, Kihnu and Kuressaare show positive trends.

Number of boats in Estonian small harbours 1999-2009 (source Estonian Maritime Association)







450
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Narva Jõesuu
Sviby
Orjaku
Toila sadam
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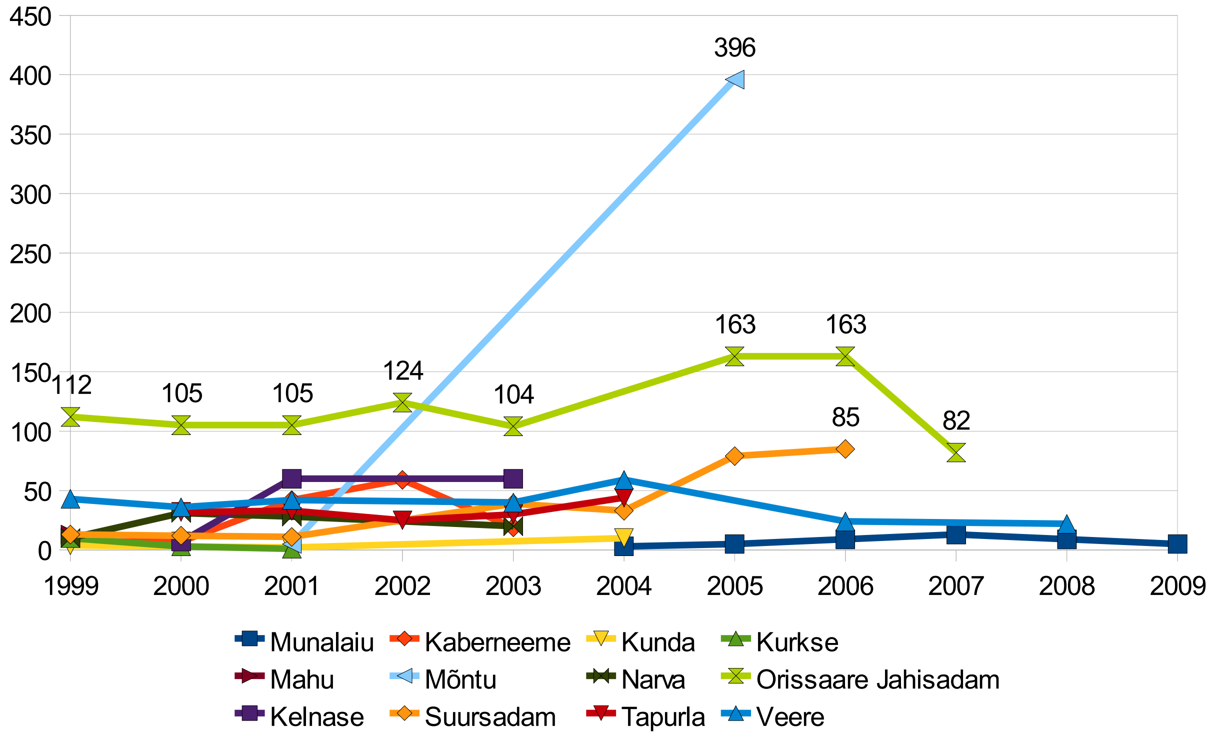
Nasva Jahtklubi
Rohuküla
Kuivastu
Heltermaa
Kõiguste
Abruka



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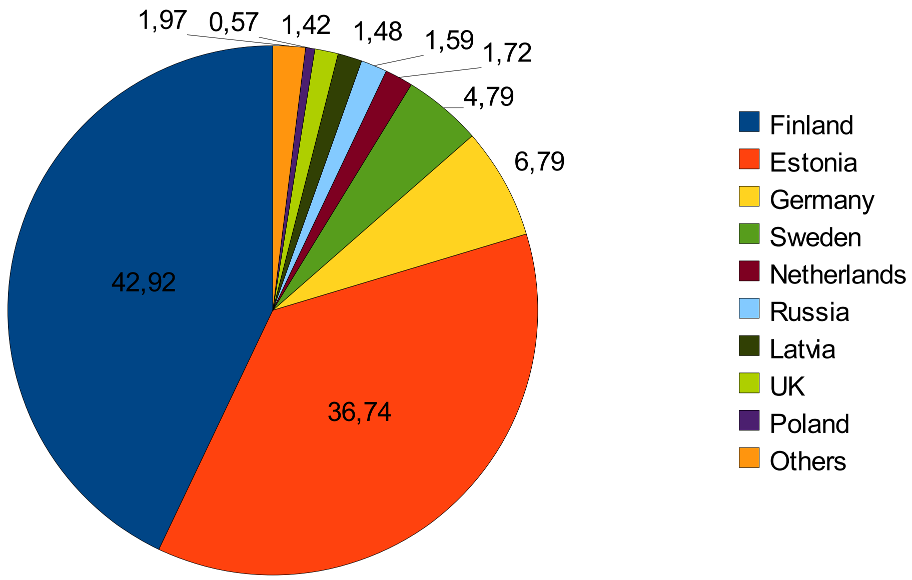
2009
Munalaiu
Kaberneeme
Kunda
Kurkse
Mahu
Mõntu
Narva
Orissaare Jahisadam
Kelnase
Suursadam
Tapurla
Veere

Vergi shows a sharp fall compared to 2003 – although the figures for 2004-06 are missing. Haapsalu and Ringsu had stable or rising figures but lost ships in 2008/09. Dirhami, Lohusalu, Kihnu, Virtsu and Kuressaare show a moderate growth.

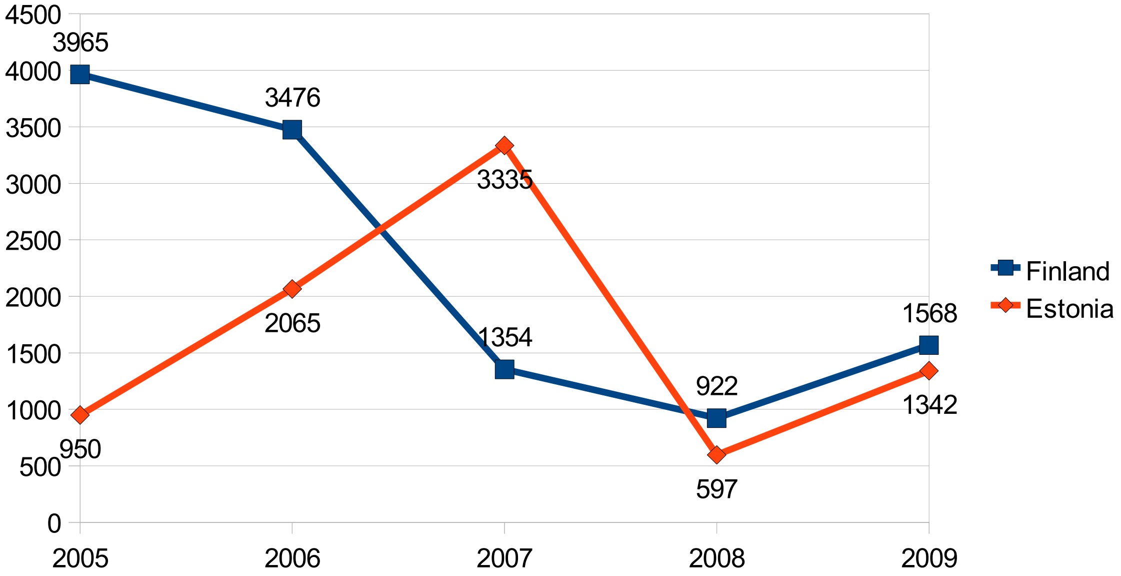
The number of ships with a non-Estonian flag is substantial in Estonian waters compared to Finland or Sweden. Using the figures from the harbours which reported the flag of the boat we get for the year 2008 the following distribution of foreign and Estonian boats: The biggest share belongs to Finland, followed by Estonia, Germany and Sweden. These four countries have a 92% share of all boats in Estonian harbours. Minor countries are countries Latvia, the Netherlands and UK.

Distribution of boats in Estonian small harbours by flag of the ship 2009 in % (source Estonian Maritime Association)

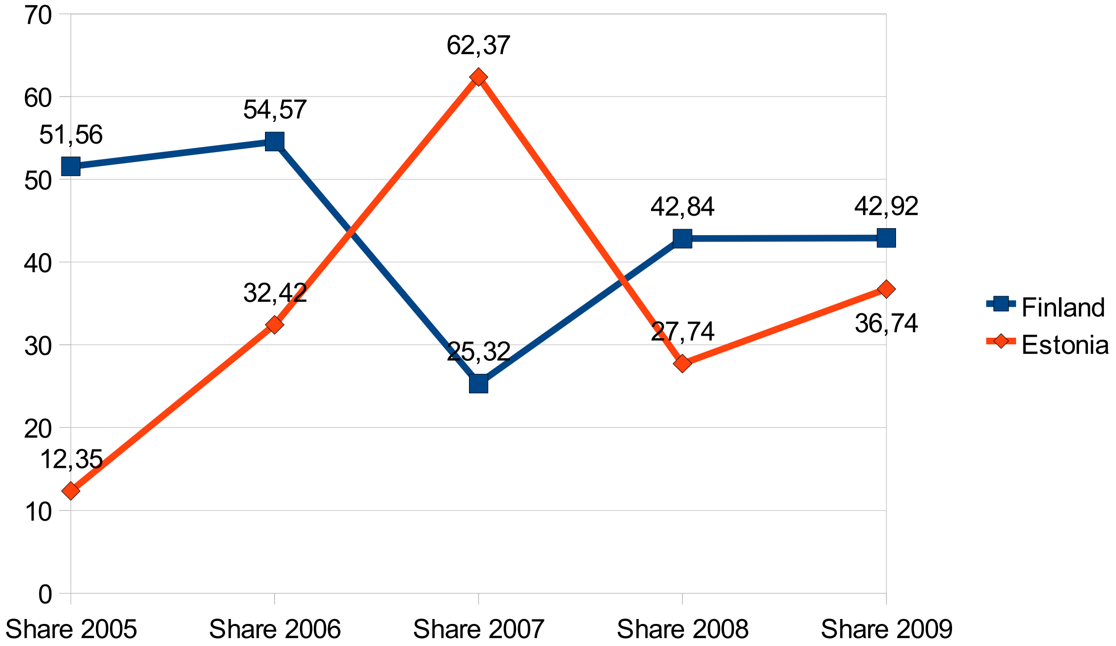


During the period 2005-2009 we can see some dramatic changes concerning the share of Finnish and Estonian boats in Estonian small harbours share. However the trend-lines show an increasing share of Estonian boats and Finnish boats.

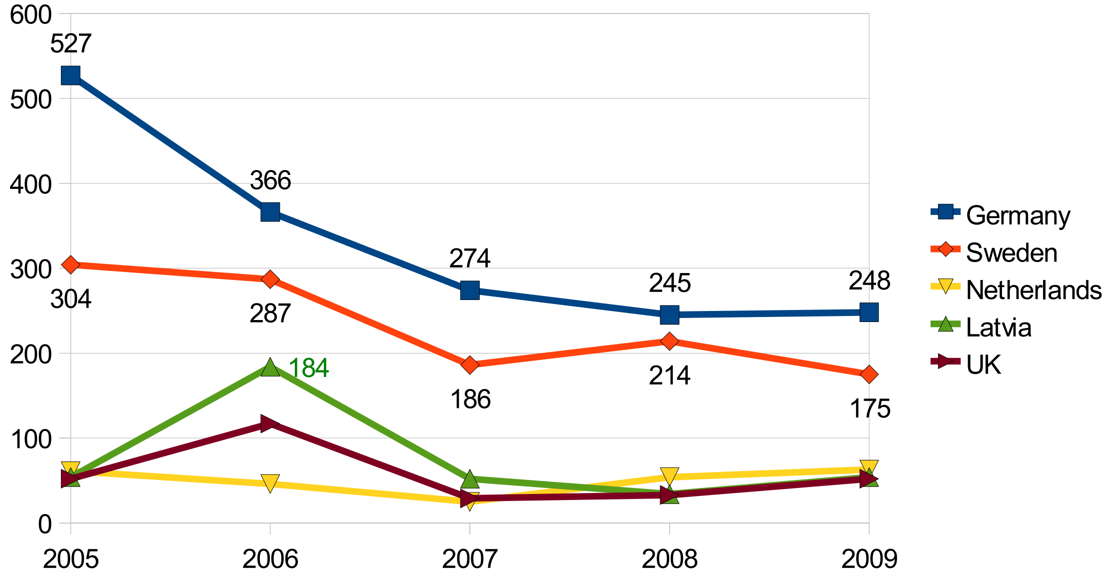
Number of boats in Estonian small harbours by flag 2005-09 (source Estonian Maritime Association)



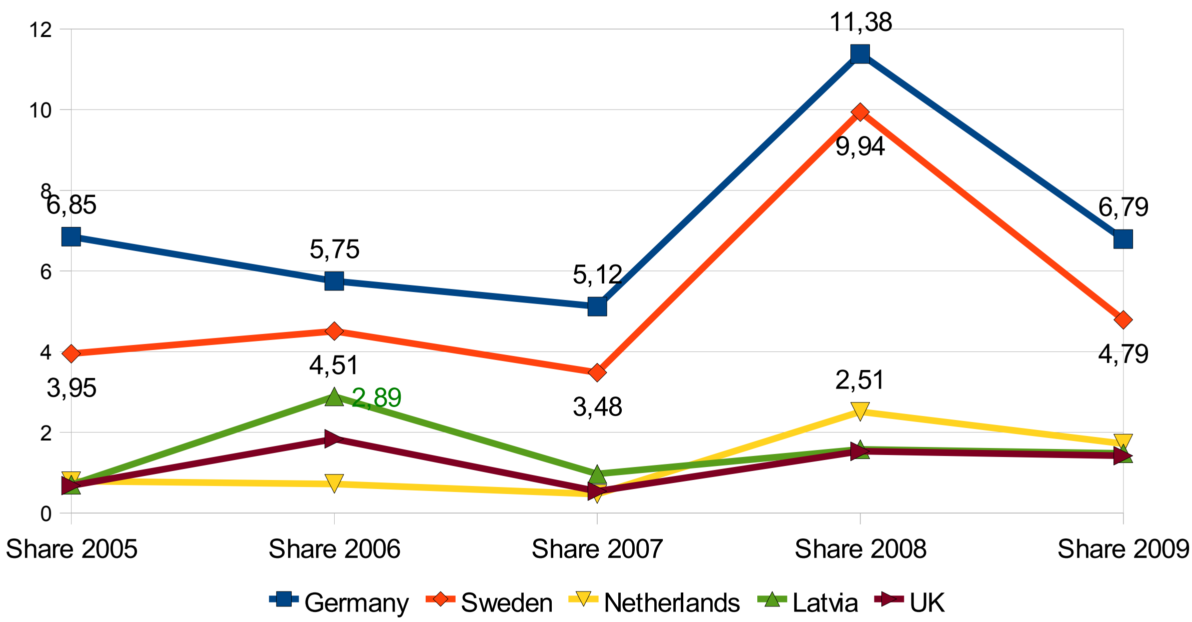
Share of boats in Estonian small harbours 2005-09 by flag of boat in % (source Estonian Maritime Association)



Number of boats in Estonian small harbours by flag 2005-09 (source Estonian Maritime Association)

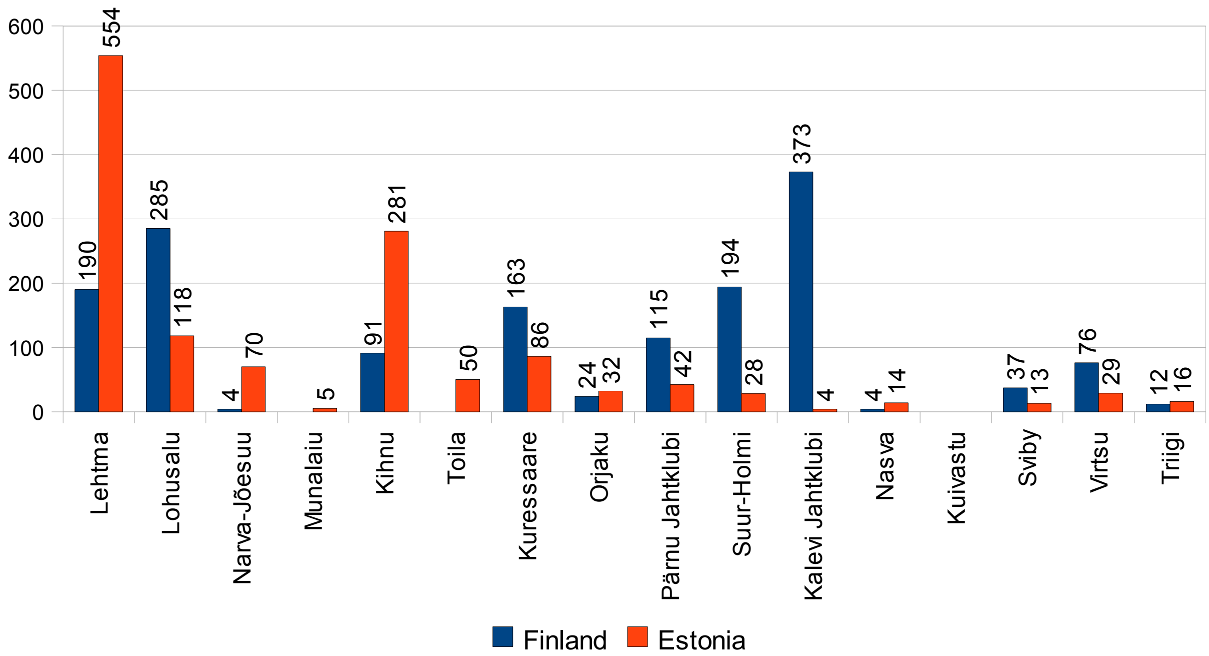


Share of boats in Estonian small harbours 2005-09 by flag of boat in % (source Estonian Maritime Association)

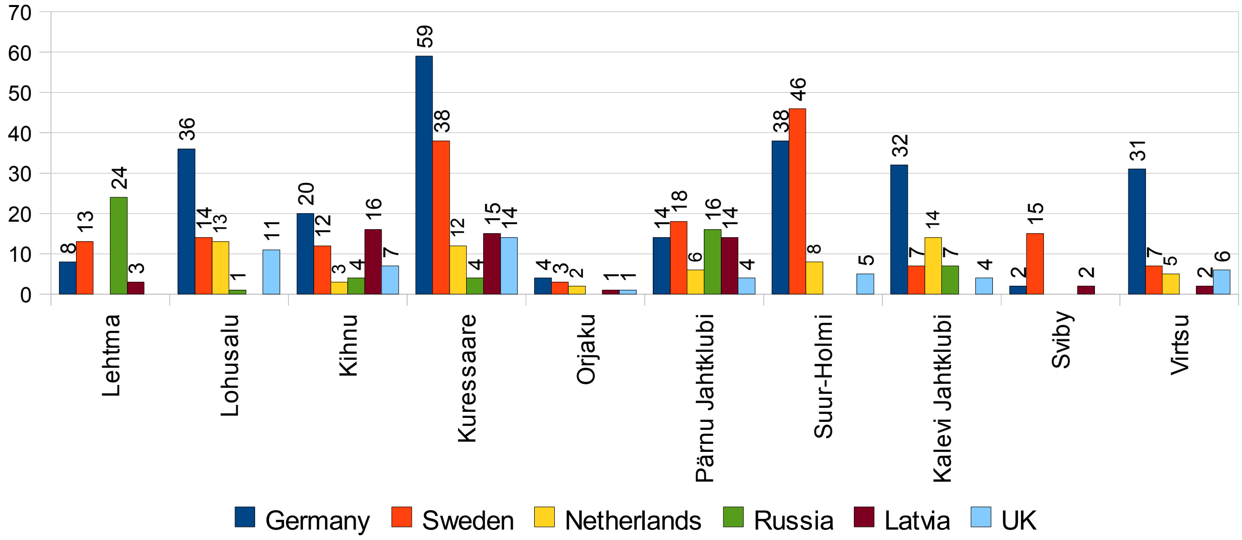


The trend line for boats from Latvia is showing down and the trend line for boats from Germany and Sweden is up. The harbours around Tallinn – Pirita and Naissaare are popular among all foreigners. Furthermore Lohusalu and Lehtma and harbours on Saaremaa or other islands are often visited by boats.

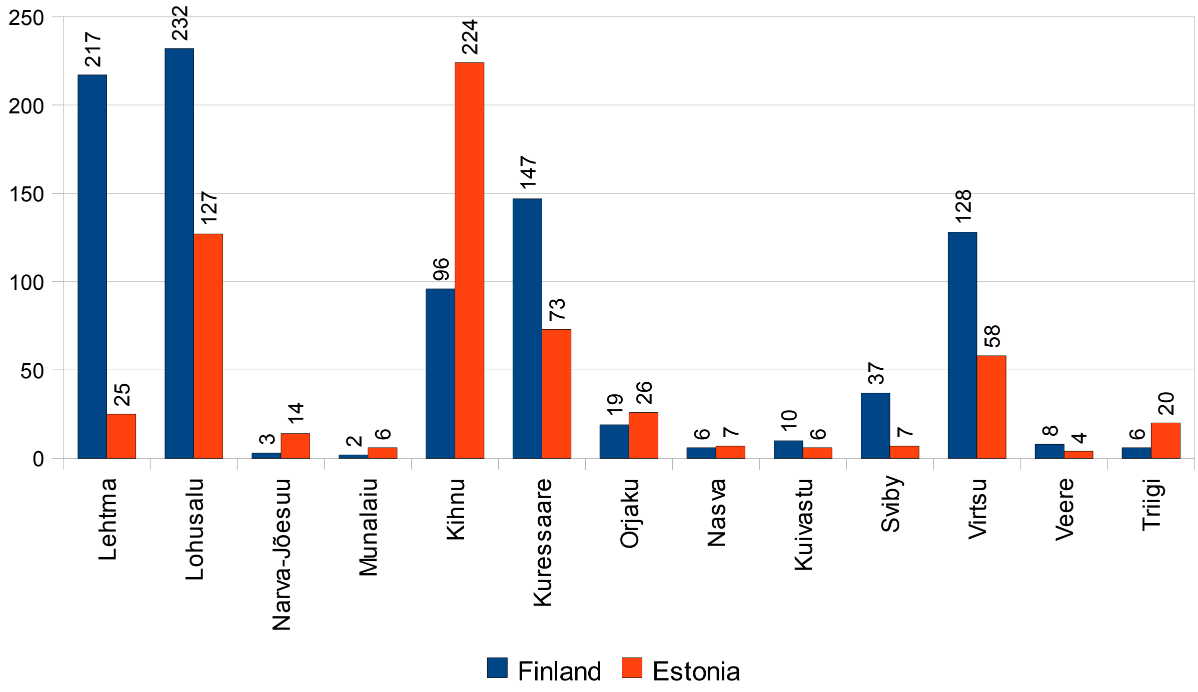
Distribution for boats by harbour and flag of the boat in 2009 (source Estonian Maritime Association)



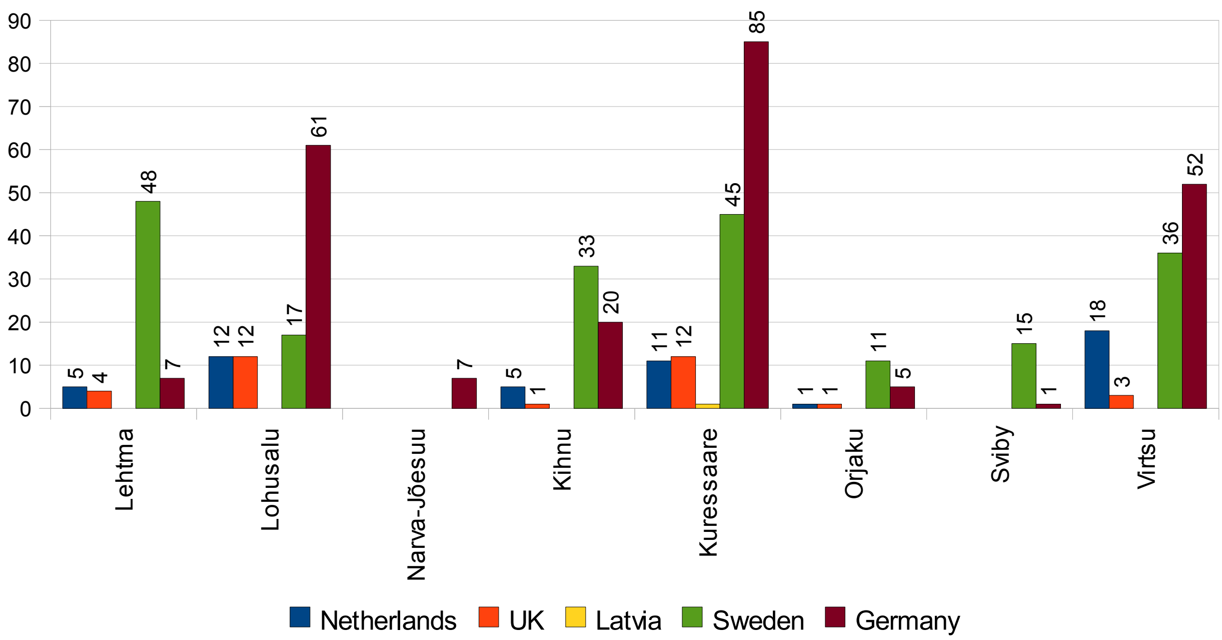
Distribution for boats by harbour and flag of the boat in 2009 (source Estonian Maritime Association)



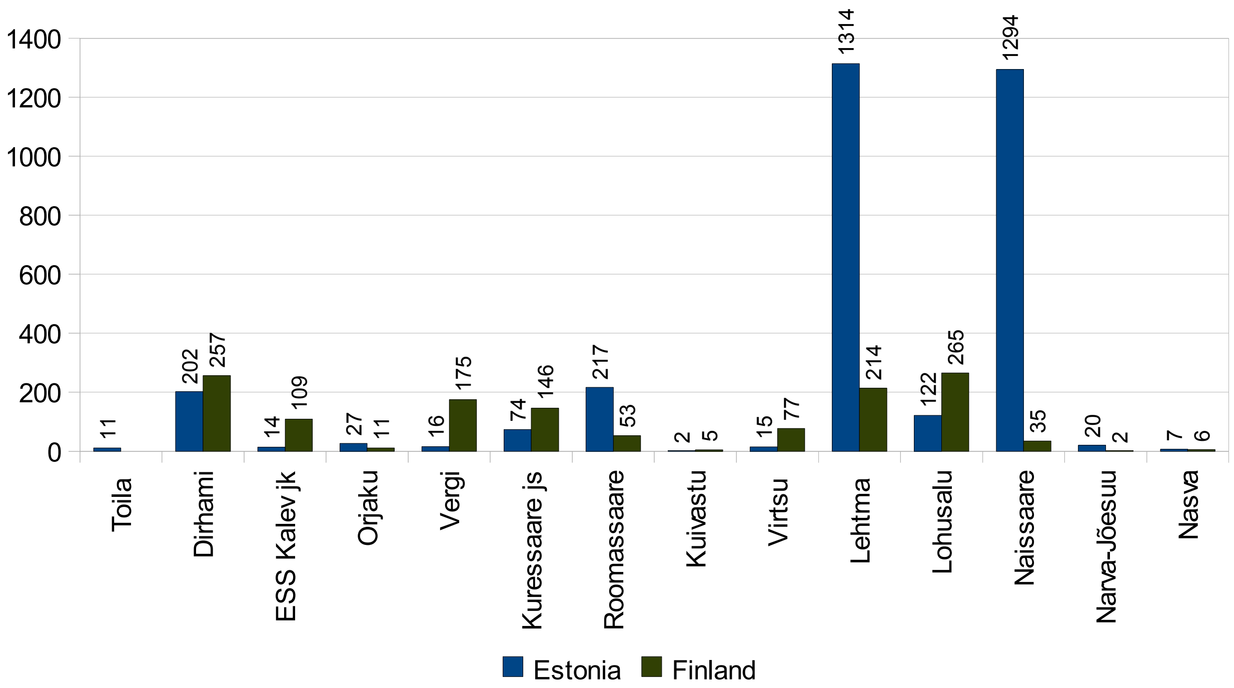
Distribution for boats by harbour and flag of the boat in 2008 (source Estonian Maritime Association)



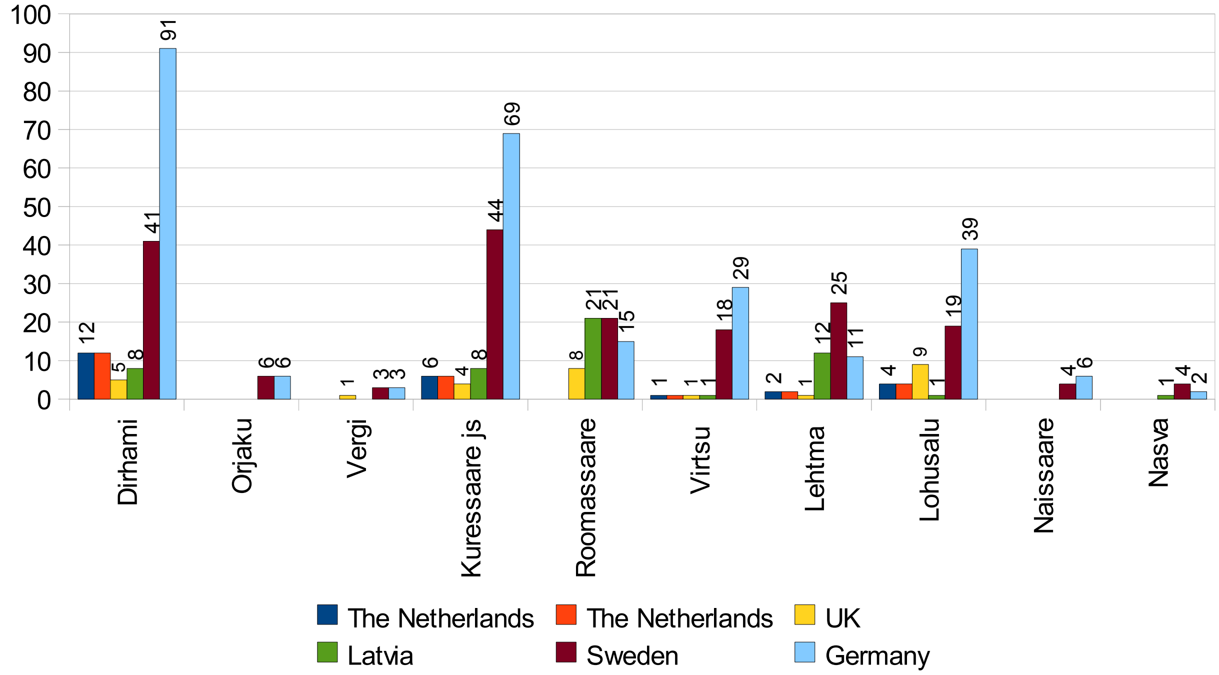
Distribution for boats by harbour and flag of the boat (without Finland and Estonia) in 2008 (source Estonian Maritime Association)



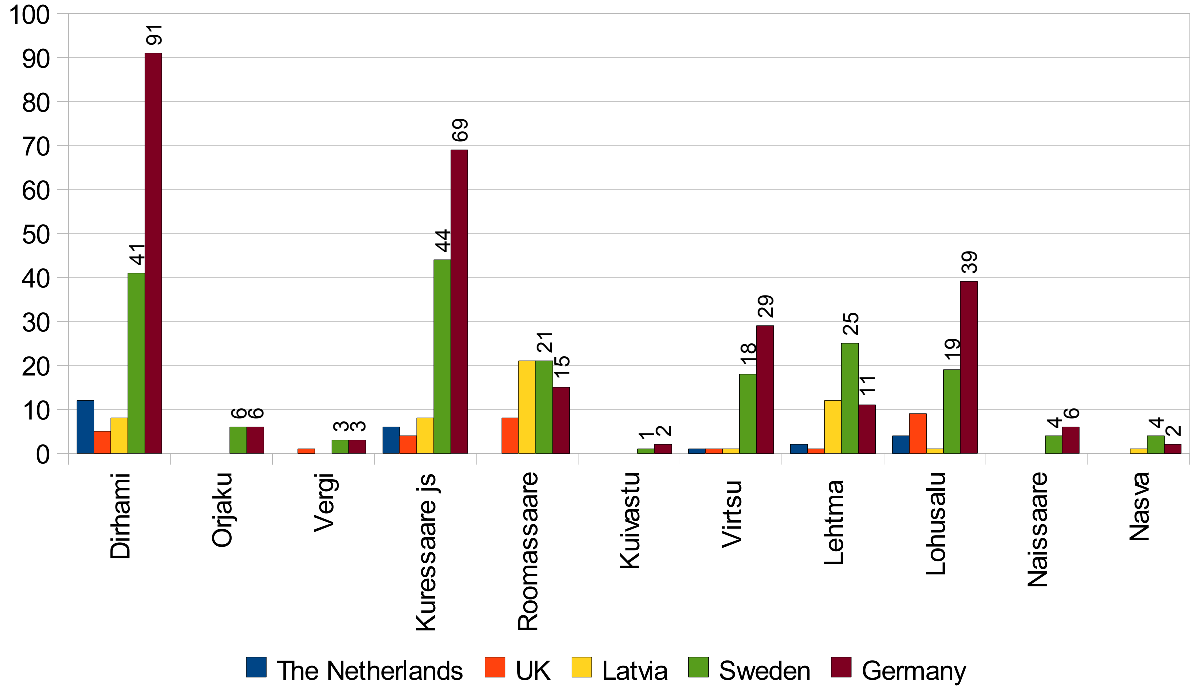
Distribution for boats by harbour and flag of the boat in 2007 (source Estonian Maritime Association)



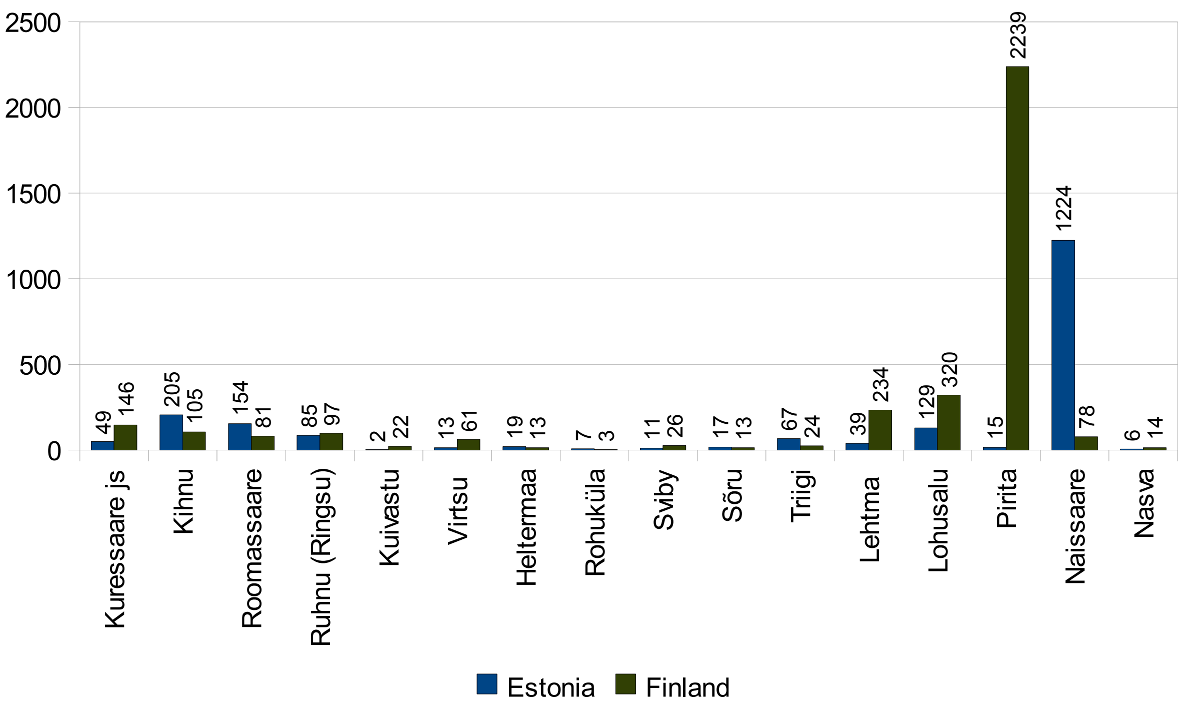
Distribution for boats by harbour and flag of the boat (without Estonia) in 2007 (source Estonian Maritime Association)



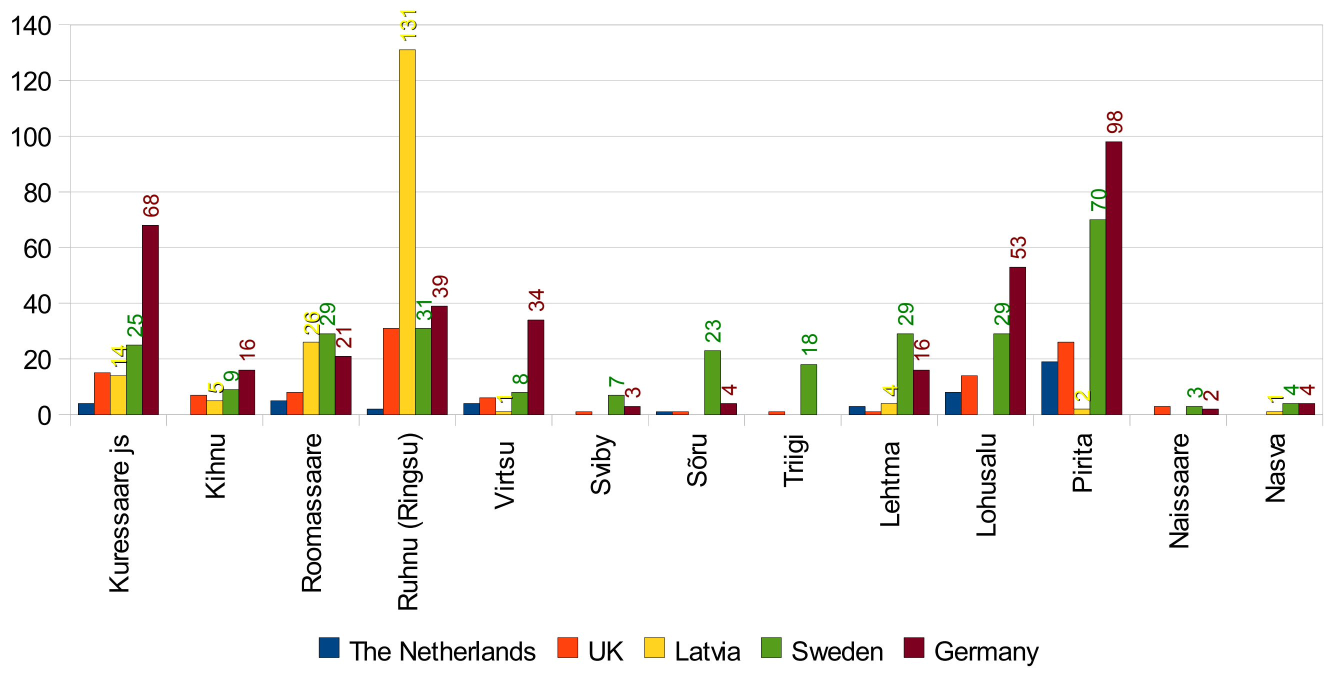
Distribution for boats by harbour and flag of the boat (without Estonia and Finland) in 2007 (source Estonian Maritime Association)



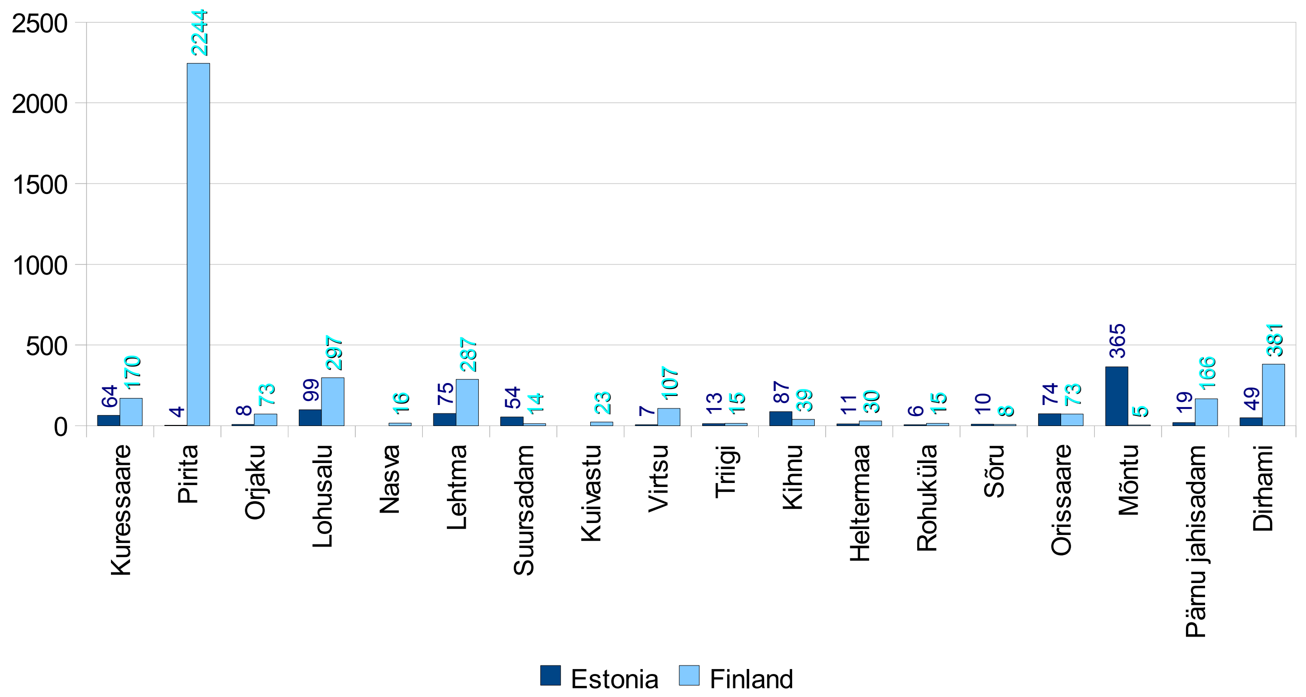
Distribution for boats by harbour and flag of the boat in 2006 (source Estonian Maritime Association)



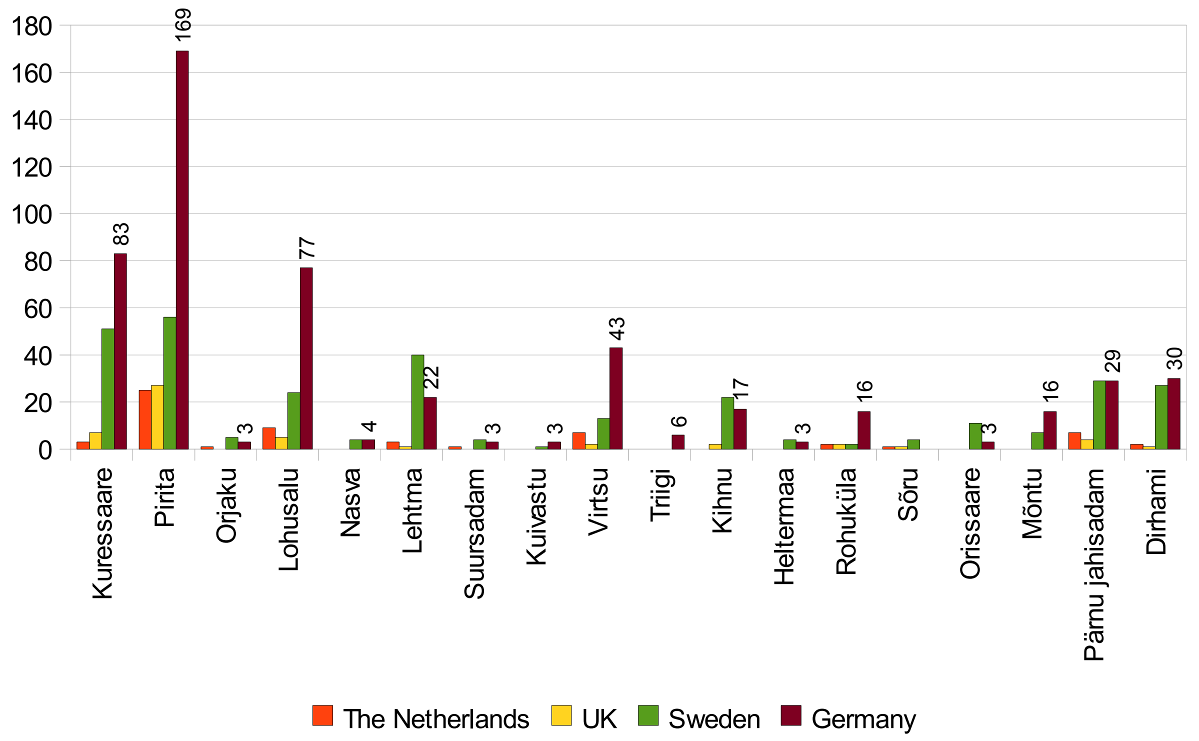
Distribution for boats by harbour and flag of the boat (without Estonia and Finland) in 2006 (source Estonian Maritime Association)



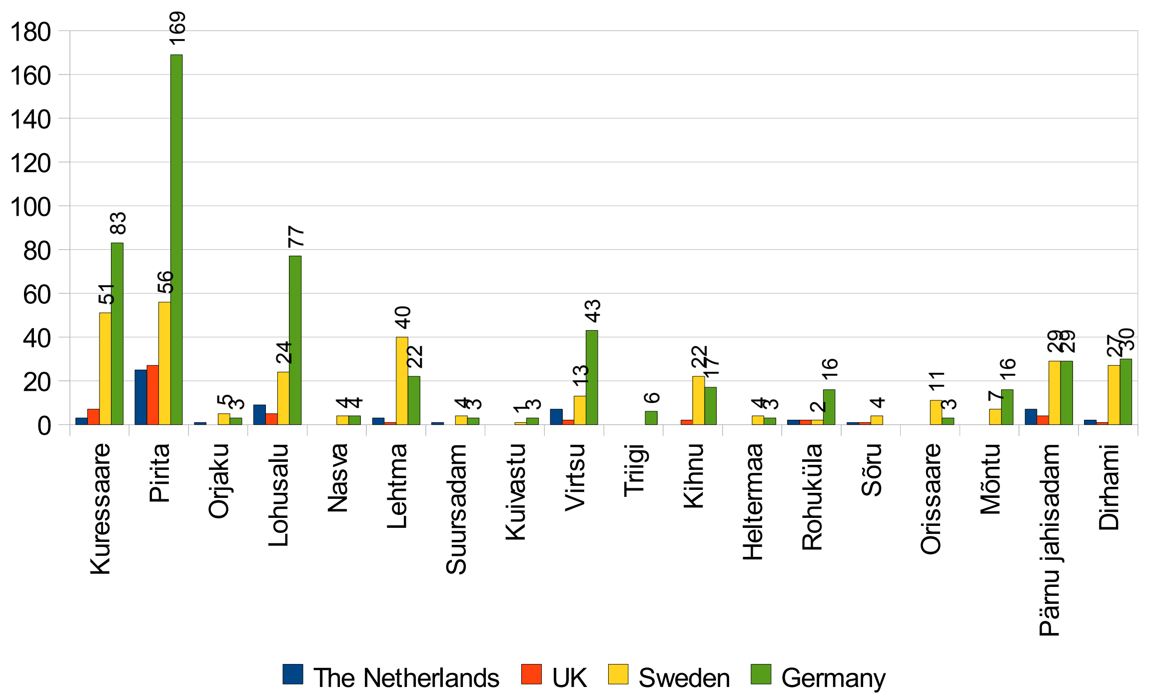
Distribution for boats by harbour and flag of the boat in 2005 (source Estonian Maritime Association)



Distribution for boats by harbour and flag of the boat in 2005 (source Estonian Maritime Association)



Distribution for boats by harbour and flag of the boat in 2005 (source Estonian Maritime Association)



Whether a harbour is visited by pleasure boats depends on the location and on the services offered at the harbour. Generally speaking the more services the more visiting boats.

The service level in Estonian small harbours is rather low.

Only few of possible services are available in the majority of harbours.

Services available in Estonian Small Boat harbours in 2009 in % (source Estonian Marinas)

Accommodation	–	35 % (9/19)
Bank	-	17 % (4/9)
Bathing place	-	56 % (12/30)
Bicycle rent	-	22 % (7/12)
Boat equipment	-	6 % (3/3)
Bus stop	-	59 % (9/32)
Café/Bar	-	44 % (10/24)
Camping Site	-	19 % (3/10)
Pharmacy	-	13 % (4/7)
Playground	-	11 % (4/6)
Crane	-	19 % (4/10)
Drinking water	-	63 % (12/34)
Dry closet	-	17 % (1/9)
Electricity	-	70 % (12/38)
Shipyard/Engine service	-	22 % (6/22)
Ferry service	-	20 % (4/11)
Fishing harbour	-	26 % (2/14)
Food store	-	48 % (10/26)
Fuel	-	20 % (9/11)
Harbour office	-	44 % (10/24)
Hospital/Doctor	-	17 % (6/9)
Information	-	26 % (8/14)
Internet	-	39 % (9/21)

Kiosk	-	22 % (6/12)
Landrette	-	20 % (7/11)
Letterbox	-	44 % (11/24)
Passport Control	-	26 % (9/14)
Patent Slip	-	11 % (0/6)
Postoffice	-	30 % (1/16)
Refuse disposal	-	70 % (13/38)
Restaurant	-	24 % (8/13)
Sauna	-	37 % (10/20)
Shower	-	56 % (13/30)
Tourist Attraction	-	28 % (7/15)
Toilets	-	56 % (13/30)
Toilet draining	-	7 % (4/4)
Trailer ramp	-	26 % (7/14)
Visitors berths	-	37 % (11/20)
Telephone	-	50 % (12/27)

Drinking water, electricity and refuse disposal – the most important services in a marina are only available in 63% respective 70 % of all harbours.

In brackets the first figure is the number how many times the service is available in the group of the 13 most visited harbours. The second number in brackets shows how many times the service was mentioned in the group of all 54 harbours.

The following small boat harbours are partner in this project:

In Harju county – Aegna, Naissaaare, Leppneeme, Prangli, Kaberneeme, Viinistu, Neeme, Mohni, Paldiski and Väike-Pakri. In Hiiu county - Kalana and Kõrgessaare.

Aegna – is still under reconstruction. The harbour is registered by the Estonian Maritime Association and had no boat visits during

1999-2009. No service facilities are registered.

Naissaare is one of the harbours in Estonia with the highest number of registered boat visits (6930 between 1999-2008; although the figures for 2008, 2004 and 2002 are missing). The harbour is registered by the Estonian Maritime Association. In terms of service facilities Naissaare is missing two of the main service components – drinking water and electricity. Otherwise the service level is good with the following provided services: accommodation; bathing place, bicycle rent, café/Bar, camping site, ferry berth, information, kiosk, letter box, refuse disposal, sauna, shower, tourist attraction and toilet.

Leppneeme had no registered boat visits during 1999-2008. The harbour has been renewed completely and has an improved service level with the following services: bus-stop, drinking water, dry-closet, electricity, food store, letter box, refuse disposal.

Kaberneeme had 134 registered boat visits between 1999-03 with no information for the years 2004-08. The service level is good with the following services: accommodation, bathing place, bus stop, drinking water, electricity, food store, refuse disposal, restaurant, shower, toilet.

Neeme harbour is not registered in the Estonian Maritime Administration and the is lack of information concerning the visitors. No services are offered in the marina.

The port basin and berth reconstruction plan is ready. The harbour, harbour building (which includes accommodation of visitors) and restraurant will be built-

Mohni harbour is a natural harbour not registered by the Estonian Maritime Association and is not mentioned by Estonian Marinas as a harbour.

Prangli had no registered visitors between 1999-2008. The harbour is not registered by the Estonian Maritime Association. However the service level of the harbour is good: accommodation, bathing place, café/bar, camping site, drinking water, dry-closet, electricity, food store, hospital/doctor, letter box, post office, refuse disposal and telephone.

Viinistu is not registered as a small boat harbour and had therefore no registered visitors by the Estonian Maritime association. When visiting Viinistu in October last year, the harbour itself was destroyed.

Väike-Pakri had no registered visitors during 1999-2008 and has no service. The harbour is not registered by the Estonian Maritime Association.

Kalana had no registered boat visits during 1999-2009. The harbour is registered by the Estonian Maritime Association. The service level is low with missing drinking water, electricity and refuse disposal. Otherwise the following services are available: accommodation, bathing place, bicycle rent, bus stop, café/bar, information, patent slip, sauna, shower and toilet.

Kõrgessaare had no registered boat visits between 1999-2009. The harbour is registered by the Estonian Maritime Association. There are no services at the harbour available but the closest service points are 1000 m away from the harbour.

Conclusions/main findings

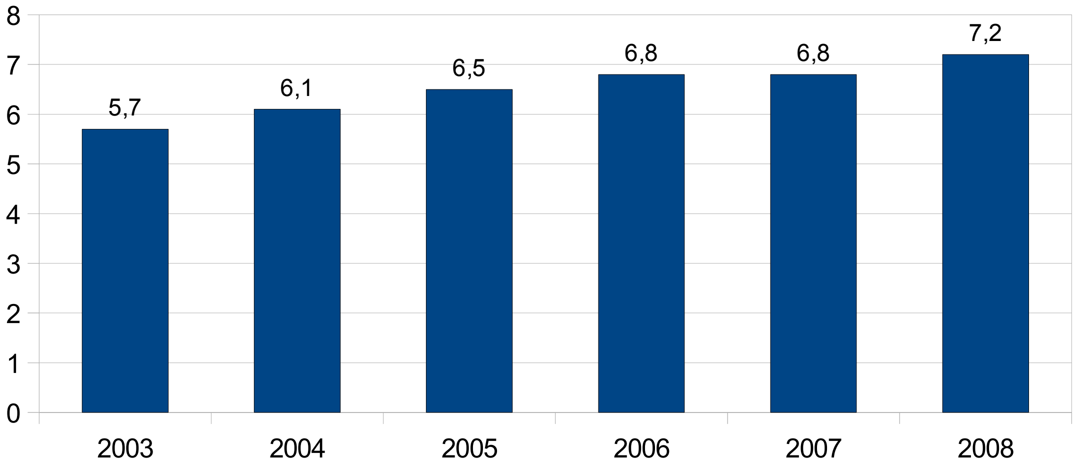
- boating tourism is still on early stage of development compared with other sectors of the Estonian tourism industry.
- The offered marina service level does often not meet international standards-at the minimum drinking water, electricity and fuel should be provided in every harbour.
- The majority of boat visits is concentrated in the harbours with good service level.
- How attractive a sailing region is for sailors depends on the net of marinas or natural harbours - here the distance between harbours should not exceed 15-25 nm. There are plenty of harbours in Estonia – the problem is the low quality of services provided in the harbours which is a certain disadvantage compared to other sailing regions.
- The main source markets for sailing are Finland and the domestic market. Both markets have the biggest growth potential. Other source markets are Sweden and Germany. All other markets are of minor importance. There are few Russian boats in Estonian harbours.

3. Tourism in Finland

3.1. Outgoing

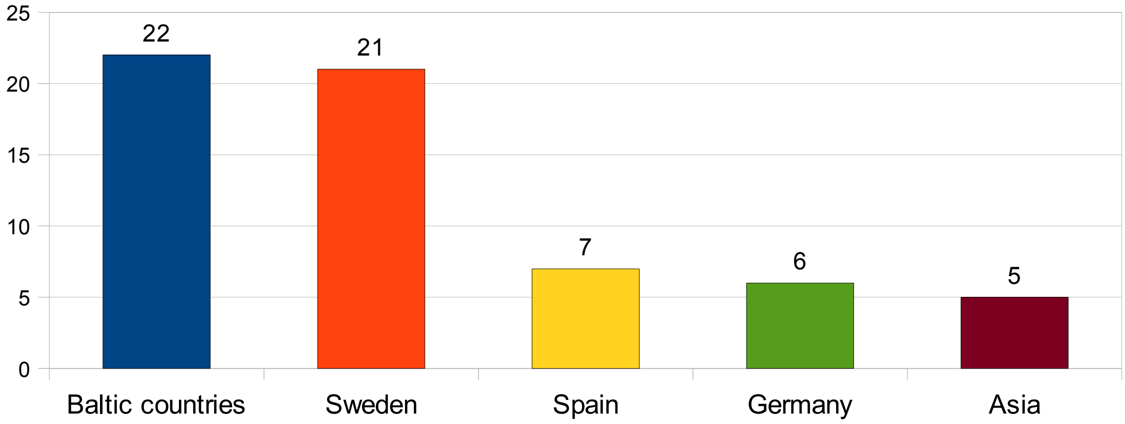
In 2008 Finns did 7,2 million trips abroad. The purpose of the trip was 67 % holiday, 20 % business and 13 % VFR (visiting friends and relatives)/other.

Number of trips of Finnish residents abroad in million (source: World Travel Monitor)



The main Finnish regions for foreign outgoing tourism are Helsinki and South-Finland (76 % of all trips).

Distribution of trips of Finnish residents abroad in % (source: World Travel Monitor)

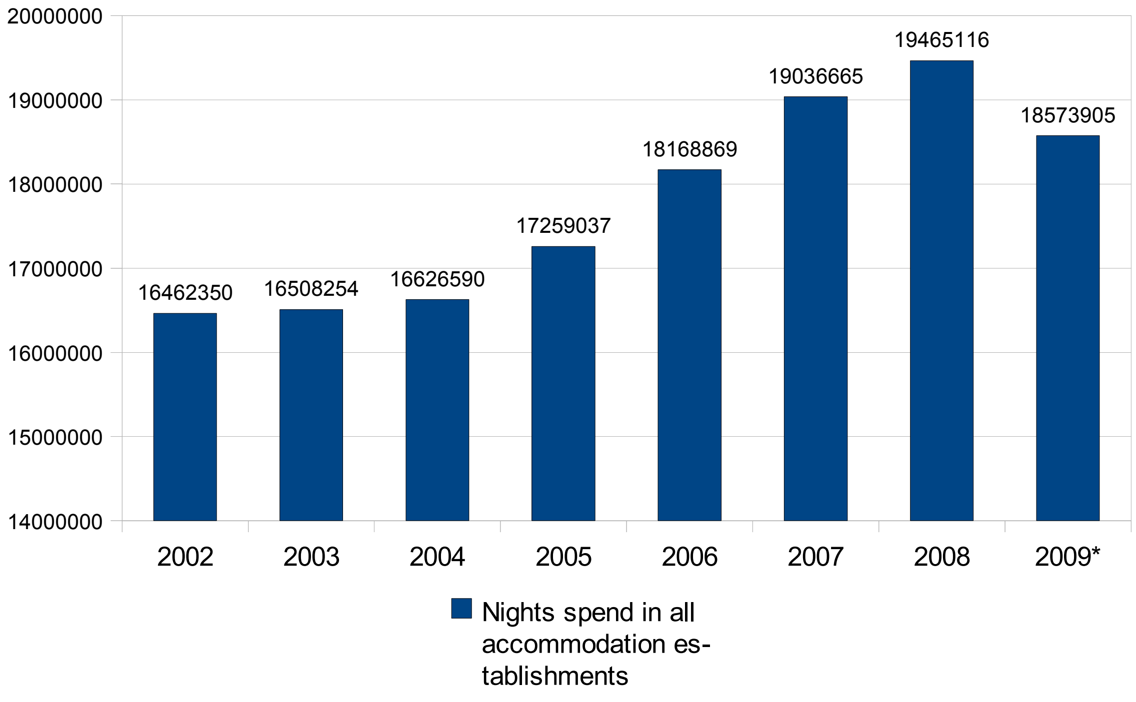


The average length of a trip was 5,2 nights. From all trips 56% were short trips (1-3 nights) or 4,1 million. Longer trips (over four nights) were 44% or 3,2 million trips abroad. Average spendings per trip were in 2008 729 € or 138 €/trip.

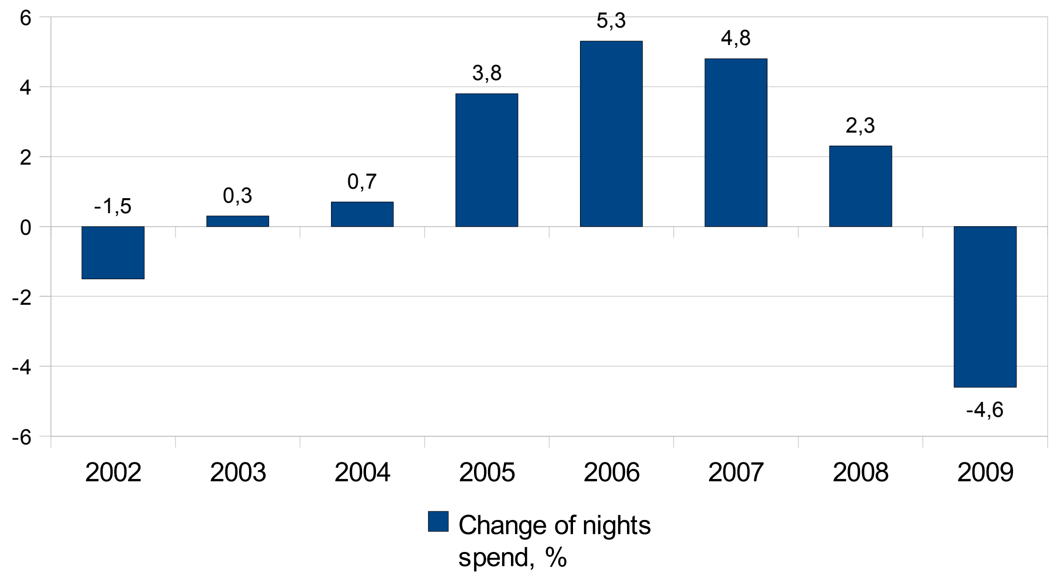
3.2. Incoming

Finland had a positive development in terms of nights spent in accommodation establishments. The impact of the economic crisis starting from 2008 was not that strong as in Estonia. In Finland the decrease in the number of foreign overnights was higher than the decrease of domestic overnights.

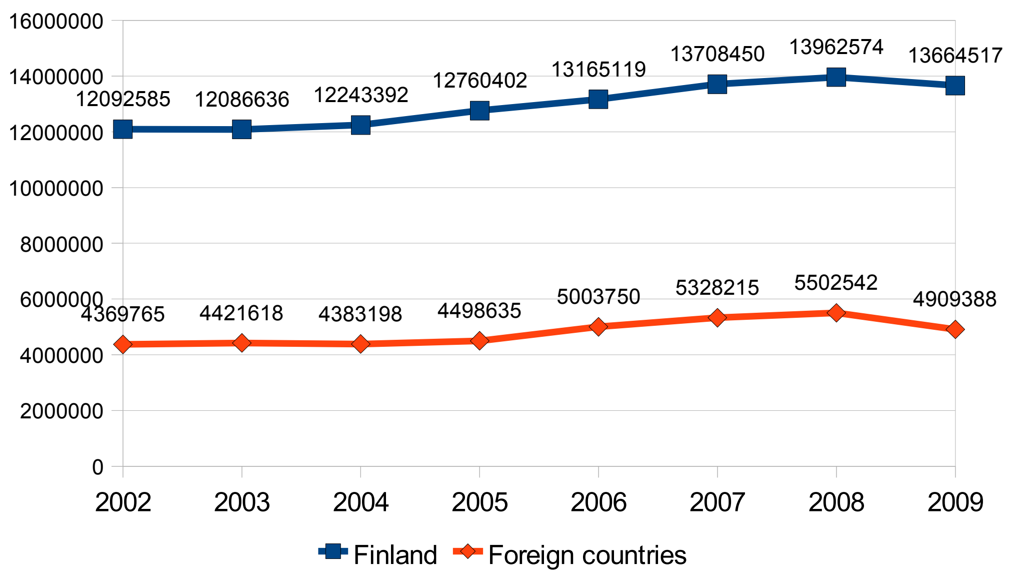
Number of nights spent in Finland 2002-09 total (source Statistics Finland)



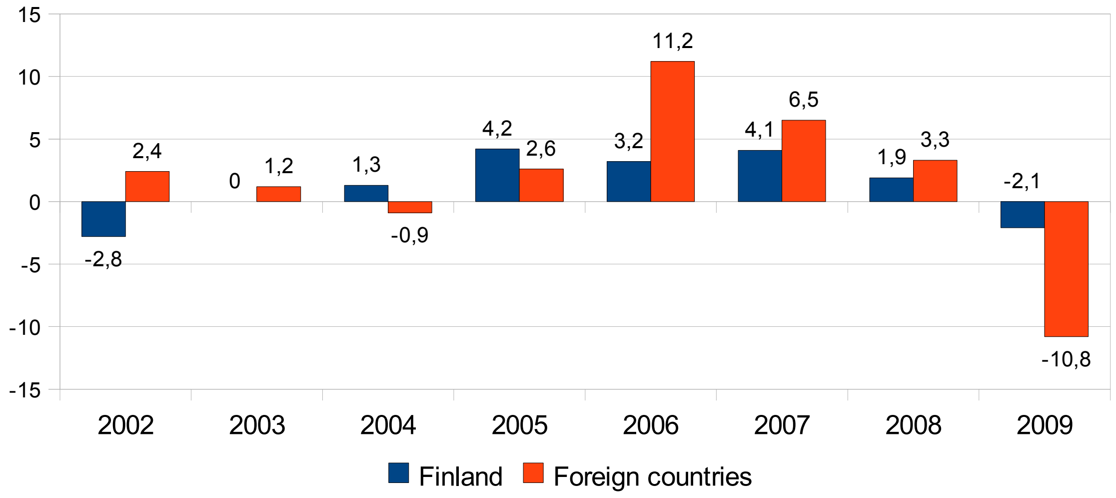
Change of Number of nights spent in Finland 2002-09 total (source Statistics Finland)



Number of nights spent in Finland 2002-09 by country of residence (source Statistics Finland)

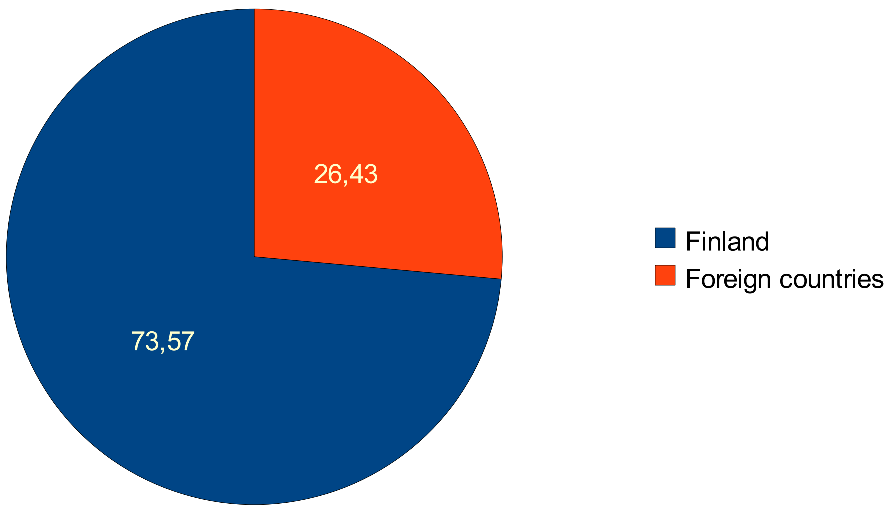


Change of number of nights spent 2002-09 in Finland by country of residence (source Statistics Finland)

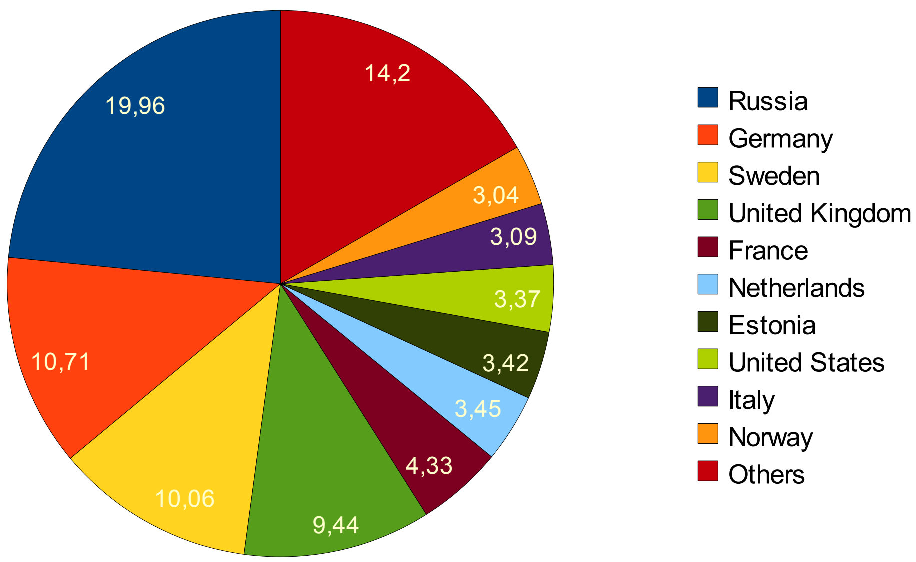


The domestic part of all nights spent is overwhelming – almost ¾ of all nights are domestic. The biggest foreign source markets are Russia, Germany, Sweden and UK. Russia had a very high growth rate in the past 5 years and its decline rate in the number of nights spent was in 2009 lower than the decline rate of the other main source markets.

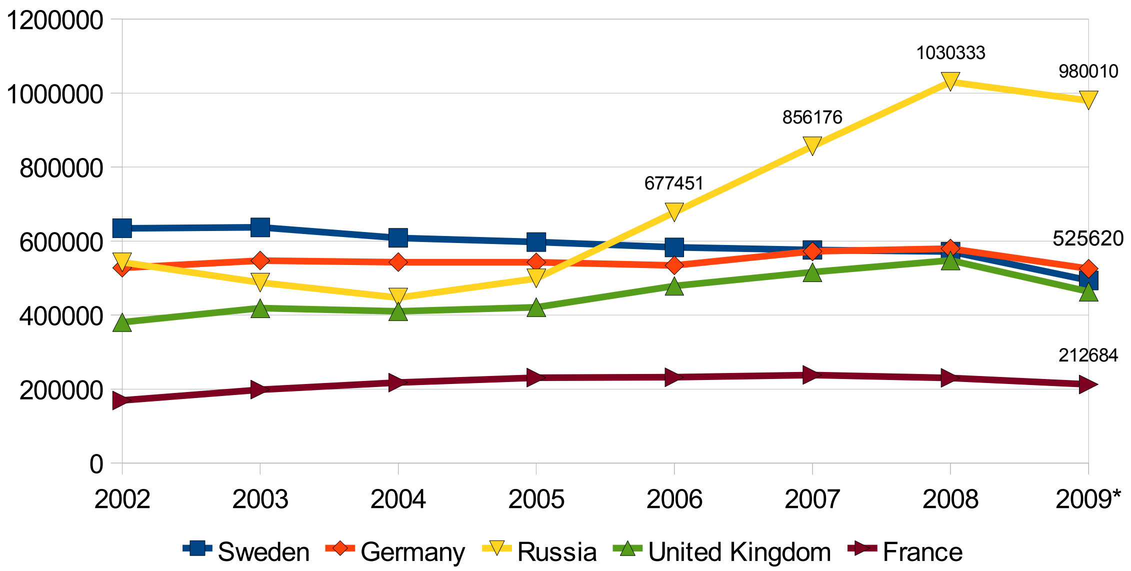
Distribution of nights spent in Finland 2009 by country of residence (source statistics Finland)



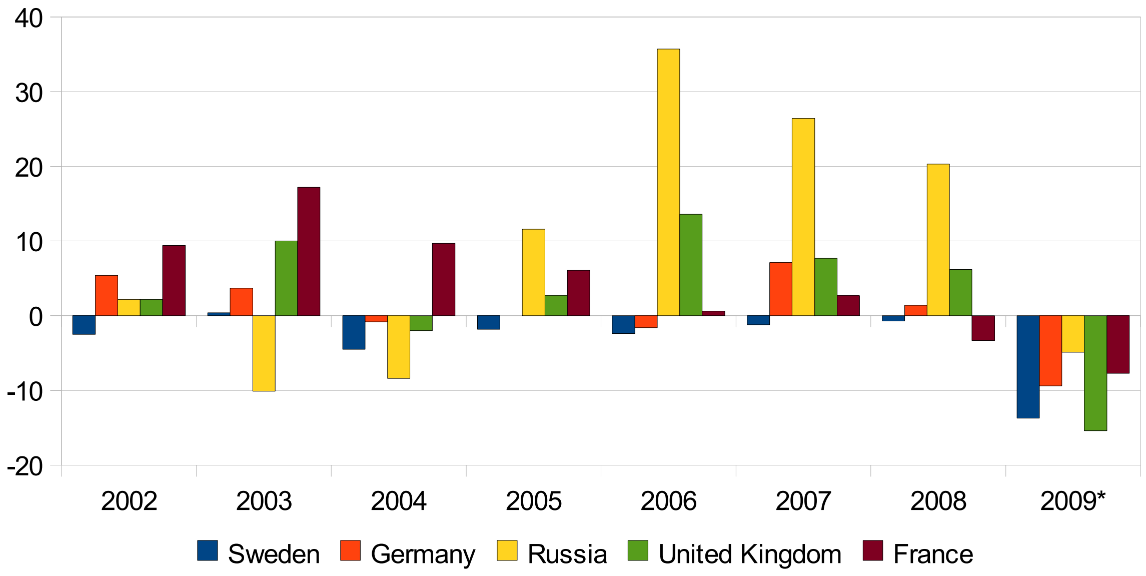
Distribution of foreign nights spent in Finland 2009 by country of residence (source statistics Finland)



Number of nights spent in Finland by country of residence 2002-09 (source statistics Finland)



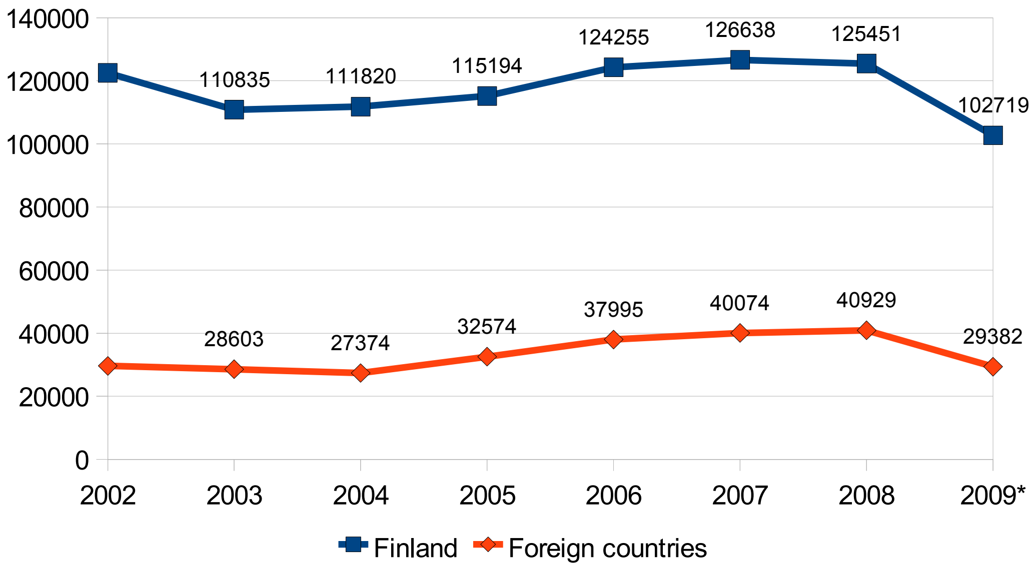
Change in the number of nights spent in Finland by country of residence 2002-2009 (source statistics Finland)



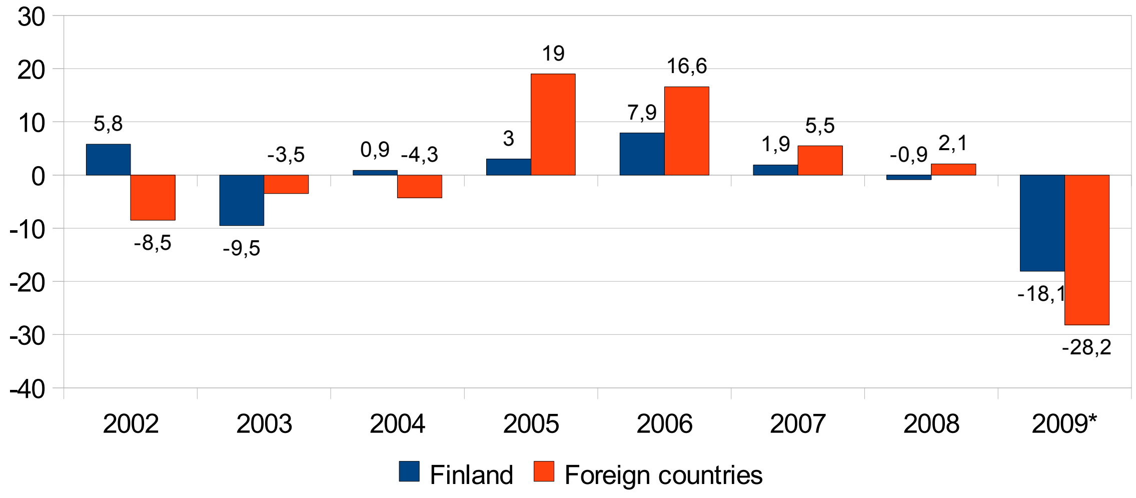
In order to compare the tourism development with the Estonian side I took the region East Uusimaa which is similar to Harju county on the coast and close to the Finnish capital Helsinki.

The tourism development has been more stable and positive in East Uusimaa than in Harju county. The domestic traveller is the most seen person in East Uusimaa accommodation establishments and the biggest foreign source market is Russia, followed by Germany, Sweden, the Netherlands and Estonia. Also here the Russian market shows good numbers – a stable growth rate and a small decline in the number of overnights spent last year. The impact of the crisis are rather strong on the number of overnights. Both – the number of foreign and domestic overnights decreased more than Finland's on average – except for the Russian market which has a smaller decrease in the number of overnights than Finland in general.

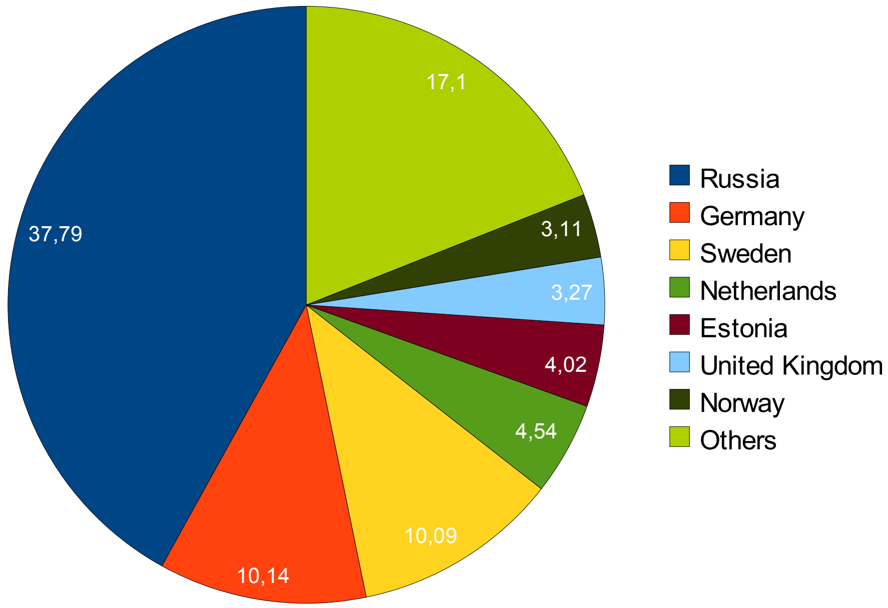
Number of nights spent in East-Uusimaa by country of residence 2002-09 (source Statistics Finland)



Change of number of nights spent by country of residence in East-Uusimaa 2002-09 (source Statistics Finland)

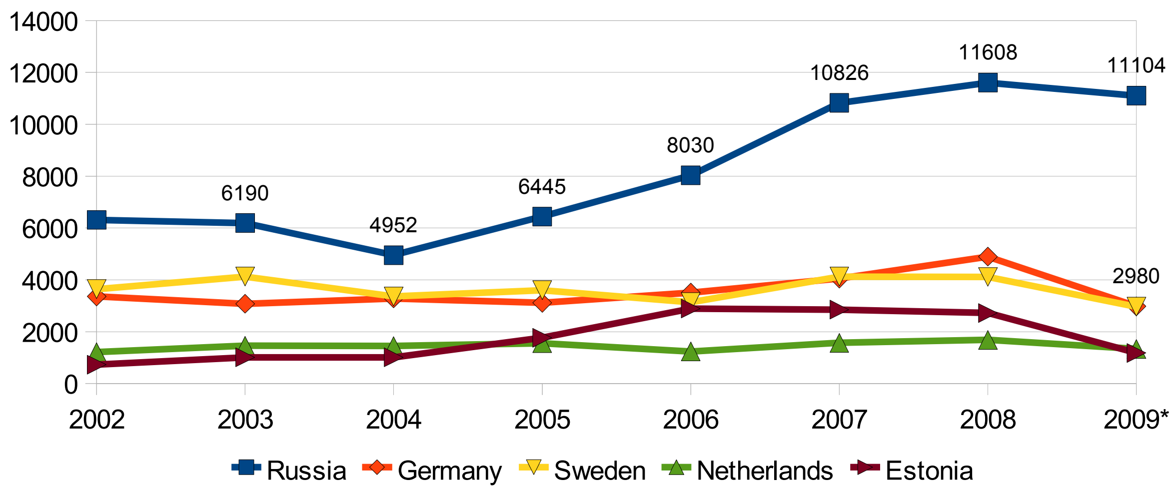


Share of nights spent by country of residence without Finland in East-Uusimaa 2009 (source Statistics Finland)

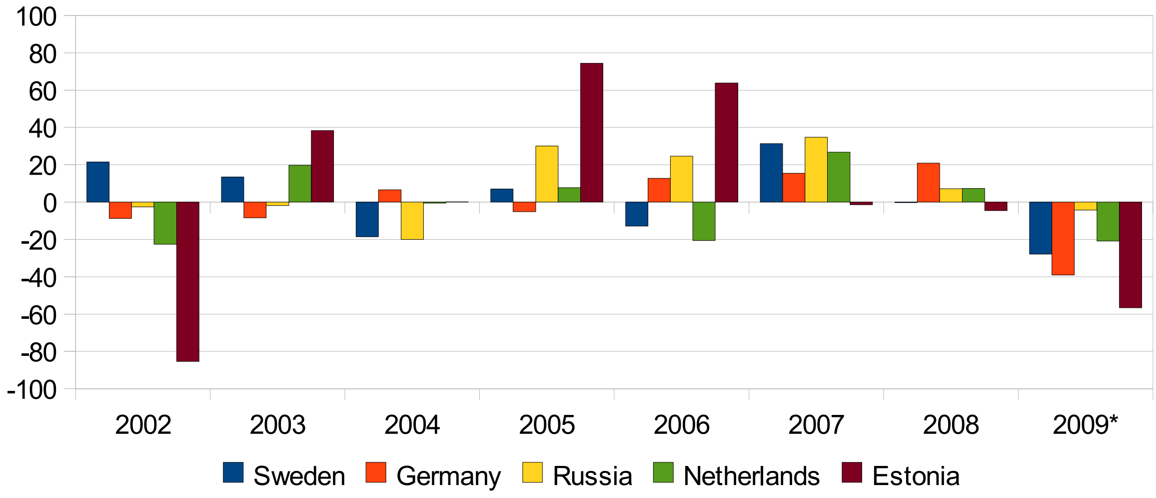


The development of overnights in East-Uusimaa is quite similar to the slope of the overnights development curve for Finland. Also here the biggest with a high Russian share and a almost similar other foreign country share.

Number of nights spent by country of residence 2002-09 in East- Uusimaa (source Statistics Finland)

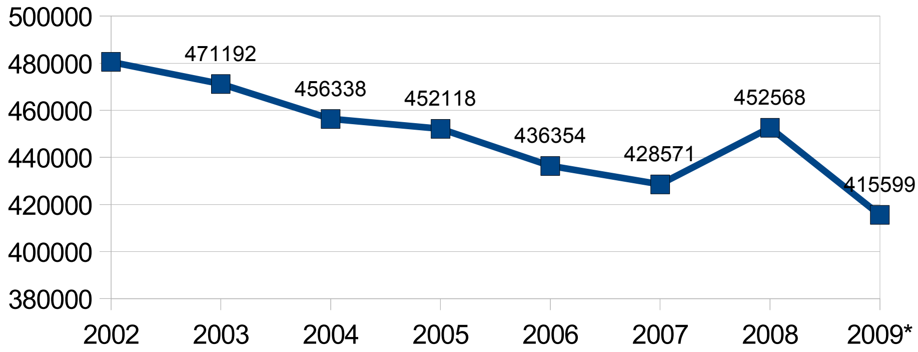


Change of share of nights spent by country of residence in East-Uusimaa/Finland 2002-09 (source statistics Finland)

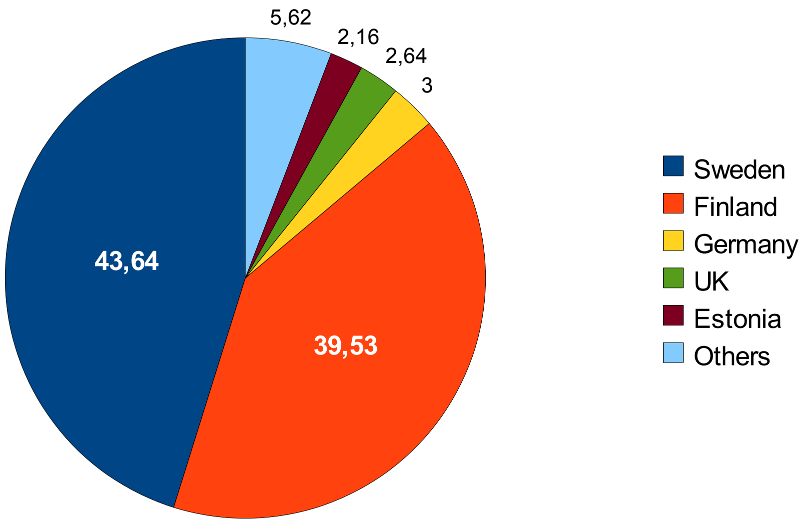


Since we took in the Estonian part also Hiiu county as one tourism destinations I picked the Åland islands as the Finnish region for comparison. To compare those two regions is partly difficult due to the fact that Åland's ferry connections to the neighbouring countries are very good and Åland is also geographically and mentally closer to Sweden than to Finland, which is one reason why the foreign overnights are higher than domestic and why the Swedish share is compared to the mainland Finland very high. Åland's share of overnights in Finland's total number of overnights is 1,38. Åland's tourism intensity was 14.990 in 2009.

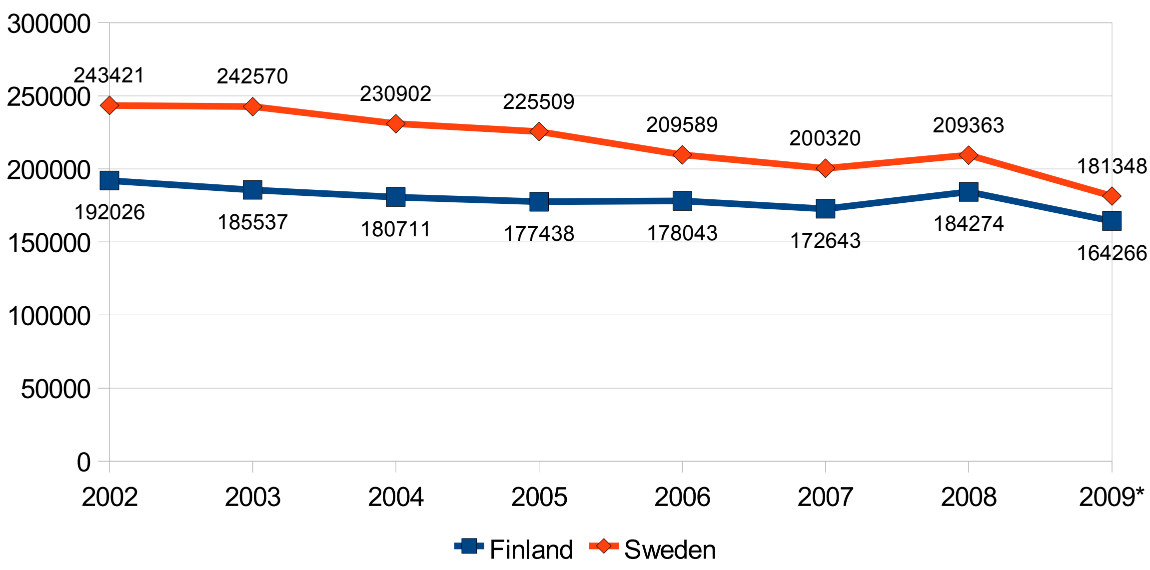
Number of nights spent in Åland 2002-2009 (source statistics Finland)



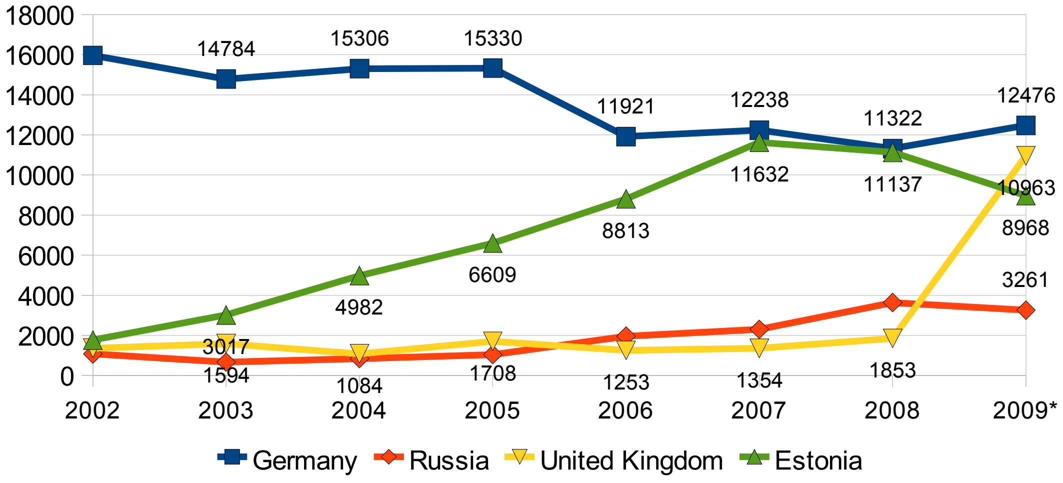
Share of overnights Åland 2009 by country of residence (source statistics Finland)



Number of nights spent by country of residence in Åland 2002-09 (source statistics Finland)



Number of nights spent by country of residence in Åland 2002-09 (source statistics Finland)



Åland's tourism figures have been negative for a number of years. Both main source markets are decreasing and the Russian market is of minor importance.

3.3. Boating in Finland

Finland is together with Sweden and Norway a country with the highest density of pleasure boats per person. Every 8th Finn has a pleasure boat. The total number of pleasure boats in Finland is approximately 750.000 which includes 28.000 sailing boats. (Source: Finnish Transport Safety Agency/Trafi)

Finland is Estonia's biggest source market for land- and sea based tourism. Furthermore due to its geographical closeness to Estonia a comparison of both destinations in terms of incoming boats and their flag gives us a trend about future developments in Estonia.

There is unfortunately no institution in Finland like in Estonia the Estonian Maritime Association, which collected statistical data about pleasure boats in Finnish small harbours. Harbour masters sometimes have a general picture how many boats have arrived, how long they stay and how many people are on board.

For example the harbour of Suomenlinna has per year approximately 2000 boats, with total 3000 passengers on board. The length of stay is usually 2 days and only a few percent are foreigners – Swedish, German and Estonian. The number of Russians is very little – for two reasons – there are not so many boats and often the boats are too large to enter Suomenlinna's harbour.

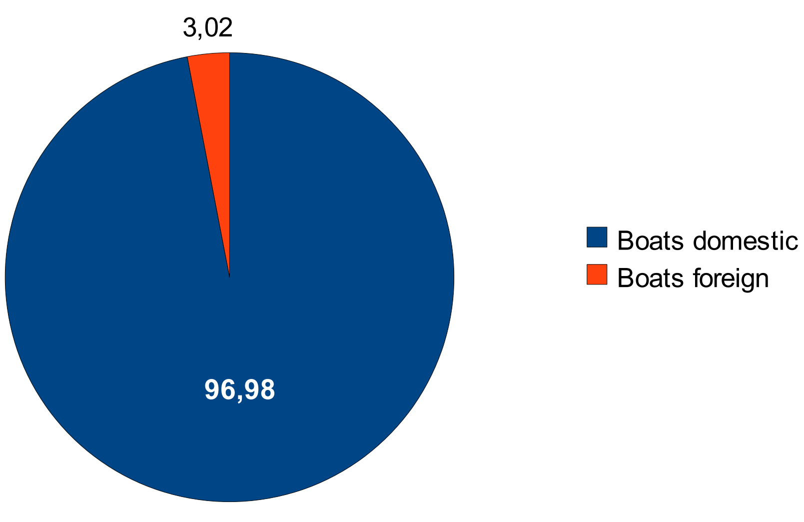
I received a comprehensive data collection from Porvoo and from Åland which gives us a general picture about boating tourism in Finland.

Porvoo and its archipelago belongs to East – Uusimaa county.

The city of Porvoo is one of the main tourism attractions in Uusimaa county. It was stated previously that in East Uusimaa county the biggest tourism source market is the domestic market (¾ of all overnights), followed by Russia (38% of all foreign overnights), Germany and Sweden (each 10%) and finally the Netherlands (4,5%). The picture for pleasure boats in Porvoo is more simple.

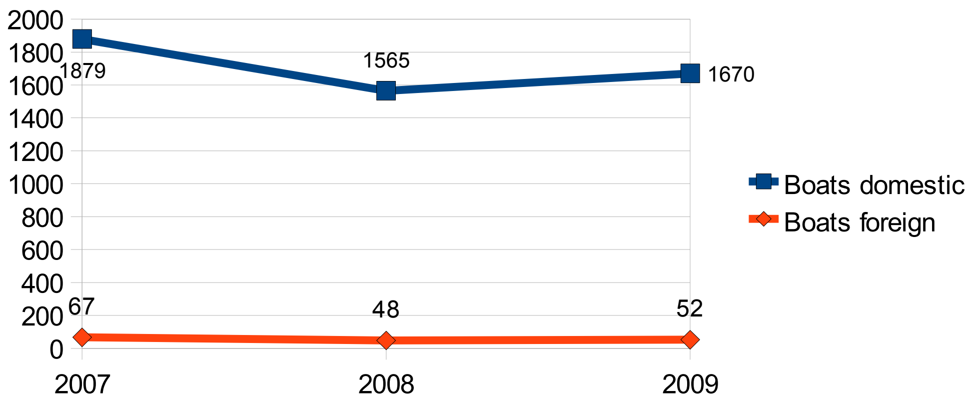
The majority of boats staying at the Porvoo harbour are Finnish. The number of foreign boats is marginal.

Distribution of boats in Porvoo harbour by flag (source Porvoo municipality)



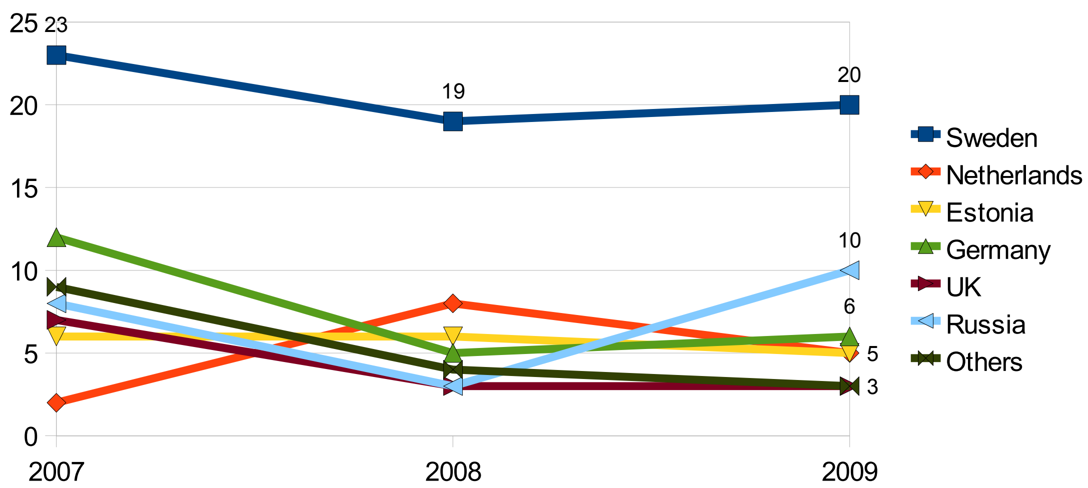
And this development has been stable at least during the last three years.

Number of boats in Porvoo harbour by flag of the country 2007-09 (source Porvoo municipality)



If we have now a closer look at the boats which are non-Finnish, the majority comes from Sweden (20), followed by Russia (10), Germany (6), Estonia and the Netherlands (each 5 boats).

Number of pleasure boats in Porvoo harbour the flag 2007-09 (source Porvoo municipality)

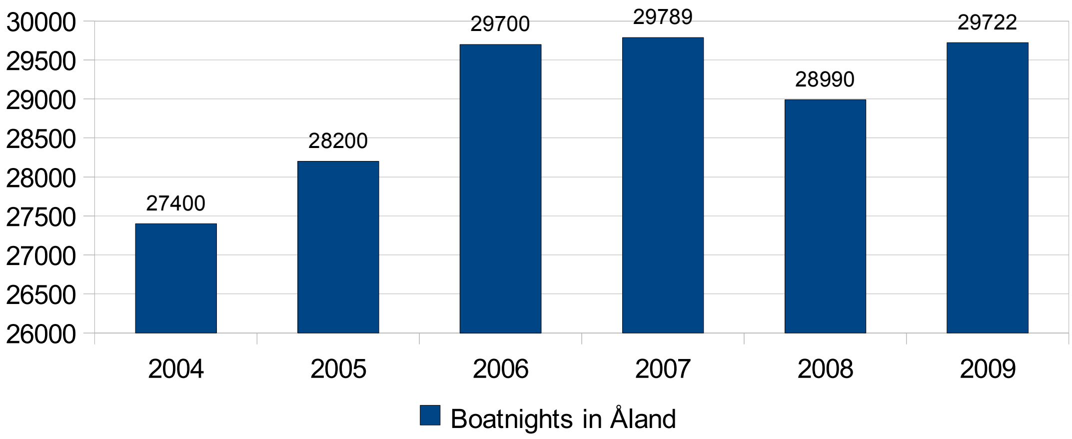


The same trend can be also observed in Porkkala harbour which is the gateway for boats on its way from Finland to Estonia an vice versa. The total number of boats per year is 600-700 visiting boats (which is a rather low figure for a Finnish marina). The biggest share of the boats are domestic from the Helsinki region. The number of foreign boats per year is approximately 40 (6% of all boats). (source harbour owner)

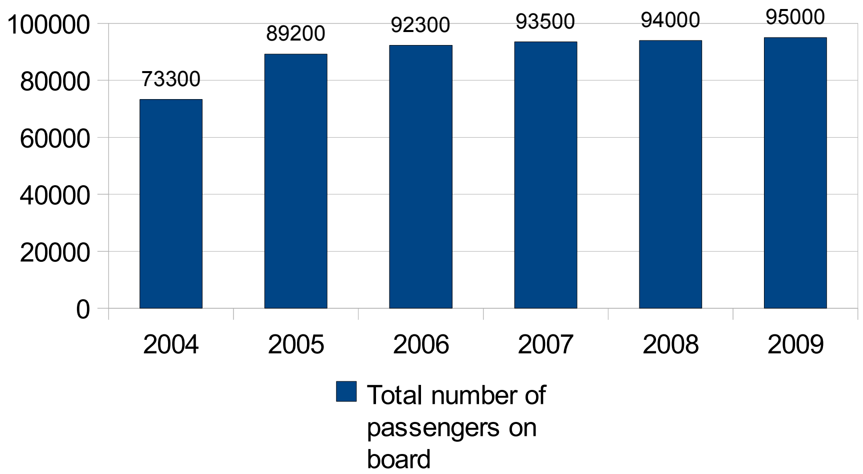
Turku archipelago is one of the most attractive Finnish areas for sailing. According to the local tourism organisation – Turku Touring – approximately 40.000 (!) boats annually are in the waters between Turku and Åland – mainly from Finland and Sweden.

The next example is Åland: Åland is located within sailing reach of two countries with one of the highest pleasure boat densities globally. The Åland archipelago with the Stockholm and Turku archipelago are attractive sailing regions.
Åland's total harbour capacity is 18 with around 1200 berths.
The berth capacity rate ranges from 55% to 73%. The season is mainly July - around 73 % of all boats come to Åland in July.
In June or earlier arrive about 15-16 % and in August or later 11-14%. Since the season is mainly in July, access to some harbours might be difficult in July.

Number of boat nights in Åland 2004-2009 (source Statistics and Research Åland/ASUB)



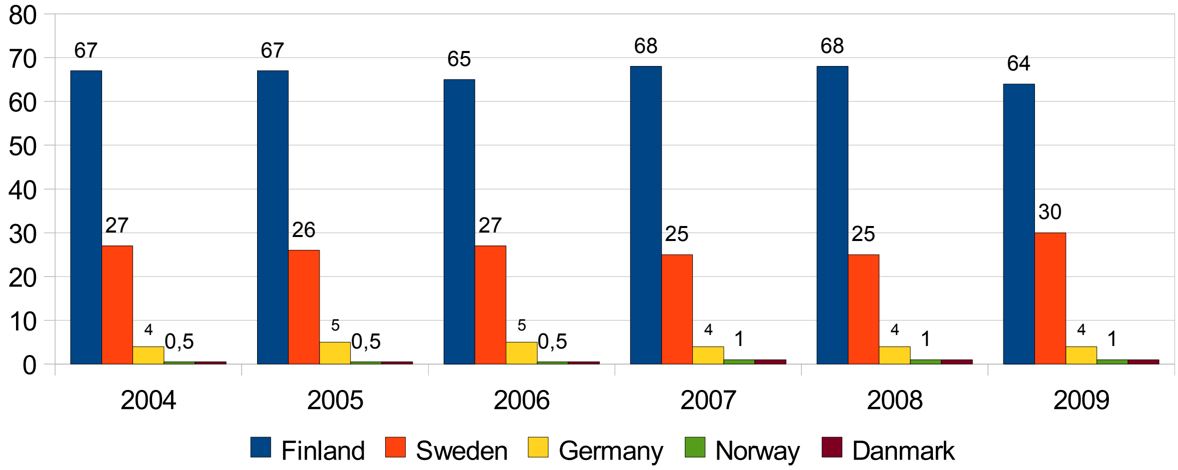
Total number of boat passengers (source Statistics and Research Åland/ASUB)



As seen before, Åland's overnight-development is declining but the guest-harbour night development has been very good for a number of years. The number of boat nights is high and stable with an upwards showing trend line.

The distribution of boat nights has been very stable through the past 5 years with a light downwards slope for the Finnish majority and a light upwards trend for Swedish boats. The number of boats from other countries is stable.

Distribution of foreign boats in Åland's harbours 2004-09 (source Statistics and Research Åland/ASUB)



The number of Finnish boatnights is higher than the Swedish overnights due the geographical closeness – there is no open sea between main Finland and Åland. The Turku archipelago continues into the Åland archipelago.

Conclusions/ main findings

- Finland is the “bread and butter” of the Estonian incoming tourism industry.
- Losses in the Finnish share have a high impact on the Estonian tourism industry and therefore needs the Finnish market to be taken care of very well.
- The Finnish tourism source markets are more diverse and Finland has a higher Russian share than Estonia
- Finland is the most important source market for seaborne tourism to Estonia and has a huge potential.
- The competition is very strong since the Finnish sailing waters with its archipelagos and its many natural harbours are attractive boating regions and Finnish boat owners prefer to stay at home.
- The share of foreign boats is rather small in Finland. Sweden and Germany are the main source markets for boating in Finland.

4. Tourism in Sweden

4.1. Outgoing tourism

In 2008 Swedes did 10,7 million trips abroad, 64% were holiday trips, 25 % business trips and 11 % where visiting fiends and relatives abroad. 25 % of all trips where short trips and 75 % trips which lasted four nights or more. The number of trips is constantly growing from 9,3 million in 2003 to 10,7 in 2008. The main source regions in Sweden for trips abroad are the west coast of Sweden (34%) and the region around Stockholm (31%).

Taking all trips abroad made by Swedish residents – Germany is on top with 14%, followed by Spain 11%, Asia 8 %, Denmark 8% and UK 7 %. Considering only holiday trips Spain is the number one (12%), followed by Germany and Asia (each 10%). The average length of stay abroad was about 7 nights and Swedes spent 2008
138 € per/day which includes all expenses connected to holidays. (source World Travel Monitor 2008, IPK International)

4.2. Boating in Sweden

Sweden has 718 000 pleasure boats (+/- 66.000 boats) from this amount are:

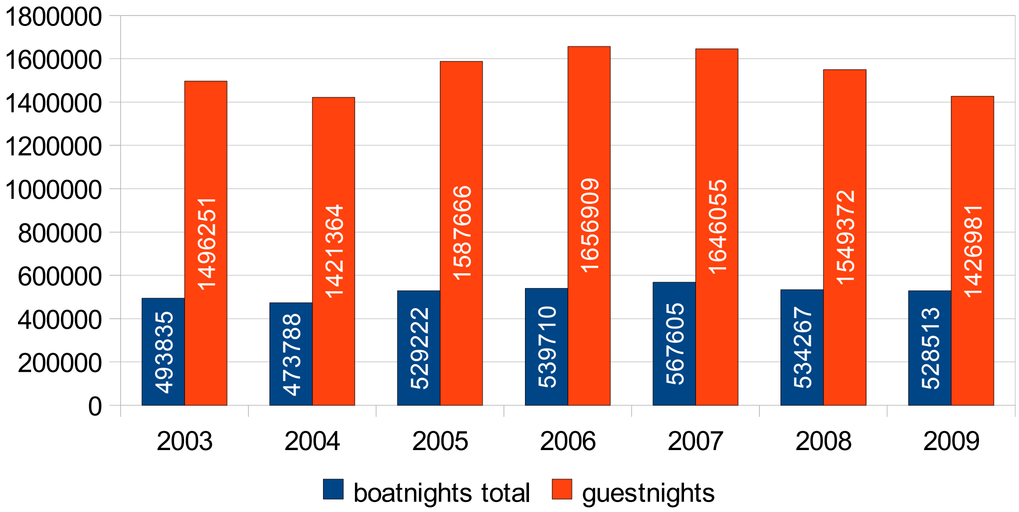
- sailing boats with possibility for overnight stay 1,3 %
- motorboats with cabin 11,6 %
- sailing boats with cabin 7,7 %

(source: Tillväxtverket/Riksföreningen Gästhamnar Sverige)

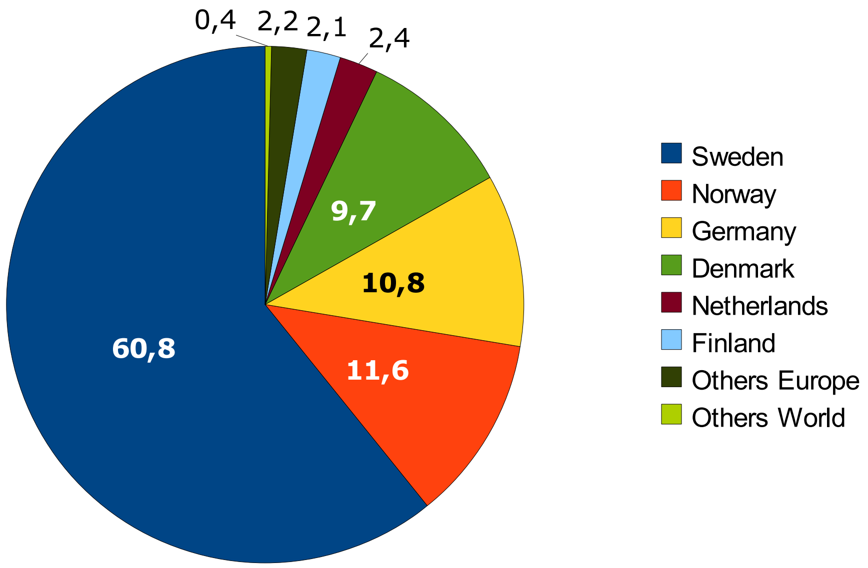
There are around 150.000 boats in Sweden where one can stay overnight. In 2004 around 4 million boatnights were registered, half of them in sailing boats with cabin. Half of all overnights were done in natural harbours. 140.000 boatnights were abroad. The majority of trips abroad were made to Norway, Denmark and Finland. Seven of 10 boat owners sailed max 25 nm and 9% between 250 and 1000 nm.

Sweden with its 60.000 island and its 470 classified guest harbours is an important destination for boat-tourism. The number of boatnights has been stable since 2003 with over half million and ca 1,5 guest-nights. 60% of all guest nights in Swedish harbours were Swedish, followed by Norwegians, Germans and Danes.

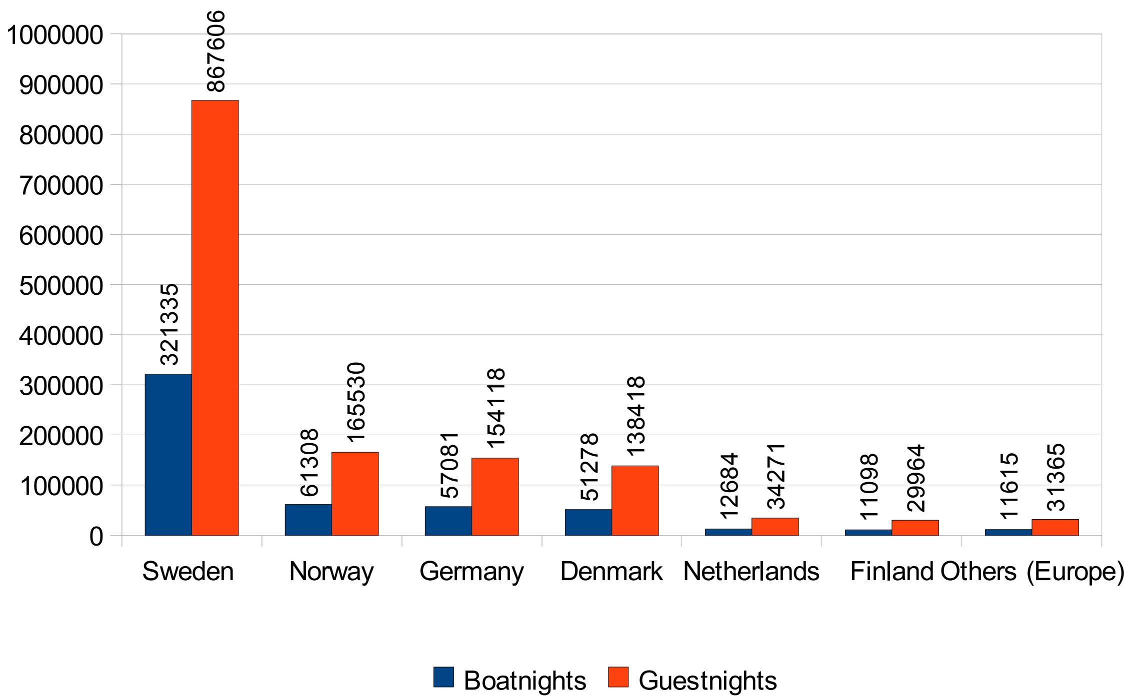
Number of boat nights and guest nights in Sweden 2003-09 (source: Tillväxtverket/Riksföreningen Gästhamnar Sverige)



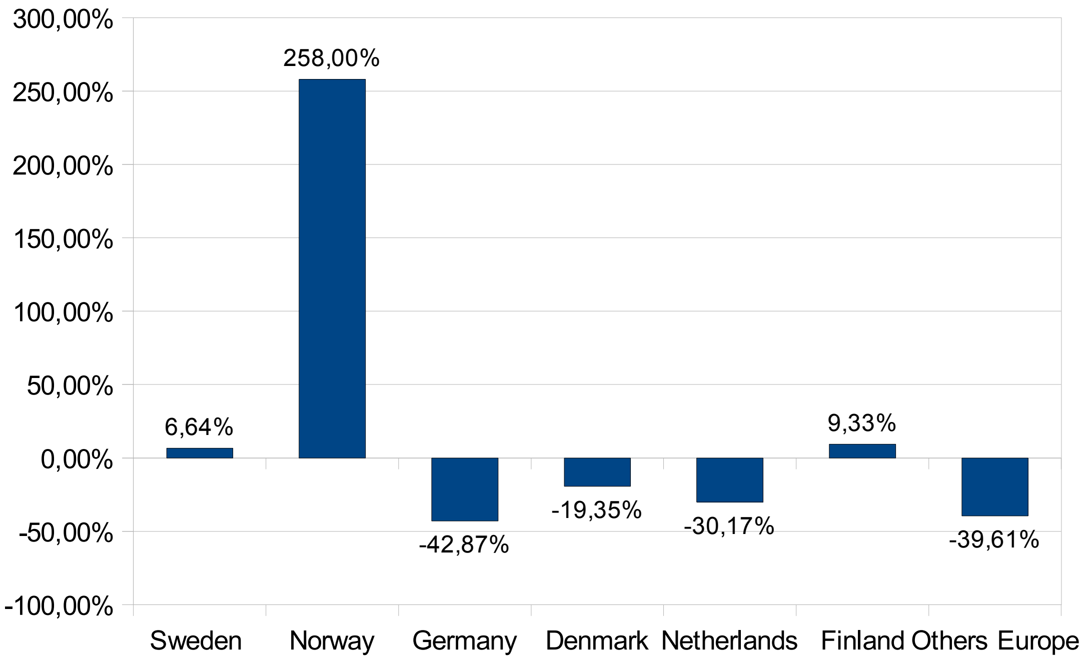
Share of guestnights in Swedish harbours 2009 (source Tillväxtverket/Riksföreningen Gästhamnar Sverige)



Number of guest and boat nights by country of residence in 2009 (source Tillväxtverket/Riksföreningen Gästhamnar Sverige)

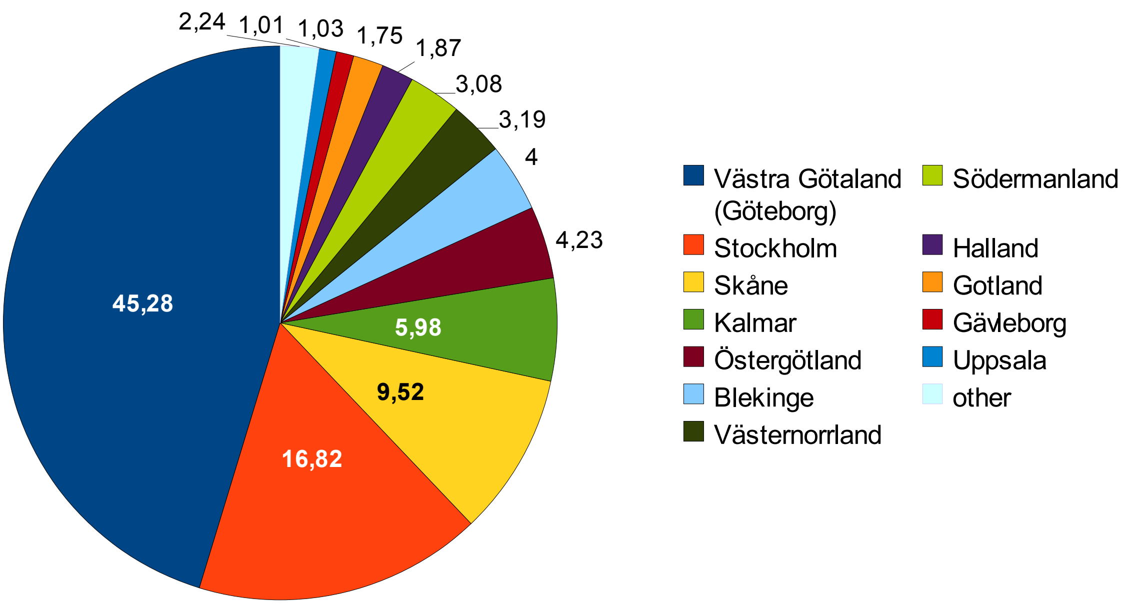


Change of number of boatnights by country of residence 2008/09 (source Tillväxtverket/Riksföreningen Gästhamnar Sverige)



The main Swedish sailing destination is the Swedish west coast with the county of Göteborg which takes almost half of all guestnights.

Distribution of guest nights by sailing region in Sweden 2009 (source Tillväxtverket/Riksföreningen Gästhamnar Sverige)

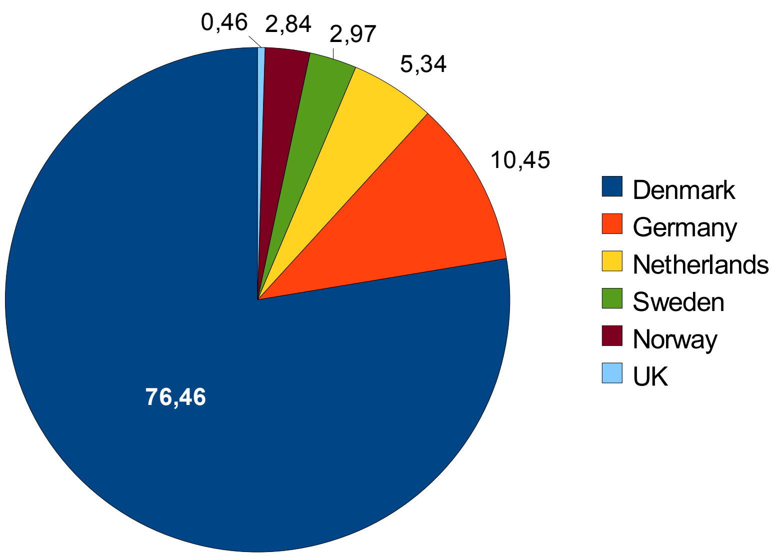


5. Denmark - Share of foreign pleasure boats in small boat harbours

Denmark is not a priority market for tourism to Estonia. The number of Danish boats in Estonia and also in Finland are very few. But Denmark at the entrance to the Baltic Sea has a key position for sailing in the Baltic Sea. Many boats which have their origin outside the Baltic Sea have to pass Danish waters.

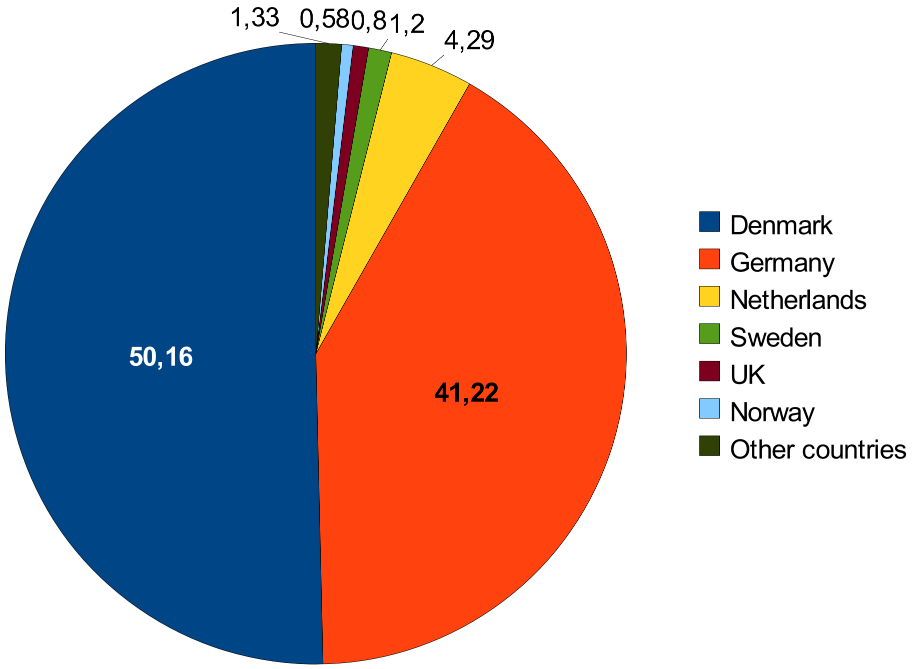
If we look now at the share of boats by flag in West-Denmark (Vest-jylland - map below) we see the following: The Danish share is very high (more than ¾ of all boatnights), followed by Germans and Dutch (close neighbours). The Swedish and Norwegian shares are small.

Distribution of boat nights in Vestjylland (Denmark) by country of residence 2009 in % (source VisitDenmark)



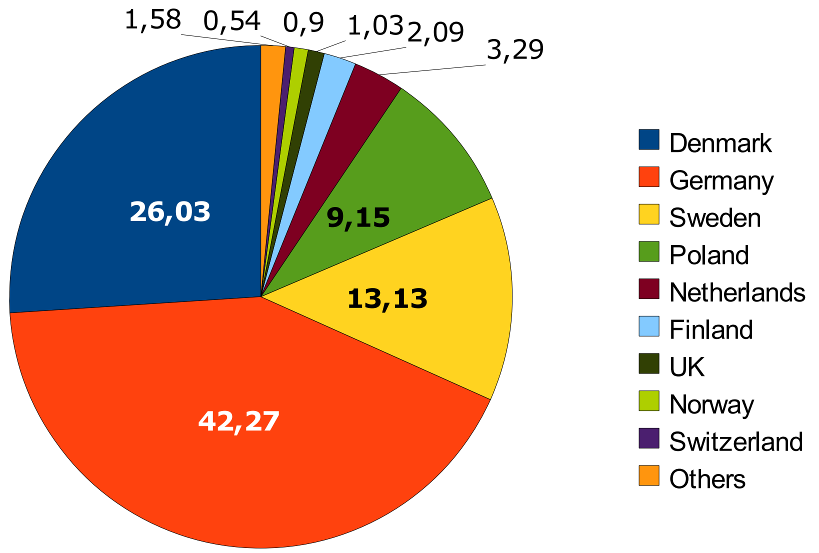
The picture changes if we go to Denmark's eastern side, to the Fyn island– the German share becomes bigger and is four times bigger than the share of all other foreign boats.

Distribution of boat nights Fyn/Denmark by country of residence 2009 in % (source VisitDenmark)

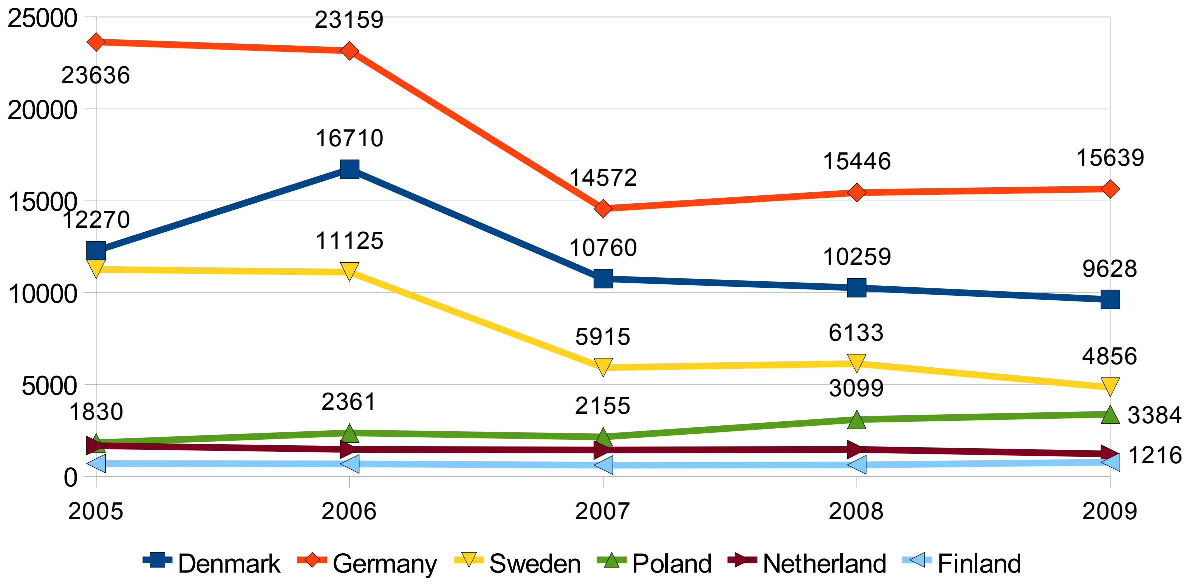


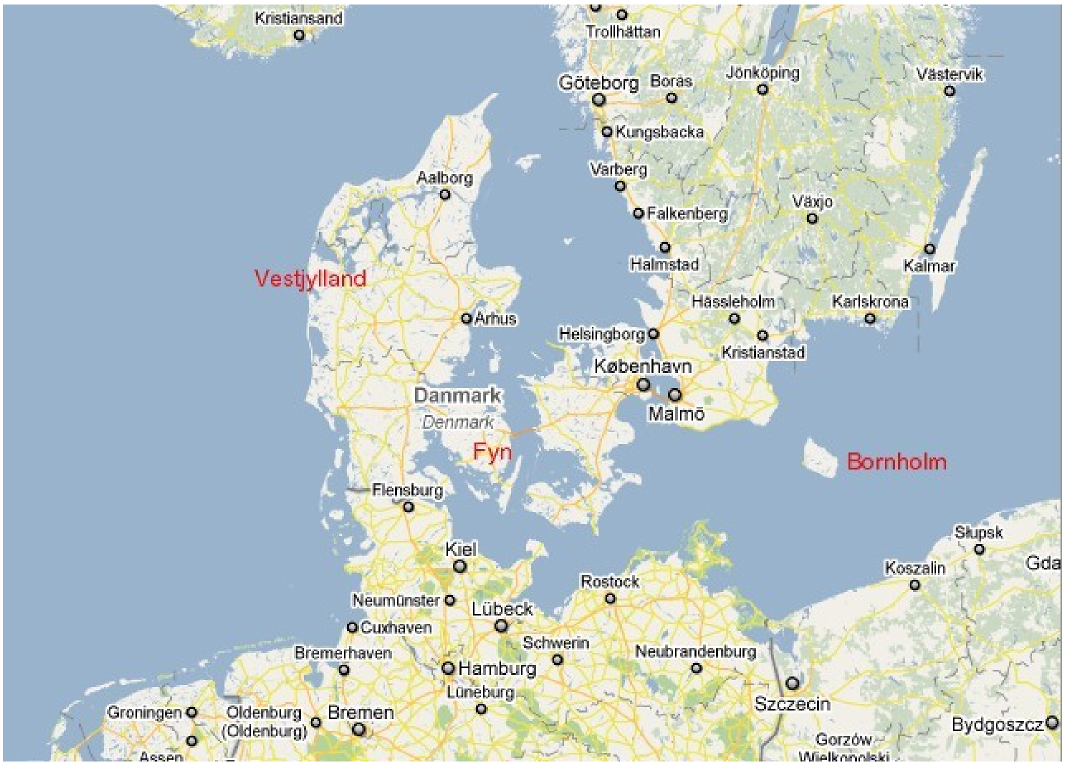
The Danish eastern outpost in the Baltic Sea is the island of Bornholm, located between Germany and Sweden. Here the German share is even higher than the Danish and we got two more nations – Polish and surprisingly few Swedish. The share of the Dutch sailors is diminishing - going from west to east and the share of UK sailors has never crossed the 1% line.

Distribution of guest nights in harbours on Bornholm 2009 by country of residence (source Visit Denmark)



Number of boats in Bornholm by country of residents 2005-09 (source Visit Denmark)





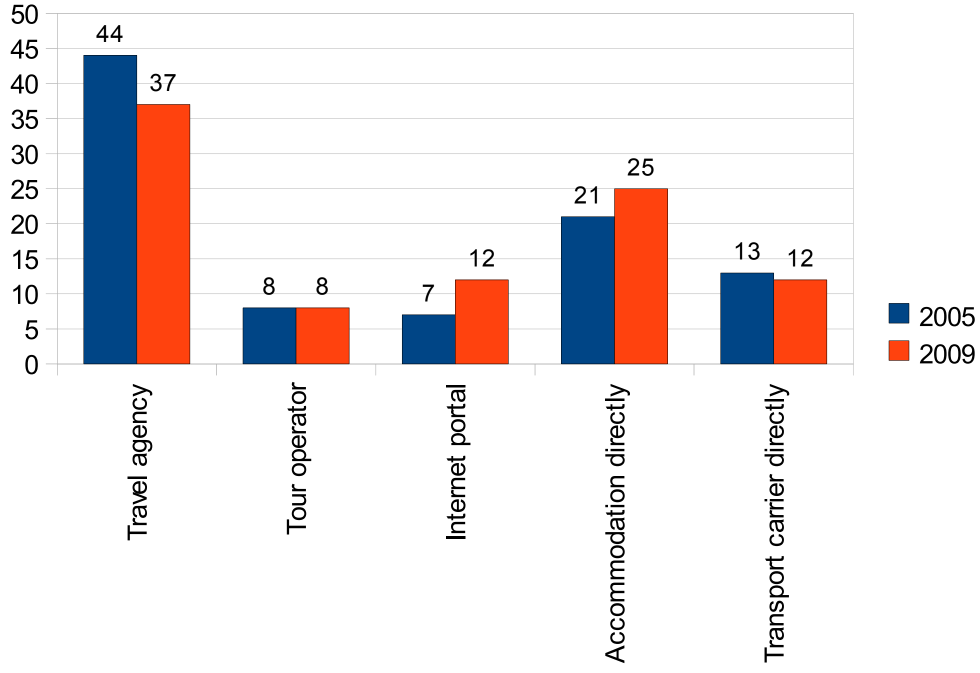
Tourism in Germany

6.1. Outgoing

Germany is the biggest tourism source market globally. 49 million Germans over 14 y.o.a. made together 64,8 million holiday trips despite of the economic crisis (2007- 64,8 million trips, 2008 – 64,9 million trips). 61 % of the whole German population undertook at least one trip. However the economic crisis had an impact on the travel behaviour. The population with higher income per month (2500 € or more) increased their travelling, the population with lower income reduced it. The number of people which made just one holiday trip has slightly decreased: 2008 - 58,9 million trips; 2009 – 57,7 million trips and the number of who have made several trips has increased – 2008-17,3; 2009 – 18,0 million trips).

The travel intentions for 2010 look good – 68 % of all German intend to go at least on one holiday trip. The biggest holiday destination for Germans is Germany itself. 32,5 % of all Germans made holidays in their home-country – here, Bavaria (6,7 % of all holiday trips) and Mecklenburg/Vorpommern (6,5 %) are the biggest holiday destinations. Spain is the most popular foreign holiday destination (12,8 %), followed by Italy (7,9%), Austria and Turkey. The most popular East European destination is Poland, which could keep its market (1,8 % of all holiday trips). However after the EU enlargement the interest for Eastern Europa has decreased and its market share has slightly fallen. This trend can also be confirmed by the falling German share in 'nights spent' in Estonia.
The majority of Germans book their holiday through a travel agency, however the 'Internet' part is increasing and one could probably also add the 'accommodation direct' share to bookings via internet.

Share of holiday trips with prior booking in % (source Forschungs-gemeinschaft Urlaub und Reisen e.V. (FUR)/ Institute for Tourism and Recreational Research in Northern Europe/N.I.T.)

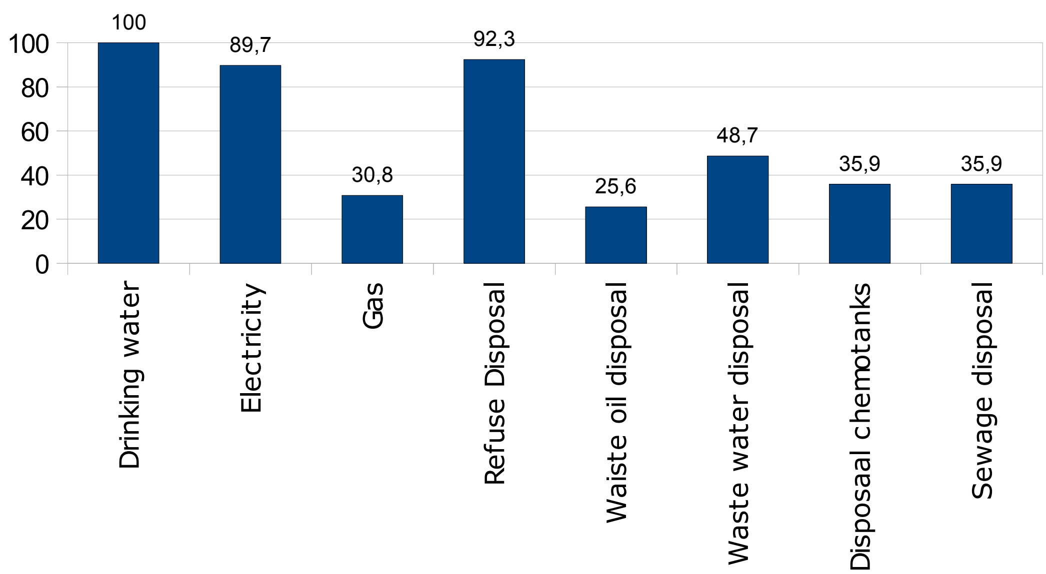


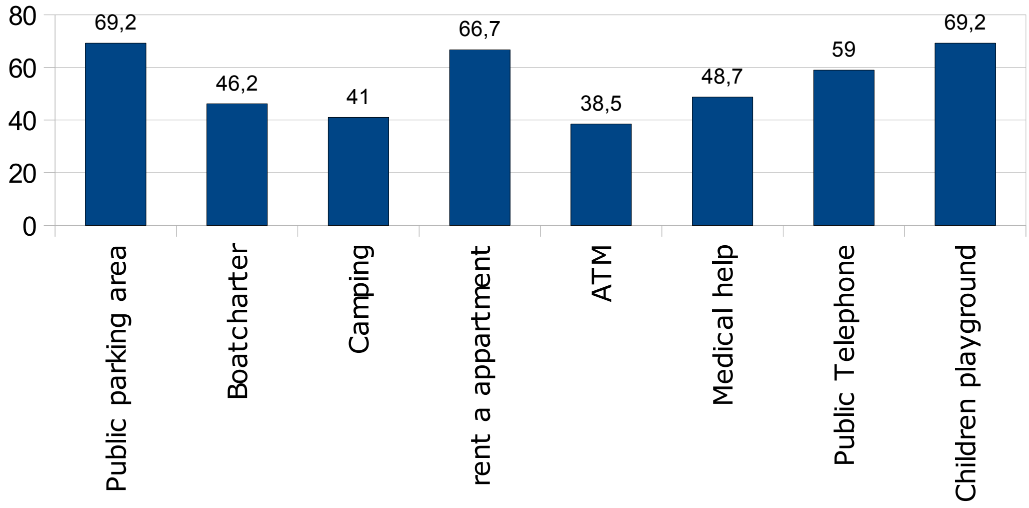
The average travel duration has fallen – 2008 -12,5 days; 2009-12,2 days. Also the holiday expenditure has decreased from 834 € to 820 € per trip. It is interesting to notice that people with higher income (over 2500 €) have reduced their travel expenditures although they are travelling more. The part of the population with the lowest income (1500 € or less) have increased their travel expenditures although they are travelling less.

6.2. Boating in Germany

Germany is one of the big sailing nations in the Baltic Sea regions. In total there are around 400.000 pleasure boats in Germany. The land of Mecklenburg-Vorpommern with the longest coast line in the Baltic sea of all German lands has around 200 marinas with ca. 18.000 berths. The occupancy rate is especially during the summer season high. 40 % of all marinas have 20-50 and 30 % 50-100 berths.

The service level in the marinas is high (all services in %) in 2009- (source Ministry for economy, labour and tourism Mecklenburg-Vorpommern)

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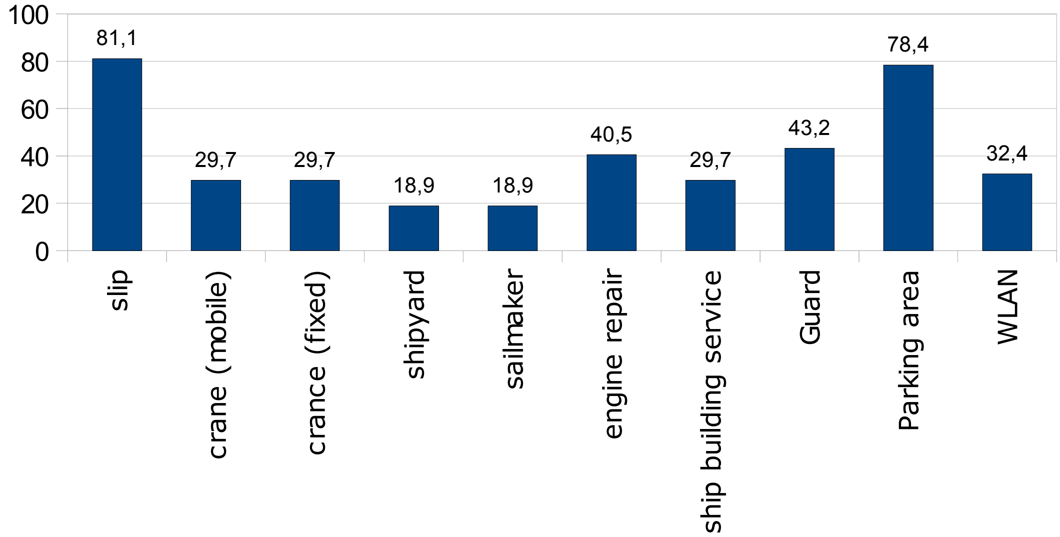
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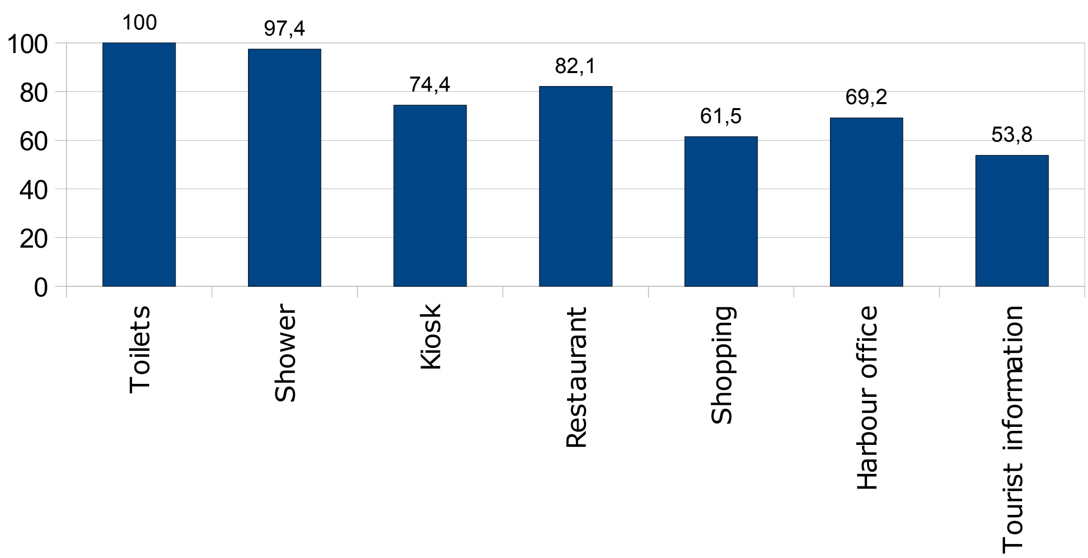
WLAN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Shower
Kiosk
Restaurant
Shopping
Harbour office
Tourist information

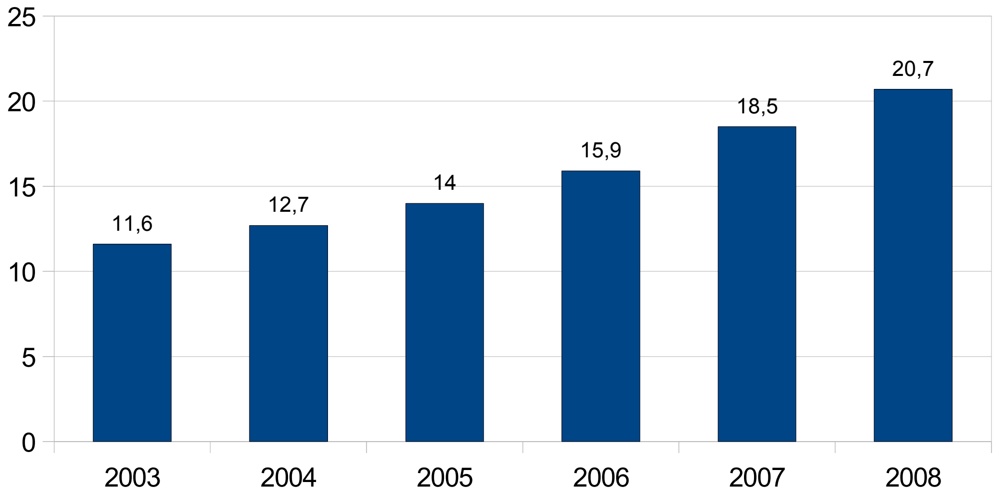
The majority of all boat visits come from Germany – almost 98 %, only 2% are foreigners. However in some regions – especially in the western parts of Mecklenburg-Vorpommern the foreign share can be as high as 10 %. 41% of all visitors are older than 60 years, 48 % are between 40 and 59 and only 11% are younger than 40 years.
The length of a boat trip is for 34% one week, between 1 and 2 weeks for 32% and up to three weeks for 15 %. On average a trip takes 17 days. On average the boats stay in one harbours 2,3 days. According to a questionnaire all visitors were very satisfied with the the services offered in the marinas – taking a scale from 1 to 5 where 1 is excellent and 5 bad, the average mark was 1,7.

7. Tourism in Russia

7.1. Outgoing

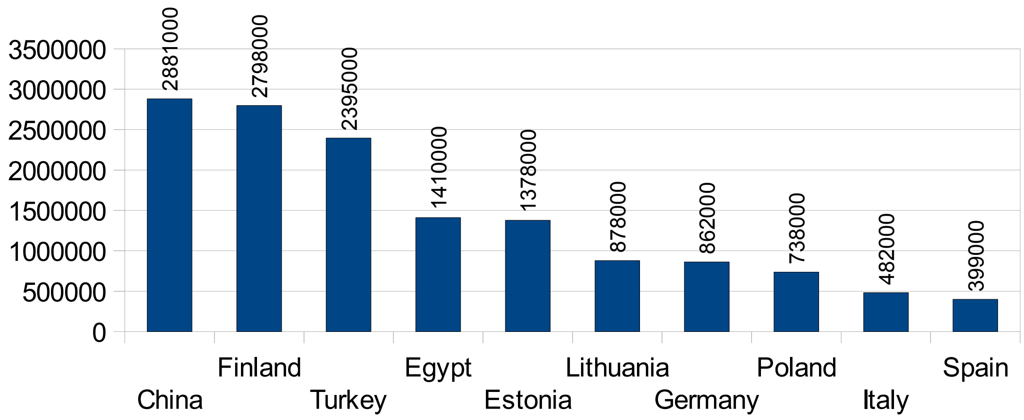
In 2008 Russian did 20,7 trips abroad, 76% were holiday trips, 14% were business trips and 10% were trips to friends and relatives.

Number of trips abroad by Russian residents in million (source World Travel monitor)



The majority of Russians prefer longer holidays (4 nights and more) – with 94 % of all 15,6 million holiday trips. Compared to previous years the share of holiday trips is increasing compared to trips to friends and relatives and business trips. The most popular destination abroad was 2007 China with 2,9 million trips followed by Finland.

Number of trips abroad by Russian residents and destination in 2007 (source: The Russian outbound Travel Market 2008)



The average length of a trip is 13,4 nights. The spendings per trip were in 2008 877 € or 65 € per night abroad (including all travel costs and costs at home before and after the trip).
Due to the growing wealth of Russian residents it is expected that the number of trips abroad will grow. Russian tourist book their trips mainly through a travel agency – for the main vacation 3-4 months before departure, for city breaks one or two weeks before departure!

Russians prefer the air plane when travelling abroad – 49,5%, followed by care 33,7%, train 6,1% and the ship 5,2 %. It is expected that Russia becomes the 10th biggest tourism source market in the next year and as seen above the annual growth rate of Russian trips abroad has been over 10% .

7.2. Boating in Russia

During the Soviet period yachting was more sport or competition than a form of recreation, although the yachting club in St. Petersburg existed long before the coup d'etat in 1917. Nowadays there are 32 regional yachting associations in whole Russia. The St. Petersburg Sailing Union has 645 members in 2010. The total number of people involved in sailing in St.Petersburg is 3500-4000. In total there are 853 sailing boats registered in St. Petersburg.

According to the director of the St.Petersburg Sailing Union the most important foreign destination for sailors from St.Petersburg is Finland. There is no official statistic available about the number of boats in St.Petersburg's marinas. The harbour of St.Petersburg gives a number of 90 foreign pleasure motorboats in 2008, which can be only a part of all pleasure boats. During last years regatta's - Volvo Ocean Race 2008-2009" and "Tall Ships Race 2009" approximately 500 sailing boats visited St.Petersburg. However taking into account the number of foreign boats in Finland and also in Estonia and the problems when entering Russia – Visa, language problems etc.- I estimate the number of visiting foreign boats in St.Petersburg harbours less than 10%. However St.Petersburg as tourism destination becomes more and more important and is one of the reasons why the number of cruise ships in the Baltic Sea has increased dramatically. Hence, St.Petersburg as a sailing destination will also become more important for foreign visitors. In order to get to St. Petersburg they will have to pass Finnish our Estonian waters! With the growing income of Russian families more and more families will become boat owners – a source market for sailing tourism but also for the Estonian boat industry. Due to the limited space in St.Petersburg some boat owners could in future also decide to keep her/his boat in an Estonian harbour/storage ground.

Conclusions/main findings

- Sweden, Germany and Russia are important source markets for tourism in the whole Baltic Sea region
- the future perspectives for all three countries are good, meaning they will not travel less
- the number of Russian boats compared to the number of inhabitants in the Leningrad region is very low, which means there is big potential for growth but it will take time until the share of Russian boats in Estonian and Finnish harbours will grown substantially
- sailing is local, meaning that the close source markets are most important – however due to sailing habits (see length of German and Swedish sailing) and also compared to the the share of German an Swedish boats in Finnish harbours opposite the Estonian north coast, the expected growth from those countries cannot be big – which left Finland as the main source market for sailing

8. Tourism spendings

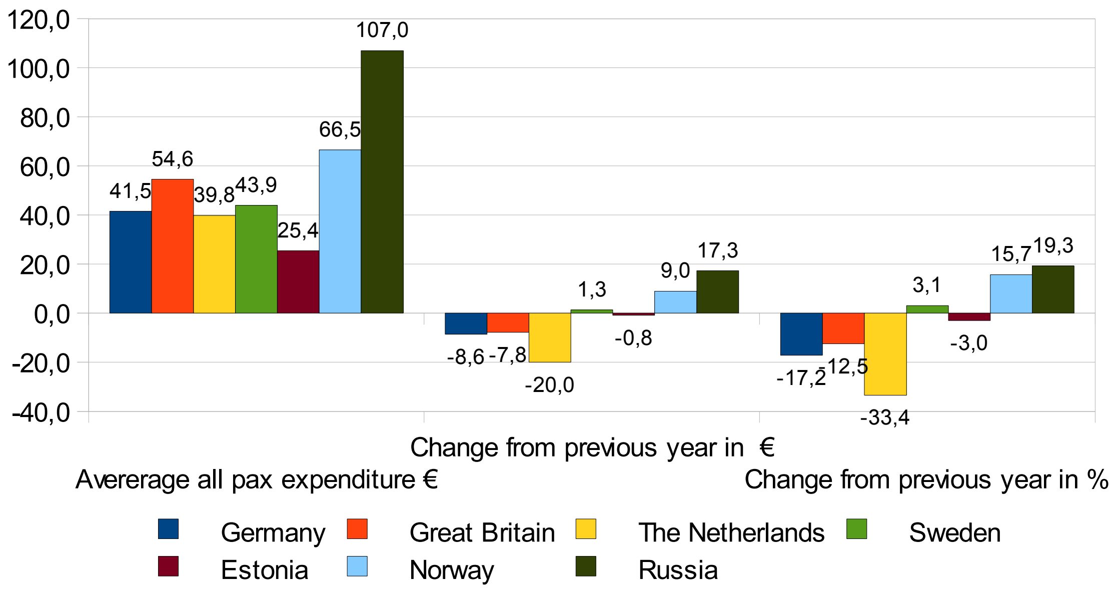
Estonia

According to EAS the average expenditure of a foreign overnight visitor in Estonia in 2006-2008 was 219 Euros per trip (for a same-day visitor, the average is very roughly 60 Euros). By definition, these figures exclude the expenditures covered by someone else than the traveller (e.g. employer, friends, etc.). The expenditures of domestic overnight trips were about 55 Euros per trip in 2007-2008 and 48 Euros in 2009.

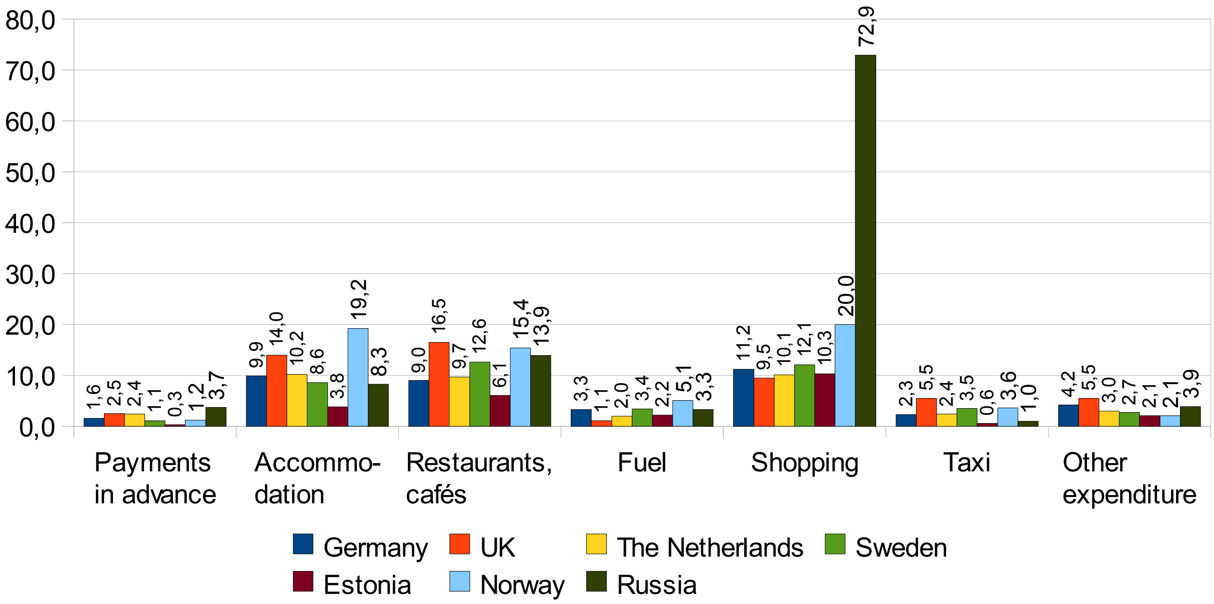
Finland

Statistics Finland collected data about tourism spendings until 2008 with a large research – over 40.000 (!) interviews at Finland's boarders. In terms of tourism expenditure Russian tourist spend most money in Finland – followed by Norwegians. Russian spent most on shopping - 3,5 times more than the next nation in the list – Norway. The average expenditure is 54 € for all foreign visitors.

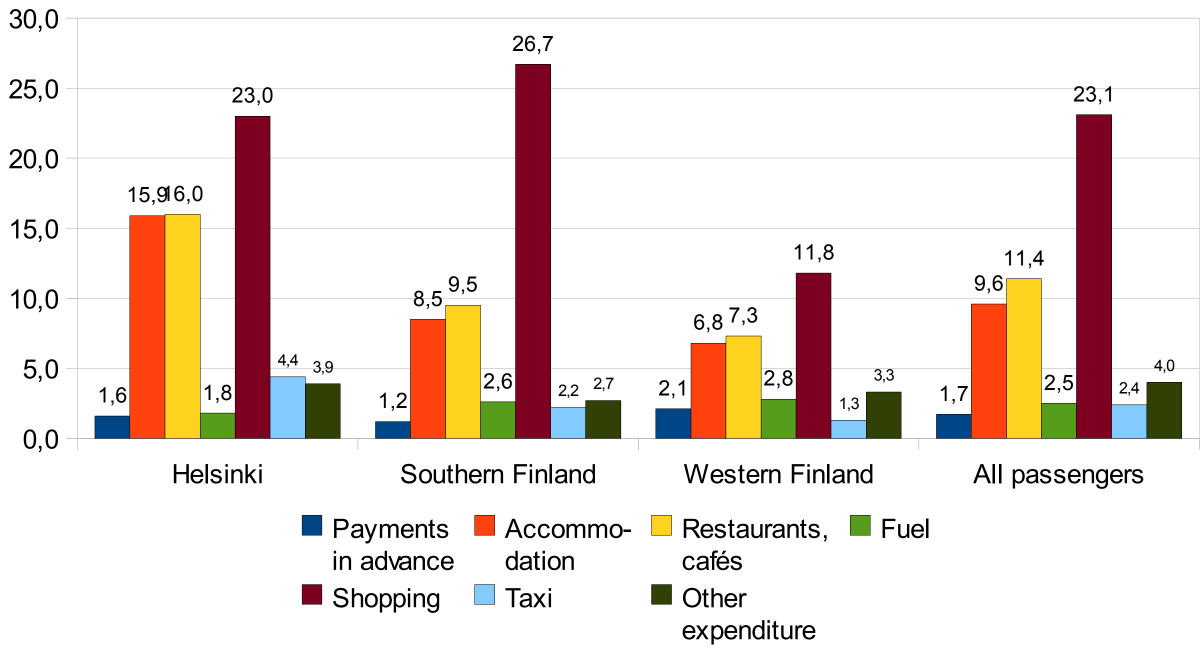
Average expenditure per day in € by country of residence, by all trips in 2008, change compared to 2007 in % and € (source statistics Finland)



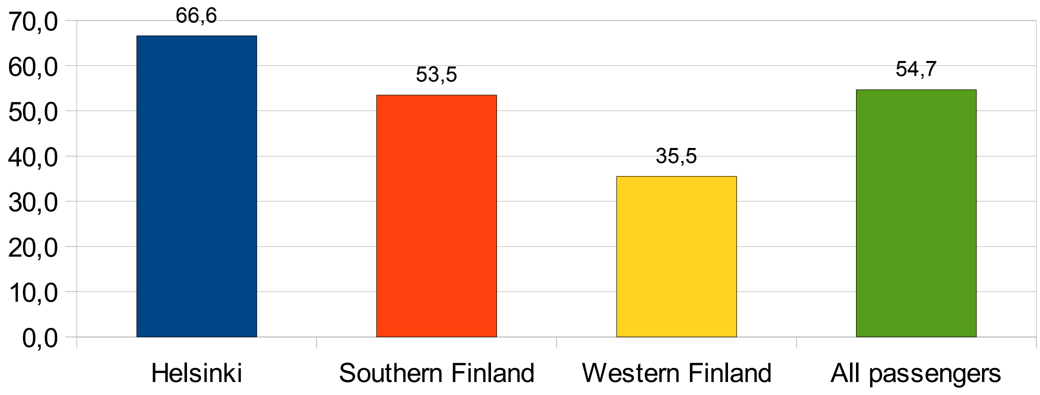
Average expenditure per item in €, per day by country of residence in 2008 (source statistics Finland)



Average expenditure per destination in Finland by item in € in 2008 (source statistics Finland)



Average total expenditure per destination in Finland in € in 2008 (source statistics Finland)



Germany

The expenditure of foreign European tourists in Germany were per on average trip/person: 531 €, which means per night/person: 79 €. (source German National Tourism Organisation/GNTO)

Split into an individual tourist and a tourist who has bought a package the expenditures look like this:

	All guest	German guest	Foreign guest
Accommodation	34	33	43
Restaurants	18	17	23
Food	5	5	6
Other shopping except food	11	10	21
Entertainment	8	7	10
Local transport	2	2	3
Other services	4	4	3
Sum FIT	**81**	**79**	**110**
Costs for package trip	89	69	185
Additonal costs per day	56	43	118
Sum package	**145**	**112**	**303**

source: GNTO and Europäische Reiseversicherung AG 2009

The expenditures of an individual tourist in Mecklenburg-Vorpommern were 2008/09 lower than the expenditures of an individual tourist in Germany on average (source: GNTO and Europäische Reiseversicherung AG 2009).

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	Guest in Mecklenburg-Vorpommern
Accommodation	32
Restaurants	14
Food	5
Other shopping except foc	10
Entertainment	6
Local transport	2
Other services	3
Sum individual holiday	**72**
Costs for package trip	51
Additonal costs per day	45
Sum package holiday	**96**

The average expenditures per day (holiday trip) per country of residence in 2008 were according to the German National Tourism Office (GNTO) as follows: Russia 57 €, Denmark 93 €, Finland 113 €, UK 124 €, Sweden 165 €, USA 208 $, Netherlands 57 €.

Sweden

makes a distinction between the kind of accommodation when analysing expenditures.

Spendings per day per person by type of accommodation in Stockholm and Stockholm county 2008 in SEK (1€~10 SEK) and change in % (Source: Stockholm Visitor Board)

	Stockholm County	Change 08/07	Stockholm City	Change 08/07
Hotel	1841	-1	1865	-4
Holiday village	511	0	n.a.	n.a.
Camping	305	3	307	4
Hostel	420	0	419	8
Cottage	173	-12	n.a.	n.a.
Friends/relatives	317	-10	476	15
Pleasure boat	**199**	**41**	**206**	**44**
Others	522	-45	713	-24
Day visitors	514	1	614	0

Conclusions/main findings

- the average expenditure of tourists in a destination country is hard to measure and depends on many factors – exchange rate, economical situation/price levels in the respective countries etc.
- the choice of the accommodation form has the greatest impact on the spendings
- as proven above Russians are great spenders in both countries – Finland and Estonia

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