European tourism: A comparison of over-seas and European source markets

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Submitted to Dr. Irem Önder

Elizabeth Shanaman

1313006

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AFFIDAVIT

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ABSTRACT

Operating in an environment under increased pressure prove value to stakeholders, destination marketing organizations (DMOs) are called upon to provide empirical evidence for budget allocation decisions. As European DMOs turn efforts exclusively towards long-haul source markets, it has become necessary to assess whether overseas markets have real potential to contribute to European Union (EU) tourism goals, or if it is wiser to turn attentions to attracting European source markets. The reviewed literature asserts that the working style and environments of destination marketing professionals demand that as much information as possible be present in an easily digestible format. Literature concerning the sustainability of destinations points to sources located close to the destination as the markets most likely to ensure long term and sustainable development.

In this study, portfolio analysis is used to assess relative market shares, growth rates, and importance values for 39 tourism source markets in 16 EU Member States. Conclusions include a declaration of which source markets are performing, emerging, declining, and stagnating in various EU regions. For many of the sample destinations, overseas markets are in performing positons requiring less vigorous marketing activities while each destination includes several European markets in emerging positons in which could be encouraged to grow more. Neighboring markets generally contribute the most bednights to each sample destination, putting the destinations at risk of losing great amounts of market share if these high importance markets face economic and political upheavals causing citizens to cut back on travel. In these cases this study reveals many close markets with the potential to increase market shares for destinations overly dependent on neighboring markets. Additionally, light is shed onto different economic factors that may influence a market's performance in a destination.

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LIST OF ABBREVIATIONS

DMO: Destination Marketing Organization

ETC: European Travel Commission

EU: European Union

NTO: National Tourism Organization

NTA: National Tourism Administration

UNWTO: United Nations World Tourism Organization

LIST OF ABBREVIATIONS

1 INTRODUCTION

1.1 Context and previous research

Membership-based destination marketing organizations (DMOs) function by allocating collected membership fees towards marketing and research activities. In order to sustain membership a DMO must be able to prove to members that it is allocating the received membership fees efficiently and meaningfully in order to create value for its members. One way to ensure meaningful DMO budget allocation is to assess the destination's source markets against one another to see which source has the most potential to create a return on investment.

The European Travel Commission (ETC) serves national DMOs in Europe by marketing Europe as a whole destination. At a 2013 Marketing Intelligence Group (MIG) meeting, ETC announced a commitment to focusing marketing and research efforts toward Europe's overseas source markets. ETC has revealed which markets it deems important for European tourism through the market insight reports the organization publishes periodically. Reports for fourteen overseas markets are available on ETC's website, but only Brazil, Russia, India, and China are reported on more than once since 2007, indicating a special interest in these markets. These so-called BRIC markets are much discussed in the tourism industry at present due to a perceived potential for high outbound tourism numbers. Certain concerns arise related to a focus on overseas markets, particularly in consideration of the environmental harm caused by air travel and the tendency of consumers to avoid high-cost luxury expenditures like long-haul travel when the economy dips.

ETC, as an organization accepting membership fees to promote Europe, is not exempt from a DMO's responsibility to allocate its budget towards marketing and research in a way that maximizes value for members. Faulkner, in his 1997 article concerning the assessment of tourism marketing programs, claims that a core objective of a national tourism organization is to increase the market share of a source market beyond the level that the destination should rightfully gain. Therefore, in order to create value for its national DMO members, ETC must identify and invest in tourism source markets that are likely to grow.

Tourism statistics are an important resource for assessing source markets for a destination. Several institutions report tourism flows in Europe. Eurostat provides raw data for trips taken by EU residents as well as nights and arrivals in tourist accommodation, but these are merely tables without analysis or explanation of trends. Furthermore these data tables are often missing data points or mark several points as "unreliable" or "confidential." Eurostat provides some analysis of raw data through "Statistics Explained" articles and news releases. While adding some in-

sights into reasons for fluctuation of tourism flows, the "Statistics Explained" article for the tourism sector was last updated in June 2012, and aggregate figures for the EU27 are made using incomplete data or estimates. The news releases published by Eurostat are generally more up-to-date and include complete tables of general raw data, however each focuses on European countries as either tourism generators regardless of destination, or tourism receivers regardless of country of origin.

UNWTO also addresses the European travel market by means of a database and publications. Annual *Tourism Highlights* publications analyze world tourism volumes from the previous year in terms of arrivals at tourist accommodation establishments. These publications each devote a section to Europe including the EU28, however the performed analyses are based only on large geographic regions rather than individual countries. These analyses do provide arrival statistics for the EU28 as a whole, but little attention is given to the countries of origin of tourists. UNWTO's Vision 2020 Europe edition (2000) provides forecasts for select Member States based on arrival data from the 1990s. In addition to the arrivals statistics this report discusses factors expected to affect tourism flows in Europe.

Independent consulting agencies and researchers also investigate European tourism flows. Tourism Economics, a partner of the private advisory firm Oxford Economics, produced a commissioned analysis of annual tourist arrivals between 2011 and 2013 for each of the European sub-regions defined by UNWTO. Like the UNWTO and Eurostat reports, this Tourism Economics report neglects to identify the countries of origin of visitors, preferring instead to distinguish visitors merely as "intra-regional" or "extra-regional." This report is, however, bolstered by analyses of the world economy and risks that may affect the future outlook of the European tourism industry.

Researchers Harja & Stangaciu (2013) tackle the task of assessing the EU27 market in terms of capacity, arrivals, and nights between 2007 and 2011 with the purpose of evaluating the relative performance of the Romanian tourism industry since the country became a Member State. While each Member State is assessed individually, analysis of inbound tourism for each country is limited to the distribution of resident vs. non-resident visitors with no mention of countries of origin.

Smeral & Witt (2002) expand their exploration of tourism flows to 24 worldwide, though mostly European, country destinations and 21 source markets. A portfolio analysis is used to further define the source markets by classifying them into four market categories base on each destination's share of each market (market bias index) and the growth exhibited by each market between 1992 and 1997. Additionally, Smeral and Witt (2002) attempt to link economic factors of the sample source markets to their study by examining the real GDP growth and income elasticity of each source market in the sample timeframe. This method of evaluation is by far the most sophisticated and thorough of those discussed, yet the scope of destinations is broader than

that of the present thesis and the timeframe examined is not consistent with the current political, economic, social, and technological environment. Furthermore, Smeral and Witt (2002) fall short of sample of destinations proposed for the present study and is therefore not sufficient to explain the travel behaviors of the modern European Union, which is the purpose of the present thesis.

1.2 Research aims and objectives

A study should be undertaken to examine the intra-European market which is conspicuously absent from national and supra national European DMO research activities compared to the overseas markets currently in the spotlight. Such a study should complete the gap left by previous research between the assessments of EU Member States as generators and as receivers of tourists, and represent the sophisticated modern tourism environment by extending evaluation of source markets beyond a single dimension. In order for an assessment of the intra-EU travel market to be complete, portfolio analyses for as many Member States as possible should be performed to show which of the other Member States, non-EU European countries and overseas markets have the most potential to create value for each destination. The timeframe of this study should include the most recent and complete data, and include a period of five years in order to establish growth rates that smooth short-term fluctuations yet still represent the current political, economic, social, and technological environments. For these reasons the examined timeframe will be 2009-2013. A portfolio analysis for a sample of EU Member State tourism destinations will be undertaken to investigate and assess tourist source markets in terms of their demand for European travel, including perspectives on the growth and relevance of each source's demand. By examining the sample of source markets according to three indicators, the following research question will be answered:

How does the potential of overseas source markets to create value for EU

Member State tourism industries compare to that of intra-EU and non-EU Euro-

pean source markets?

Paralleling some of the previous research, the element of economics will be added to the portfolio analyses in order to gain insight into the relationship between the portfolio indicators and the income of individuals in the source markets and the destinations. To examine this relationship, gross national income per capita as an indicator of the income of a typical person in each market will be compared to the tourism performance indicators assessed in the portfolio analyses.

1.3 Structure of thesis

The exploration of the research objectives will be structured in five chapters. A literature review will give details about the functions, goals, and working environments of destination marketing

organizations, all supporting the necessity of clear market segmentation and evaluation. The literature review continues with justification for segmentation according to the nationality of tourists, a discussion of the data available for describing tourism flows in Europe and past attempts to make assessment of source markets for the European tourism industry. Information gleaned from the literature review will support the chosen methodology described in the third chapter. The fourth chapter will outline the results obtained by following the methodology, and the conclusions in chapter five will make clear the answer to the research question while discussing the implications of the results.

2 LITERATURE REVIEW

2.1 Introduction

In order to design a study capable of answering the research question, a literature review was assembled. In the following sections, an investigation of destination marketing organizations, its goals and activities, and the nature of its working environment will be detailed so that an understanding of the organizations this thesis endeavors to serve may be developed. A justification for the use of nationality as an appropriate means by which a destination marketing organization can segment tourists follows. Finally, past attempts to assess the European travel market will be examined and criticized, culminating in the selection of portfolio analysis as a tool that best serves the needs of DMO professionals.

2.2 Destination Marketing Organizations

Destination marketing organizations (DMOs), or alternatively, destination management organizations, are membership-based organizations that function by allocating its budget towards marketing and research activities meant to benefit the tourism industry in the area the DMO serves. Pike defines a DMO as "Any organization, at any level, which is responsible for the marketing of an identifiable destination" (2004, p. 14). National tourism administrations (NTAs) and national tourism offices (NTOs) are destination marketing bodies responsible for marketing whole countries as tourism destinations (Pike, 2004). In the present work the terms NTA and NTO will be used interchangeably to describe DMOs at a national level, although subtle differences exist. Spyriades, Fletcher, and Fyall (2013) describe nationl-level DMO duties as going beyond marketing to stratgic planning, research activites, workforce training, and more. In fact, Costa, Panyik, and Buhalis (2013) place DMOs in a wider model of European tourim as an actor and structure affecting the economics, policy, provision of authentic experiences, and competitivenessin a destination.

2.2.1 Goals and activities of DMOs

Authors generally define the main goal of a national DMO to be to attract foreign visitors to the destination. Mazanec (1986) describes a typical European NTO as being responsible for "expanding a country's incoming tourism," (p. 63) which can be taken to mean increasing the number of visitors or increasing the benefits of tourism in the destination. Laimer and Weiss (2009) parallel this concept by asserting that it is crucial for tourism destinations to continually increase the number of tourist arrivals. Faulkner (1997) takes this goal of increasing tourism a step further by defining an NTA's core objective to be to increase the county's share of the tourist market "beyond that which might otherwise be achieved," (p. 23). In their re-visitation of Faulkner's 1997 work, Smeral and Witt (2002) clarify this point by defining the NTA's core objective to be to increase market share beyond the level that should be achieved on a *pro rata* basis.

Activities that a DMO can undertake to achieve its goal of increasing a destination's market share are generally limited to marketing communications i.e. advertising, given that the DMO has no control over the product it is meant to be selling (Mazanec J. A., 1986). Many authors agree that advertising done by a DMO cannot be easily linked to actual financial returns. Faulkner (1997) points out that no single method of evaluation can quantify the impact of an NTO's activities. Mazanec (1986) concedes this point noting that while an NTO is responsible for the costs of advertising campaigns, returns are not attributed to the organization, and adds that a typical NTO's advertising budget can achieve no more than to penetrate only the surface of a targeted audience. However, Mazanec (1986) goes on to assert that the importance of an NTO's advertising campaign is that it serves as a signal to tourism industry stakeholders in the destination to allocate their typically larger advertising budgets towards the segments identified by the NTO. Wöber's 2006 claim that a DMO has the responsibility to provide market guidance for the destination's tourism industry supports this. The same author points out a trend of increased sophistication in tourism marketing supported in part by the heightened importance of competently analyzing available information (2006).

2.2.2 DMO working habits and environment

Before discussing the tools that can be used to assess a destination's source markets, it is important to examine the needs and working habits of DMO professionals in order to determine which tools are most suited for them. The complicated range of duties for which a national DMO is responsible has been emphasized often in the literature (Costa, Panyik, & Buhalis, 2013; Spyriades, Fletcher, & Fyall, 2013). Wöber (2006) expands on this point by characterizing a tourism professional's typical working style as fast-paced, and mentions that top managers in this field rarely have time to deeply and thoroughly investigate any one of the various tasks laid before them. Many of the decisions that lie before destination managers concern large investments, making careful and thorough evaluation imperative (Wöber, 2006). Fortunately a wealth of data is available to aid tourism managers in making sensitive decisions, but the sheer volume of data actually inundates a busy tourism manager's mind, therefore it is necessary to sift through the ocean of data in order to find the most effective and efficient information (Wöber, 2006).

The budget with which a DMO must perform its activities has already been established to be relatively small (Mazanec J. A., 1994), and to this it must be added that use of the budget is sensitive to the satisfaction of several stakeholders. First, part of a DMO's budget comes from membership fees. A DMO's members are typically businesses that are dependent on the tourism industry such as hotels, restaurants, and other attractions. Since members are the players in the system that are paying for the services of a DMO, they can be considered a DMO's customers. Like any other business in a capitalistic system, a DMO must be able to prove to its customers that its services are worth the price paid, and the cost of not delivering a benefit to the customer is the loss of that customer's business. Second, part of a DMO's budget comes

from the government through accommodation taxes. Like the DMO members, the government bases its decision to allocate funds to a DMO based on whether or not the government perceives the DMO to be providing the destination with valuable benefits. Faulkner (1997) specifically notes that since DMOs use public funds, it must be able to show outcomes of their investments. He adds to this that when a government increases commitment to the tourism industry there is typically greater fiscal restraint, therefore DMOs are called upon to be systematic in their activities and evaluations. Wöber (2006) builds on this point by noting that tourism developments in a destination, including DMO advertising, are cost intensive and as a result, tourism organizations must actively avoid failures of these projects by clearly defining a target market and evaluating its potential to benefit the destination.

2.3 Segmentation by Nationality

Several authors agree that market segmentation is a necessary exercise in the tourism industry (Dolnicar, 2005; Pearce, 2005; Plog, 2005). Plog (2005) comes to this conclusion based on his admission that tourism is now a mature industry. According to Plog, a mature industry is characterized by slowing growth, a high number of competitors within several categories, high pricing pressure, and difficulties for potential entrants (2005). Plog declares that these factors make the search for segments a requirement in the tourism industry, further noting that businesses would do well to tap over-looked populations in order to become market leaders in these groups that are not necessarily as small as they initially appear (2005). Dolnicar, in her book chapter *Empirical market segmentation: What you see is what you get*, likewise agrees to the necessity of defining market segments citing the customer's tendency to select products that best meet their needs (2005). Dolnicar supports her stance by claiming that once a business identifies its customers and understands their needs, the business can create products that increase sales and the probability of repeat visits.

Kastenholz (2004) agrees that a destination is more likely achieve and enhance tourist satisfaction by targeting specific market segments, and builds on this by noting a trend in marketing theory to direct activities at simultaneously serving the needs of consumers and society at large. This author examines demand management from the perspective of sustainable destination development, claiming that the long-term success of destination is supported by the identification and targeting of tourist segments that are not only able and willing to pay for the destination products, but will develop loyalty to the destination, respect its landscapes and traditions, and build positve relationships with the residents. While not discounting the higher growth potential of foreign markets and the contribution of a diverse mix of tourists to global economic sustainability, Kastenholz (2004) asserts that tourist segments physically located closer to the destination are the more economically and socially sustainable. Closer tourist segments feel more responsible for the preservation of the destination's physical and cultural environments, and that there is less friction between tourists from closer sources and local residents (Kastenholz, 2004). To this it is added that if it makes itself attractive to closer tourist

source markets, a destination can benefit from the trend for tourists to take shorter, spontaneous holidays (Kastenholz, 2004). Peeters and Schouten (2006) enhance the argument that attracting closer market segments is more sustainable for a destination by adding empirical evidence that long-haul tourists have a larger ecological footprint than short-haul tourists. A study of tourism in Amsterdam conclued that while only 25% of tourism revenues were contributed by long-haul markets, the same market made of 70% of the total ecological footprint of inbound tourists, mostly due to the large fuel consumption necessary for long-distance travel (Peeters & Schouten, 2006). According to these authors Amsterdam has a viable opportunity to shift its focus to targeting closer markets in favor of shrinking the tourism ecological footprint while maintaining profitability.

The standard by which an organization defines its segments is dependent on the purpose of the study, four of the most common bases for segmentation being socio-demographic, geographic, behavioral, and psychographic (Dolnicar, 2005). According to Dolnicar, geographic segmentation is the most common method in the destination management field, with nationality or country of origin serving as the means of distinguishing one segment from another. Indeed, several studies use nationality as the segment identifier (Mazanec J. A., 1994; Laimer & Weiss, 2009; Smeral & Witt, 2002; Faulkner, 1997). This is justified by Pearce (2005) who notes that broad commonalities are convenient identifiers for segments, and also by Faulkner (1997) who specifies that nationality is a convenient method for segmentation. Laimer and Weiss (2009) further support the notion that segmentation by nationality is convenient with their claim that country of origin data is readily available.

Beyond convenience, segmentation by nationality is a good starting point for understanding travelers on a deeper level. According to Faulkner (2005), the country of origin of a traveler influences his propensity to travel, especially the economic factors associated with country of origin such as disposable income, economic growth, and unemployment levels. Furthermore, Pearce (2005) describes nationality as a proxy variable for culture, which according to several authors, tells a great deal about how travelers think and behave. Mill and Morrison (2006) point to Hofstede's (1985) clustering of countries based on his assertion that cultures can be defined by their attitudes concerning power distance, uncertainty avoidance, individualism vs. collectivism, and masculinity vs. femininity. Kastenholz (2004) appears to support this as her benefit segmentation methodology included identification of countries of origin that fit the discovered segments for Portuguese rural tourism. Mill and Morrison (2006) also put forth that nationality plays a part in the tourist's destination choice by attributing preferences for destination characteristics to the tourist's nationality. Furthermore, it is argued that individual needs are satisfied in a manner determined by one's culture (Mill & Morrison, 2006) adding further credence to the assertion that the nationality of a tourist sheds light on deeper market-defining characteristics. In sum, nationality is not only a convenient factor by which to define a destination's tourist segments in terms of data availability and general understanding of the concept

within the tourism industry, but also an appropriate platform from which to explore deeper psychographic characteristics of a market, as well as predict behaviors, needs, and preferences of individuals within a market.

2.4 Available information and analyses for European Tourism Flows

The evidence provided in the previous chapters clarifies that DMO professionals require empirical data to aid in and justify their stakeholder-sensitive decisions. Segmentation of the markets has been established as a crucial step in creating a strategy that will meet the demands of a DMO's stakeholders, and nationality of tourists has been selected as the appropriate basis on which a DMO can define a destination's markets. The next step for a DMO is to gather empirical data of the tourism flows into the destination, taking note of the movements of tourists of different countries of origin. Tourism flows are understood from different perspectives within the wider tourism industry and are thus measured and monitored by various methods. In this section a variety of indicators for tourism flows will be discussed as well as the attempts of several organizations and researchers to convey the meaning of these indicators.

2.4.1 Data

In 2011 the European Parliament and the Council of the European Union adopted Regulation 692/2011 which laid the foundation for a common system by which European countries can interpret tourism statistics (Eurostat, 2013). It is therefore reasonable to assume that the definitions laid out in the Eurostat Methodological Manual for Tourism Statistics (2013) published by the European Union can be taken as common for institutions reporting in the EU.

Previous studies have utilized three different measures for tourist volumes: trips, arrivals, and nights. Trips are measured through periodic surveys at border crossings and occasional household surveys (Eurostat, 2013). Arrivals and nights are considered "accommodation statistics." Accommodation statistics are reported by tourist accommodation establishments which are defined as providing a paid service, short-term or short-stay accommodation services (Eurostat, 2013). Accommodation establishments that report arrivals and bednights data are classified in three forms: hotels and similar accommodation; holiday and other short-stay accommodation; and camping grounds, recreational vehicle parks, and trailer parks.

Arrival statistics convey the number of tourists that arrive at tourist accommodations. An arrival is typically registered including the month of arrival and the country of origin of the guest. Night statistics indicate the number of nights guests stay in tourist accommodation (Eurostat, 2013).

2.4.2 Measurements of European tourism flows

Several institutions have taken on the task of assessing the European travel market. These institutions, like the European Commission (Eurostat) and UNWTO, regularly receive tourism statistics and produce reports and articles from these statistics from time to time. Individual researchers and advisory firms have also made assessments through projects with finite timelines.

2.4.2.1 Eurostat

Eurostat is the statistics office of the European Union. Among other themes, Eurostat disseminates tourism industry information through a database of raw data as well as through the publication of Statistics Explained articles and news releases.

Eurostat data tables

The Eurostat data tables display raw trips, arrivals, and bednights data. Although the tables have the advantage of being regularly updated and being customizable in terms of the type of data displayed, values are often missing due to lack of reporting or are marked "unreliable" or "confidential." The tables offer estimates of total values for EU27 and EU28, however as of the writing of this report estimates are only available for the year 2012.

"Statistics Explained" articles

Statistics Explained articles published by Eurostat offer some analysis of the data displayed in the Eurostat data tables. A Statistics Explained page entitled "Intra-EU tourism flows" has been created but as of the writing of this paper, marked "under construction" and therefore includes no useful information. There is, however, an article entitled "Tourism Statistics" which focuses on trips and nights data available as of June 2012. This article provides insight into trip purpose (business vs. holiday) and type of accommodation utilized for both domestic and outbound trips. Time series data, typically for the period 2005-2011 but in one instance for 2000-2011, is utilized to show relative changes in number of trips and nights. Aggregate figures for the EU27 are provided, however in addition to being out-of-date, the footnotes make it clear that these figures do not include data from several Member States.

New Releases

Several news releases published by Eurostat address European tourism flows. News release 99/2012 reports on the development of trips taken by EU residents between 2005 and 2011. This particular news release focuses on the differences between total, business, and holiday trips and provides a table of raw data from each of the EU27 plus Norway and Croatia. Holiday trips during this time period are further examined in terms of domestic vs. outbound trips.

News release 59/2013 likewise reports on trips taken by EU residents, but narrows the focus to outbound trips taken in 2011 exclusively. This news release therefore focuses on European

countries as suppliers rather than receivers of tourists, highlighting those Member States supplying the most outbound trips that year. A table of raw data for each of the EU27 plus Norway, Switzerland, and Croatia is included.

News release 101/2014 similarly reports on trips taken by EU residents in a single year, this time for 2012 and limited to the EU28. While the focus of this news release is on the EU28 as suppliers of tourists, there is some attention paid to the destinations of the trips. A discussion of domestic vs. outbound trips reveals that most outbound trips are taken to a European destination, Europe then being further defined as EU28, EFTA countries, and "other Europe." The news release adds to the analysis discussions of length of stay and the main means of transportation. Raw data for each of the EU28 except for Sweden is included in a table. Also included in the table are aggregate values for the EU28 found using the available raw data and estimates for the missing Swedish data.

News release 16/2014 differs from the other recent releases by reporting on nights spent in tourist accommodation in the EU28 plus Liechtenstein, Norway, Montenegro, and Serbia in 2013. This news release therefore focuses on European countries as receivers of tourists. Time series data for the period 2000-2013 traces the growth of nights and aids a brief discussion of some political and economic factors affecting tourism. A table of raw 2013 nights data distinguishes between nights spent by residents and non-residents in each European country, but does not specify countries of origin. It can be said that from this perspective the state of each country's tourism industry is viewed without analysis of which source markets are affecting success or failure.

2.4.2.2   UNWTO

The United Nations World Tourism Organization (UNWTO) publishes tourism reports based on data from its own database published online as the *Tourism Factbook*. Two UNWTO publications address European tourism flows: annual *Tourism Highlights* and *Tourism 2020 Vision*.

The most recent edition of UNWTO's *Tourism Highlights* was published in 2014. This edition focuses on arrivals at tourist accommodation establishments and tourism receipts in 2013. While the publication addresses tourism around the world, a short section is devoted to Europe as UNWTO defines it in the four regions listed in Table 1:

Northern Europe		Western Europe	
• Denmark		• Austria	
• Finland		• Belgium	
• Iceland		• France	
• Norway		• Germany	
• Sweden		• Luxembourg	
• United Kingdom		• Netherlands	
		• Switzerland	
Southern/ Mediterranean Europe		**Central/ Eastern Europe**	
• Albania	• Malta	• Armenia	• Latvia
• Bosnia-Herze-govina	• Montenegro	• Azerbaijan	• Lithuania
	• Portugal	• Bulgaria	• Poland
• Croatia	• Serbia	• Czech Republic	• Romania
• Cyprus	• Slovenia	• Estonia	• Russian Federa-tion
• FYR Macedonia	• Spain	• Hungary	
• Greece	• Turkey	• Kazakhstan	• Slovakia
• Italy		• Kyrgyzstan	• Ukraine

TABLE 1: UNWTO EUROPEAN REGIONS

Annual values for arrivals and receipts in each region are provided for 1990, 1995, 2000, 2005, 2010, 2012, and 2013. Values for each of these years are also provided for Europe as a whole and for the EU28 as a whole. Some Member States are singled out as destinations for analysis, but few details are given regarding the country of origin of visitors.

UNWTO issued a volume of its *Vision 2020* publication exclusive to Europe in 2000. This volume presents arrivals data for the 1990s and examines the trends of that decade. From these trends, factors that may affect tourism flows in the coming decades are identified. These factors are as follows: Competition

- Technology
- Time shares
- Theme parks
- The Euro
- Airlines
- Tour operators
- Political, social, and behavioral factor

Vision 2020 continues with arrivals forecasts for each UNWTO-defined region. Some selected EU28 Member States are singled out for arrivals forecast as well as for outbound trips forecasts.

2.4.2.3   Independent researchers and advisory firms

As a partner of the private advisory firm Oxford Economics, Tourism Economics is often commissioned to produce research reports for tourism-related organizations. One such project was recently commissioned by the European Tour Operators Association (ETOA). This *European*

Travel Outlook report (2013) conveys annual statistics between 2011 and 2013 from Tourism Economic's database, Tourism Decision Metrics (TDM). Annual arrival statistics are analyzed according to the UNTWO-defined European sub-regions. There is a distinction between arrivals for Europe as a whole and for the EU28 as a whole. These annual figures include actual statistics for 2011 and 2012, estimates for 2013, and forecasts for 2014. Figures are further defined as intra-regional arrivals and extra-regional arrivals, but no specifics are given regarding country of origin of the visitors. The analysis of tourism arrivals is further complemented by an analysis of the current world economy and some risk factors that may affect European tourism.

Researchers Harja & Stangaciu (2013) take a more narrowly guided approach to assessing the European market by measuring Romania's capacity, arrivals, and bednights against the same statistics for each EU27 Member State (the study was undertaken before the accession of Croatia in 2013). These authors focus on annual statistics between 2007 and 2011 for the purpose of isolating Romania's relative performance during the country's first five years as an EU Member State. Although the assessment for Romania is quite detailed, the analysis of the origins of visitors for the other EU27 Member States is limited to a distinction between residents and non-residents. As can be expected from the purposes outlined by the authors, the conclusions of this study are specific to Romania and shed little light on the rest of the EU27 during the designated time period.

Smeral & Witt (2002) expand the exploration of tourism flows to 24 worldwide destinations and 21 national source markets by using portfolio analysis. By adapting Faulkner's (1997) shift-share matrix, Smeral and Witt (2002) classify the source markets as performing, emerging, declining, and loss markets based on the each market's relative market share and growth rate between 1992 and 1997 in each destination. This study was the most comprehensive analysis of destination country portfolios to-date (Smeral & Witt, 2002) but as the competitive set of destinations was worldwide, no conclusions could be drawn exclusive to EU Member States, and as the study focused on the years between 1992 and 1997, the most important conclusions may not be consistent with the current travel environment. Laimer and Weiss (2009) present the portfolio analysis as a good method of evaluation alternative to the typical raw data tables and time series. According to these authors, tourism data is most often presented in one or two dimensions and in such a way that fails to convey relationships between multiple variables. Portfolio analyses are a tool through which a tourism professional can glean in-depth information from muilitple data points in a single view (Laimer & Weiss, 2009).

2.5   Literature review conclusion

The main goals of a national-level DMO has been established to be the increase incoming tourism to the destination (Faulkner, 1997; Laimer & Weiss, 2009; Mazanec, 1986; Smeral & Witt, 2002). Activities toward this goal are marketing activities including advertising (Mazanec, 1986; Wöber, 2006), cost-intesive infrastructure decisions (Wöber, 2006), and other activities

such as straegic planning, research activites, and workforce training (Spyriades, Fletcher, & Fyall, 2013). DMO have also been characterized by increased pressure from stakeholders to justify allocation of resources (Faulkner, 1997; Wöber, 2006). Proper identification of valuable target markets helps to reduce the risk of failures in investments (Wöber, 2006) and although avoidance of failure in itself is not a value or benefit brought to a DMO's stakeholders, it certainly plays its part to keeping members and the government from decreasing their investments. Several authors agree that nationality is a sufficient base for the segmentation of tourist in the destination marketing/management field as this base is not only convenient, but also provides insight into deeper psychographic characteristics of the markets (Dolnicar, 2005; Faulkner, 2005; Laimer & Weiss, 2009; Pearce, 2005).

It is therefore established that DMOs have the responsibility to determine which markets are likely to provide value to a destination in order to achieve the DMO's goal of increasing incoming tourists, and that segmentation by nationality is appropriate for this exercise. Many institutions, organizations, and authors have investigated European tourism flows in the form of bedngihts, arrivals, and trip data, but these studies are limited in that data is often incomplete, at most only two dimensions of variables can be assessed together, and any analyses accompanying the data are now outdated. Smeral and Witt's 2002 study adapting Faulkner's (1997) shift-share matrix portfolio analysis is the most sophisticated of the examined projects, and the most fitting to the DMO professional's needs to take as much pertinant information as possible in a single view. This study is, however outdated and the scope of sample destination's goes beyong Europe. The present study adapts the portfolio analysis using metrics proposed by Smeral and Witt (2002) and Mazanec (1987) in order to examine in a selection of EU tourist destinations, all EU27 Member States as source markets compared to selected overseas and non-EU European sources of tourists. In reflection of Smeral and Witt's (2002) attempt to link economic factors to their analysis of source markets, gross national income per capita (GNI per capita) will be included in the present study in attempt to draw conclusions that will extend beyong the examine time period.

3   METHODOLOGY

3.1   Introduction

The literature review makes it apparent that professionals in destination marketing require em-pirical support for their often-sensitive decisions. Portfolio analyses conducted as outlined by Mazanec (1994), Faulkner (1997), and Laimer and Weiss (2009) will use three indicators to define a set of 39 source markets into four categories for each of sixteen sample EU destinations. To add insight into reasons for fluctuations of the tourism indicators in the different destiantions, income-related variables will be investigated along side each tourism portfolio indicator. The following sections will discuss the appropriateness of portfolio analysis for the present study and the data that will be used for the analyses. The sampling process will be described complete with details concerning the requirements that were set for a destination or source market to be included in the sample. Descriptions of how the data will be transformed into various indicators are included in this section, as well as the analysis procedures.

3.2   Selection of methodology: Portfolio analysis

It has been established that it is not sufficient to evaluate DMO activities by a single dimension (Laimer & Weiss, 2009; Mazanec J. A., 1986; Faulkner, 1997) and that the nature of the destination management/marketing sector requires evaluation indicators to be succinct and convenient for professionals to absorb (Wöber, 2006; Laimer & Weiss, 2009). For this reason, portfolio analysis will by used to evaluate source markets across several indicators in a single view.

Portfolio analyses for the purposes of source market assessment have been advocated by au-thors over the past few decades. Faulkner (1997) cites the shift-share analysis as having been used since the 1960s to compare business forces in one region to the same forces in a selected community of regions. Faulkner goes on to tout the shift-share analysis as useful in a tourism context as the matrix has the capacity to show a destination's position among its competitors and incorporate the aspect of change in market shares over time. The analysis accomplishes this by mapping a destination's source markets on two planes: market share of each source compared to the destination's share of visitors overall (market bias index), and the growth rate of the source market (the change index).

Smeral & Witt (2002) use Faulkner's shift-share matrix to assess national tourism destination marketing programs, arguing that the analysis is a viable tool for optimizing the allocation of an organization's resources. By analyzing source markets by the two dimensions outlined by Faulk-ner (1997), Smeral & Witt (2002) separate source markets into four categories: performing mar-kets with high growth and high market shares, emerging markets exhibiting high growth yet low

market shares, declining markets with low growth but high market shares, and loss markets exhibiting low growth and low market shares.

Similar to the shift-share matrix is the growth-share matrix which adds a third element to the portfolio analysis. Like the shift-share matrix, the growth-share matrix was originally created for general business use, in this case for a business to evaluate different product lines. The third dimension shows the level of importance of each product line in terms of the proportion of sales the product line contributes to the business overall. Mazanec adapted the growth-share matrix for international tourism marketing in 1994 by assessing the number of bednights each source market contributes to a destination. Similarly to the shift-share matrix, each of the destination's source markets are plotted according the relative market share the destination claims and the growth rate the source, but the third element—the importance value—is visualized by bubble size so that a source market with a high importance value shows a larger bubble than a source market with a low importance value. Like Smeral & Witt's (2002) re-visitation of the shift-share matrix, the tourism-adapted growth-share matrix has the capacity to split the source markets into four quadrants according to the relative market share and growth rate values. Markets with high growth rates and high market shares are therefore preferred over sources falling in the quadrant indicting low growth rates and low market shares.

For the present study's portfolio analysis raw bednights data will be converted into three tourism performance indicators: the market bias/relative market share index and the growth rate as per Faulkner (1997) and Smeral and Witt (2002) and the importance value as described by Mazanec (1994). In order to add insight into the influence of the incomes of the destinations and source markets, GNI per capita will be evaluated alongside the three tourism indicators in a separate analysis.

3.3   Research instrument

A decision must be made concerning which measure of tourist volume is most suited for the present study. Mazanec (1994) encourages the use of bednights statistics, but Faulkner (1997) cites visitor numbers (arrivals) as most convenient for a portfolio analysis. Moreover, Faulkner (1997) notes that other criteria such as nights, expenditure, trip purpose, and others may be just as or more appropriate for a portfolio analysis. Therefore, the statistic used for this project must be selected based on the purpose of the study.

Measurement by accommodation statistics excludes tourists that do not utilize tourist accommodation, however accommodation statistics may be more trustworthy since they are collected by businesses which already collect such statistics for their own purposes. Eurostat's Statistic's Explained article, "Tourism Statistics" shows that the majority of EU27 total holiday trips (59.8%) utilize private (unpaid) tourist accommodation that would not be reported in accommodation statistics (Eurostat, N.D.). This would seem to make accommodation statistics ill fit to denote

tourist volumes, but further analysis in the same article shows that the majority of EU27 out-bound holiday trips (66.9%) utilize accommodation establishments which do report accommodation statistics (Eurostat, N.D.).

Since the present study is principally concerned with outbound tourism only, arrivals or bed-nights are appropriate measures for tourist volumes. Furthermore, since determining which markets will provide the greatest return on investment for DMOs (which derive part of their budgets from accommodation taxes) is part of the purpose of the present study, it makes the most sense to measure tourist volumes which are paying for accommodation. Accommodation statistics are thus preferred over trip data. Further to the purpose of determining the markets which will provide the greatest return on investment for DMOs and their members, the measurement of bednights is more suitable than the measurement of arrivals. Bednights spent in tourist accommodation establishments will therefore be the statistical unit collected in order to answer the research question. After a review of several sources of accommodation statistics, The United Nations World Tourism Organization (UNWTO) e-library was chosen, based on its volume and completeness of data, as the main source for national bednights data. In very few cases, bednights data from the online database TourMIS was used to complete the data set.

Gross National Income (GNI) per capita was taken to represent the income of a typical person in each of the sample source markets and destinations. GNI per capita as represented by the current international dollar was taken directly from the World Bank (www.worldbank.org).

3.4 Sampling procedures

Ideally, this study would analyze all 28 European Union Member States as destinations, and all 28 Member States would in turn join the BRIC countries and other overseas countries as source markets. Unfortunately, not every Member State has readily available and complete data sets, so this study is limited to as complete a sample as the data will allow. In consideration of the available data, a Member State could only be included as a destination for this analysis if there was data for each of EU27 and the BRIC markets (Brazil, Russia, India, and China) excluding India. Two source markets are conspicuously missing from this list of required source markets: Croatia, the Member State that made the EU27 the EU28 in 2013, and India. The inclusion of these source markets would limit the sample of destinations to very few countries as only a few Member States included complete data for the markets in their reported statistics. The exclusion of Croatia is justified by the country's accession to the EU in only the final year of this study's timeframe; as Croatia was granted accession in the latter half of 2013, the country did not have EU Member State status for four and a half of this study's five year timeframe. There is no further justification for excluding India as a source market beyond the fact that the inclusion of the source market would have disqualified more than half of the EU Member States from inclusion as a sample destination for this study. The list of EU27 Member States meeting the minimum requirements for inclusion in the destination sample can be viewed in Table 2.

Destination	UNWTO Region	CIA World Factbook Region	2013 GNI per Capita (current international $)
Czech Republic	Central/East	Central	$26,970
Latvia	Central/East	East	$22,510
Lithuania	Central/East	East	$24,530
Estonia	Central/East	East	$24,920
Poland	Central/East	Central	$22,830
Romania	Central/East	Southeast	$18,390
Slovakia	Central/East	Central	$25,970
Denmark	North	North	$45,300
Finland	North	North	$39,860
Sweden	North	North	$46,170
Slovenia	South/Mediterranean	Central	$28,650
Spain	South/Mediterranean	Southwest	$32,870
Belgium	West	West	$41,160
Germany	West	Central	$45,010
Luxembourg	West	West	$57,830
Netherlands	West	West	$46,260

TABLE 2: SAMPLE DESTINATIONS

After finalizing the appropriate sample of destinations, additional source markets were added to the sample; only sources that were consistently reported in the UNWTO 2009 and 2013 bed-night data spreadsheets for all sample destinations were added. The source markets listed in Table 3 joined the EU27 in the final sample of source markets.

Overseas Source Markets	Non-EU European Source Markets
Australia	Norway
Brazil	Russia
Canada	Switzerland
China	Turkey
Japan	Ukraine
Korea, Republic of	
United States of America	

TABLE 3: SAMPLE OF NON-EU27 SOURCE MARKETS

3.5 Data analysis

The raw bednights data will first be transformed into the portfolio analysis indicators as outlined by Faulkner (1997), Smeral and Witt (2002), and Mazanec (1994). These tourism indicators will then be analyzed in order to answer the primary research question, "How does the potential of overseas source markets to create value for EU Member State tourism industries compare to that of intra-EU and non-EU European source markets?"

Next, the GNI per capita raw data for each of the sample source markets will be transformed to create three income indicators: 2013 GNI per capita, GNI per capita growth, and GNI per capita

dissimilarity. The existence of relationships between the income indicators and the tourism indicators will be investigated by means of bivariate correlation tests using SPSS. The following subsections contain details of the data transformation processes and the various steps for analysis.

3.5.1 Portfolio analyses

The 2009 and 2013 bednights data for each of the sample source markets in each of the sample destinations must be transformed to create the three tourism indicators to be examined in the portfolio analyses. First, the relative market share, or market bias index of each source market is calculated to represent whether each source market is represented by a market share higher or lower than the overall market share achieved by each destination. The purpose of this indicator to is show whether or not a market is helping the destination to achieve and exceed its overall market share among the sample of destinations. Using the methodology described by Smeral & Witt (2002), an index of the market share is created to show the relationship between the share of destination i in source market j (M_{jit}), and the total share of bednights of destination i within the sample of n destinations (M_{it}). The index of the market share S of a source market j in destination i is thus expressed as:

$$S_{jit} = \frac{M_{jit}}{M_{it}} - 1$$

Where:

$$M_{jit} = X_{jit} / \sum_{i=1}^{n} X_{jit}$$

$$M_{it} = \sum_{j=1}^{m} X_{jit} / \sum_{i=1}^{n} \sum_{j=1}^{m} X_{jit}$$

and X_{jit} is the tourism demand in the form of bednights from each of m source markets in each of n destinations. By this method, a source market contributing the same proportion of bednights to the destination as the proportion achieved overall by the destination among the sample would achieve a relative market share of S_{jit}=0.00. It follows that a market contributing a proportion of bednights to a destination higher than that which the destination achieves overall would show a relative market share index of $S_{jit} > 0$, and a market contributing a market share less than that which the destination achieves overall will show a relative market share index value of $S_{jit} < 0$.

The growth rate of a market in a destination will be calculated by a simple percent change calculation of $\frac{(X_{jit} - X_{jit-1})}{X_{jit-1}} \times 100$ where X_{jit} represents the number of bednights contributed by

source market *m* to destination *i* in year *t*. It follows that a positive growth rate denote an increase in bednights contributed to a destination between 2009 and 2013, and a negative grown rate indicates a decline in bednights contributed to a destination in the same time period.

An importance value will indicate the proportion of bednights a market contributes to a destination's total number of bednights in 2013. A market contributing a high proportion of bednights to a destination will show an importance value closer to 100 where as a market contributing few bednights to the destinations 2013 total will show an importance value closer to 0.

The first stage of analysis involves a judgement of each market's importance value in a destination. For each destination the overall importance of overseas markets, EU27 markets, and non-EU European markets will be examined in order to discover the extent of each destination's dependence on each category of source markets. The standard deviation of the source market importance values will be calculated for each of the sample destinations to show whether or not the destination's dependence on the sample of source markets is spread evenly. In addition, the cumulative importance of each destination's closest neighboring source markets will be examined to shed light on the relevance of distance between source market and host.

In the second stage of analysis each source market's position on growth-share matrices will be determined in order to define which markets are favorable and unfavorable in each destination. The market share index and the growth rate of a source market will define the market's position on the growth-share matrix in one of four quadrants defined by Faulkner (1997): quadrant 1 called "performing markets," quadrant 2 called "emerging markets," quadrant 3 called "declining markets," and quadrant 4 called "stagnant markets." In performing markets both the market share index and the growth rate are greater than zero, while in emerging markets the market share index is below zero despite a growth rate greater than zero. Markets falling into these categories will be considered favorable over declining markets, which show high market share index values yet negative growth rates, and stagnant markets with market share index values and growth rates below zero. While markets falling into quadrants 1 and 2 are both determined to be favorable for a destination, the emerging markets of quadrant 2 are considered to require more attention and investment from a DMO in order to boost the markets' market share index to values greater than zero. Markets already falling in quadrant 1 are considered to be successful and therefore require maintenance activities rather than vigorous marketing and research activities. Special attention will be paid to the position of overseas markets as well as the EU and non-EU markets showing the highest importance values for the sample destinations.

3.5.2   Income indicator analysis

It has already been explained that GNI per capita in the form of the current international dollar (determined by World Bank) will be taken as an indicator of the income of a typical person each market. In order to deepen the understanding of income on the performance of a market in a

given destination, the GNI per capita will be transformed into two additional indicators. First, the GNI per capita will be taken as an indicator itself with no manipulations. Second, the GNI per capita will be transformed into a dynamic indicator by calculating the growth of each market's GNI per capita between 2009 and 2013. The simple percentage change calculation used to create the bednights growth rate indicator will be applied. The third income indicator will be calculated to show a relationship between the GNI per capita of a market and that of a destination. This indicator will be called "GNI per capita dissimilarity" and will be calculated as the percent difference between the GNI per capita of a market and that of a destination. When the GNI per capita of a market is equal to that of a destination, the GNI per capita dissimilarity value will be equal to 0. A GNI per capita dissimilarity value of a market for a single sample destination greater than zero indicates that the market's GNI per capita is greater than that of the destination, while a GNI per capita dissimilarity value of less than zero indicates that the income of the market is less than that of the destination.

All three GNI per capita indicators will be compared to each tourism performance indicator by means of bivariate correlations. The Pearson correlation coefficient r (calculated suing SPSS) will reflect the strength and direction of the significant correlations between each income indictor and each tourism performance indicator. The purpose of this exercise is to answer each of the following research questions:

1. Is there a relationship between the GNI per capita of a source market and the calculated tourism indicators of that market in any of the sample destinations?
2. Is there a relationship between the growth rate of the GNI per capita of a source market and the calculated tourism indicators of that market in any of the sample destinations?
3. Is there a relationship between GNI per capita dissimilarity (between a source market and a destination) and the tourism indicators of the source market in the destination?

A two-tail test of significance will be employed with p-values of 0.05 or less taken to be sufficient evidence of the significance of a correlation.

3.6 Methodology conclusion

The growth-share matrix portfolio analysis was thus applied to the sixteen EU sample destinations and 39 sample source markets using the relative market share index and growth rate calculations presented by Smeral and Witt (2002) and Faulkner (1997). The third dimension of the portfolio is the importance value as proposed by Mazanec (1986). An analysis of the importance values will precede an analysis of the positions on the growth-share matrices as defined by the calculated relative market share index values and growth rates of each sample market. Positions on the growth share matrices will define each markets as favorable or unfavorable for each of the destinations. The importance values analysis will shed light on the immediacy of actions that should be taken in light of a market's position on the growth share matrix.

4 RESULTS AND DISCUSSION

4.1 Introduction

By adhering to the methodology described in the previous chapter the growth-share matrix positions of the sample markets were determined for each sample destination. The following results discussion will begin with a general summary of how the sample of source markets performed overall for each of the sample destinations. After this brief discussion will be the analysis of the importance values of the sample source markets. An analysis of the positions of the markets on the growth-share matrices will build upon the discussion of importance values in order to gain a dynamic and sophisticated perspective of how these markets are favorable or unfavorable for the sample destinations. Finally, a discussion of significant relationships between the portfolio analysis factors and income factors will take place in order to expand the understanding of how economic factors form relationships with tourism flows.

4.2 Portfolio Analysis

Bednight data form the UNWTO indicates that Spain has the largest share of bednights from the markets explored in this study with nearly four times the number of bednights as the destination with the next highest number of bednights, Germany. None of the other destinations in the sample neared the overall market shares of these two giants, but the northern, western, and central EU destinations tend to show higher market shares than those destinations located in the east and southeast. These eastern destinations, however, show the highest overall five year growth rates, although the destinations with the three highest market shares (Spain, Germany, and the Netherlands) also show relatively high growth rates above 25%. The only destination in the sample with a negative growth trend is Denmark, and this destination's fellow northern EU country, Sweden, shows an atypically low, yet still positive, growth rate.

	General Performance			Growth-share matrix group membership: Overall importance			
Destination	bed-nights (millions)	market share	overall growth	performing	emerging	declining	stagnant
Belgium	15.55	3.53	6.28	42.1%	52.6%	5.3%	0%
Czech Republic	20.03	4.54	24.06	50.0%	21.1%	13.2%	15.8%
Denmark	20.69	4.70	-4.45	2.6%	78.9%	5.3%	13.2%
Estonia	3.78	0.86	40.98	15.8%	73.7%	0%	10.5%
Finland	5.34	1.21	18.93	34.2%	28.9%	2.6%	34.2%
Germany	63.47	14.40	29.24	65.8%	28.9%	2.6%	2.6%
Latvia	2.41	0.55	58.15	36.8%	55.3%	2.6%	5.3%
Lithuania	2.29	0.52	59.09	34.2%	63.2%	0%	2.6%
Luxembourg	2.23	0.51	11.12	28.9%	57.9%	2.6%	10.5%
Netherlands	29.52	6.70	25.90	28.9%	60.5%	5.3%	5.3%
Poland	11.31	2.57	26.65	52.6%	34.2%	7.9%	5.3%
Romania	2.88	0.65	26.71	55.3%	39.5%	0%	5.3%
Slovakia	3.98	0.90	12.13	28.9%	50.0%	5.3%	15.8%
Slovenia	4.99	1.13	18.15	44.7%	36.8%	7.9%	10.5%
Spain	240.61	54.60	25.00	13.2%	73.7%	2.6%	10.5%
Sweden	11.62	2.64	1.25	21.1%	47.4%	7.9%	23.7%

TABLE 4: OVERALL MARKET SHARES & GROWTH RATES BY DESTINATION

Table 4 also displays the percentage of each destination's total bednights that were supplied by markets in each of the four growth-share matrix quadrants. On average the unfavorable declining and stagnant markets make up about 14% of the total bednights in each sample destination, but in the Czech Republic unfavorable markets made up nearly 30% of bednights and in Finland and Sweden the percentage of unfavorable market bednights exceeded 30%. In each of these three destinations there were higher instances of stagnant markets than there were of declining markets. For all other destinations in the sample markets from the "performing" and "emerging" quadrants on the growth-share matrix represent the majority of total 2013 bednights.

4.2.1 Importance values analysis

The standard deviations for each destination displayed in Table 5 indicate the variation among the importance values of each of the 39 source markets in the sample. A standard deviation of zero would mark a destination whose source markets are of equal importance, and a higher standard deviation denotes a destination with dependence on few source markets while most other markets are of very low importance. In this sample, most of the standard deviations of importance values fall close to 5 or 6 with some exceptions. Germany and Romania stand out with relatively low standard deviations indicating that the importance values for these destinations are spread more evenly among the sample of source markets, while Denmark, with a standard deviation much higher than that of others in the set, receives the majority of its bednights form very few sources.

Destination	Std. deviation	overseas	EU27	Non-EU Europe	Neighbors
Belgium	5.50	9.69%	86.25%	4.06%	69.21%
Czech Republic	4.78	11.74%	63.28%	24.98%	34.37%
Denmark	9.74	4.29%	82.33%	13.39%	80.03%
Estonia	7.65	3.59%	74.46%	21.95%	66.97%
Finland	5.25	12.19%	50.96%	36.85%	47.03%
Germany	3.37	16.53%	67.84%	15.53%	50.96%
Latvia	5.04	5.25%	55.01%	39.74%	43.80%
Lithuania	5.27	5.05%	60.20%	34.75%	16.89%
Luxembourg	6.18	6.00%	90.19%	3.80%	43.69%
Netherlands	7.31	10.46%	86.03%	3.51%	57.49%
Poland	6.41	7.85%	76.88%	15.27%	48.39%
Romania	3.59	10.07%	81.69%	8.23%	10.88%
Slovakia	6.01	4.95%	82.49%	12.56%	59.26%
Slovenia	4.22	6.57%	82.28%	11.15%	35.96%
Spain	5.92	4.25%	86.74%	9.02%	9.38%
Sweden	5.77	8.06%	59.03%	32.91%	42.19%

TABLE 5: IMPORTANCE VALUES FOR SOURCE MARKET GROUPS IN ALL DESTINATIONS

On average, overseas markets made up about 1% of total bednights each while non-EU Europeans made up an average of about 2.4%, and EU27 made up about 3% each. Table 5 also displays for each of the sample destination the cumulative importance of three categories of markets: overseas, EU27, and non-EU European source markets. Due to the high proportion of EU markets in the sample of sources, it is not surprising that in each destination bednights sourced from EU countries made up over half of all 2013 bednights. In destinations located closer to Norway and Russia, the importance of non-EU European source markets is higher than in those that are not; the importance of non-EU European markets in Finland, Sweden, Latvia, and Lithuania is close to or over four times higher than the same source markets' importance in comparatively isolated Spain. In most of the sample non-EU European source markets proved to be distinctly more important than overseas markets except in the case of the three western EU destinations in the sample. However, this phenomenon is more a signal that Belgium, the Netherlands, and Luxembourg are dependent on EU source markets than it is an indicator of high performance in the overseas market as several other destinations in the sample can boast higher importance for this market; Germany, the Czech Republic, and Finland each received more than 11% of their total bednights for overseas markets. Romania stands out as the only destination with an overall market share of less than 1% to receive more than 10% of total bednights from overseas markets.

4.2.1.1 Importance of overseas markets

The Canadian market carries an importance value of 0.59% for the whole sample of destinations. Canada's importance values typically fall between 0.2% and 0.6%, but in the Czech Republic, the Netherlands, and Romania this market nears 1% in importance. Germany is the only destination to claim an importance value of 1% for Canada. Overall, the United States accounts for 3.46%

of bednights in the sample. The US is in the top quartile of importance values for all destinations in the sample except for Slovakia, Slovenia, and Spain. For these exceptions the US still holds importance values of over 1.5%. This market breaches 5% importance in the Czech Republic, Germany, the Netherlands, and Romania, but typically shows importance values between 1.5% and 5% for all other destinations. For the entire sample of destinations Brazil makes up 0.59% of all bednights. Similarly to the other American continent source markets in the sample, Brazil is of higher than typical importance in the Czech Republic, Germany and the Netherlands. Still, like Canada, the Brazilian market did not produce any importance values reaching into the top quartile of any of the sample destinations.

China neared an overall importance value of 1%; in 2013 this market made up 0.93% of all bednights in the sample. Although China exceeds importance values of 2% in Finland and Germany, this market is in the top quartile of importance values for only Luxembourg and the Netherlands. Typically, this market reaches importance values of between 0.2% and 1.5%. Like China, Japan's overall importance value is nearing 1% overall. Importance values for Japan typically lie close to or exceed 1% and rise above 2% in Finland and Germany. The market falls in the upper quartile of importance values of only two destinations, Belgium and Finland. The Republic of Korea is the only overseas market is the sample to express an overall importance value of under 0.5%. This market shows importance values of more than 1% in the Czech Republic and Slovakia, but is not among the upper quartile of importance values for either destination. In the rest of the markets, Korea's importance values fall below 0.7%.

The Australian market makes up 0.54% of all bednights in the sample and does not appear in the upper quartile of importance vales for any of the destinations in the sample. Importance values for Australia do, however, near or exceed 1% in four markets, the Czech Republic, Finland, Germany, and the Netherlands.

4.2.1.2   Importance of non-EU27 European markets

Destinations located close to the non-EU European sources tend to benefit the most from these markets. Russia is particularly important to destinations in close proximity having produced close to or exceeding 30% of 2013 bednights in Finland, Lithuania, and Latvia. The only destination in the sample not claiming Russia as its most important non-EU European market are Denmark, Germany, Luxembourg, the Netherlands, Romania and Sweden. For Sweden and Denmark, Norway is the most important non-EU European market, though this market is rather more important for its direct neighbor, Sweden. Switzerland's importance levels are also the highest for those destinations located close to it (the exception being Belgium), but, in contrast to the phenomenon between Norway and Russia and their neighbors, Switzerland in not a market on which its neighbors are particularly dependent. The same goes for Romania's most important non-EU European source, Turkey; while the Turkish market is a relative neighbor and

contributes the most bednights out of this group of markets, Romania's dependence is more evenly spread among other individual sources.

4.2.1.3 Importance of EU27 markets

Bednights for EU27 source market made up over half of the 2013 total. The neighbors of each destination often contribute the most bednights; there are 59 cases of source markets being the closest neighbors of the destinations in the sample (see Appendix 5 for a display of each destination's neighbors), and in only twelve of these cases did a neighboring market fail to fall into the top quartile of the destination's importance values.

Certain EU source markets emerged as more important than others. The United Kingdom made up 18.83% of bednights in the total sample and fell among the top quartile of importance values for all sample destinations; only in Spain was there any particular dependence on this source market (importance value of 28.45%). Germany was also noted among the top quartile of importance values in all sample destinations (the sample destination of Germany was excluded from the analysis of this source market) but in contrast to the UK source market several sample destinations showed high dependence on German bednights. In non-neighboring destinations Germany contributed as much as 24% of total destination bednights (Spain, 23.91%), and in neighboring destinations German bednights made up as much as nearly 60% of the total (Denmark, 59.25%). It is therefore not surprising that Germany contributed the most bednights to the sample, 22.53%.

No other EU market claimed top quartile importance in all sample destinations, but Italy and France came close by being represented among the most importance source markets in all but three destinations each. France, which made up 6.65% of total bednights in the sample, only fell short of the top quartile in the three Baltic States (Estonia, Latvia, and Lithuania). This source does not reach the extremely high importance levels seen from the German market, but France is of particularly high importance to its neighboring destinations of Belgium (15.47%), Luxembourg (10.17%), and Spain (8.19%). Although Italy only contributed about 4% of total sample bednights, the source market registers as a source top-quartile importance in all destinations except Finland, Latvia, and Sweden. Though still not reaching the examples set by the German source market, the importance of the Italian market is the highest in its only neighboring destination in the sample Slovenia (18.63%), and in the only Romance-language eastern destination, Romania (13.08%). The Netherlands contributed more bednights than Italy and France but made the top quartile of importance in three fewer sample destinations. Like France, the Netherlands was of low importance to the Baltic States, but in addition the Netherlands was also relatively unimportant to Poland and Slovakia. Following the trend set by the other high-importance markets, the Netherlands is of highest importance to its neighbors (Belgium, 27.57%; Germany, 17.05%) and in other relatively close destinations (Luxembourg, 30.48%).

Other markets exhibiting many top quartile importance values are Poland, Sweden, and Spain making the top quartile in six destinations each, and Finland and Belgium appearing at the top in five destinations each. The trend of favoring neighbors and closer destinations continues for these source markets with the exception of Spain (which has no close neighbors among the sample of destinations). None of these sources, however, show overall importance levels of above the sample average of 2.56%.

The EU sources that appeared as top quartile importance markets in only a few sample destinations did so in destinations with which the source shares a border or are relatively close, geographically speaking. Source markets that were not of top importance to any of the sample destinations are smaller nations (Cyprus, Malta, and Luxembourg), and Member States that are more or less isolated from most of the sample destinations (Bulgaria, Romania, Greece, and Portugal). There may be economic factors that relate to the unimportance of these sources as well, and this will be further investigated in later sections.

4.2.2 Portfolio analysis: Market group membership

Market group membership represents the quadrant in which a market is located on a growth-share matrix according to the market share index value and growth rate calculated for the source. To review, favorable markets are represented with values of 1 or 2, where group membership of 1 represents a market falling into the performing markets category with high relative market share index values and high growth rates, and group membership of 2 represents a market with a high growth rate but a relative market share index value of less than zero. Unfavorable markets will be represented by group membership values of 3 and 4, where a group membership of three indicated markets with large relative market share index values but negative growth rates, and group 4 contains markets with negative values for both indicators.

4.2.2.1 Market group membership of overseas markets

As Table 6 shows, no overseas market falls into on single growth share matrix quadrant for all sixteen sample destinations.

Destination	Canada	USA	Brazil	China	Japan	Republic of Korea	Australia
Belgium	1	1	1	1	1	2	1
Czech Republic	1	1	1	1	1	1	1
Denmark	2	2	2	2	2	2	2
Estonia	4	2	2	2	2	2	2
Finland	1	1	2	1	1	1	1
Germany	1	1	1	1	1	1	1
Latvia	2	2	2	2	2	2	2
Lithuania	2	2	2	2	2	2	2
Luxembourg	2	2	2	1	2	2	2
Netherlands	1	1	1	1	2	2	1
Poland	1	1	2	2	2	1	1
Romania	1	1	2	1	1	1	2
Slovakia	2	2	2	2	4	1	2
Slovenia	2	2	2	2	3	1	1
Spain	2	2	2	2	2	2	2
Sweden	2	1	2	1	1	2	1

TABLE 6: GROWTH-SHARE MATRIX GROUP MEMBERSHIP OF OVERSEAS MARKETS

Although all overseas markets generally fall into either the performing or emerging categories for each of the sample destinations, there is great variation between the sources market in terms of individual relative market shares, growth rates, and importance values. Table 7 shows the overall market shares and growth rates of each of the overseas markets as well as the average importance values for each source. Just from these general figures it is clear that each of these countries are at different stages of development as source markets for the sample of EU destinations.

Destination	Overall Market Share 2013	Overall Growth 2009-2013	Average Importance 2013
Canada	0.59%	35.69%	0.58%
USA	3.46%	24.14%	3.68%
Brazil	0.59%	78.49%	0.44%
China	0.93%	111.94%	1.11%
Japan	0.90%	32.60%	1.06%
Republic of Korea	0.32%	103.94%	0.43%
Australia	0.54%	64.02%	0.61%

TABLE 7: GENERAL TOURISM INDICATORS FOR OVERSEAS MARKETS

Only four of seven overseas markets grew at a rate faster than the sample average. China and the Republic of Korea are the fastest growing of the overseas markets with growth rates of over 100% since 2009. Brazil and Australia are similarly fast-growing with growth rates of 78.5% and 64.0%, respectively. The rest of the overseas markets grew at a rate slower than the sample average, the United States market growing at the slowest rate of 24.1%.

Canada is growing in all sample destinations with the exception of Estonia; in Estonia, Canadian bednights have declined by 22.3% since 2009. In contrast, the Canadian market is growing particularly quickly in Estonia's fellow Baltic State, Latvia (82.2%), and in Denmark (60.3%). In most other markets Canada has grown at a rate between 20% and 50%, although the growth rates in Finland (4.1%) and Luxembourg (11.3%) are particularly slow for this market. The United States has shown a growth rate slower than the sample average and claims the slowest overall growth of all overseas markets in the sample. On average, this market has grown at a rate of 37.5% in each sample destination, but in the Baltic States the US market has grown between 60% and 75% since 2009. In contrast, the US market has grown at particularly slow rates in Finland (12.2%) and in Germany (14.6%). The third American continent source market, Brazil, has grown at a rate much faster than that of the North American sources. The Brazilian market shows the third highest growth rate within the overseas market sample, growing overall at a rate of 78.5% and showing an average growth rate of 110.5%. Brazil shows growth rates below 50% in only four destinations: Finland, Lithuania, Luxembourg, and Spain. In the other destinations, Brazil nears or exceeds growth rates of 100%, and in Latvia Brazil has grown by over 230% since 2009.

Of the Asian source markets included in the sample, China and the Republic of Korea showed growth rate over three time as high as Japan's overall growth rate, which fall between those exhibited by the North American sources. China shows the highest growth rate among the overseas markets with an overall growth rate of 111.9% and an average growth rate of 123.0%. Half of the destinations in the sample show Chinese growth rates of over 100%, and in Estonia and Lithuania the Chinese market has grown by over 250% since 2009. China showed growth rate of below 70% in only three destinations: the Netherlands (42.8%), Romania (32.0%), and Lithuania (5.1%). The Republic of Korea's overall growth rate of 103.9% is the second highest growth rate in the sample of overseas markets, but this market's average growth rate of 130.16% outstrips that of the others in this sample. The average was dragged higher by one instance of growth over 200% in Slovenia, and two instances of growth over 300% in Estonia and Latvia. Growth rates for the Korean market only dip below 60% in two destinations, Luxembourg (40.5%) and Slovakia (21.4%). In no cases does the Republic of Korea show signs of declining bednights since 2009. Japan joins Canada and the USA as the only overseas markets with below average overall growth rates. This market rises above a growth rate of 50% in two markets, Finland and the Netherlands, and sinks into negative growth rates for Slovakia, Slovenia, and Sweden. Most of the other destinations claimed growth in the Japanese market close to the market's average rate of 27.1%, the only exceptions being the Czech Republic and Denmark with positive but slower growth rates of 17.5% and 4.26%, respectively.

In more than half of the cases overseas source markets do not represent a market share on par with that which the destination achieves overall. In Denmark, Estonia, Latvia, Lithuania, and Spain, overseas markets are uniformly represented with a relative market share index values of less than zero. Only in Germany and the Czech Republic do the overseas markets reveal relative

market shares greater than that which these destinations achieved overall; for Germany each individual overseas market showed a relative market share index value of nearly 1.00 or higher while in most other instances positive index values only register as high as about 0.70. Besides the already-mentioned example of Germany, this index value of ceiling of about 0.70 is only broken in the case of the Korean market in the Czech Republic (index= 2.80) and in Slovakia (index= 2.75). It is interesting to note that with the exception of the Korean market, no overseas markets achieved positive market share index values. In Belgium and Finland all but one market each showed relative market shares of above zero, and in Romania and the Netherlands only two markets in each destination had market shares below zero. No single overseas market showed relative market shares above zero for all destinations in the sample, but none showed negative relative market shares in all destinations. Table 8 displays the number of destinations in which each overseas market showed positive and negative relative market shares.

Market	Instances of Positive Relative Market Shares	Instances of Negative Relative Market Shares
Canada	7	9
United States	8	8
Brazil	4	12
China	8	8
Japan	6	10
Republic of Korea	7	9
Australia	8	8

TABLE 8: OVERSEAS MARKETS: INSTANCES OF POSITIVE & NEGATIVE RELATIVE MARKET SHARES IN SAMPLE DESTINATIONS

4.2.2.2 Market group membership of non-EU27 markets

Four of the five non-EU European markets showed overall growth rates above the sample average. The Russian market showed the highest growth rate of the entire set of markets at 171.3% overall since 2009. Russian market growth rates neared or exceeded 60% in all destination except in Sweden (24.01%) and in the Netherlands where the Russian market declined by nearly 80% in five years. The negative growth of the Russian market in the Netherlands is matched by a market share index value of less than one, making Russia a stagnant market for this destination alone. The importance value of the Russian market in the Netherlands was quite low (0.15%), reducing concern over the negative indicators. In all other destinations the Russian market was classified as "performing" or "emerging." Over half of the destinations experienced growth in the Russian market by over 100%, and in each of the Baltic States the market grew by over 200%. Market share index values greater than zero paired with the high growth rates of the central/eastern destinations with the exceptions of Romania and Slovakia, making Russia a performing market for those destinations located closest to it. This trend extends to Finland, a northern destination with which Russia shares a border. The importance value analysis showed that Russia is of particularly high importance in these destinations making it crucial for them to maintain

positive values in this market. Slovakia and Romania more closely exhibit the trends of the west-erly-located destinations that pair the high growth rates of the Russian market with market share index values of below zero. Therefore, in these destinations Russia is an emerging market.

Norway is the only non-EU European market is the sample to show a below-average overall growth rate, and is one of only two markets in this group to show negative growth rates in indi-vidual destinations. In the Czech Republic and in Estonia, bednights from Norway have declined by 23.0% and 15.5%, respectively. In both of these destinations relative market share index values are negative, making Norway a stagnant market. This is of some concern for Estonia since Norway is among its top quartile of importance rates, and of less concern for the Czech Republic where Norway made up about 1% of total bednights. In four destinations (Lithuania, Poland, Romania, and Slovakia) the Norwegian market has grown by over 70%, with Slovakia seeing an increase of 120.2% since 2009. On the other hand, Norwegian bednights are growing at positive rates much slower than the market's average of 37.3% in Denmark, Finland, Luxembourg, and Sweden. Of these slower-growth destinations, the three that are Norway's direct neighbors have the matching high market share index rates to make Norway a performing market. The Slowing growth rates in these destinations present a risk of Norway sinking into the "declining markets" quadrant of the matrix, a risk made more concerning by the high importance values of Norway in these destinations.

Switzerland, Turkey, and Ukraine as source markets did not emerge as declining or stagnant markets in any of the sample destinations. The proportions in which these sources are identified as performing and emerging, however, are quite different. Switzerland is revealed to be a per-forming market in Germany only, the destination in which the source shows the highest im-portance value. In contrast, Turkey is a performing source market for the majority of sample destinations, market share index rates revealed to be negative in only six of the destinations. Ukraine's positions on the growth share matrix are more evenly spread between the performing and emerging quadrant, with market share index values above zero pushing Ukraine into the performing quadrant for central/eastern destinations.

4.2.2.3 Market group membership of EU27 markets

Four of the EU27 source markets have declined in terms of overall bednights between 2009 and 2013. Three of these overall declining source markets (Greece, Malta, and Portugal) are situated in the south of Europe and fall among the bottom 50% of EU27 2013 GNI per capita. The only declining growth market not fitting this geographic and economic pattern is Sweden which had the third highest 2013 GNI per capita among the EU27. Since Sweden is of higher importance to more destinations than the other shrinking source markets, negative portfolio indicators are of higher concern. Bednight numbers from the Swedish source market decreased between 2009 and 2013 in only two of the sample destinations, Denmark and Spain. Sweden is among the

upper quartile of importance values for both of these destinations making the unfavorable matrix positions worrisome. This is especially true for Denmark where Swedish bednights made up just over 9% of the destination's total. Although Sweden is a top-importance market for Spain, the destination is not dependent on Swedish bednights as they only made up about 2% of the 2013 total.

The EU source with the highest overall importance, Germany, is identified as an unfavorable market twice as many times Sweden. Negative growth rates and market share index values made Germany a stagnant market in Finland and Slovakia, while in its neighboring destinations of the Czech Republic and Denmark, negative growth paired with positive market share index values to push Germany into a "declining market" positon of the growth share matrix. In all four of these destinations Germany-sourced bednights make up 9% or more of total bednights; the Czech Republic is particularly dependent on the German source market which made up nearly a quarter of its total bednights in 2013. As for the other neighboring destinations, Germany is a performing market for The Netherlands and Poland while negative market share index values classify the German market as "emerging" in Belgium and Luxembourg. The only non-neighboring destination for which Germany is a performing market is Spain, and in the remaining destinations Germany is considered to be "emerging."

The source providing the second highest number of bednights, the UK, was revealed to be an unfavorable market in two destinations in which Germany was also unfavorable, the Czech Republic and Finland. The UK is among the upper quartile of importance values for all destinations making any negative indicator a point of some concern; In the Czech Republic the UK made up about 5% of total bednights n 2013 while in Finland the UK's importance value neared 9%. Despite being of high importance to all destinations in the sample, the relative market share index values of the UK are less than zero for all positively growing markets except Spain. For Spain alone the UK is a performing market, and in all other destinations of positive growth the UK is considered to be "emerging."

In almost half of the sample destinations, the Netherlands (which made up about 7.5% of total sample bednights) revealed portfolio indicators identifying the source as a declining or stagnant market. Destinations in which the Netherlands emerged as a declining market include Belgium and Luxembourg, two destinations in which the Netherlands made up about 30% of total bednights. The five markets for which the Netherlands is a stagnant market (the Czech Republic, Denmark, Finland, Slovakia, and Sweden) are relatively closer that the destinations for which the source achieves status as an emerging market (the Baltic States, Poland, Romania, Slovenia, and Spain). The source is a performing market only with its neighboring destination, Germany.

Italy and Spain are unfavorable markets for four destinations each, both either declining or stagnant in the Czech Republic, Finland, and Sweden. The only destination with any perceived dependence on the Italian source market, Slovenia, identified Italy as a declining market in light of

the destination's loss of Italian bednights at a rate of nearly 8%. None of the destinations identifying Spain as an unfavorable market had any significant dependence on the source. The trends of these two sources diverge upon closer examination of the instances of the markets' identification as either a performing or emerging market. Italy revealed itself to be a performing market in only three destinations, Germany, Poland, and Romania. The clear majority of destinations experienced the positive growth rates and negative market share index values indicative of emerging markets. Spain, on the other hand, is revealed as a performing market in ten of the destinations, and as an emerging source only in Slovakia. Like Italy, France was revealed to be an emerging market for the majority of destinations and a performing market in only four; for three of the source's direct neighbors (Belgium, Luxembourg, and Spain) bednights from France increased between 2009 and 2013, and the relative market share index value for each of these markets was above zero. The fourth destination in which France was found to be a performing market was Romania. In almost all other destinations France showed the high growth rates and low market share index values indicative of an emerging market, the only exception being Slovakia in which the French market was found to be stagnant. While the source does fall within the top quartile of Slovakia's importance values, France's importance value of about 2% in the destination does not point to any extreme dependence on the source.

4.3   Relationships between income and portfolio analysis indicators

The three income indicators relating to the GNI per capita of the source markets and destinations were compared to the indicators created for the portfolio analysis resulting in nine variable pairings. Significant correlations were found using the methods described in section 3.5.2. Although significant correlations were found in most of the variable pairings, it does not follow that two variables revealing a significant correlation in one destination will have the same relationship in all other sample destinations. The following sections first identify in which sample destinations pairs of variables correlate significantly, and then the strength and direction of each significant correlation will be examined in the context of the geographical locations and GNI per capita of the destinations.

4.3.1   Relationships between GNI per capita and portfolio indicators

There are significant correlations between the GNI per capita of each sample source market and the market share index values of those source markets in six of the sample destinations. Table 9 displays the correlation coefficient and significance value for each of these destinations. Two groups emerge as distinct from one another; the four central/eastern destinations show weak to moderate negative correlations between GNI per capita and market share index values, while in the two northern destinations moderate positive correlations appear. This means that in the four central/eastern destinations for which this correlation proved significant, market share index values are higher in those source markets with relatively small GNI per capita. Conversely, in the northern countries, market share index values are higher for those sources with relatively

high GNI per capita. An examination of the GNI per capita of the destinations shows that there is a distinct difference in income between the destinations showing negative correlations between the two factors and those with positive correlations; destinations realizing negative correlations have 2013 GNI per capita much lower than destinations showing positive correlations. It is important to note that the correlations in either direction grow weaker as the distance between the GNI per capita of the destinations becomes greater. This indicates that correlation between GNI per capita and relative market shares of the source markets is a phenomenon of destinations with incomes closer to the average and not in destinations with extreme incomes on either end of the spectrum.

Destination	2013 GNI per Capita (current international $)	Correlation Coefficient	Significance
Poland	$22,830	-0.457	0.004
Romania	$18,390	-0.396	0.014
Czech Republic	$26,970	-0.377	0.020
Slovakia	$25,970	-0.349	0.032
Sweden	$46,170	0.396	0.014
Denmark	$45,300	0.446	0.005

TABLE 9: 2013 GNI PER CAPITA & RELATIVE MARKET SHARE INDEX: PEARSON CORRELATION COEFFICIENTS

In eight of the sample destinations a significant correlation was found between GNI per capita and the growth rates of the sources in the sample. All correlations between 2013 GNI and market growth rates are negative and range from weak to moderate. The negative correlation between these two factors means that in these eight sample destinations, the source markets with higher 2013 GNI per capita have grown at slower or negative rates in terms of bednights between 2009 and 2013 while source markets with relatively small GNI per capita have seen bednights grow at faster rates.

No discernable patterns are obvious; there does not seem to be a connection between the strength or direction of the correlation coefficients and the geographic location of the destinations in which the correlations are significant, nor with the GNI per capita of destinations. This suggests that the tendency of the lower GNI per capita source markets to grow at faster rates has more to do with the travel attitudes of the source markets themselves rather than the pull of the destinations.

Destination	2013 GNI per Capita (current international $)	Correlation Coefficient	Significance
Germany	$45,101	-0.624	0.000
Luxembourg	$57,830	-0.514	0.001
Estonia	$24,920	-0.496	0.002
Latvia	$22,510	-0.453	0.004
Czech Republic	$26,970	-0.400	0.013
Belgium	$41,160	-0.386	0.015
Denmark	$45,300	-0.381	0.018
Slovenia	$28,650	-0.365	0.024
Sweden	$46,170	-0.336	0.039
Romania	$18,390	-0.325	0.046

TABLE 10: 2013 GNI PER CAPITA & MARKET GROWTH RATES: PEARSON CORRELATION COEFFICIENTS

In only two destinations were significant correlations found between GNI per capita and the importance values of the sample source markets. For both Sweden and Germany there is a moderate positive correlation between the two factors, signifying that for these two destinations source markets with relatively high GNI per capita contribute more bednights than sources with relatively low incomes.

Destination	2013 GNI per Capita (current international $)	Correlation Coefficient	Significance
Sweden	$46,170	0.521	0.001
Germany	$45,010	0.446	0.005

TABLE 11: 2013 GNI PER CAPITA & MARKET IMPORTANCE VALUES: PEARSON CORRELATION COEFFICIENTS

While both destinations showing significant correlations between income and importance values have relatively high GNI per capita themselves, other destinations in the sample with incomes on par with and higher than Sweden and Germany failed to realize correlations between the factors, and this weakens any assumption that this correlation has to do with the income of the destination.

4.3.2 Relationships between GNI per capita change and portfolio indicators

The growth of GNI per capita of the source markets between 2009 and 2013 was also examined against all three tourism performance indicators in the sample of destinations. Few significant correlations were found between GNI per capita change and the relative market index values, and none were found between the economic factor and market importance values, but in nearly all sample destinations significant correlations were found between GNI per capita growth and bednights growth.

Only three destinations revealed significant correlations between source market GNI per capita change and relative market shares, and all correlations were weak. Romania was the only destination in this group to show a negative correlation, but as there are so few sample destinations

with significant correlations between these two factors it is difficult to make a guess as to why this destination's correlations contradicted the patterns of the other two destinations.

Destination	2013 GNI per Capita (current international $)	Correlation Coefficient	Significance
Romania	$18,390	-0.321	0.049
Finland	$39,860	0.322	0.049
Latvia	$22,510	0.348	0.032

TABLE 12: 2009-2013 GNI PER CAPITA GROWTH & RELATIVE MARKET SHARES: PEARSON CORRELATION COEFFICIENTS

Significant correlations between source market GNI per capita growth and market growth in bednights were revealed for all sample destinations except Lithuania. All significant correlations were positive denoting that source markets that have experienced great growth in GNI per capita between 2009 and 2013 also grew at fast rates in terms of bednights in the same time period. Closer examination does not reveal any pattern between the strength of the correlation coefficients and the 2013 GNI per capita of the destinations, nor can any pattern be distinguished based on the geographical location of the destinations.

Destination	2013 GNI per Capita (current international $)	Correlation Coefficient	Significance
Sweden	$46,170	0.332	0.042
Denmark	$45,300	0.349	0.032
Netherlands	$46,620	0.410	0.011
Slovakia	$25,970	0.439	0.006
Spain	$32,870	0.441	0.006
Luxembourg	$57,830	0.468	0.003
Latvia	$22,510	0.491	0.002
Estonia	$24,920	0.545	0.000
Slovenia	$28,650	0.549	0.000
Poland	$22,830	0.554	0.000
Czech Republic	$26,970	0.573	0.000
Romania	$18,390	0.597	0.000
Finland	$39.860	0.655	0.000
Belgium	$41,160	0.709	0.000
Germany	$45,010	0.735	0.000

TABLE 13: 2009-2013 GNI PER CAPITA GROWTH & MARKET GROWTH RATES: PEARSON CORRELATION COEFFICIENTS

4.3.3 Relationships between GNI per capita dissimilarity and portfolio indicators

The relationships between GNI per capita and a market's performance in a destination is further investigated by an examination of the dissimilarity between a single source market's GNI per capita and that of the destination being visited. Significant correlations were found between 2013 GNI dissimilarity and all three tourism performance indicators, but not in all sample destinations.

Six sample destinations showed significant correlations between 2013 GNI dissimilarity and relative market share index values, and as in the case of the relationships between 2013 GNI per capita and the same portfolio indicator, two groups are made distinct by correlations in opposite directions. A positive correlation between GNI dissimilarity and relative market share signifies that when a market's GNI per capita is on par with or higher than that of the destination, the destination's share of that market is high. Conversely, a negative correlation between these two factors indicates that the destination has higher markets shares of source markets with incomes on par with or lower than that of the destination while the destination holds smaller market shares of source markets with incomes higher than its own.

Of the sample destinations realizing significant correlations, the four easterly-located destinations with relatively low GNI per capita displayed negative correlations between GNI per capita dissimilarity and relative market shares, while the two northern destinations with relatively high GNI per capita realized moderate positive correlations. This pattern reflects that which was found in the relationships between 2013 GNI per capita and relative market shares, but the added element of percent difference between the GNI per capita of the destination and that of the source market sheds light on the connection between the host and the visitor in two distinct groups of destinations.

Destination	2013 GNI per Capita (current international $)	Correlation Coefficient	Significance
Poland	$22,830	-0.457	0.004
Romania	$18,390	-0.396	0.014
Czech Republic	$26,970	-0.377	0.020
Slovakia	$25,970	-0.349	0.032
Sweden	$46,170	0.396	0.014
Denmark	$45,300	0.446	0.005

TABLE 14: 2013 GNI PER CAPITA DISSIMILARITY & RELATIVE MARKET SHARE INDEX: PEARSON CORRELATION COEFFICIENTS

The correlation between GNI per capita dissimilarity and the growth rates of the source markets is significant for over half of the sample destinations. In all cases of significant correlation between these two factors, the Pearson correlation coefficient is negative, but the strength of the correlations range from weak to moderate. A negative correlation between GNI per capita dissimilarity and growth rates of the source markets signifies that when a source market's GNI per capita is smaller than that of the destination, the growth rate of bednights between 2009 and 2013 from that source market is higher than in those source markets with incomes on par with and higher than that of the destination. In summary, source markets with income lower than that of the destinations have grown in terms of bednights at faster rates.

Destination	2013 GNI per Capita (current international $)	Correlation Coefficient	Significance
Germany	$45,010	-0.624	0.000
Luxembourg	$57,830	-0.514	0.001
Estonia	$24,920	-0.496	0.002
Latvia	$22,510	-0.453	0.004
Czech Republic	$26,970	-0.400	0.013
Belgium	$41,160	-0.386	0.015
Denmark	$45,300	-0.381	0.018
Slovenia	$28,650	-0.365	0.024
Sweden	$46,170	-0.336	0.039
Romania	$18,390	-0.325	0.046

TABLE 15: 2013 GNI PER CAPITA DISSIMILARITY & MARKET GROWTH RATES: PEARSON CORRELATION COEFFICIENTS

In the case of GNI per capita dissimilarity and source market importance values, correlations of the same strength in direction as those found between 2013 GNI and importance values were found in the same two countries, Sweden and Germany. Once again, the fact that so few destinations in the sample realized correlations between these two variables makes it difficult to attribute the connection to any geographic or economic pattern.

Destination	2013 GNI per Capita (current international $)	Correlation Coefficient	Significance
Sweden	$46,170	0.521	0.001
Germany	$45,010	0.446	0.005

TABLE 16: 2013 GNI PER CAPITA DISSIMILARITY & MARKET IMPORTANCE VALUES: PEARSON CORRELATION COEFFICIENTS

4.4 Results and discussion conclusion

The results of the growth-share portfolio analysis brought to light that a single source market is of varying important to different destinations. By incorporating the dimensions of bednight growth and a relative market share index, it was made clear that a high importance value is not enough to make a source market favorable for a destination. There are cases where a market with a high importance value shows slowing or negative growth in terms of bednights. Especially in cases of overdependence on one or a few markets, slowing growth of high-importance markets represents a risk of losing a great deal of the destination's overall market share, a phenomenon in direct conflict with the main goals of a national DMO as established in the literature review. The growth-share matrix portfolio analyses reveal that markets of smaller importance exist in the emerging quadrants of every sample destination, representing opportunities to relieve the over-dependence on single markets exhibited by some sample destinations, and safeguarding all sample destinations from large negative impacts of single market disturbances. Although superficially appearing to be emerging markets, overseas markets are actually in performing positions for several of the destinations in the sample. Performing sources require mainte-

nance strategies over rigorous and cost-intensive marketing activities. For the most part over-seas markets are not of high importance for the sample EU destinations making loss of market share of these sources relatively insignificant. On the other hand there are EU and non-EU European markets of high importance that were declining in terms of bednights as of 2013 or are at risk of declining in light of current political and economic conditions. Loss of these markets represents greater damage to the tourism industry in Europe. Taking actions to diversify the source market portfolios of EU destinations is a good way to ease the negative effects of these losses and prevent the same negative effects of single market fluctuations in the future.

Correlations between income factors and the portfolio analysis indicators can help DMO professionals to identify source markets that likely exhibit fast-growing bednight numbers in EU destinations. In particular, professionals should be aware of countries with GNI per capita that have grown a great deal over the past five years, and countries with GNI per capita on par with or lower than that of the destination, as source markets of these descriptions are likely to display high bednight growth rates. Such markets should be included in subsequent growth-share portfolio analyses in order to properly assess potential to increase a destination's overall market share.

5 CONCLUSION

5.1 Summary and implications for relevant stakeholders

This work employed a portfolio analysis to compare the performance of overseas, non-EU European, and EU27 source markets in various EU27 national-level destinations. A growth-share portfolio analysis for each sample destination allowed for each of the 39 sample source markets to be assigned to one of four market groups of varying favorability. Market favorability is determined according to whether or not the source is helping the destination increase overall market share among the sample of destinations, and whether the source has increased or decreased in terms of the number of bednights contributed to the destination between 2009 and 2013. The importance value of a source (the proportion of bednights the source contributes to the destination overall) serves as a gauge for the immediacy of action; in the case of two source markets exhibiting negative growth rates, the source of a higher importance value will warrant immediate attention while the declining market of small importance may be addressed later.

The results of this study determined that no source market belongs to any one of the four groups for all destinations in the sample. Despite having an average importance value lower than that of the non-EU European and EU27 markets, overseas markets were almost always revealed to be favorable markets for the sample destinations. The high growth rates of these sources between 2009 and 2013 would seem to fuel an argument for exclusive DMO focus on overseas markets, but the growth share matrix analysis defines favorable markets into two distinct groups based on whether or not the market is helping the destination to achieve a higher overall market share. For the Czech Republic and Germany, all overseas markets in the sample are positioned as performing markets signaling that rigorous marketing activities are not altogether necessary in these sources. These destinations may be better served by allocating resources towards marketing activities in those markets with high growth rates yet negative market share index values in order to push these markets into quadrant 1. The same goes for Belgium, Finland, the Netherlands, and Romania where the majority of the sample overseas markets are in performing positions. However, the overseas markets are almost uniformly emerging for the Baltic States, Denmark, Luxembourg, and Spain, signaling that special attention to these markets may be warranted in the case of these destinations. To this is should be added that the overseas markets are not particularly important to the sample destinations; the average importance rate for this group of markets is about 1%, but only the United States has an overall importance value above this. Decreases in bednights from overseas markets, although undesirable, would not be disastrous for the sample destinations. The exception to this is the United States which in many cases reaches substantial importance values of up to 7.75%. It was suggested in the introduction of this work that dependence on overseas tourist sources is not desirable since long-distance travel is associated with negative environmental impacts and the nature of tourists to readily sacrifice long-distance travel in the case of economic downturn. Paired with the relative unimportance

of these markets and the conclusion that in many cases the overseas markets have already reached a level where vigorous marketing activities are not necessary, allocating substantial resources towards increasing bednights from overseas markets is called into question.

The non-EU European markets present an average importance more than twice that of overseas markets with individual importance values reaching as high as 30% in Norway and Russia. However, the high importance of this group of markets is generally limited to Norway, Russia, and Switzerland as Turkey and Ukraine often achieved importance values lower than those of overseas markets. Still, like the overseas markets these sources were revealed to be favorable in the majority of cases, but there appears to be a stronger link between the group membership of these sources and the distance between the source and the destination. Non-EU European source markets tend to qualify as performing markets for the destinations with which the source shares a border. In those destinations located farther away from non-EU European source markets, the markets register as "emerging." Therefore rigorous marketing activities directed towards non-EU European source markets are not as necessary for destinations bordering these sources as they are for destinations isolated from these sources.

The analysis of the non-EU European markets brought the notion of market dependence to the forefront of this study. While high numbers of bednights are positive for destinations, it can be dangerous for a destination when one source market makes up a large percentage of total bednights. It has already been mentioned that in some destinations Russian and Norwegian bednights contribute as much as 30% of total bednights in neighboring destinations. In the case of a crisis that makes it difficult or undesirable for people from these sources to travel, the destinations dependent on those sources risk losing a great deal of their market shares. This danger is made all too real in light of the recent crises in Russia and Ukraine. Destinations lying close to Russian borders would benefit from increases in tourists from other sources in order to make up for current losses in bednights and guard against future fluctuations in demand. Although the danger of such extreme demand fluctuations are not a current concern when it comes to the Norwegian markets, those destinations that are dependent on this source would also be well advised to allocate more resources towards increasing their market shares of their emerging markets.

EU27 markets follow the same trend of sources seeming to have a preference for neighboring destinations; in most cases sources are performing markets for those destinations with which they share a border. When a EU27 source market is not in a performing position for a neighboring destination it is typically the case that the market is in a declining position rather than appearing as an emerging or stagnant market. Dependence of the sample destinations is again an issue of concern in the case of the EU27 source markets. Like the case of Norway, the overdependence of the sample destinations on certain EU27 sources is not currently a major issue as in most cases the most important markets have grown overall during the examined time period, and in the individual sample destinations these high-importance markets appeared in the

emerging and performing quadrants most of the time. Still, there are cases of high-importance markets registering as declining or stagnant in some destinations. However, in no cases did a sample destination lack emerging EU27 source markets , so it would seem that all sample destinations have opportunities to diversify their shares of close markets. As in the case of the non-EU27 European markets, EU27 markets appeared as emerging sources for destinations located farther away from themselves. Managers of the sample destinations have apparent opportunities to increase market shares of more-distant EU markets to performing levels.

The comparison of income indicators for the source markets and the portfolio indicators revealed some significant patterns. These relationships hint at how markets not included in the sample might perform for the sample of destinations. There were significant positive correlations between a market's bednight growth rates in a destination and that market's GNI per capita growth rate in the same period. As no patterns could be found between the strength and direction of the correlation and the geographic positions and GNI per capita of the destinations, increases in income seem to accompany increases in bednights spent in EU destinations in general. Another significant correlation found in most of the sample destinations is the negative correlation between GNI per capita dissimilarity and a market's bednight growth rate. These negative correlations signify that markets grow at faster rates in destinations with incomes higher than their own. The other variable pairings resulted in significant correlations in fewer than half of the sample destinations.

In sum, the overseas markets that are currently the focus of European destination managers are in many cases in positons that require more maintenance strategies rather than vigorous and expensive marketing activities. In those destinations where overseas markets are performing, it may not be desirable to build dependence on these markets while there are closer markets in emerging positions. Non-EU European markets are usually emerging sources in EU destinations located relatively far away from their borders, while in bordering EU destinations these sources are in performing positions but are of such high importance as to make overdependence a concern. As it happens, it is in precisely the destinations close to Russia and dependent on Russian bednights that register overseas markets as emerging sources. Rigorous marketing activities in overseas markets for these destinations may be warranted as a way to spread dependence across a broader portfolio of sources. However, even in the case of these destinations exclusive focus on overseas markets may not be desirable in consideration of the concerns about negative impacts of long-haul travel and the relative inconstancy of long-haul travelers in the face of economic downturn. For every destination in the sample there are EU source markets falling in the emerging quadrant, therefore there are opportunities for all destinations in the sample to encourage growing sources whose travel footprints and variability in the face of economic recession may be of less concern than that of the overseas markets. Given the trend of bordering

countries to be performing sources for the sample destinations, it is advisable for more resources be allocated towards marketing in the usually-emerging EU countries outside of the destination's immediate region.

Based on the significant correlations found between the growth rates of source markets and the income indicators, it can be guessed that source markets outside of this sample with GNI per capita that have been growing at fast rates between 2009 and 2013 are also growing quickly in terms of bednights spent in EU destinations. This validates further investigation into the potential of countries with quickly growing GNI per capita as markets towards which DMO resources should be allocated in hope of further diversifying a destination's source market portfolio. Additionally the correlations found between GNI per capita dissimilarity and bednight growth suggest that DMOs should direct attention to sources with GNI per capita close to that of the destination as these source markets are growing at faster rates than markets with incomes higher than that of the destination.

5.2   Contribution to knowledge

This work compares EU destinations' source markets by three dimensions, thereby adding the depth lacked in previous works and required by modern destination managers. Restriction of the sample to EU destinations only provided more focused results than previous written works meant more to describe portfolio analyses as a useful tool for analysts than to pass on meaningful information to those in positions to make larger-scale decisions. This study also brought past portfolio analysis studies up-to-date by use of the most current data available. Income factors were added in order to extend the usefulness of this study beyond the chosen time period and sample of source markets so that future researchers may be more aware of which sources are likely to be growing at faster rates in terms of bednights contributed to a destination.

5.3   Limitations and future research

This study showed that no two European destinations are completely alike concerning the travel flows of the same 39 sample source markets. Therefore it is a weak assumption that the EU destinations not included in the present sample should have growth-share matrices that look exactly like those constructed for this study. In the same way, the sample source markets cannot be expected to show the exact same patterns in destinations outside of Europe. The results of this study are limited to the sample destinations in the EU, but the insights gained into the relationships between source market importance and proximity to the destination, and between demand growth and income factors may be applicable in other cases.

The present work is merely a jumping-off point for EU DMO professionals meant to shed light on how the main source markets are performing for EU destinations. Professionals in European national and supra national DMOs should do thorough investigations into how best to attract

and maintain those markets determined by this work to be favorable. In particular, research should be done to determine the ability of consumers in the favorable markets to travel, the best channels through which they can be reached, and what destination attributes and messages are most likely to convince these consumers to travel to EU destinations. There should also be research in the area of barriers to travel for consumers in the emerging markets so messages can be immediately broadcasted to emerging sources with fewer barriers while strategies to reduce barriers to travel are devised for sources with factors restricting travel.

In addition, future research in the same area as this thesis should expand the sample of destinations so that if can be determined if markets that are declining or stagnant are growing outside of the EU. If these markets are growing in other destinations, insight could be gained into what destination attributes these markets are attracted to, and assessments can be made as to whether or not EU destinations can regain lost market share. This is especially necessary in cases of source markets declining in destinations where they are highly important. More research of the same nature as this thesis should also be done in the wake of the political and economic crises in the Russian Federation. Research of that vein should concentrate on the effect of the crises on those destinations with particular dependence on the Russian source market, and dig deeper into viable alternative tourist sources for these destinations.

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APPENDICES

Appendix 1: Relative market share index values

Relative Market Share Index Values
based on 2013 overnight stays of non-resident tourists in all types of paid accomodation establishments, raw data from UNWTO

	Belgium	Czech Republic	Denmark	Estonia	Finland	Germany	Latvia	Lithuania	Luxembourg	Netherlands	Poland	Romania	Slovakia	Slovenia	Spain	Sweden
Overseas Markets																
Canada	0.41	0.57	-0.47	-0.60	0.07	0.71	-0.33	-0.61	-0.16	0.57	0.10	0.56	-0.41	-0.10	-0.27	-0.14
USA	0.32	0.47	-0.37	-0.51	0.01	1.24	-0.20	-0.17	-0.27	0.58	0.23	0.69	-0.48	-0.24	-0.42	0.13
Brazil	0.15	0.40	-0.69	-0.72	-0.45	0.96	-0.62	-0.75	-0.48	0.47	-0.42	-0.52	-0.62	-0.36	-0.19	-0.36
China	0.45	0.49	-0.21	-0.56	1.54	1.93	-0.46	-0.51	0.96	0.29	-0.30	0.04	-0.34	-0.37	-0.63	0.75
Japan	0.55	0.47	-0.53	-0.43	3.28	1.29	-0.27	-0.21	-0.51	-0.03	-0.04	0.13	-0.54	0.18	-0.41	-0.14
Korea, Republic of	-0.42	2.80	-0.71	-0.27	0.72	1.22	-0.45	-0.41	-0.62	-0.33	0.51	0.72	2.75	0.74	-0.51	-0.14
Australia	0.24	0.84	-0.34	-0.36	0.78	1.07	-0.03	-0.17	-0.48	0.70	0.09	-0.12	-0.34	0.53	-0.44	0.03
Non-EU European Markets																
Norway	-0.83	-0.69	2.71	-0.23	0.03	-0.57	1.07	-0.08	-0.91	-0.72	0.12	-0.68	-0.82	-0.86	-0.23	7.87
Russian Federation	-0.72	2.90	-0.89	2.53	4.96	-0.20	4.73	4.52	-0.83	-0.97	0.13	-0.57	-0.02	0.37	-0.16	-0.59
Switzerland	-0.50	-0.57	-0.67	-0.82	-0.10	2.24	-0.63	-0.81	-0.35	-0.37	-0.71	-0.52	-0.72	-0.41	-0.31	-0.11
Turkey	0.37	0.91	-0.63	-0.13	-0.19	1.27	1.04	0.87	0.81	0.45	0.35	5.28	-0.12	0.49	-0.53	-0.38
Ukraine	-0.66	2.88	-0.88	0.24	-0.09	-0.16	2.83	3.30	-0.72	-0.66	7.24	0.91	9.48	1.69	-0.56	-0.76
EU27 Markets																
Austria	-0.65	0.32	-0.81	-0.76	-0.42	2.12	-0.46	-0.58	-0.67	-0.62	-0.35	1.18	1.22	7.26	-0.51	-0.48
Belgium	domestic	-0.65	-0.86	-0.88	-0.75	0.24	-0.76	-0.69	4.51	3.05	-0.68	-0.48	-0.75	0.01	-0.16	-0.73
Bulgaria	0.24	0.79	-0.78	-0.42	-0.55	0.96	0.50	0.01	0.07	-0.37	0.65	14.15	1.31	3.12	-0.47	-0.64
Cyprus	1.37	0.11	-0.73	-0.41	-0.48	0.71	1.14	0.85	1.09	0.39	0.20	6.92	1.57	0.52	-0.39	-0.43
Czech Republic	-0.71	domestic	-0.93	-0.71	-0.62	-0.07	-0.58	-0.53	-0.78	-0.80	0.03	0.02	21.74	1.18	0.02	-0.73
Denmark	-0.62	-0.23	domestic	-0.70	-0.27	1.20	-0.35	-0.16	-0.70	-0.52	-0.19	-0.63	-0.69	-0.55	-0.21	3.46
Estonia	-0.59	-0.12	-0.70	domestic	15.37	-0.31	30.35	13.18	-0.36	-0.70	1.05	-0.27	0.26	-0.39	-0.57	1.18
Finland	-0.71	-0.45	-0.37	28.25	domestic	-0.35	2.33	0.81	-0.77	-0.70	-0.29	-0.78	-0.73	-0.43	-0.20	2.05
France	1.33	-0.44	-0.85	-0.79	-0.40	-0.26	-0.70	-0.61	0.53	-0.31	-0.46	0.11	-0.72	-0.54	0.23	-0.63
Germany	-0.45	0.03	-0.58	-0.75	-0.58	domestic	-0.56	-0.29	-0.41	0.89	0.76	-0.26	-0.48	-0.39	0.06	-0.01
Greece	0.58	0.93	-0.64	-0.36	-0.09	1.16	0.42	0.35	0.11	0.13	0.08	11.22	-0.03	0.37	-0.51	-0.29
Hungary	-0.08	1.27	-0.80	-0.47	-0.30	1.17	-0.45	-0.27	-0.30	-0.52	1.18	12.63	5.89	5.35	-0.64	-0.59
Ireland	-0.51	-0.71	-0.90	-0.84	-0.75	-0.65	-0.71	-0.68	-0.67	-0.54	-0.39	-0.63	-0.72	-0.73	0.55	-0.77
Italy	-0.09	0.20	-0.70	-0.58	-0.46	0.38	-0.32	-0.34	-0.43	-0.19	0.06	2.28	-0.30	3.68	-0.08	-0.49
Latvia	-0.44	-0.15	-0.69	20.35	3.09	-0.03	domestic	29.65	-0.55	-0.67	2.63	-0.09	1.01	-0.10	-0.63	0.51
Lithuania	-0.17	0.60	-0.62	8.27	0.82	-0.01	28.56	domestic	-0.76	0.01	4.17	0.02	2.36	0.12	-0.56	0.14
Luxembourg	2.82	-0.86	-0.85	-0.45	-0.62	1.65	-0.76	-0.76	domestic	0.01	-0.81	-0.71	-0.90	-0.80	-0.31	-0.78
Malta	0.77	0.69	-0.33	-0.88	-0.67	0.33	0.25	0.23	1.62	0.16	-0.21	0.38	-0.31	6.85	-0.30	-0.35
Netherlands	2.66	-0.56	-0.41	-0.88	-0.61	1.27	-0.76	-0.82	3.05	domestic	-0.70	-0.57	-0.84	-0.16	-0.21	-0.37
Poland	-0.13	1.45	-0.68	-0.10	-0.31	0.94	0.55	5.09	-0.51	-0.59	domestic	2.04	5.23	0.19	-0.34	0.04
Portugal	0.08	-0.57	-0.86	-0.78	-0.67	-0.45	-0.67	-0.61	0.03	-0.39	-0.52	-0.11	-0.75	-0.65	0.41	-0.74
Romania	0.32	0.69	-0.80	-0.39	-0.42	1.15	-0.37	-0.24	0.12	-0.28	0.47	domestic	2.02	0.97	-0.29	-0.52
Slovakia	-0.55	9.64	-0.81	-0.61	-0.51	0.19	-0.24	-0.40	-0.68	-0.77	1.68	0.91	domestic	1.63	-0.70	-0.64
Slovenia	0.05	1.24	-0.66	-0.16	0.15	1.45	0.01	0.06	-0.21	-0.22	0.46	2.65	5.56	domestic	-0.58	1.00
Spain	2.89	1.22	0.26	-0.43	0.58	1.77	0.45	0.69	0.28	1.27	1.40	2.62	-0.16	0.18	domestic	-0.01
Sweden	-0.64	-0.42	2.73	0.75	3.10	0.11	0.79	-0.21	-0.78	-0.62	0.07	-0.59	-0.73	-0.62	-0.11	domestic
United Kingdom	-0.33	-0.76	-0.83	-0.86	-0.55	-0.59	-0.81	-0.79	-0.71	-0.41	-0.60	-0.68	-0.86	-0.74	0.51	-0.73

Appendix 2: Growth Rates

Growth Rates

based on 2009 & 2013 overnight stays of non-resident tourists in all types of paid accomodation establishments, raw data from UNWTO

	Belgium	Czech Republic	Denmark	Estonia	Finland	Germany	Latvia	Lithuania	Luxembourg	Netherlands	Poland	Romania	Slovakia	Slovenia	Spain	Sweden
Overseas Markets																
Canada	38.54	44.33	60.31	-22.26	4.05	27.03	82.16	27.78	11.26	38.42	33.45	23.52	32.21	30.88	40.08	46.13
USA	24.69	36.83	25.48	60.79	12.19	14.57	74.08	73.50	31.50	17.43	47.45	24.61	42.43	55.67	30.70	27.36
Brazil	127.53	112.85	100.35	151.18	45.37	115.82	230.67	33.61	25.11	108.60	119.18	111.37	95.73	186.03	47.14	157.53
China	78.85	150.29	179.77	259.40	87.28	111.50	272.45	5.09	97.12	42.80	87.52	31.96	134.90	160.33	174.62	94.15
Japan	42.01	17.50	4.26	48.27	53.31	36.25	31.83	28.64	43.65	53.34	32.36	41.74	-13.04	-17.79	34.37	-3.19
Korea, Republic of	89.98	180.03	96.22	362.58	68.18	67.98	311.40	95.19	40.48	60.71	112.95	76.86	21.38	272.21	156.74	69.62
Australia	51.64	67.34	97.51	51.95	29.89	47.86	81.84	31.64	27.53	57.62	69.88	34.72	254.16	34.91	92.28	48.34
Non-EU European Markets																
Norway	40.23	-22.95	14.91	-15.49	16.66	38.51	32.99	83.75	17.25	39.04	78.61	72.09	120.18	20.24	49.07	11.75
Russian Federation	102.62	139.36	108.24	207.47	65.43	116.44	257.14	229.51	58.09	-79.30	106.60	80.42	125.05	112.38	292.17	24.01
Switzerland	46.70	35.69	50.09	55.53	19.65	42.20	18.59	26.46	4.96	44.66	34.12	28.51	37.63	16.95	51.80	32.53
Turkey	68.36	80.38	103.09	120.28	19.72	65.54	60.98	89.12	268.40	100.44	92.13	70.43	129.50	69.57	90.21	65.43
Ukraine	67.97	72.37	62.76	165.71	72.33	102.74	53.02	73.14	333.17	141.53	100.68	34.07	206.88	106.64	274.49	58.22
EU27 Markets																
Austria	18.25	23.10	93.49	4.24	7.78	30.88	29.19	22.59	-1.22	28.45	11.69	6.28	22.60	8.97	33.31	5.72
Belgium	domestic	7.58	44.11	16.00	7.46	14.04	10.05	66.52	19.16	44.54	17.25	23.62	3.12	66.29	17.18	22.81
Bulgaria	14.96	52.72	193.62	-13.04	-35.39	78.71	158.97	39.62	18.46	45.92	40.07	31.96	25.72	10.87	10.44	48.81
Cyprus	28.52	-60.80	-15.69	3.33	-38.91	56.11	24.39	103.00	54.23	17.24	-17.24	0.72	-38.48	54.36	9.31	27.32
Czech Republic	14.52	domestic	19.01	68.76	10.79	49.39	45.09	-35.57	-13.48	47.35	-3.97	31.92	6.66	33.85	249.29	26.70
Denmark	8.79	3.49	domestic	-6.03	-4.93	25.48	29.96	51.10	-25.10	2.97	-9.70	-10.10	26.67	12.24	24.21	-31.80
Estonia	29.97	19.05	28.56	domestic	11.61	44.58	79.05	39.20	168.51	40.74	9.40	129.85	15.86	24.84	38.53	10.74
Finland	17.49	33.18	52.11	19.41	domestic	24.82	-19.91	14.41	29.15	46.61	24.24	-40.21	-13.94	-3.78	23.55	7.68
France	15.09	30.74	37.22	45.84	0.64	25.23	23.17	39.53	14.96	19.33	12.32	10.25	-2.96	17.89	34.57	0.91
Germany	1.81	-3.89	-1.10	36.75	-4.61	domestic	21.22	27.69	23.58	23.65	18.11	13.20	-11.60	19.50	12.67	1.36
Greece	-26.82	-53.01	-20.76	12.00	-50.55	-32.53	25.78	19.49	5.26	-22.42	-22.35	22.62	16.05	-0.32	-28.45	-22.85
Hungary	23.89	22.67	-14.15	89.46	-15.02	59.84	52.98	57.23	35.67	51.77	29.48	22.61	3.62	11.35	11.53	-3.74
Ireland	24.42	-8.97	43.38	34.52	-1.30	-4.47	-29.62	6.33	45.48	-15.02	-2.24	1.16	51.29	-34.66	3.98	10.15
Italy	18.34	-5.56	23.38	33.81	-23.72	12.37	7.18	38.82	26.14	28.85	16.57	26.79	0.18	-7.51	5.06	-25.26
Latvia	69.62	63.77	55.16	53.29	28.14	57.57	domestic	37.29	63.32	71.17	65.77	57.07	46.94	15.49	39.50	-8.07
Lithuania	47.46	17.87	62.58	69.09	19.61	71.74	58.22	domestic	84.11	72.93	6.82	157.01	28.48	98.78	38.51	-9.99
Luxembourg	6.88	-34.27	44.83	9.76	68.41	14.95	-6.04	34.91	domestic	42.65	35.68	24.59	4.12	-20.31	23.44	-1.61
Malta	14.34	193.81	280.33	51.02	-30.46	50.02	291.06	157.87	30.60	-3.61	162.55	34.06	-77.79	56.71	-40.10	67.62
Netherlands	-14.89	-9.09	-17.34	37.15	-6.23	8.66	15.59	63.00	-7.71	domestic	26.36	20.41	-8.63	34.82	16.37	-18.98
Poland	21.71	22.18	1.68	90.69	3.48	84.53	57.55	4.23	45.97	43.71	domestic	174.26	-7.72	31.47	59.84	10.80
Portugal	65.03	-7.77	24.82	6.35	-22.41	15.63	11.20	25.17	23.30	37.93	15.27	30.75	48.41	-1.85	-19.41	-5.23
Romania	25.47	31.98	112.91	301.52	-13.11	89.91	60.43	2.00	80.37	46.67	40.91	domestic	23.28	3.15	29.48	107.34
Slovakia	17.92	53.58	140.48	146.10	23.49	79.03	166.61	71.54	26.97	45.73	44.76	14.78	domestic	37.82	37.34	-30.05
Slovenia	26.13	21.92	84.93	71.84	-11.32	49.20	50.00	52.33	-24.16	42.86	9.98	36.07	51.70	domestic	-7.09	232.20
Spain	17.96	-13.11	-4.86	75.73	7.57	15.20	40.42	70.75	24.08	5.88	32.90	24.50	1.93	7.87	domestic	-24.22
Sweden	10.37	29.71	-49.85	0.83	7.57	25.95	1.63	27.11	5.95	49.86	20.64	42.84	13.18	17.57	-9.15	domestic
United Kingdom	10.97	-4.77	40.28	27.35	-2.09	32.56	11.51	74.29	14.13	17.56	11.29	24.76	9.70	5.52	23.42	0.89

Appendix 3: Importance Values

Importance Values

based on 2013 overnight stays of non-resident tourists in all types of paid accomodation establishments, raw data from UNWTO

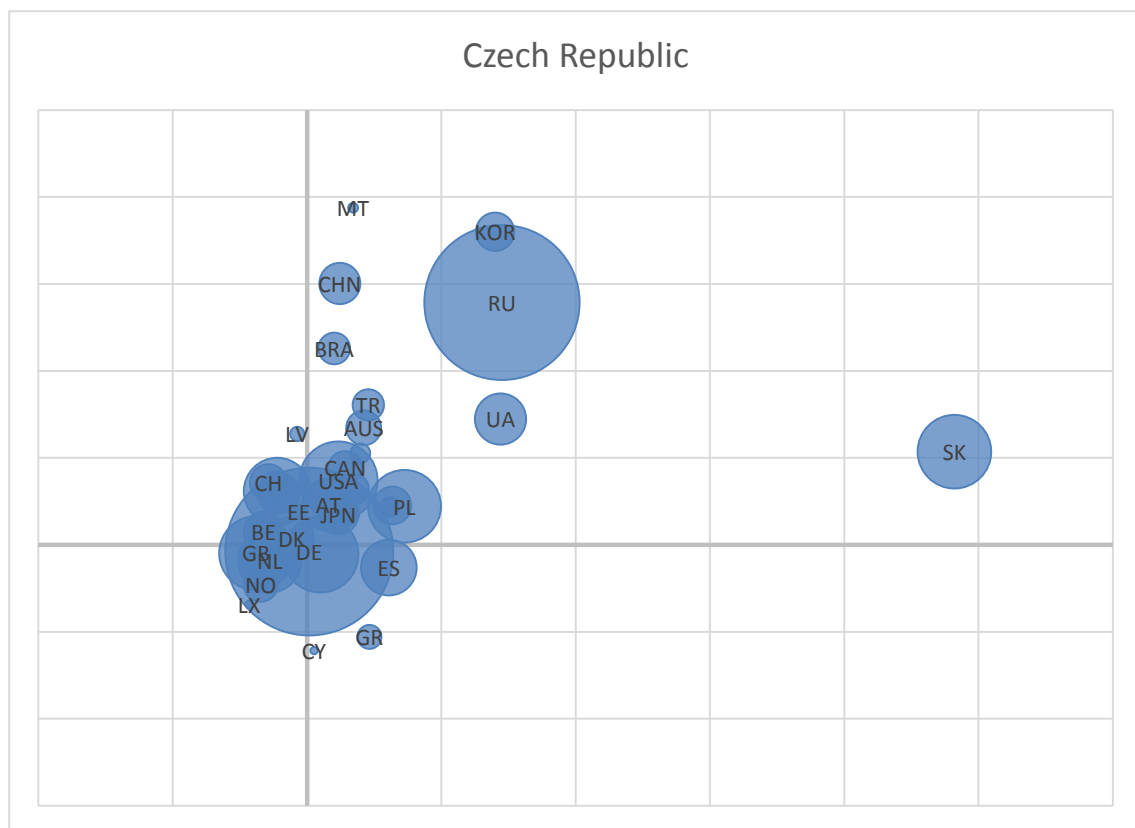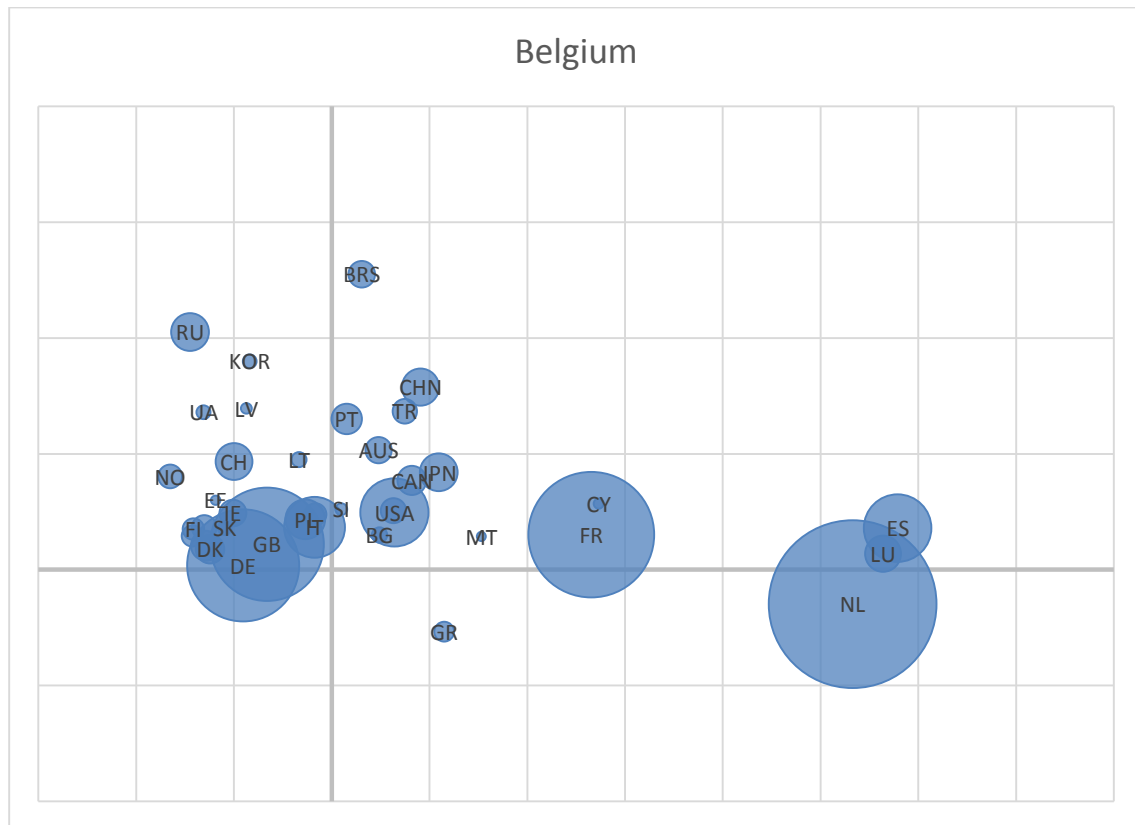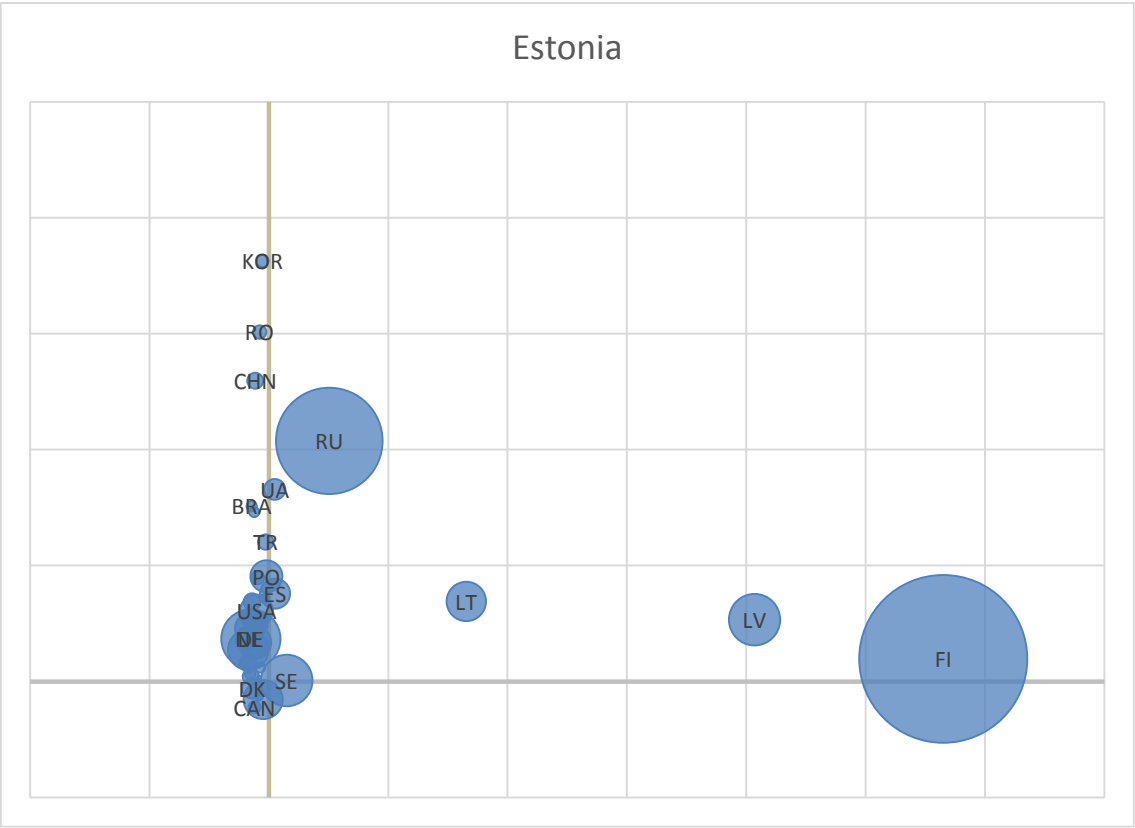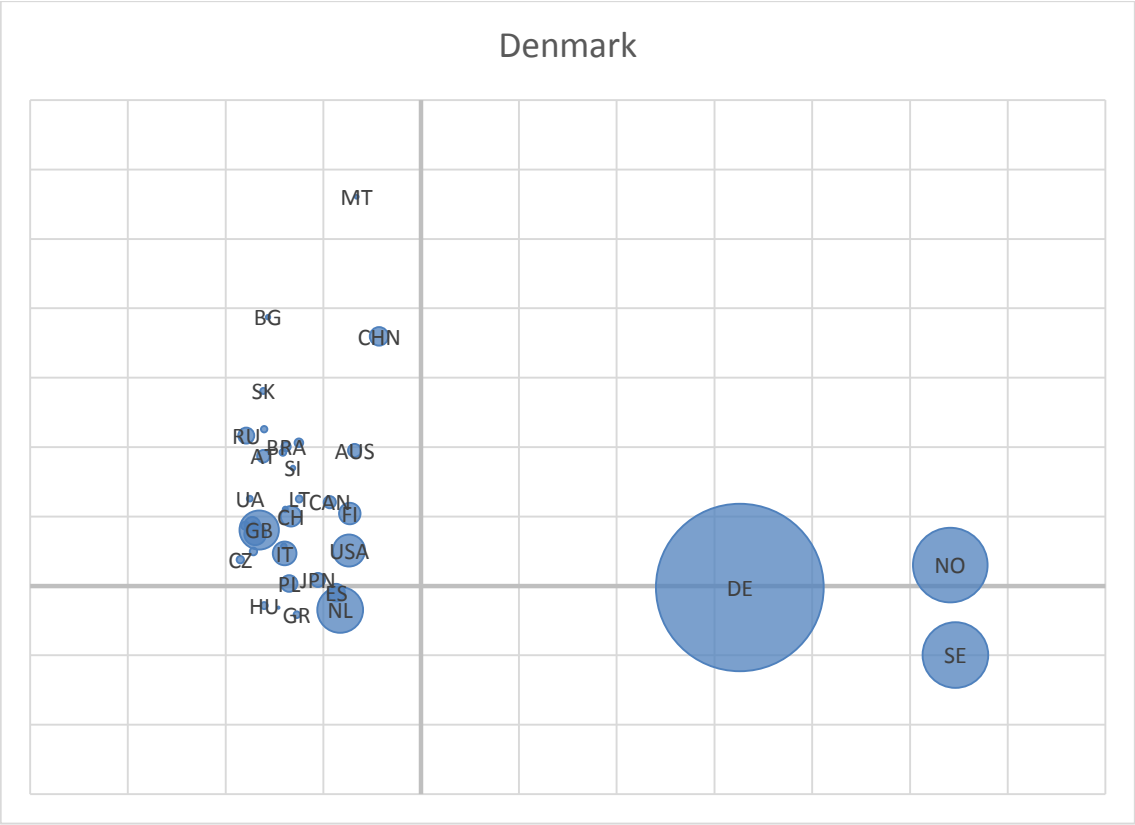|	Belgium	Czech Republic	Denmark	Estonia	Finland	Germany	Latvia	Lithuania	Luxem-bourg	Nether-lands	Poland	Romania	Slovakia	Slovenia	Spain	Sweden
Overseas Markets																
Canada	0.83	0.92	0.31	0.24	0.63	1.00	0.39	0.23	0.49	0.92	0.65	0.91	0.35	0.53	0.43	0.50
USA	4.57	5.07	2.18	1.69	3.50	7.75	2.77	2.87	2.52	5.46	4.26	5.86	1.79	2.62	1.99	3.93
Brazil	0.68	0.83	0.18	0.17	0.32	1.15	0.23	0.15	0.31	0.87	0.34	0.28	0.23	0.38	0.48	0.38
China	1.36	1.39	0.73	0.41	2.37	2.73	0.50	0.45	1.83	1.20	0.65	0.97	0.62	0.59	0.35	1.64
Japan	1.39	1.32	0.43	0.51	3.85	2.06	0.66	0.71	0.45	0.87	0.87	1.01	0.42	1.07	0.53	0.78
Korea, Republic of	0.18	1.21	0.09	0.23	0.55	0.71	0.18	0.19	0.12	0.21	0.48	0.55	1.19	0.55	0.16	0.27
Australia	0.67	1.00	0.36	0.35	0.97	1.13	0.53	0.45	0.28	0.92	0.59	0.48	0.36	0.83	0.30	0.56
Non-EU European Markets																
Norway	0.55	0.98	11.73	2.42	3.26	1.36	6.55	2.90	0.28	0.88	3.54	1.02	0.57	0.45	2.44	28.07
Russian Federation	1.40	19.87	0.54	17.99	30.32	4.09	29.17	28.12	0.87	0.15	5.75	2.19	4.99	6.98	4.29	2.08
Switzerland	1.33	1.13	0.89	0.47	2.41	8.64	0.99	0.51	1.72	1.67	0.77	1.27	0.73	1.58	1.83	2.36
Turkey	0.58	0.81	0.16	0.37	0.34	0.97	0.87	0.80	0.77	0.62	0.58	2.67	0.38	0.63	0.20	0.26
Ukraine	0.19	2.18	0.07	0.70	0.51	0.47	2.15	2.42	0.15	0.19	4.64	1.07	5.89	1.51	0.25	0.14
EU27 Markets																
Austria	0.59	2.24	0.33	0.41	0.99	5.31	0.92	0.71	0.57	0.65	1.10	3.70	3.78	14.03	0.84	0.89
Belgium	domestic	1.30	0.50	0.44	0.92	4.56	0.89	1.14	20.25	14.88	1.19	1.91	0.92	3.71	3.10	1.01
Bulgaria	0.23	0.33	0.04	0.11	0.08	0.36	0.27	0.18	0.20	0.12	0.30	2.75	0.42	0.75	0.10	0.06
Cyprus	0.10	0.05	0.01	0.02	0.02	0.07	0.09	0.08	0.09	0.06	0.05	0.33	0.11	0.06	0.03	0.02
Czech Republic	0.44	domestic	0.11	0.45	0.58	1.43	0.65	0.73	0.33	0.30	1.57	1.56	34.89	3.34	1.56	0.41
Denmark	0.80	1.63	domestic	0.64	1.56	4.67	1.38	1.78	0.63	1.01	1.72	0.78	0.66	0.96	1.68	9.45
Estonia	0.09	0.19	0.06	domestic	3.50	0.15	6.71	3.04	0.14	0.06	0.44	0.16	0.27	0.13	0.09	0.47
Finland	0.45	0.84	0.97	44.79	domestic	0.99	5.10	2.77	0.36	0.45	1.08	0.34	0.41	0.87	1.22	4.67
France	15.47	3.71	1.00	1.39	4.01	4.95	2.02	2.60	10.17	4.60	3.57	7.39	1.85	3.09	8.19	2.44
Germany	12.31	23.28	59.25	5.59	9.39	domestic	9.94	16.08	13.27	42.61	39.67	16.71	11.73	13.85	23.91	22.38
Greece	0.39	0.47	0.09	0.16	0.22	0.53	0.35	0.33	0.27	0.28	0.26	3.01	0.24	0.34	0.12	0.18
Hungary	0.47	1.18	0.10	0.27	0.36	1.12	0.28	0.38	0.36	0.25	1.13	7.06	3.57	3.29	0.19	0.21
Ireland	0.70	0.41	0.14	0.22	0.35	0.50	0.41	0.45	0.47	0.65	0.87	0.53	0.40	0.38	2.19	0.32
Italy	3.63	4.78	1.20	1.66	2.16	5.49	2.69	2.64	2.25	3.23	4.21	13.08	2.79	18.63	3.68	2.03
Latvia	0.11	0.17	0.10	4.19	0.80	0.19	domestic	6.01	0.09	0.06	0.71	0.18	0.39	0.18	0.07	0.30
Lithuania	0.22	0.43	0.10	2.48	0.49	0.26	7.92	domestic	0.13	0.08	1.39	0.27	0.90	0.30	0.12	0.31
Luxembourg	1.27	0.05	0.05	0.05	0.13	0.88	0.08	0.08	domestic	0.34	0.06	0.10	0.03	0.07	0.23	0.07
Malta	0.08	0.08	0.03	0.03	0.02	0.06	0.06	0.06	0.12	0.05	0.04	0.06	0.03	0.37	0.03	0.03
Netherlands	27.57	3.34	4.41	0.90	2.97	17.05	1.84	1.37	30.48	domestic	2.25	3.21	1.22	6.31	5.92	4.76
Poland	1.55	4.38	0.58	1.61	1.24	3.47	2.76	10.88	0.88	0.73	domestic	5.43	11.13	2.12	1.18	1.87
Portugal	0.91	0.37	0.12	0.18	0.27	0.47	0.27	0.33	0.87	0.51	0.41	0.75	0.21	0.30	1.19	0.22
Romania	0.62	0.79	0.09	0.29	0.27	1.00	0.29	0.36	0.52	0.34	0.69	domestic	1.41	0.92	0.33	0.22
Slovakia	0.19	4.47	0.08	0.16	0.20	0.50	0.32	0.25	0.13	0.10	1.12	0.80	domestic	1.10	0.13	0.15
Slovenia	0.14	0.30	0.05	0.11	0.15	0.33	0.13	0.14	0.11	0.11	0.20	0.49	0.88	domestic	0.06	0.27
Spain	4.47	2.55	2.55	1.45	1.81	3.18	1.66	1.94	1.47	2.60	2.76	4.15	0.97	1.35	domestic	1.13
Sweden	0.86	1.40	9.05	4.23	9.94	2.70	4.34	1.92	0.53	0.92	2.58	1.00	0.64	0.92	2.15	domestic
United Kingdom	12.60	4.56	3.24	2.64	8.51	7.73	3.63	3.96	5.51	11.04	7.51	5.94	2.63	4.91	28.45	5.17

Appendix 4: Market Group Membership

Growth-Share Matrix Group Membership

Market Types: 1= performing, 2= emerging, 3= declining, 4= stagnant

based on 2009 & 2013 overnight stays of non-resident tourists in all types of paid accomodation establishments, raw data from UNWTO

	Belgium	Czech Republic	Denmark	Estonia	Finland	Germany	Latvia	Lithuania	Luxem-bourg	Nether-lands	Poland	Romania	Slovakia	Slovenia	Spain	Sweden
Overseas Markets																
Canada	1	1	1	2	4	1	1	2	2	2	1	1	1	2	2	2
USA	1	1	1	2	2	1	1	2	2	2	1	1	1	2	2	1
Brazil	1	1	1	2	2	2	1	2	2	2	2	2	2	2	2	2
China	1	1	1	2	2	1	1	2	2	1	2	1	1	2	2	1
Japan	1	1	1	2	2	1	1	2	2	2	2	1	4	4	3	4
Korea, Republic of	2	1	1	2	2	1	1	2	2	2	1	1	1	1	1	2
Australia	1	1	1	2	2	1	1	2	2	2	1	2	2	2	1	2
Non-EU European Markets																
Norway	2	4	1	4	1	1	2	2	2	2	1	2	2	2	2	2
Russian Federation	2	1	2	1	1	2	1	2	4	1	2	2	1	1	2
Switzerland	2	2	2	2	2	1	2	2	2	2	2	2	2	2	2
Turkey	1	1	2	2	1	1	1	1	1	1	1	2	1	2
Ukraine	2	1	2	2	2	2	1	1	2	2	1	1	1	2
EU27 Markets																
Austria	2	2	1	2	2	1	2	2	4	2	2	1	1	1	2
Belgium	domestic	2	2	2	2	1	1	2	1	2	2	2	2	1	2
Bulgaria	1	1	2	4	1	1	1	1	1	1	1	1	1	2
Cyprus	1	3	4	2	4	1	1	1	1	3	3	3	1	2
Czech Republic	2 domestic	2	2	2	2	2	4	4	3	3	1	1	1	1
Denmark	2	2 domestic	4	4	4	2	2	4	4	4	2	1	2	2	3
Estonia	2	2	2 domestic	1 domestic	1	2	1	2	2	1	2	1	1	2	1
Finland	2	2	2	1 domestic	2	2	1	2	2	2	4	4	2	4	1
France	1	2	2	2	2	2	3	2	2	2	2	4	4	2	2
Germany	2	3	3	2	4 domestic	2	2	2	1	1	1	2	1	2	1
Greece	3	4	4	4	3	1	2	1	3	3	3	2	3	4
Hungary	2	1	4	2	4	1	2	2	2	2	1	1	1	1	2
Ireland	2	4	2	4	4	4	2	4	4	4	4	2	2	4	1
Italy	2	3	2	4	4	1	2	2	2	2	1	1	2	3	2
Latvia	2	2	2	1	1	1	2 domestic	2	2	1	1	1	1	2	2
Lithuania	1	1	1	2	1	2	1 domestic	2	2	1	1	1	1	2	2
Luxembourg	4	1	4	2	2	1	2	2 domestic	1	2	2	2	4	4	2
Malta	1	1	2	2	4	1	1	1	3	3	2	1	4	1	4
Netherlands	3	4	2	4	4	1	2	2	3 domestic	2	2	2	4	2	2
Poland	2	1	2	2	2	1	2	1	2	2 domestic	1	1	3	1	2
Portugal	1	4	2	2	4	2	2	2	1	2 domestic	2	2	2	4	4
Romania	1	1	2	2	4	1	2	2	1	2	1 domestic	2	1	1	2
Slovakia	2	1	2	2	2	1	2	2	2	2	1	1 domestic	4	1	4
Slovenia	1	1	2	2	1	1	1	1	4	1	1	1	1 domestic	4	1
Spain	1	3	4	1	3	1	1	1	1	1	1	1	2	2	1 domestic	2
Sweden	2	2	3	1	1	1	1	2	2	2	2	2	2	2	2	4 domestic
United Kingdom	2	4	2	2	4	2	2	2	2	2	2	2	2	2	2	1

Appendix 5: Neighbor definitions

Markets	Belgium	Czech Republic	Denmark	Estonia	Finland	Germany	Latvia	Lithuania	Luxembourg	Netherlands	Poland	Romania	Slovakia	Slovenia	Spain	Sweden
Austria		X				X							X	X		
Belgium						X			X	X						
Bulgaria												X				
Cyprus																
Czech Republic						X					X		X			
Denmark						X										X
Estonia					X		X									
Finland				X												X
France	X					X			X						X	
Germany	X	X	X						X	X	X					
Greece																
Hungary												X	X	X		
Ireland																
Italy														X		
Latvia				X				X								
Lithuania							X				X					
Luxembourg						X										
Malta																
Netherlands	X					X										
Norway			X		X											X
Poland		X				X		X					X			
Portugal															X	
Romania																
Russian Fed.				X	X		X									
Slovakia		X									X					
Slovenia																
Spain																
Sweden			X		X											
Switzerland						X										
Turkey																
Ukraine												X	X	X		
United Kingdom	X															

Appendix 6: Growth-Share Matrices

Belgium

Czech Republic

Denmark

Estonia

Finland

Germany

Latvia

Lithuania

Luxembourg

Netherlands

Poland

Romania

Slovakia

Slovenia

Spain

Sweden