

# The European market potential for community-based tourism

Community-based tourism (CBT) is a niche market in which the community benefits directly from tourism revenues. European travellers increasingly aim to travel responsibly and seek unique experiences. Germany, the Netherlands and the United Kingdom are the main markets. For you as a developing country tourism entrepreneur, community-based tourism offers many opportunities when letting travellers experience everyday life in your village. But despite the positive prospects, the CBT market is not the easiest one to step into, as it requires many skills, both related to tourism and to management and organisation.

## Contents of this page

1. [Product description](#)
2. [What makes Europe an interesting market for community-based tourism?](#)
3. [Which European countries offer most opportunities for community-based tourism?](#)
4. [What trends offer opportunities on the European community-based tourism market?](#)

## 1. Product description

Community-based tourism (CBT) refers to tourism experiences hosted and managed by local communities which generate direct economic benefits and are sustainable and responsible. CBT initiatives are managed and/or owned by the community and are for the community. Their purpose is for visitors to learn about the local culture and way of life. This form of tourism enables communities to set up their own small-scale self-managed business. A goal of community-based tourism is to achieve sustainable social, cultural, environmental and economic development in order to improve the living conditions of local people without damaging the environment. Some of the diverse benefits that community-based tourism offers communities are:

- enabling quality job creation (coordinator, local tour guide, homestay family, food department, craftsmanship, sales)
- generating local economic development
- helping eco-friendly tourism development
- enabling community empowerment
- preserving the traditional values of the local community.

Community-based tourism initiatives are usually started by an external organisation (like an NGO) or the community itself, but it could be any individual or group. SNV is an organisation that sets up lots of CBT projects. Besides initiating CBT projects, they also offer [a toolkit for managing community-based tourism](#), to provide readers with the know-how to set up and run a programme for a community-based tourism project.

For community-based tourism to be successful, the following three criteria must be met.

- The community needs to be given training to be well prepared, since it will have a big impact on the community.
- Community members need to have the final authority.
- And finally, it has to create benefits for the community. An example is a school funded by part of the tourism profits, but it could also involve multiple entrepreneurs working together (such as guides, craftsmen, restaurants and farmers showing their work, and fishermen teaching tourists how to fish), with everyone benefiting.

Although community-based tourism can involve many elements, generally speaking there are four main categories, defined according to their length of stay and activity:

- stand-alone experiences (couple of hours, up to an entire day)
- experiences with homestay (1-3 nights)

- a tour involving multiple CBT experiences (7-14 nights)
- CBT volunteering (any duration).

Community-based tourism is related to [cultural tourism](#), [nature tourism](#) and [adventure tourism](#).

### Tips:

Start by setting up various small daily activities and try to combine these into a tour. As there are a lot of small activities within a community which only last a relatively short time, it is easier to set this up separately than creating one big activity. [Koh Pdao community development tour](#) is a good example of combining multiple experiences and homestays in a single programme.

Check your business ideas with local tour operators to select the best ones. Then turn these into packageable services. This way you can save a lot of time and avoid developing unfeasible services.

Don't start right away with setting up a homestay but let the visitors return to their hotel after their experience. The demands made on an overnight stay are very high, as tourists are used to a certain standard of comfort, safety and cleanliness. Have a look at the [homestay standards set by ASEAN](#) if you're interested in setting up a homestay.

Remember there is a big difference in the degree of 'reality' tourists are seeking. For most European travellers a day visit is enough, as they would rather return to their hotel afterwards.

Figure 1: Community members of [Inlé Lake in Birma](#) show their unique way of living.



Source: [Wikimedia Commons](#)

In part, community-based tourism originates from the fact that many tourists now want to travel like locals, and to immerse themselves in the culture, traditions and language of a place. As more and more people grow tired

of resorts and standard holidays, there has been a shift towards wanting to see the 'real' side of the destinations they visit. In addition, there is a growing concern about the sustainability of the trips people take. This has resulted in tourists wanting to bring welfare to a local community without harming it.

Based on age, there are three main target groups for community-based tourism: baby boomers, Gen X individuals and [millennials](#).

### **Baby boomers (born 1945-1965)**

Baby boomers are the largest target group for community-based tourism. Travellers that belong to this group are looking for the trip of a lifetime and are mostly willing to pay for it. They are well-educated, travel frequently, have a good budget for travel and often like to combine authenticity with luxury. They usually travel as couples or in small groups.

### **Gen X (born 1965-1980)**

They are looking for authenticity, but are more price-conscious. Their main motivation is to see how other people live and to give something back. They are generally well-educated and well-travelled, but because most of them have full-time jobs, they have less time than baby boomers. They usually travel as couples or as a family.

### **Millennials (born 1980-1995)**

Their goals when travelling and engaging in community-based tourism are to learn new things, develop themselves on a personal level and support the local communities they visit. They are also well-educated, but since many millennials are students or are on a gap year, they have the smallest budgets of the three groups. They usually travel solo or in groups.

CBT tourists share many of the features of [adventure tourists](#) and [free independent travellers](#), but a key motivation is the feel-good factor of an immersive [cultural experience](#) and making a difference to local lives. Therefore, these travellers are willing to pay more for the experience, especially when this contributes to the local community.

#### **Tips:**

Include activities for kids, since Gen X and Y travellers often travel with their family. Teach the children about the way the children in the community they are visiting play, for example by teaching them some of the games that are used in your area.

The success of a tour intended for tourists really depends on having a good English-speaking guide, since tourists will want to chat with the guide throughout the tour. The guide also needs to be a very good translator so that the tourists can talk with the locals. The guide doesn't have to be 'officially trained' but does need to be fun, charismatic and authentic.

When targeting baby-boomers, make sure you supply sufficient comfort.

Choose villages which are located close to tourism destinations, or at least not too far from established tourism routes. Because European tourists tend to have little time, they want to travel efficiently. Other criteria for identifying good CBT destinations are active support from the government, local people who are willing to participate, and the availability of basic features like running water and suitable toilets.

Search for potential in interesting, fun and safe activities within the local community. This can involve very simple and everyday tasks, since these practices will be mostly unknown to tourists. Examples of activities include talking to local residents, experiencing working in the fields for half an hour, tasting local food, a lunch in the countryside, fishing, watching products being made and many more activities like these.

## 2. What makes Europe an interesting market for community-based tourism?

Europe offers a big community-based tourism source market on a global level. According to IPSOS, a market research company, European travellers' willingness to enjoy homestays is basically the same as of travellers from the USA (27% versus 28%). Two out of three Europeans try to [support local businesses and the local population](#). Europeans also tend to spend a lot of money: on average about €2,000 for their summer holiday. For long-haul destinations, this will be even more. Furthermore, [a recent study held among travellers visiting the region of Yogyakarta in Indonesia](#) showed they had longer stays than travellers from other parts of the world.

For European travellers, South East Asia is the main destination for community-based tourism. This mainly has to do with safety issues. In general, Asia is considered to be a lot safer than South America and Africa. However, this also means that competition in this market is a lot stronger.

We expect the CBT segment to increase slightly in the long term, by about 5% per year. However, with the coronavirus pandemic preventing the whole world from travelling, every tourism sector is seeing a serious decline in customers, including community-based tourism. More up-to-date information on how source countries are being struck by the coronavirus crisis and which policy applies in European countries can be found in the [CBI's article about the novel coronavirus for the tourism sector](#).

### Tips:

Make sure your visitors are safe, especially when organising homestays in Africa. Read [our study on how to manage risk in tourism](#).

Learn how to develop and market community-based tourism from ITC and CBI's [CBT manual 'Fresh from this field'](#).

Make sure you have a waste management system that is eco-friendly. As the European tourist is very focused on sustainability and preserving the environment, your organisation will benefit from sharing this outlook and being able to show how you act on it.

## 3. Which European countries offer most opportunities for community-based tourism?

The United Kingdom, the Netherlands and Germany have the highest demand for community-based tourism. Many travellers from these countries feel it as important to leave the beaten track and learn about new cultures. In these countries, the competition is also the strongest. France, Spain and Italy then follow in demand. Eastern European markets (like Poland and the Czech Republic) might be easiest to access, because their CBT markets are far less mature.

In this section we will discuss the main six markets. More information on Eastern European markets can be found in our study on [Eastern European tourism markets](#).

### Germany

With around 82 million inhabitants, Germany is the largest country in the EU in terms of population. Germany is also by far the largest economy in the EU and the fourth-largest economy in the world, with a gross domestic

product (GDP) of €3.3 trillion (their average earnings per year give a per capita income of around €50 thousand). Due to the coronavirus crisis, the German GDP is [expected to shrink](#) by 7% in 2020, although this is predicted to rise by 5% in 2021.

In 2017, 10 million Germans travelled to developing countries. [According to IPSOS](#), German travellers find discovering new cultures to be very important, as 37% sees exploring new cultures as an interesting aspect of their holiday. On average, they spend €2,500 on their summer holiday, which is about 25% above the European average.

Table 1: Long-haul destinations for German travellers in 2017

Destination	Percentage of long-haul trips
South East Asia	18%
North America	23%
Caribbean	11%
Africa	14%
Latin America	11%
India	8%
Middle East	5%
China	4%
Australia and New Zealand	6%

Source: [Reiseanalyse](#), 2020

When attracting German tourists, you need to offer sufficient information. They tend to read a lot before visiting a place. Like most Europeans, they are direct in their communication, and are well known for their love of organisation and punctuality.

Table 2: Key statistics of the attitude of the Germans towards tourism

Most popular type of accommodation	<p>If under 13 nights: paid commercial accommodation such as hotel, B&amp;B, cruise, youth hostel, etc. (54%)</p> <p>If 4-13 nights: paid commercial accommodation (47%)</p>
------------------------------------	--



Most frequent type of holiday	If under 13 nights: tourist services purchased separately (44%) If 4-13 nights: tourist services purchased separately (44%)
Most popular booking method	Online commercial services excl. private housing offered by individuals (28%) Through someone I know (26%) Over-the-counter at a travel agency (27%) Online commercial services – private housing offered by individuals (23%)
Most important reasons to return to the destination	Natural features such as landscape, weather conditions (44%) Quality of accommodation (33%) Cultural and historical attractions (13%)
Most important information sources for decision making	Recommendations by friends/colleagues/relatives (44%) Personal experience (39%)
Region of residence	Rural area or village (41%) Small or middle-sized town (40%) Large town (18%)

Source: [EU, 2016](#)

## The United Kingdom

With a population of 66 million and a gross domestic product of €2.3 trillion, the United Kingdom is the fifth-largest economy in the world and the second largest in Europe. With a per capita income of €44 thousand, the British have less to spend than the Germans do, for example. Due to the coronavirus crisis, the British GDP is [expected to shrink](#) by 6.5% in 2020, although a 4.7% rise is predicted for 2021. On 1 February 2020, the UK left the European Union. This is causing a lot of uncertainty, as they are still in a transition period with the EU until 31 December 2020. During this period, virtually nothing will change. However, it is still unclear what will happen after 2020.

Although the British economy is smaller than Germany's, the British have a stronger preference for visiting developing countries. British travellers [find discovering new cultures very important](#), as 52% see exploring new cultures as an interesting aspect of their holiday. On average, they spend €2,100 on their summer holiday. Trips to Turkey (1.6 million trips), Thailand (1.0 million) and India (1.0 million) are the [most important developing country destinations](#). The British tend to only speak English and no other language.

Table 3: Key statistics of the attitude of the British towards tourism

Most popular type of accommodation	If under 13 nights: paid commercial accommodation such as hotel, B&B, cruise, youth hostel, etc. (53%) If 4-13 nights: paid commercial accommodation (57%)
Most frequent type of holiday	If under 13 nights: tourist services purchased separately (48%) If 4-13 nights: tourist services purchased separately (50%)
Most popular booking method	Online commercial services such as tour operators and airlines excl. private housing offered by individuals (51%)
Most important reasons to return to the destination	Natural features such as landscape, weather conditions (20%) Quality of accommodation (20%) Cultural and historical attractions (14%)
Most important information sources for decision making	Recommendations by friends/colleagues/relatives (56%) Websites collecting and presenting comments, reviews and ratings from travellers (37%)

Source: [EU, 2016](#)

## Netherlands

Tourists from the Netherlands show the highest willingness to travel to developing countries per capita. Based on UNWTO data, in 2017 almost one out of every five trips (18.3%) had a developing country destination. The Netherlands has a relatively large group of 'diehard CBT travellers'. These travellers are looking for a genuine cultural experience. They want to 'live like a local' as much as possible and do not mind the discomfort this may cause them. In fact, too much comfort may give them the impression that the experience is not authentic. Sustainable and ethical tourism is very important to them. With a per capita income of around €50 thousand, the Netherlands is one of the richest countries in Europe. Due to the coronavirus pandemic, the Dutch GDP is [expected to shrink](#) by 7.5% in 2020, and recover by 3% in 2021.

Most Dutch prefer to purchase the services and put together their long holidays (over 13 days) themselves (61%). Most holidays are booked online via commercial services such as tour operators, airline companies, etc. (44%). The most preferred accommodation during long holidays is paid commercial accommodation such as hotel, B&B, cruise, or youth hostel (55%). The decision-making process is mainly informed by recommendations by friends, colleagues or relatives (47%).

Table 4: Key statistics of the attitude of the Dutch towards tourism

Most popular type of accommodation	<p>If under 13 nights: paid commercial accommodation such as hotel, B&amp;B, cruise, youth hostel, etc. (37%) or a camp site such as tent, motorhome, caravan or holiday village (34%)</p> <p>If 4-13 nights: paid commercial accommodation (53%)</p>
Most frequent type of holiday	<p>If under 13 nights: package travel excl. all-inclusive (61%)</p> <p>If 4-13 nights: package travel excl. all-inclusive (58%)</p>
Most popular destination regions with developing countries	<p>Asia and Oceania (5%)</p> <p>Caribbean and Central or South America (4%)</p> <p>North Africa and the Middle East (3%)</p>
Most popular booking method	<p>Online commercial services such as tour operators, airlines (44%)</p> <p>Online commercial services – private housing individuals (27%)</p>
Most important reasons to return to the destination	<p>Natural features such as landscape, weather conditions (53%)</p> <p>Quality of accommodation (32%)</p> <p>Cultural and historical attractions (31%)</p>
Most important primary reasons to return to the destination	<p>Natural features such as landscape, weather conditions (34%)</p> <p>Quality of accommodation (14%)</p> <p>Cultural and historical attractions (11%)</p>
Most important information sources for decision making	<p>Recommendations by friends/colleagues/relatives (47%)</p> <p>Websites collecting and presenting comments, reviews and ratings from travellers (46%)</p> <p>Personal experience (29%)</p> <p>Websites run by service provider or by destination (26%)</p>
Region of residence	<p>Rural area or village (43%)</p> <p>Small or middle-sized town (34%)</p> <p>Large town (23%)</p>



## France

France has the third largest population in the EU, with about 65 million inhabitants. It is also the EU's third-largest economy and the seventh-largest economy in the world. Its gross domestic product is €2.5 trillion (2019). Due to the coronavirus pandemic, the French GDP is [expected to shrink](#) by 7.2% in 2020, but recover by 4.5% in 2021. Many French only speak French, so it is very important to communicate in French if you wish to target this market. The French have a relatively high preference for homestays, as [according to IPSOS](#) 31% see this as an interesting activity during holidays.

Whether it is a holiday longer than 13 nights or one that is shorter, packages holidays (excluding all-inclusive packages) are the most preferred holiday deal (46% and 45% respectively). So it might not come as a surprise that most holidays are purchased online, via providers such as tour operators or airlines (33%), or via websites concerning private housing (25%). The French prefer to spend their holidays with friends or relatives (long holidays 27%, short holidays 35%) or in paid accommodation such as a hotel, B&B, cruise or youth hostel. Friends, colleagues and relatives are the most important source of information when the French plan for their holidays (57%).

## Spain

Spain has a population of 47 million and a per capita income of €31 thousand. Due to the coronavirus pandemic, the Spanish GDP is [expected to shrink](#) by 8% in 2020, but to recover by 4.3% in 2021. Spanish tend to prefer culture to nature, which is an important aspect when offering community-based tourism on the Spanish market. Some 56% of Spanish tourists see [discovering new cultures](#) as an important aspect of their holiday. For many Spanish tourists, it is very important that information is offered in Spanish. The Spanish also have a relatively [strong interest in homestays](#), as according to IPSOS 22% see this as an interesting activity during holidays.

## Italy

Italy has a population of 60 million and a per capita income of €30 thousand. Like the Spanish, they prefer culture to nature. The Italians have a relatively [high preference for discovering new cultures](#), as according to IPSOS 34% sees this as an interesting activity during holidays. Italians have the tendency not to plan too far ahead.

### Tips:

Either target tour operators in your own country, who have access to European tour operators, or target the smaller tour operators in Europe directly. Smaller tour operators are usually more accessible than the bigger tour operators.

If you focus on free independent travellers in southern European countries, target these tourists in their own language.

Focus on Germany or the UK if you want to enter the largest European CBT market.

Study your target markets. Update your knowledge by analysing statistics, for example, on the [German holiday market](#) and the [British holiday market](#).

## 4. What trends offer opportunities on the European community-based tourism market?

### Shifting from activities to experiences

Tourists engaging in community-based tourism increasingly want a truly authentic experience, where in the past they mainly aimed for activities like hiking or canoeing. It is important for them to do something unique and

learn about a different way of life. This means that such tourists actually want to engage with and participate in the local community by, for example, eating with the locals or helping to harvest food.

### Tip:

Keep it simple. Tourists will not know how ordinary things work in your village, so involve them in the simple activities of daily life. For example, this could be catching crabs or planting crops, but also could be showing them how a water well works. A great example of a complete experience is this [special island in Indonesia](#). The tourists are taken to a remote island to join the local community for a few days.

## Growing diversity in community-based tourism

Ten years ago, there were only a limited number of options for community-based tourism. Nowadays there are many different possibilities to enjoy it and the diversity of offers is continuing to grow, especially in Asia. With this in mind, entrepreneurs must dare to distinguish themselves. This can be at the level of activities (like fishing versus hiking), or could concern the length of the stay (a one-hour visit versus a homestay lasting several days). Even though community-based tourism is generally seen as participating in a single community, it does not need to be organised in just one community. For example, [The Great Himalaya Trials](#) offers guided hikes and places to sleep throughout Nepal. The goal of this is to provide hikers a place to stay during their hike, while at the same time creating benefits for local communities that live alongside the trail.

There are two main reasons for the growing diversity of CBT projects. First, there is an increasing demand for unique experiences, for the possibility of personal growth by learning from other cultures, and for travelling sustainably. Due to community-based tourism, European travellers feel they can enhance their personal growth. Second, the number of successful CBT projects has increased, which lays a foundation for new projects but also increases the need to diversify to avoid competition.

### Tip:

Don't limit yourself to the things that already exist and try something new and unique. Look at how other communities are using their own special rituals and customs, and use that as inspiration for your own product. Look at [Localalike](#) for some examples of existing CBT experiences and tours.

## Community-based tourism is becoming more commonplace

The CBT segment is considered less and less a niche and is becoming more commonplace. Although only very few tourists spend their entire holiday on CBT activities, these are regularly added to packaged holidays. This means that the experiences are becoming easier to sell, whether to tour operators or to [free independent travellers](#). As there is an increasing demand for these services, the competition is increasing. The service levels offered by competitors is also increasing, which makes it harder to enter the market.

### Tip:

Broaden your target group within the tourism sector, as community-based tourism becomes more commonplace and accessible. Even visitors of hotels and resorts can be targeted since they will also want to see more of the area than where they are staying.

This study has been carried out on behalf of CBI by [Molgo](#) and [ETFI](#).

Please review our [market information disclaimer](#).

Follow us for the latest updates

(opens in a new tab)



Twitter

(opens in a new tab)



Facebook

(opens in a new tab)



LinkedIn



[RSS](#)