

ITB WORLD TRAVEL TRENDS REPORT 2012/2013

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– THE WORLD'S LEADING TRAVEL TRADE SHOW®



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ITB WORLD TRAVEL TRENDS REPORT December 2012

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Foreword

Dear reader,

This ITB World Travel Trends Report 2012-13 was again commissioned by ITB Berlin from IPK International, organisers of the 20th annual World Travel Monitor Forum, held at the medieval Villa di Corliano in San Giuliano Terme, near Pisa, Italy, in late October 2012.

The report covers the main trends in outbound travel demand for the first eight months of 2012 together with estimates for the full year and also contains initial forecasts for 2013, as presented at the Pisa Forum (as it is widely known).

In addition, it focuses on various topics and market segments that were discussed at the Forum. These include the role of technology and social media, the challenges facing the cruise business, niche markets such as adventure travel and medical tourism, and the need for better accessibility for people with disabilities.

As the following sections make clear, the world travel industry again proved its resilience and ability to overcome crises this year. Despite many different negative factors, the travel and tourism industry is expected to reach a new all-time high in 2012. According to IPK's World Travel Monitor, outbound (international) trips will increase by 4% in 2012, which is only slightly lower than last year's 5% growth figure. This is an impressive result.

And the outlook for next year is quite respectable, too, even though there is significant uncertainty about the global economy. World outbound travel is expected to grow in the 2-3% range, which would be very solid growth in the present circumstances and would again demonstrate the sector's proven stability and long-term growth record. The main drivers are likely to be Asia and other emerging markets, but Europe is also expected to show low positive growth in 2013.

As usual, the Pisa Forum was organised in co-operation with the European Travel Commission (ETC) in Brussels, whose Executive Director Eduardo Santander stressed the importance of such co-operations. Some 50 experts from around the world, including all regions of Europe, along with North and South America and parts of Asia-Pacific, took part. They represented international organisations, national and regional tourism organisations and associations, international research institutes and private companies from travel and tourism and related sectors.

ITB Berlin is delighted to continue its close association with IPK International and the Pisa Forum for the eighth consecutive year. In March 2013 at the ITB Berlin Convention, Rolf Freitag will present updated figures for 2012 as well as current forecasts for 2013.

Meanwhile, we wish you happy reading!

Dr Martin Buck
Vice President Travel & Logistics
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Section A: World Travel Trends

Global tourism defies numerous crises

People around the world still want to travel despite the global financial and economic crisis, and the tourism industry once again proved its resilience and ability to overcome the impact of negative external factors this year. International travel is expected to reach a new all-time high in 2012 and then grow moderately in 2013, driven by emerging markets. These were the key messages from the 20th World Travel Monitor Forum, held in Pisa in late October 2012.

According to IPK International’s World Travel Monitor, a total of 6.8 billion trips will take place this year, 2.5% more than in 2011. Domestic travel will grow by 2% to reach 5.77 billion trips while international travel will rise by 4% to 1.03 billion trips. This forecast is in line with the expectations of the World Tourism Organization (UNWTO) which sees a 3-4% rise in international tourist arrivals in 2012. These figures match the forecasts for 2012 made at last year’s Pisa forum, underlining the event’s proven forecasting accuracy.

Looking ahead to 2013, IPK expects world tourism to show its resilience once again with international trips growing in the 2-3% range while the UNWTO is predicting a 2-3% rise in international arrivals. This moderate but solid growth demonstrates that world tourism is remarkably stable despite slow global economic growth and the impact of the eurozone crisis and other factors. “More people plan to travel next year and we can expect modest but satisfactory growth in 2013,” said Rolf Freitag, CEO of IPK International.

World travel trends (change (in %) over respective previous year)

	2009	2010	2011	2012
All trips	-1%	+5%	+3%	+2.5%
Outbound trips	-4%	+7%	+5%	+4%
Outbound nights	-7%	+5%	+4%	+2%
Outbound spending in €	-9%	+7%	+8%	+7%

Source: World Travel Monitor 2012

Shorter trips but higher spending in 2012

World travel was hit by a diverse mix of bad news and events this year, including severe weather around the world, political conflicts, the depressed global economy and soaring energy prices, Rolf Freitag, CEO of IPK International, told forum participants. But emerging markets continued to provide good news with rising salaries and upward mobility combining to generate growing tourism demand, he stressed.

Overall, international trips are expected to show 4% growth this year but overnight stays will only increase 2%, reflecting the continuing trend to shorter trips, the World Travel Monitor results showed. In contrast, global travel spending grew healthily by 7% to €875 billion, resulting in a 3% increase in spending per trip and a 5% rise in average spending per night (due to shorter average trips). Asians, South Americans and North Americans spend the most per trip, partly due to higher flight costs, while European spending is lower on average.

The USA remains the world’s top destination for international travel with 56 million visitors, ahead of Spain (51m) and Germany (48m), according to the international tourism experts at IPK. The other top 10 destinations in 2011 were France, Italy, China, the UK, Austria, Mexico and Turkey.

Travellers are older and book online more than ever

Travellers are also getting older, the World Travel Monitor showed. The number of travellers aged 55+ has increased to 23%, while 35% are in the 15-34 age category and 42% are aged between 35 and 54. Holidays remain the dominant reason for taking an international trip (71%), ahead of business travel 16% and other reasons such as visiting friends and relatives (13%). More people are flying on holiday than using their car or another means of transport.

The internet has now clearly established itself as the main place to buy travel with 54% of bookings, well ahead of travel agencies which have slipped back to 24%. Interestingly, this is a global trend with Asians and South Americans now catching up with North Americans and Europeans in terms of booking via the web, the IPK figures showed.

South America and Asia drive global travel growth

The fastest-growing region this year was South America with a 12% increase in outbound trips to a new all-time high, the World Travel Monitor showed. However, growth rates in the region are now slowing as demand in Brazil in particular cools off (see Section D for further details). Africa also showed very healthy growth with a 9% rise in outbound travel, although from a smaller base level.

Asia Pacific again proved to be a reliable motor for world travel with a 7% rise to a new all-time high. One key factor was a very strong come-back by Japan, which registered a 13% increase in international trips after a 7% decline in 2011 due to the impact of the March earthquake disaster on travel demand. China and smaller Asian markets also grew strongly this year (see Section C for further details).

Rolf Freitag, CEO of IPK International, said: "The continuing upward trend in the global travel industry is due mainly to an economic boom in the BRIC countries - Brazil, Russia, India, China and in other developing countries. Significant income growth in countries such as Russia and India and the emergence of a new middle class in almost every BRIC country has sparked a desire to travel which prevails in times of crisis."

The two largest regions by market size, North America and Europe, also grew this year but at relatively low rates. North American outbound travel increased by 3%, with short-haul travel declining 1% but long-haul travel growing by 6%. Europe showed moderate growth of just 2% but with a very diverse pattern depending on local market conditions. Some markets have still not yet recovered to their previous all-time high levels registered back in 2008 (see Sections B and D for further details).

World regional travel trends

(change (in %) over respective previous year)

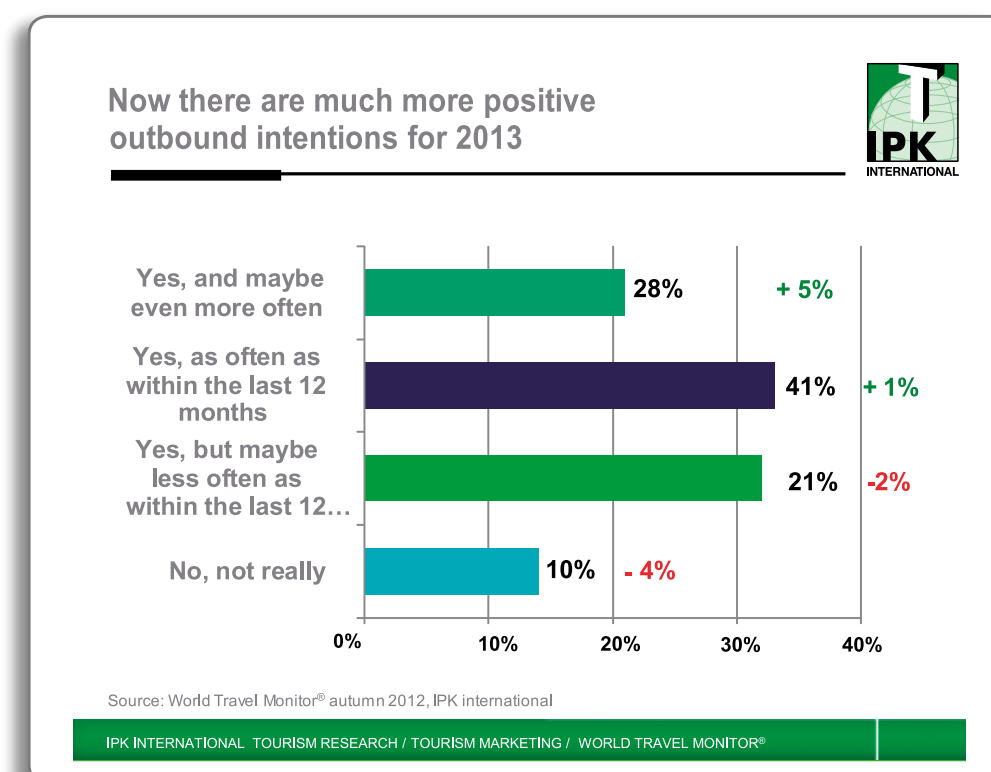
	2011	2012	2013 forecasts
World	+5%	+4%	+2-3%
Europe	+4%	+2%	+2%
N. America	-1%	+3%	+0% (US)
Asia Pacific	+6%	+7%	+6%
S. America	+7%	+12%	+2% (Brazil)

Source: World Travel Monitor 2012

More travel in 2013 despite uncertainties

According to Rolf Freitag, 2013 has many unknown risks in store. "Besides existing challenges such as the European debt crisis, drastic rises in energy costs and in some cases food costs will also impact significantly on the travel industry." However, he added that people were more relaxed about such crises than in previous years.

Worldwide, only 39% of the participants in the IPK study said the financial crisis would affect their plans for international travel, as opposed to 40% last year. Even more positively, 28% say they plan to travel more, compared to 23% last year; 41% about the same (40% in 2011) and just 21% plan to travel less (23% last year). Overall, IPK predicts 2-3% growth in outbound travel next year, driven once again by emerging markets.



UNWTO sees 3-4% growth in international arrivals in 2012

The UNWTO gave a similar outlook, predicting that international arrivals would grow by 3-4% to more than one billion for the first time this year. For 2013, the UNWTO forecasts a slight slowdown in demand to growth of 2% to 4%. Michel Julian, UNWTO representative in Pisa, told the forum that the global tourism industry has so far proved resilient in the face of the current economic situation. "That is quite remarkable, especially in view of the current economic challenges around the world," he commented. According to UNWTO, emerging countries in Asia and the Americas in particular will contribute to this year's increase, whereas growth in Europe and North America is expected to continue at a more moderate pace.

Hotels report higher prices and mixed occupancy levels

Hotels around the world are generally having a good year in 2012 with demand outpacing supply and higher average prices as a result, Naureen Ahmed, forecast analyst at leading hospitality research company STR Global, told the forum. Occupancy levels and average daily rates (ADR) have improved by moderate single-digit rates in most world regions over the first nine months of this year.



In North America, demand is well ahead of supply, resulting in better occupancy levels and higher prices. In Asia and the Middle East, demand is healthily ahead of supply, also resulting in higher average levels of occupancy and price. In Central & South America, supply is running ahead of demand, resulting in low occupancy levels although prices remain stable. Africa is seeing better occupancy rates so far this year as demand recovers but prices have dropped back.

However, the picture is more mixed in Europe. Average occupancy stagnated as supply outpaced demand but average prices rose, driven by events such as the London Olympics and European football championship in Poland and Ukraine. In general, hotels in Western Europe have seen stable low growth this year, Central & Eastern Europe is growing healthily from a low level but Southern Europe is struggling, she pointed out.

Looking ahead to 2013, Ahmed said that most major cities can expect moderate growth next year with higher room yields (revenue per available room). Among the winners will be large cities in Europe, the USA and Asia, while cities such as London, Madrid, Warsaw, Tokyo and Dubai will be among the losers for diverse reasons.

Section B: European travel trends

Stable growth for European tourism in 2012

Europeans continued to travel this year despite the gloomy economic conditions in many parts of the continent and IPK currently expects another year of low but positive growth in 2013. Inbound tourism in Europe generally shook off the diverse external challenges with low growth this year, although some destinations suffered from a downturn, and a similar trend is expected for 2013, according to experts at the Pisa forum.

Long-haul travel outpaces holidays within Europe

The overall number of international trips by Europeans increased 2% between January and August, the European Travel Monitor showed. Spending also rose by 2% while total overnight stays remained stable. There were some important trends and shifts within these overall figures, however. Significantly, the largest market segment – holidays – did not grow, and beach holidays even declined 1%. In contrast, there was a 14% rise in city trips and business travel grew by 8%. There was a 10% rise in short trips of 1-3 nights and a 2% drop in longer trips, resulting in a 3% fall in the average length of trip.

Short-haul travel within Europe and to North Africa grew by a moderate 2%. In general, destinations in northern, central and eastern Europe grew above-average and western European destinations showed stable demand but there was a drop in demand for some southern European destinations while North Africa recovered strongly with a 15% increase in European visitor numbers.

Greece, for example, suffered a 12% drop in incoming tourism from Europe, especially from Germany and the UK, where travel to Greece dropped about 20-30%. This was partly compensated by more Russian tourists. The picture was better for Italy (+2%) with more visitors from eastern Europe (e.g. Russia and Poland) compensating for fewer German and British visitors (-3% and -1% respectively). The picture was similar for Spain (+3%) which saw strong increases from Russia and Scandinavia, more British tourists (+5%) but stagnating German visitor numbers. Portugal (+3%) had more Russian, Scandinavian and German visitors this year.

Long-haul destinations were popular for Europeans this year with a healthy 4% increase in trips to overseas destinations, the European Travel Monitor showed. Europeans travelled more to the Americas (+2%) and above all to Asia Pacific, with the number of trips to the region rising by 8%.

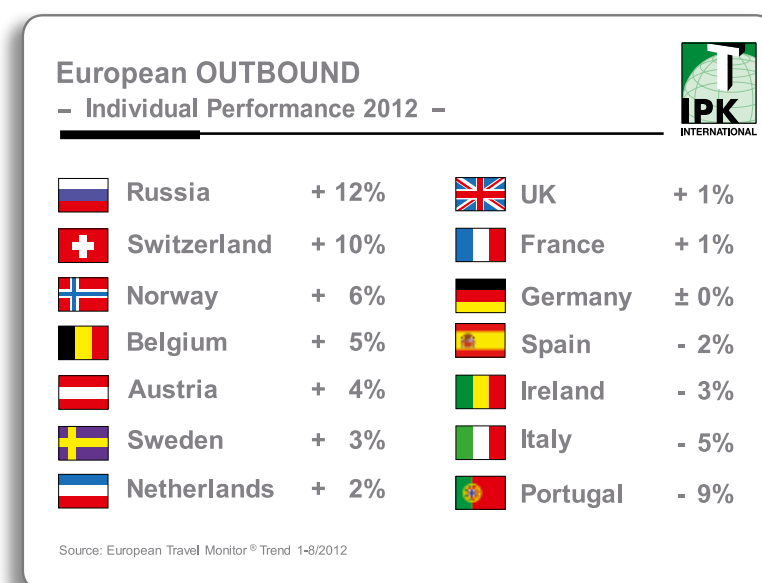
Russia booms but Italians and Spaniards stay at home

In a period of widespread economic uncertainty and even turmoil in some countries, European source markets showed divergent travel patterns this year, IPK analyst Stephanie Grothe told the forum.

This year's boom market was Russia with a 12% rise in outbound travel as the strong economy and increasing affluence combined to generate more international travel. Two countries with strong currencies, Switzerland and Norway, also showed strong growth of 10% and 6% respectively as travellers were able to get extra value for money, especially in eurozone destinations. Other countries in northern and western Europe, such as Belgium, Austria, Sweden and the Netherlands also generated solid growth this year.

In contrast, Germany, the largest outbound market in Europe, stagnated this year despite the stable economy, according to the ETM, while UK outbound travel grew by a slight 1% amid tough economic conditions. Moreover, there was a slump in international travel by Italians and Spaniards due to severe economic problems and many chose to holiday within their home country this year (see graphic).

"These complex figures for European outbound travel reflect diverse factors and trends in the source markets," commented IPK chief Rolf Freitag. "In general, we can say that northern Europeans continued to travel abroad this year despite economic problems, more and more eastern Europeans are discovering the rest of Europe but southern Europeans clearly cut back their international travel this year for financial reasons and either holidayed within their own country or did not travel at all."



Solid 2% growth forecast for 2013

The outlook for European outbound travel in 2013 is generally good despite the continent's economic woes. Only about one person in three (36%) says that the economic crisis will impact on their travel intentions for next year. The number planning to travel abroad more next year has risen fractionally to 28% but the number planning to travel less has also risen slightly to 21%. Overall, IPK currently predicts 2% growth in the number

of outbound trips in 2013. In terms of individual markets, Russia looks set to be another strong performer next year (+9%) and both the UK (+5%) and Germany (+3%) are forecast to grow healthily. Lower outbound travel is expected for France, Spain and Italy, according to the European Travel Monitor.

Surprisingly good year for most European destinations

European countries remained popular travel destinations this year despite political and economic turbulence. In general, there were fluctuating trends for travel within Europe and travel to Europe by overseas visitors. "European tourism has proved resilient despite the uncertain economic climate," Valeria Croce, research manager for the European Travel Commission (ETC), said. Spain, Germany and many Central and Eastern European countries, for example, all have growth of more than 5% in international arrivals (from Europe and overseas) this year, according to the Brussels-based association of European tourist boards.

Ups and downs for intra-European travel

For most European destinations, Germany was again a growth source market this year, and the Netherlands was also a solid market while Russia again proved a boom market for many destinations with double-digit growth rates, according to ETC figures. There was a more mixed picture for British travel to the rest of Europe, with only partial growth for select destinations, due to the uncertain economy. Similarly, French visitor numbers to other European countries are up and down, with a drop in visits to Italy, in particular, as more French opt to holiday within the country this year. Unsurprisingly, the number of Italians visiting other European countries has slumped significantly this year due to austerity measures.

More overseas visitors come to Europe

However, Europe profited as a tourist destination for overseas travellers this year due to the weak euro and stronger dollar, according to the ETC. Many countries saw a strong rise in the number of US visitors, for example. Moreover, the number of Japanese travellers soared to most parts of Europe as they shook off the impact of the previous year's earthquake disaster and started travelling abroad again. Chinese travel to Europe has also remained strong this year.

Modest growth for European destinations in 2013

Looking ahead to 2013, Croce said the signals from diverse markets were more positive than negative for European destinations. The continuing strength of some European markets and the US together with the strong growth of Japan and emerging markets such as China and Brazil gave reason for optimism despite the slowing global economy and the financial crisis in Europe. "We expect Europe to continue growing, but at a modest pace," she concluded. The ETC is currently forecasting growth of 1-3% in international arrivals for European destinations in the coming year.

Section C: Asia Pacific travel trends

Asia drives world tourism growth

Asia remains the powerhouse for world tourism growth this year with strong growth of 7% in outbound travel as incomes rise and consumers are able to travel more. The outlook for 2013 is even stronger, experts said at the World Travel Monitor Forum in Pisa.

China and Japan surge ahead

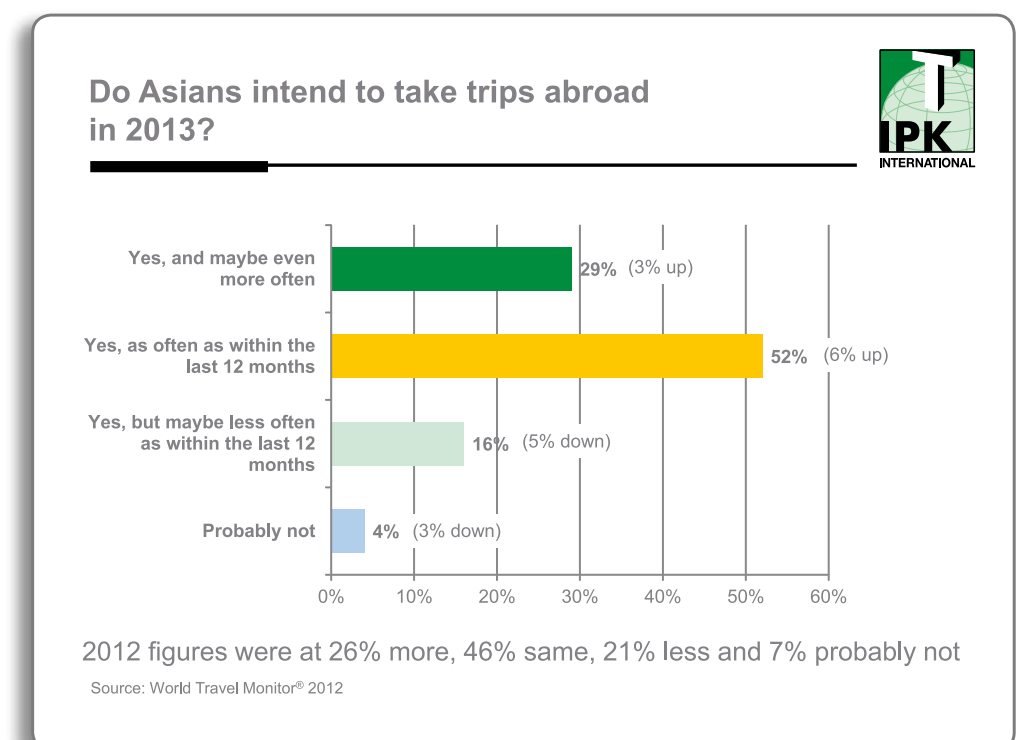
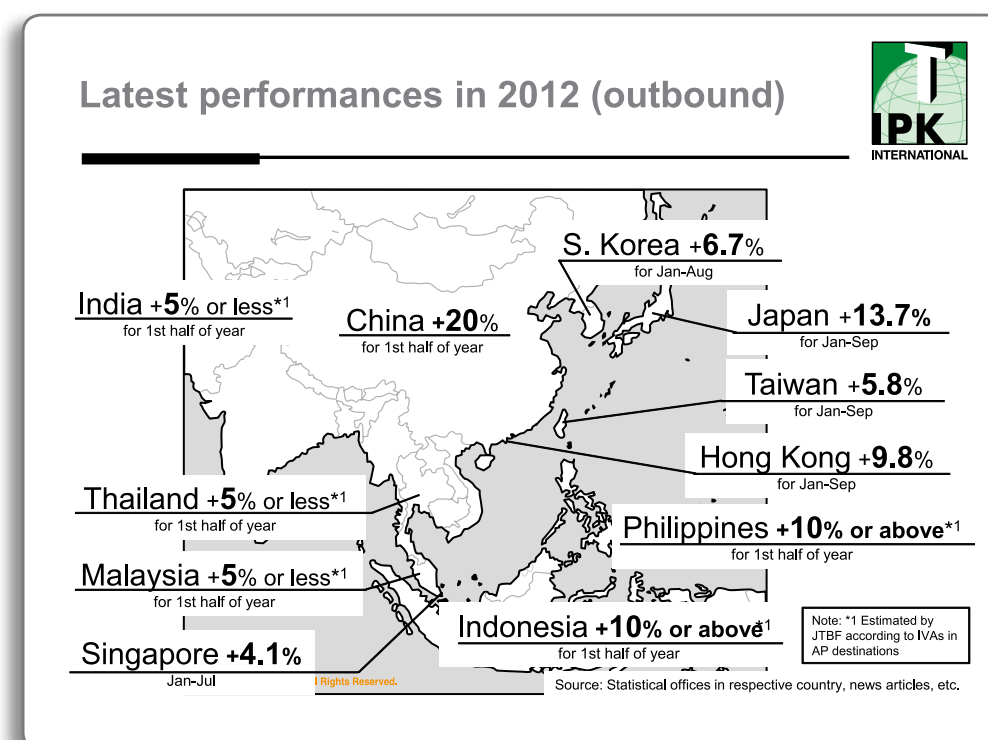
China and Japan are both performing very strongly this year with double-digit growth rates in outbound travel, Hiroshi Kurosu, senior researcher at the Japan Travel Bureau, told participants. The number of international trips by Chinese grew about 20% in the first half of this year on top of already high increases in recent years. Japan has staged a remarkable recovery with 13.7% growth in the first nine months of the year, while outbound travel by South Koreans increased by 6.7% from January to August 2012. Hong Kong and Taiwan also grew well over the first nine months. Overall, outbound tourism from North-East Asia can be expected to record double-digit growth this year, he predicted.

In contrast, most markets in South-East Asia and South Asia are growing more slowly this year. India, Thailand, Malaysia and Singapore had growth of less than 5% in the first half of the year, although Indonesia and the Philippines are estimated to have grown more than 10%.

Healthy 6% outbound travel growth forecast for 2013

The outlook for Asian outbound tourism next year is overwhelmingly positive thanks to continued good prospects for the region's economies, Kurosu explained. According to the IMF's World Economic Outlook, released in October 2012, Asian GDP as a whole is likely to grow by 5.4% this year and by 5.9% in 2013. Chinese growth could improve to 8.2% next year from 7.8% this year, South Korea could see 3.7% growth, up from 2.7% this year and Japan should consolidate this year's 2.2% growth with a further 1.2% increase. The IMF has also predicted healthy growth for India and South-East Asian countries.

Prospects for Asian tourism in 2013 are even stronger. Only one third (32%) of Asians say the financial crisis will impact their travel planning while two thirds (68%) say they will not be affected. Last year, slightly more Asians (36%) were impacted by the crisis. On a similar positive note, 29% of Asians plan to travel more in 2013, up from the 26% figure last year. Only 16% plan to travel less, compared to 21% last year, while 52% plan similar travel levels in 2013 (46% last year). Taking all these factors into account, IPK currently predicts a healthy 6% increase in Asian outbound travel in 2013.



Japanese comeback to continue in 2013

Japanese travel remains heavily influenced by external events. Outbound travel slumped after the March 2011 earthquake but already started to recover late last year. This year it grew strongly in the first half of the year but has now started to slow again due to the well-publicised dispute with China over a group of uninhabited islands.

Nevertheless, Japanese remain fairly positive about their travel plans for 2013, the Asian Travel Monitor found. Only 28% said the crisis will impact on their travel behaviour next year, compared to 33% this year. A stable 21% plan to travel abroad more next year and an unchanged 54% will travel about the same. However, more people who last year said they would travel abroad less now say they will not travel at all. Overall, the ATM predicts 3% growth for Japanese outbound travel next year. "After the recovery of Japan this year, growth will continue again in 2013," Kurosu stated.

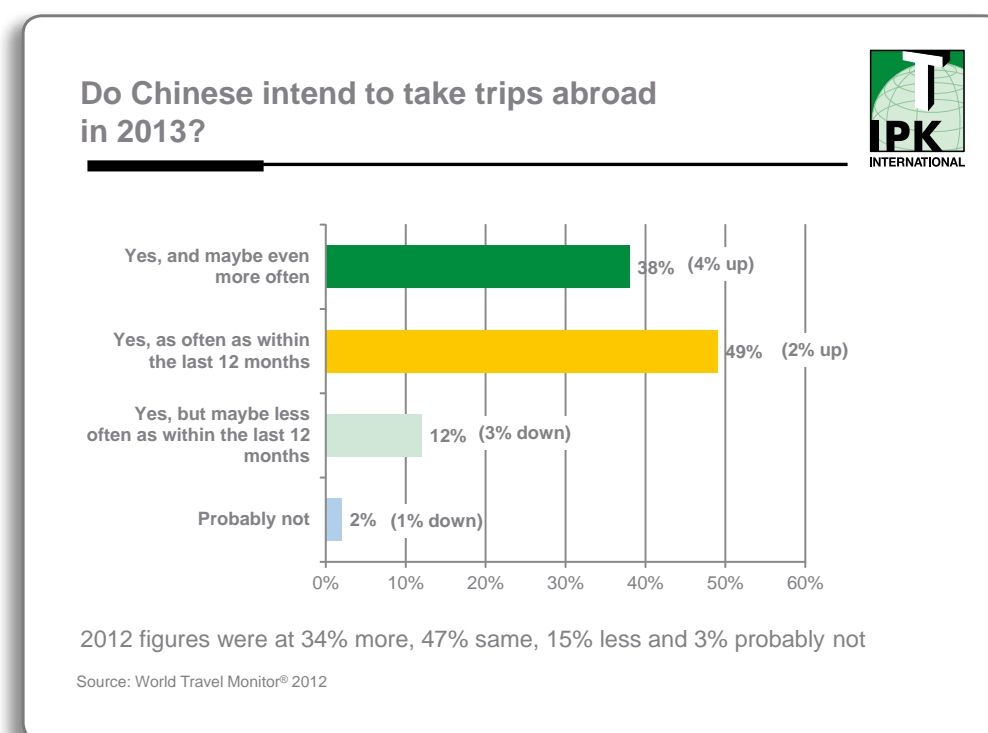
amount of foreign trips is slightly higher at 49%, the Asian Travel Monitor found. IPK currently predicts a very strong 12% increase in Chinese outbound travel in 2013, based on these results.

There are diverse trends in other Asian outbound markets at present, Kurosu pointed out. In South Korea, demand is starting to slow and consumer confidence is declining, and as a result travellers are shifting to cost-effective destinations such as South-East Asia. Taiwan is seeing similar trends. In contrast, the Hong Kong economy remains strong, consumer confidence is rising and travellers are heading for new destinations or rediscovering regional destinations.

Overall, Kurosu predicted that Chinese travel will increase despite rising economic uncertainty and other key markets in North-East Asia will grow, although perhaps more slowly. In South-East Asia, Indonesia and Thailand are likely to grow well but Singapore could see slower growth.

Chinese dragon roars again

China once again looks likely to be one of the strongest growth markets in Asian and world tourism next year. Travel confidence is strong and travel intentions are significantly more positive than 12 months ago. The number of Chinese who intend to travel abroad more next year has risen by four percentage points to 38% and the proportion planning the same



Section D: Americas travel trends

North America flat but South America soars

The Americas, in contrast, is a mixed picture with weak prospects for US outbound travel but a continued good outlook for South American outbound tourism. This year North American outbound travel has increased by 3%, with short-haul travel declining 1% but long-haul travel growing by 6%, according to the World Travel Monitor. In South America there has been a 12% increase in outbound trips to a new all-time high, driven by Brazilians, but growth is likely to slow next year, mostly as Brazilian outbound travel is forecast to slow to a moderate 2% growth rate after several boom years.

Economic woes hit US outbound travel

In the US, the outbound market is expected to stabilise in 2013 after declining in 2012, IPK predicts. Consumers are clearly being influenced in their travel planning by the weak economy, high unemployment levels and uncertainty over the so-called 'fiscal cliff' which could bring a 'multiple-whammy' of higher taxes and lower public spending on January 1, 2013. As many as 52% of US consumers said that the financial crisis will impact their travel planning for next year, compared to an already high 46% one year ago, the World Travel Monitor found.

However, international travel might be less affected than domestic tourism, judging by intentions for foreign travel. Slightly more Americans (23% versus 21%) intend to travel abroad more and 37% plan the same amount, up from 31% last year. A stable 26% plan less international travel while the number planning not to travel internationally has dropped to 14% from 21%. All in all, IPK forecasts zero growth for US outbound travel next year.

In 2011, the US outbound travel market dropped by 2% to some 59 million trips. In contrast, the Canadian outbound market is estimated to have grown about 4.3% to 29 million trips last year, while the smaller Mexican outbound market fell back by 1.6% to 15 million trips. The key trend in the North American outbound market is more travel within the region.

Brazilian economic growth releases pent-up travel demand

In South America, Brazil, the dominant economy, continues to outpace the rest of the continent in its development as a major outbound travel market. Growth in outbound travel is likely to slow to 2% next year, however, due to weaker economic growth and other factors.

Luciana Sagi, technical director of Recife-based Tamoios Consultoria, explained that factors including general economic growth, upward mobility and more disposable income combined with a strong currency had released pent-up demand among Brazilians for travel. This drove not only domestic tourism, which grew 18% a year between 2007 and 2011, but also outbound travel. "There was a dream to travel outside the country,"

she said. International tourism expenditure soared 50% in 2010 and rose a further 30% last year. The US and Europe are the main destinations.

Good growth is expected again this year. International tourism expenditure had already topped the 2011 level of \$16 billion by September. Indeed, Brazilians are welcome visitors at many destinations as they have proven to be high spenders, having risen to 12th place in the ranking of international travel spending. However, this might change if the Brazilian real loses strength against the dollar.

Outbound travel growth declines as economy slows down

Indeed, there is some uncertainty surrounding prospects for Brazil next year as the economy has clearly slowed down in recent quarters. A high 45% of Brazilians said the financial crisis is likely to affect their general travel behaviour next year, the World Travel Monitor found.

The number of Brazilians intending to travel more next year has declined to 29% from the very high level of 42% recorded one year ago. Logically, the number saying they intend to reduce international travel next year has risen to 31% from 20% last year. As a result of these factors, IPK currently predicts weaker outbound travel growth of just 2% next year.

Government focuses on inbound and domestic tourism

The Brazilian government would probably welcome a drop in outbound tourism as it would result in more domestic tourism and above all keep tourism expenditure within the country and thus reduce the current very high deficit in tourism receipts, Sagi commented.

Brazil will certainly become a more important international tourism destination over the coming decade. Marcelo Pedroso, Director of International Markets for the Brazilian Tourism Board (Embratur), told the Pisa forum that the aim is to increase the number of international arrivals from 5.4 million last year to 10 million by 2020 and to expand tourism receipts from US\$6.5bn to US\$15bn over the same period.

At present the country is gearing up to host a series of major events, including the World Cup in 2014 and the Summer Olympics in 2016, which involve large-scale investment in infrastructure and public services. "These events will help us to implement the infrastructure that will be really important in Brazil in future," he explained. This will include better hotels, transportation connections, new cruise terminals and new event venues.

Embratur wants to promote and portray the country as a diverse destination with a wide range of cultural and natural attractions alongside the famous Brazilian lifestyle. "This is a strong platform to promote Brazil and go beyond the image of Brazil as a place of football and summer. As a tourism destination we want to broaden the image and get over the message that Brazil is diverse in nature and culture," he explained.

Section E: Tourism trends

Travellers want more individual holiday experiences

Consumers will demand more individual and authentic travel experiences in future and will rely more than ever on technology to plan and enjoy their trips, some 50 international travel experts agreed at the 20th World Travel Monitor Forum in Pisa.

In the short term, factors influencing travel and tourism in 2013 will be broadly similar to this year, they agreed in workshop discussions. In general, consumers will continue to focus on their personal financial situation, holiday prices and value for money offers while the image and stability of destinations will also have a strong impact, they predicted.

Technology will further extend its influence, in their view. Consumers will take advantage of modern technology to adapt their travel behaviour, especially how they use information and buy travel products and services. People will rely more on personal information and recommendations available on commercial and social websites, and will use mobile technology to access travel products and services both before and during their trips.

In the medium term, the experts believed that important changes in travel demand and supply will emerge. One trend will be that consumers will seek new and more authentic experiences, they predicted. More people would turn their backs on artificial 'travel worlds' and instead seek authentic holiday destinations and experiences with more interaction with local communities, for example. This view tied in with a presentation by Professor Dr Felizitas Romeiss-Stracke, director of the Munich-based Tourism Architecture Platform, who forecast that "physical experiences in authentic places" will become more important in the travel and tourism industry in future.

Section F: Cruises

Cruise expert calls on industry to change course

The international cruise industry must proactively face up to its challenges and respond openly to criticism, according to a leading expert in the sector. "After years of continued growth, the stretchmarks are starting to show," Professor Alexis Papathanassis, from the University of Applied Sciences in Bremerhaven, Germany, warned at the 20th World Travel Monitor Forum. Profit margins are characterised by a declining trend whilst (particularly fuel) costs are rising; working and pay conditions are increasingly being questioned, and the sector's environmental practices and economic impact for destinations are under public scrutiny, he stated. The renowned cruise industry expert warned that the sector was sailing towards serious challenges and potential criticism from customers, suppliers, investors and the media in future unless it changed course in time.

Profitability and Economic Impacts

In financial terms, the cruise sector's profit margins have fallen about 4% over the last decade mainly due to declining onboard revenue per day and increasing fuel costs, Papathanassis pointed out. The notion that larger ships and the accompanied spending opportunities on board automatically lead to higher onboard revenue per passenger is not supported by the analysis of public financial reports, he said.

Moreover, the larger proportion of economic and financial benefits remain largely in the source markets or production locations, while only a relatively small fraction flows to the destination ports in the form of direct spending. "Cruisers spend on average between €50 -€70 at the ports of call; the question is whether this money covers the indirect costs and whether it goes into the wallets of the local people," he commented. Consequently, countries considering investing in cruise terminals in order to attract vessels and more visitors are well advised to consider the role of cruise tourism in their overall tourism development strategy, evaluate the cost-benefit from becoming cruise destinations and very carefully plan cruise-related infrastructure projects, he urged.

Safety and Security

Another critical area is safety and security. Following the Costa Concordia accident at the start of 2012 cruisers still consider cruises to be a safe option, Papathanassis said. Nonetheless, according to a research study he supervised, approx. half of the respondents expressed doubts on the crew's ability to deal with an emergency and clearly perceived safety as their own responsibility. This finding could serve as a valuable input to the improvement of safety procedures and information policies on board, he said.

Moreover, Papathanassis was particularly critical of the working conditions for cruise ship staff, especially salary-levels which effectively mean

Section G: Adventure Travel

Better information and open communications needed

that many workers rely on tips, while working long hours and living under suboptimal conditions. In this light, some labour organisations accuse cruise-ships of being more like “sweat-ships” (a pun on ‘sweatshop’ factories), he noted. Obviously, what constitutes fair pay and acceptable working conditions can be conveniently seen as a relative matter defined by the living standards in the crews’ source countries and by the recruiting structures in the corresponding labour supply chains. At the end of the day though, it is matter of perceived responsibility and ethical imperative at the consumption-end of the cruise supply chain (i.e. cruise operators and guests).

However, things are changing. Modern technology means such things are no longer invisible in the background, he emphasised. “The age of digital transparency has arrived... What happens at sea does not stay at sea anymore!”

In response, cruise companies should revise and improve their information and communication policies to actively and constructively respond to criticism from different stakeholders, including customers, suppliers, investors and media, on these topics, Papathanassis recommended. They should aim for ‘win-win’ agreements with stakeholders, trust their customers’ ability to filter unwarranted criticism, and act to rectify warranted criticism. Critics ought to be perceived as valuable quality control partners.

“For the maturing cruise sector, the greatest challenge ahead lies with socio-economic responsibility and action-focused reputation management,” he said. “Reputation is about ‘meaning what you say’ and ‘saying what you mean!’” he concluded.

Adventure travel heads for new horizons

Adventure travel is growing fast as people seek diverse new experiences and is also helping destinations to protect local communities and the environment in a responsible and sustainable manner, according to an expert at the 20th World Travel Monitor Forum.

Chris Doyle, executive director Europe of the US-based global Adventure Travel Trade Association, said that the adventure travel market is far bigger than many people believe with turnover of an estimated \$89 billion (international outbound from the Americas and Europe exclusively), excluding air travel costs, in 2009, and estimated growth rates of 17% since then.



Hard and soft adventure

So what exactly is adventure travel and tourism? “People often think adventure travel centres around adrenaline activities, but the more extreme activities are just the fringe. Adventure travel has evolved into a far richer, more experiential form of tourism,” Doyle explained. The ATTA has defined “adventure travel” as a blend of three different types of travel. The well-known traditional type is a physical activity of some kind in a destination. But cultural tourism, where travellers experience a new culture in some way, and nature tourism, ranging from eco-tourism holidays to hiking trips, also fall under the association’s broad definition.

The sector tends to be divided into ‘hard’ and ‘soft’ adventures. “Hard adventures tend to involve more physically demanding activities and/or specialised training,” Doyle explained. “Whereas ‘soft’ adventure - which is where the most promising growth lies - blends physical adventures with such enriching activities as culinary pursuits, agritourism, archaeological and wildlife viewing by day, while offering comfortable stays in family-owned accommodations with gourmet experiences by night, for example. Basically, people are increasingly stepping outside of their comfort zones to seek self-discovery and authentic, transformative experiences. People’s views of the world have changed. People increasingly want to get back to basics, to experience real things.”

Adventure travellers are getting more diverse

This broader new approach to the sector has also led to a much more diverse range of customers. In the past, most adventure travellers tended to be in the 35-47 age range and to come from affluent or middle-income backgrounds. "But there is a shift going on and the age range is broadening out as new offers come on to the market. Adventure travel is also becoming more accessible to other income groups due to new offers," Doyle pointed out.

High spending supports local communities

Adventure travel also ties in with sustainable tourism, the ATTA director emphasised. Adventure travellers are welcome guests in destinations from a financial perspective because they tend to stay longer and spend more locally. According to the association, about two-thirds of their holiday costs are spent directly in the destination in stark contrast to just 10-15% of package holiday costs.

"This is very important for local economies and societies around the world," Doyle said. Adventure travel can play a sustainability role in creating and supporting local jobs, for example. "Our business creates local opportunities. We are trying to promote community-based tourism. Adventure tourism should not replace the local economy but complement it," he emphasised. Another aspect is that adventure travellers are typically the first international visitors to return to a destination after a crisis or disaster and thus support local recovery efforts, he pointed out.

Driving changes in thinking

Adventure travel can also play a pioneering role for the travel and tourism industry in general, Doyle believes. "The old ways of tourism are not working. They are not sustainable," he claimed. "The travel and tourism industry must develop more responsibly and think and do more to conserve land, culture and wildlife, for example. If we, the adventure travel business, can convert tourists into advocates and defenders of destinations, cultures and the environment then we will have an impact," he declared.

Section H: Medical tourism**Sun, sea and ... surgery**

More and more Europeans are going abroad not only for sun and sea holidays but for surgery. The number of people travelling to other countries for operations and medical treatment is increasing rapidly and looks likely to grow strongly in the years ahead due to a combination of personal, financial and legal reasons, according to experts at the 20th World Travel Monitor Forum.

"The costs of health treatment and health insurance are rising in many countries and there can be long waiting lists. By travelling abroad, patients can often save time and money," Professor Helmut Wachowiak, of the International University of Applied Sciences Bad Honnef (IUBH), near Bonn, Germany, commented at the forum. The tourism industry has now discovered this new market segment and is expanding its range of products and services in response, he told delegates.

A fast-growing \$40-60bn niche market

Medical tourism should be seen as the 'healing treatment' segment of the overall health tourism market, while fitness and wellness holidays should be seen as the 'prevention' segment, Wachowiak explained. Although reliable facts and figures about the market are rare, the latest estimates put the worldwide medical tourism market at anywhere between \$40 billion and \$60 billion at present, and with annual growth rates of about 20% a year, he said.

One survey this year estimated that 3-4% of the world population already travels to foreign countries for medical treatment while the pent-up demand could be much larger with as many as 53% of Europeans saying they would travel abroad for treatment. According to IPK's World Travel Monitor, health and medical travel accounted for a total of 9.4 million trips in 2011, or 2.4% of all European outbound travel. Over the past five years, health vacations by Europeans have increased by 38% while medical tourism has gone up by 24%, the IPK research found.

A representative survey by the IUBH this year found that 52% of German adults could imagine travelling abroad for medical treatment, including dental treatment and surgery, mostly due to lower costs abroad or for treatment that is not available in Germany.

Save time and money or get unavailable treatment

There are three major driving forces behind this growth in medical travel, Wachowiak explained. Very often patients either want to save time (if they are on long treatment waiting lists) or money (if the treatment costs are much lower abroad). Another important factor is that people can benefit from treatment methods which are not available in their home country for diverse reasons. However, not all treatment is medically necessary. "For some people, for example, it might be attractive to undergo cosmetic surgery while away from home," the expert commented.

Germany is leading medical tourism destination

Hungary, Germany and the Czech Republic are seen as the leading destinations for medical tourism in Europe, Wachowiak said. In 2011, an estimated 70,000 'travel patients' from 163 different countries, especially Benelux, France and Austria, came to Germany, which benefits in particular from its high standards and central location. One lucrative niche market is medical treatment for Arabs, who tend to be accompanied by several persons, he pointed out. However, many other countries around the world have also become significant health tourism destinations.

Specialists offer medical travel and holidays

A diverse mix of suppliers from the tourism and medical industries has already seen the potential of this niche market and developed offers and services in recent years, Wachowiak pointed out.

There are numerous medical-based agencies that focus mostly on arranging the medical treatment but also offer travel, accommodation and additional services. There is a particularly large group of such 'facilitators' in the USA but also various organisations in European markets such as the UK and Germany. Even some hospitals have specialised in treating foreign patients. A famous example is Bumrungrad Hospital in Bangkok, where more than 400,000 of the one million annual patients are from other countries.

But tour operators have also moved into this lucrative niche market and now offer health and medical holidays for patients and accompanying persons. Prominent examples include Med Journeys (USA), The Medical Tourist Company (UK) and Dr Holiday (Germany). Even cruise lines are getting into the business by offering 'dialysis at sea' so that dialysis patients can take cruises with their families.

Strong growth outlook

Looking ahead, Wachowiak predicted that medical tourism would continue to grow strongly in the years ahead due to the driving forces already mentioned. "The market will grow strongly, especially given the ageing population in developed economies," he commented. The sector could also prove to be an important jobs generator in many destinations.

However, he warned that legal and ethical issues could also play a more prominent role in future given that some treatments or activities might not be legal in the patient's home country. "This particularly applies to activities such as 'reproductive tourism' where surrogate mothers in Third World countries sign away their children or organ transplants involving donors from poor countries," he said.

In future, successful medical tourism destinations would need to offer high quality services, quick availability of treatment and competitive prices as well as being attractive destinations for accompanying persons, he added.

Section I: Accessibility

Making tourism more accessible

Millions of people around the world want to travel, have the time and money to do so but are forced to stay at home because of insufficient facilities. With improved accessibility, however, the €100 billion travel and tourism market for people with disabilities or physical restrictions could develop strongly, Lilian Müller, president of the European Network for Accessible Tourism (ENAT), said at the 20th World Travel Monitor Forum. Given the demographic trend to an ageing population in many countries, this underestimated market will inevitably grow in importance in the years and decades to come, she stressed.

A growing segment of the population

In Europe alone, there are 80 million people with disabilities, according to research. When including travel companions, the potential size of the "accessible tourism" market is estimated at 133 million people, the Swedish expert said. Worldwide, the number is estimated at between 600 million and 900 million, out of a total world population of seven billion. These figures mean that roughly 10% of the population needs "barrier-free" or "accessible" travel.

One underestimated fact is that with demographic ageing in Europe and other developed countries the proportion of elderly people with mobility restrictions, disabilities or other limitations such as reduced sight or hearing will inevitably increase, Müller pointed out. The proportion of people over 65 with long-term health problems and disabilities already lies at 42% for women and 30% for men, for example.

Important source of tourism spending

Nevertheless, this segment of the population is interested in travelling. "People with disabilities or reduced mobility want to travel just like everyone else. They don't want to stay at home," Müller emphasised. The travel and tourism industry should therefore recognise them as an important customer group both now and in future. "It's a good idea to invest in tomorrow's consumers," she commented. At present, an estimated 10% of travellers have some form of disability or long-term health problem, based on diverse surveys. In the UK and Australia, for example, about 11% of visitors fall into this category, according to two separate surveys.

Disabled people are also a significant economic factor for the tourism industry, tending to be loyal to a destination, staying longer and spending more. According to disabled travel expert Dr Scott Rains, American adults with disabilities or reduced mobility spend about \$13.6 billion a year on travel.¹ In Germany, the direct turnover generated by disabled travellers is estimated at €2.5 billion, and rises to €4.8 billion when including indirect effects. In the UK, disabled visitors contributed almost £2 billion to the British domestic visitor economy in 2009, the UK Visitor Survey found. In Australia, the figures are even higher with disabled tourists contributing up to 16% of tourism GDP and sustaining up to 17% of jobs in the tourism sector, according to research.

¹ This citation refers to the results of a study by Open Doors Organization/Harris Poll, 2005.

These figures could rise even higher in future if the gap between the potential customer base and the actual number of travellers can be reduced, Müller said. In Germany, for example, about 37% of disabled people decided not to travel in the past due to a lack of accessible facilities. Yet 48% would travel more frequently if these were available and as many as 60% would be ready to pay higher travel costs for improved accessibility.

Breaking down the travel barriers

In view of these social and economic factors, the travel and tourism industry needs to act on every level to create better conditions for disabled travellers. Indeed, the sector is also facing new legal obligations in terms of access, Müller pointed out. More than 140 countries have signed the UN Declaration on the Rights of Persons with Disabilities, while the European Commission is planning an EU Accessibility Act that would oblige member states to ensure equal access to goods and services, including travel and tourism, for all citizens.

The ENAT president stressed that accessible tourism has to cover all parts of the value chain, from better information and booking, transportation and through to facilities at the destination, including accommodation, catering and activities, as well as tourism services. Planes and trains, for example, need to become much more user-friendly for people with disabilities. The approach should be to make tourism destinations and services accessible for all users in general. Principally, this is not a niche market any longer; accessibility must be part of all offers and tourism products but there will also be a continuing need in the market for specialised suppliers who can provide services for customers with higher level access requirements, she emphasised.

One important area in future will be to make travel and tourism information more accessible on the internet, for example for blind and deaf people. But tourist board websites are generally failing so far on this front, according to an ENAT survey. Only 10 out of 39 NTO websites complied with web accessibility criteria in a 2011 survey, meaning a failure rate of 74.4%, while more than half failed to provide accessibility information.



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"Marketing of accessible tourism is not functioning equally well in all countries and regions of Europe," Müller commented. "The lack of access to websites and the lack of accessibility information mean there is not a 'single market' where customers can find sufficient and adequate information, and the choice of destinations and products is severely limited for those people who need good access."

Moreover, social media plays only a very limited role so far in terms of accessible tourism due to little relevant content and poor functionality, she added.

Section J: Bloggers & Social media

Social media and bloggers become major influences on travel behaviour

Social media are getting more and more important to help consumers plan and enjoy travel as they switch to online and mobile technology, speakers agreed at the 20th World Travel Monitor Forum. Meanwhile, travel bloggers are gradually winning influence as new voices in the travel business, too.



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Travellers use social media all the time

The dramatic growth of social media platforms such as Facebook, Twitter and YouTube in recent years is increasingly being felt in the travel and tourism sector. Consumers are using technology more intensively than ever to talk about their holidays, show pictures and videos, exchange ideas about possible holiday trips and seek opinions and reviews of destinations, hotels, attractions and countless other travel-related activities.

About 40% of travellers said social network comments influenced their travel planning while 50% actually based their travel plans on other people's reviews and experiences, according to a Google survey in 2011, Javier González-Soria, founder of ConnectedToGo and a former Google sales executive, told participants. Travellers are socially connected not only before and after but also increasingly during their trips thanks to mobile devices. In response, the tourism industry should use social media much more intensively, he recommended. In particular, the travel industry had to respond to problems or criticism honestly and transparently, and not hide or avoid true answers, he emphasised.

Turn social media into social commerce

In addition, travel and tourism companies and organisations should seize the window of opportunity offered by this new medium and integrate it into their sales and marketing activities, Debbie Hindle, managing director of London-based agency Four bgb, told participants. "Social media is a massive social commerce opportunity," she declared. There was also potential to create 'social customer service' to respond rapidly to queries on social media platforms while social media needed to be part of any crisis response activities as well. Hindle also highlighted the growing importance of travel bloggers as "valuable independent voices" writing about destinations and other tourism topics.

Go forth and blog!

One of the world's leading travel bloggers, Keith Jenkins, founder of Velvet Escape, which is read in more than 150 countries every month, explained to forum participants that travel bloggers should be seen as 'entrepreneurs' taking advantage of information technology to create a career

that is based on their interests in travel, writing and/or video and photography. These 21st century travel writers are online personalities with multiple skills who are often specialists or experts in niche topics, he pointed out. "This is a new world that is growing very rapidly," he declared. The travel industry could work with bloggers to generate publicity and benefit from very detailed multimedia content that "has a long shelf-life and is searchable due to its online character", Jenkins commented. In particular, bloggers cultivate trust by interacting with their readers/followers via social media, making recommendations, based on their personal experiences and views. "Bloggers influence travellers' decision-making with opinions, facts and pictures," he emphasised. Jenkins admitted there was a debate over the independence of bloggers but stressed they had very diverse views, including very critical and honest opinions. His company has just developed an 'Online ROI Calculator' enabling companies and organisations to calculate their return on investment from online articles, tweets on Twitter and other social media content.

Social media in travel in 2030? Given the rapid development of social media within just a few years, Ass. Professor Albert Postma, from the European Tourism Futures Institute, at Stenden University, The Netherlands, faced a tough task trying to assess the outlook for social media in the travel industry in 2030. He contrasted the probable further technological advances and increasing complexity of information with potential challenges such as issues of privacy, security and the reliability of information sources. His four scenarios for 2030 presented the travel industry as a centre of expertise with valued information or transformed into a broad travel information platform, while sales could consolidate on single marketplaces (portals) or fragment into multiple shopping places (webshops).

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