

ITB WORLD TRAVEL TRENDS REPORT

2017 / 2018



**ITB
BERLIN**

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BOOM OR BUST? WHERE IS TOURISM HEADING

PREPARED BY IPK INTERNATIONAL ON
BEHALF OF ITB BERLIN -
The World's Leading Travel Trade Show®

EXECUTIVE SUMMARY

Strong growth for world outbound travel despite natural disasters and terror attacks, an ongoing shift to 'safe' destinations, and controversial protests against 'overtourism' in various destinations. These top travel trends and issues of 2017 were the major topics at the 25th World Travel Monitor® Forum in Pisa on November 9-10, 2017, an exclusive industry meeting initiated at the invitation of consultancy IPK International and supported by ITB Berlin.

The global travel industry again set new records over the first eight months of 2017, IPK's World Travel Monitor® found. These are the key percentage growth figures for outbound trips, by region and by holiday type (selection):

<i>Jan. – Aug. 2017</i>	Global	Europe	Asia / Pacific	North America	Latin America
Total outbound trips	+6%	+5.5%	+5%	+7.5%	+5%
Holiday trips	+6%	+6%	+5%	+9%	+6%
- City trips	+16%	+20%	+9%	+15%	+9%
- Sun & beach holidays	+9%	+7%	+14%	+9%	-2%
2018 forecast (total outbound)	+5%	+4%	+6%	+4%	+6%

Source: World Travel Monitor®, IPK International, 2017

However, worried about possible terror threats, **a high 41%** of international travellers **might change their travel plans** for 2018, with **33% considering shifting to an alternative destination** they see as safer, according to World Travel Monitor® figures. But the **real risk on an international trip is from crime or health problems**, a speaker explained at the Pisa forum.

So-called 'overtourism' has become a major problem not just in various high-profile cities but also on other kinds of trips, including winter sport holidays and cruises. **Nearly 1 international trip in 10 was affected by overcrowding this year**, the World Travel Monitor® found. The international travel and tourism industry needs to find solutions to better manage visitor numbers without restricting growth, experts agreed at the Pisa forum.

In future, one new international growth market could be **"Muslim millennials"** who are expected to travel in much greater numbers over the coming decade. A **'seismic transformation'** is under way in the **luxury hospitality** business where customer demands are changing dramatically. And **digital assistants and robots** could change the look and sound of the travel industry in years to come.

GLOBAL TRAVEL TRENDS:

GLOBAL TOURISM GROWTH SPEEDS UP



"We are heading for another new record in international tourism this year with higher growth than the average increase since 2010."

MICHEL JULIAN
Technical Coordinator of the UNWTO
Statistics and Trends Programme



GLOBAL TOURISM GROWTH SPEEDS UP

The global travel industry has grown faster in 2017 than for several years. Travellers around the world have regained confidence and have gone on more international trips than ever, despite terrorist attacks in several destinations. North Americans and Europeans led the growth rankings this year, while Asia consolidated after years of strong growth and the Latin American market made good progress as well. The outlook for 2018 is good, with another year of solid growth on the cards. Those were some of the main results of the 25th World Travel Monitor® Forum.

STRONG 6% GROWTH IN WORLD OUTBOUND TRAVEL

The number of worldwide outbound trips grew by 6% in the first eight months of 2017, according to World Travel Monitor® figures presented at the Pisa forum. The average length of stay increased by nearly 4% to around 8 nights. "This was a strong performance. Global outbound travel turnover is growing three times faster than world GDP. Travel and tourism remains a key driver of the world economy," commented IPK International CEO Rolf Freitag. "Travellers remain concerned about travel risks but these are influencing their travel plans less than in recent years. Traditional factors, such as prices and destination products, are more important again."



Global outbound travel turnover is growing **3x** faster than world GDP.

CITY TRIPS REMAIN TOP GROWTH DRIVER

At a global level, holidays remain the number one reason for going on a trip abroad and further grew by 6% in the first eight months of 2017. Within the holiday segment, city trips are again the main growth driver this year with a rise of 16%, while sun & beach holidays grew by 9%. In contrast, tour holidays dropped back by 2%. Trips to visit friends and relatives (VFR trips) showed an even stronger increase of around 8%. In contrast, business trips overall more or less stagnated. MICE trips, making up for around 60% of all business trips, are showing positive growth trends so far this year and have compensated for a decrease in the number of traditional business trips.

NORTH AMERICA AND EUROPE DRIVE WORLD OUTBOUND TRAVEL GROWTH

Looking at the different outbound regions, North America showed the highest growth rate with a rise of 7.5% from January to August 2017, followed by Europe with 5.5%. Compared to previous years, Asia so far performed slightly under the global average with an increase of 5%. Outbound travel from Latin America also showed a growth rate of 5%.

Looking at particular markets, Russia seems to be on a path to recovery as it showed a strong comeback with a rise of 18%. On the other hand, a source market with a negative trend is Mexico, where outbound trips dropped by 5%, which could be due to tensions with the US.

In terms of major world destinations, Spain is amongst this year's winners with an 11% rise in international visitors, according to World Travel Monitor® figures. In general, Europe is the region with the strongest growth, welcoming around 7% more guests from abroad. Asia had around 5% more international visitors followed by the Americas with a 3% increase.

INTERNATIONAL TOURISM ARRIVALS UP 7%

This year's positive trends are reflected in the latest figures from the World Tourism Organization (UNWTO). These show strong demand for international tourism during the Northern Hemisphere summer peak season, which for the first time generated more than 300 million international arrivals in the two peak months of July and August.

Overall between January and August 2017, destinations worldwide welcomed 901 million international tourist arrivals (overnight visitors), 56 million more than in the same period of 2016, according to the latest UNWTO World Tourism Barometer. This corresponds to a robust 7% increase, well above the growth rates of previous years. These figures "reflect the sustained growth in many destinations combined with the recovery of those suffering from security challenges in recent years", UNWTO commented. In terms of destination regions, growth was strongest in Africa (+9%) and Europe (+8%), followed by Asia and the Pacific (+6%), the Middle East (+5%) and the Americas (+3%).

Michel Julian, Technical Coordinator of the UNWTO Statistics and Trends Programme, told the Pisa forum:

"We are heading for another new record in international tourism this year with higher growth than the average increase since 2010. So it looks likely to be the 8th year in a row with sustained growth."



Outbound
travel growth

- +7.5% North America
- +5.5% Europe
- +5% Asia
- +5% Latin America



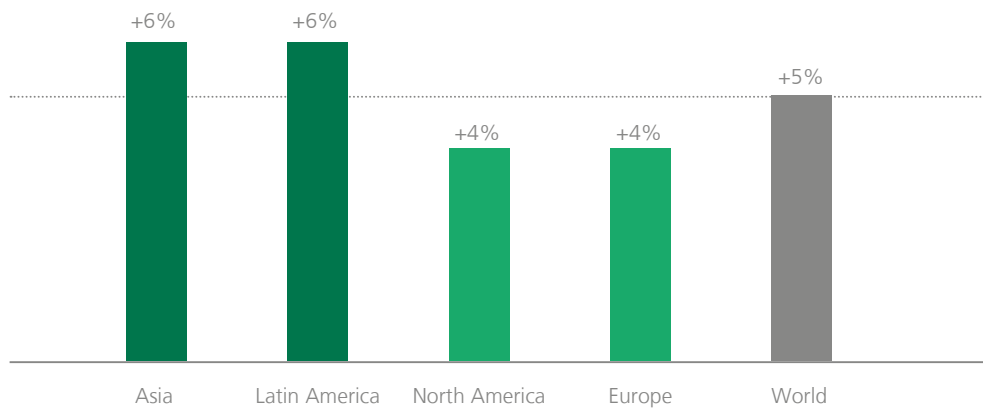
901
million

international
tourist arrivals

GOOD OUTLOOK FOR 2018

The outlook for 2018 is also promising. IPK International is forecasting that 2018 will be yet another year with positive growth rates in worldwide outbound trips. The consultancy is estimating an increase of around 5% worldwide, with the strongest growth for outbound trips coming from Asia as well as Latin America with increases of 6%, followed by a 4% rise from both North America and Europe. The forecasts are based on IPK’s World Travel Confidence Index, which is compiled annually based on the views of the survey participants about their travel intentions for the coming 12 months.

IPK’S OUTBOUND TRAVEL FORECAST 2018



Source: World Travel Monitor® 1-8, 2017, IPK International

EUROPEAN TRAVEL TRENDS:

**STRONG
YEAR FOR
EUROPEAN
OUTBOUND
TRAVEL**



“Europe remains one of the top drivers of world travel growth!”

ROLF FREITAG
CEO of IPK International



STRONG YEAR FOR EUROPEAN OUTBOUND TRAVEL

So far, 2017 has been a very positive year for travel and tourism in Europe with very good growth in outbound trips and good performances by many destinations across the region over the first eight months of the year. City trips are continuing to boom and beach holidays have grown much more strongly than in 2016 but long-haul travel by Europeans has slowed down, including a downturn in trips to the USA from some European source markets. Looking ahead, another good year is forecast for 2018. Those were some of the results of the 25th World Travel Monitor® Forum.

CURRENT TREND SO FAR EVEN EXCEEDING LAST YEAR'S FORECAST

Outbound travel by Europeans grew by 5.5% in the first eight months of 2017, according to World Travel Monitor® figures. This is well ahead of the 3% growth seen in 2016 as a whole and the original forecast of a 4% increase for this year. “This strong performance reflects positive economic trends and a high level of confidence in travelling. Europe remains one of the top drivers of world travel growth,” declared Rolf Freitag, CEO of IPK International. The most spectacular source market this year was Russia where outbound trips increased by 18% between January and August. Other top performers in terms of outbound growth were amongst others Poland, Netherlands and France.



Outbound travel
by Europeans

HIGHEST GROWTH FOR OUTBOUND TRAVEL WITHIN EUROPE, SOME DROPS TO US

In terms of destinations, Europeans again generally preferred to stay relatively close to home this year, generating a 6% rise in trips to destinations within Europe between January and August, according to World Travel Monitor® figures. When looking at European long-haul travel, last year's trends also continued in the first eight months of this year. There was a 3% increase for Asia but trips to the Americas, including the USA, dropped by 3%. “This might reflect a so-called ‘Trump effect’ in some European outbound markets as visitors are put off travelling to the US,” IPK consultant Madeleine Bullinger said at the World Travel Monitor® Forum.

SUN & BEACH AND CITY TRIPS FURTHER ON THE RISE

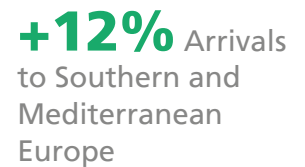
In terms of the purpose of outbound trips, the number of holiday trips by Europeans increased by 6% in the first eight months of this year, which was well ahead of last year’s 2% growth for the same period, according to World Travel Monitor® figures. In particular, Europeans flocked back to the beach this year with an above-average 7% increase in the number of ‘sun & beach’ holidays following zero growth last year. City trips also remained very popular over the first eight months of this year with a 20% rise, after a 15% rise in 2016. The overall average spend per trip increased by 4% to 945 euros.



STRONG GROWTH IN INTERNATIONAL ARRIVALS TO EUROPE

When looking at worldwide inbound travel to Europe, many destinations within the region have welcomed more international visitors this year, according to World Travel Monitor® figures. Top performers with high growth rates above the European average include countries as diverse as Iceland, Netherlands, Bulgaria, Spain, Portugal and Croatia.

This positive trend is reflected in the latest figures from the World Tourism Organization (UNWTO), which show a strong 8% rise in international arrivals in European destinations between January and August this year. This is well above growth rates of recent years. International arrivals rebounded in both Southern and Mediterranean Europe (+12%) and Western Europe (+7%) following a weaker 2016. Arrivals grew by 6% in Northern Europe and by 4% in Central and Eastern Europe between January and August 2017.



Commenting on this year’s European travel trends, **Rolf Freitag, CEO of IPK International**, said:

“Europe is clearly having a good year for travel and tourism. European outbound travel has so far even exceeded the forecast that was made for this year and travellers are going on more city trips and sun & beach holidays in particular. This augurs well for prospects in 2018.”

POSITIVE OUTLOOK FOR 2018

Looking ahead, IPK International is forecasting a 4% rise in European outbound travel in 2018. Particularly strong growth is expected from the UK (+6%) despite the weaker pound and Russia (+6%) which would confirm this year’s comeback. Good demand is also predicted from Belgium, France, Netherlands, Norway and Switzerland. Meanwhile, Europe’s largest outbound travel market, Germany, is once again expected to show solid growth of about 2%. These forecasts are based on IPK’s World Travel Confidence Index, which is compiled annually based on the views of the survey participants about their travel intentions for the coming 12 months.

ASIAN TRAVEL TRENDS:

STEADY GROWTH FOR ASIAN OUTBOUND TRAVEL



“Following an exceptionally strong growth rate in 2016, we are seeing a return to a more normal long term growth rate.”

FENJA WEBERSKIRCH
Consultant at IPK International



STEADY GROWTH FOR ASIAN OUTBOUND TRAVEL IN 2017

Asians are going on more international trips than ever, although the growth rate has slowed this year after a 9% increase in 2016. The main trends over the first eight months of 2017 include a continued rise in sun & beach holidays, more city trips and a good comeback for travel to Europe after a downturn last year. The outlook for 2018 remains good with further mid-single-digit growth expected. These were some of the results of the 25th World Travel Monitor® Forum.

The number of outbound trips by Asians grew by 5% between January and August 2017, according to World Travel Monitor® figures. This is behind the very strong 9% increase achieved in 2016 but is in line with the World Travel Monitor® forecast of 6% growth for this year, which was made 12 months ago. “Asian outbound was exceptionally strong in 2016, especially due to high growth for intra-regional travel. This year we are seeing a return to a more normal long-term growth rate,” commented IPK consultant Fenja Weberskirch.



Outbound
trips by Asians

ASIAN TRAVELLERS HEAD FOR BEACHES AND RETURN TO EUROPE

Asian travellers went on more leisure trips than ever this year, especially to beach destinations. Holiday trips increased by 5% between January and August, thus maintaining a high 82% share of all Asian international trips. The number of sun & beach holidays increased very strongly by 15% over the first eight months, and they now account for 23% of all holiday trips, according to World Travel Monitor® figures. City trips continued to perform well with a very good 9% increase but the number of tours covering several destinations fell slightly. The average length of outbound trips by Asians was 6 nights so far, remaining at the same level as last year, while average spending increased by 2%.



+15%

Sun and beach holidays

In terms of destination regions, Europe has proven popular with Asians this year with a 7% increase in trips over the first eight months, according to World Travel Monitor® figures. This is a clear comeback for Destination Europe which suffered a slight drop in Asian visitor numbers last year following various security incidents. In comparison, there was only a low 2% increase in Asian trips to the Americas over the first eight months of this year. Most Asians, however, travel within their own region. Intra-regional trips showed a healthy 4.5% increase between January and August.

GOOD YEAR FOR MOST ASIAN DESTINATIONS

These trends for Asian outbound travel are also reflected in figures from the World Tourism Organization (UNWTO) which show a 6% rise in international arrivals in Asia and the Pacific from January to August this year. South Asia has led growth so far this year with a strong 10% rise, followed by South-East Asia (+8%) and Oceania (+7%). However, North-East Asia had relatively more modest growth of 3% due to mixed results, according to the UNWTO World Tourism Barometer for January-August 2017.

Summing up the Asia trends, **Rolf Freitag, CEO of IPK International**, commented:


“It looks like Asian long-haul travellers are preferring Europe to the Americas this year, which is a clear sign that they have recovered confidence in visiting European destinations. At the same time, Asians want to relax on sun & beach holidays more than ever, while demand for city trips remains strong. These two trends offer good prospects for destinations around the world.”

Looking ahead to 2018, another good year can be expected for Asian outbound travel, which will remain a driver of world growth. IPK International predicts a 6% rise in Asian outbound trips in 2018, based on its Asian Travel Confidence Index, which measures travel intentions for the next 12 months.

YOUNG INDEPENDENT TRAVELLERS DRIVE CHINESE OUTBOUND MARKET GROWTH

The changing profile of Chinese international travellers was a key topic at the Pisa forum. In 2016, the number of cross-border trips from China increased by 2.7% to 136.2 million, according to World Tourism Organization (UNWTO) figures. Trips to Greater China (Hong Kong, Macau and Taiwan) dropped by 5.2% to 66.7 million but trips to the rest of the world grew strongly by 11.7% to 70.1 million.

Roy Graff, managing director EMEA of Dragon Trail Interactive, a technology and marketing agency specialising in China, highlighted the importance of younger independent travellers for current and future growth. Millennials now comprise about 60% of all Chinese travellers, he said. At the same time, more than 50% of all Chinese travellers are now FITs (Foreign Independent Travellers) while the proportion of group and package tours is declining.



“There are three main reasons for this FIT growth, Millennials want more individual experiences, they have access to more online information, and more destinations are now visa-free for Chinese travellers.”

However, although residents of Beijing, Shanghai and Guangdong province still account for the bulk of Chinese international travellers, there is a gradual increase in international travellers from second-tier and third-tier cities in other coastal areas or inland provinces, Graff also pointed out. These consumers are mostly package tourists who primarily want to see famous attractions and visit cheaper destinations, he explained.

AMERICAS TRAVEL TRENDS:

**NORTH
AMERICAN
OUTBOUND
TRAVEL GROWS
STRONGLY AS
LATIN AMERICA
MAKES GOOD
PROGRESS**



"This year's strong growth for North American outbound travel is due to different reasons, such as good economic conditions and a strong US dollar."

JUAN ALBERTO GARCIA LOPEZ
 Consultant at IPK International



NORTH AMERICAN OUTBOUND TRAVEL GROWS STRONGLY AS LATIN AMERICA MAKES GOOD PROGRESS

The Americas can celebrate a good year for international travel and tourism. North Americans are travelling strongly to destinations in Europe and Latin America this year, while source markets such as Brazil are on the path to recovery. The outlook for both North America and Latin America next year is for a continuation of these positive trends. These were some of the results of the 25th World Travel Monitor® Forum.

STRONG GROWTH FOR NORTH AMERICAN OUTBOUND TRAVEL

North Americans are travelling strongly this year, with a 7.5% increase in outbound trips between January and August, according to World Travel Monitor® figures. This is even higher than the expected 6% rise for this year, as predicted by last year's World Travel Monitor®. Travel from North America to Europe is booming with a very strong 15% increase over the first eight months of this year. There is also good growth of 6% in trips to destinations in the Americas and moderate growth of 4% for Asia.



Travel from North America to Europe

Travellers from North America are diversifying their international trips this year. The number of holidays and visits to friends and relatives are both 9% higher. Among different kinds of holidays, city trips are proving particularly popular with a 15% increase between January and August. This is a clear comeback for city breaks after a slight decline last year.

While touring holidays are losing market shares in other regions of the world like Asia and Europe, North Americans went on more tour holidays in the first eight months of this year, with an increase of 10%. But sun & beach holidays are also in demand, as a 9% increase shows. Overall spending per trip is 3% higher this year, with an average length of stay of 8 nights.



North Americans went on more **tour holidays**

“This year’s strong growth for North American outbound travel is due to different reasons, such as good economic conditions and a strong US dollar,” explained IPK International consultant Juan Alberto Garcia Lopez. Looking ahead, another good year for North American outbound travel is expected in 2018. IPK’s Travel Confidence Index forecasts further growth of 4% next year.

GOOD DEVELOPMENT FOR LATIN AMERICAN OUTBOUND TRAVEL

Latin American outbound travellers went on more international trips in the first eight months of 2017. The number of outbound trips grew by 5% and hence even exceeded the initial forecast of 3% that was made at the beginning of this year, according to World Travel Monitor® figures.

There was a 6% rise in holidays, which comprise over 70% of all international trips by travellers from the region, but a 7% decline in visits to friends and relatives. Reasons for this development are among others the tensions with the USA, particularly when looking at the Mexican outbound travel market, which usually includes a higher share of trips for visiting friends and relatives.

Latin American travellers went on different kinds of international holidays this year. The highest growth rate within the holiday segment can be seen for holidays in the countryside, nevertheless the segment only accounts for less than 5% of the total holiday market. In comparison, city trips and tour holidays, which each make up around 25% of the total holiday market, could also register high growth rates (city trips +9%, touring +8%). In contrast, the number of international sun & beach holidays declined by 2%.

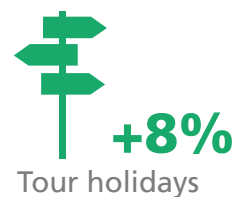
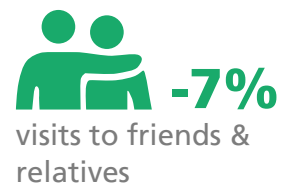
This good development from Latin America looks likely to be consolidated next year. IPK’s Travel Confidence Index forecasts slightly higher growth of 6% in Latin American outbound travel in 2018.

MORE INTERNATIONAL VISITORS FOR MOST DESTINATIONS IN THE AMERICAS

The World Travel Monitor® figures are supported by the latest Americas destination figures from the World Tourism Organization (UNWTO). These show an overall 3% rise in international arrivals to the region between January and August 2017.

Most destinations continued to enjoy positive results, led by South America (+7%) and followed by Central America and the Caribbean (both +4%). North America welcomed 2% more international visitors, with robust results in Mexico and Canada contrasting with a decrease in the United States, the region’s largest destination.

“Overall, it has been a good year for international travel in the Americas,” commented IPK International CEO Rolf Freitag. “North Americans are visiting Europe more than ever and in general are going on more tour holidays. This positive development in regards to tour holidays is a contrast to what we see from other parts of the world.”



OVERTOURISM:

**INTERNATIONAL
TRAVEL
INDUSTRY
NEEDS NEW
STRATEGIES
TO MANAGE
'OVERTOURISM'**



"The problem is not over-tourism in general, but under-management of tourism. There is no one-size-fits-all solution."

ALEXIS PAPATHANASSIS
Director of the Institute of Maritime Tourism



INTERNATIONAL TRAVEL INDUSTRY NEEDS NEW STRATEGIES TO MANAGE 'OVERTOURISM'

'Overtourism' has made headlines worldwide this year due to record visitor numbers at many destinations, prompting well-publicised protests by residents and diverse measures by local authorities in some places. Overcrowding is also negatively affecting travellers themselves, and the international travel and tourism industry needs to find solutions to manage visitor numbers without restricting growth, experts agreed at the 25th World Travel Monitor® Forum in Pisa, Italy.

ONE INTERNATIONAL TRIP IN TEN AFFECTED BY OVERCROWDING

Overtourism not only impacts directly on destinations, tourist attractions, local infrastructure and residents, but also on travellers themselves, Rolf Freitag, CEO of IPK International, made clear. Around 25% of all international tourists had the feeling that their destination had been "overcrowded" this year, according to a special World Travel Monitor® representative survey of 29,000 international travellers in 24 countries in Europe, Asia and the Americas conducted in September 2017.

Moreover, 9% – equivalent to around 100 million tourists – said this overcrowding had actually affected the quality of their outbound trip. At 13%, this feeling was the highest amongst families with children and young people under 34. In terms of origin regions, 15% of Asians, 9% of North Americans and 8% of Europeans said their holiday experience had been affected by excessive visitor numbers. Hence, Asian outbound travellers seem to be more sensitive with regard to "overcrowding".



25%

of all Tourists felt that their destination had been "overcrowded"

ALL KINDS OF HOLIDAYS AND DESTINATIONS AFFECTED

Contrary to public perceptions, the worst overcrowding is not always in big cities, according to World Travel Monitor® figures. Ski resorts are the most crowded tourism locations. Nearly one international traveller in five (19%) said their winter sports holiday had been affected by overtourism, resulting, for example, in long waits for ski lifts.

Other types of holidays were fairly equally impacted by high numbers of visitors, suggesting that overtourism is a general problem rather than restricted, for example, to cities. About one traveller in ten described the quality of their touring holiday, cruise, city trip, sun & beach holiday or countryside holiday as affected by too many tourists.

Both world-famous attractions and regionally important destinations are impacted by overcrowding. The regions most impacted by overcrowding, according to more than 25% of World Travel Monitor® respondents, are for example the Great Wall of China, ski resorts in the Dolomites, and Italy's Cinque Terre. The most affected cities include Guangzhou (24%), Shanghai (23%), Beijing (21%), Amsterdam and Istanbul (both 19%), and Barcelona, Florence and Venice (all 18%), according to World Travel Monitor® respondents.



19% of winter sport holiday travelers affected by overtourism

"Overtourism is clearly not good for nature, culture, locals and tourists alike. However, global tourism has not reached its limits. Many destinations would be happy to see more visitors, either throughout the year or in the low season. So tourism does not have a growth problem but rather a regional and seasonal problem!"

ROLF FREITAG
CEO of IPK International

WTTC SUGGESTS JOINT STRATEGIES TO TACKLE OVERCROWDING

According to the latest research by the World Travel & Tourism Council, overcrowding can have a variety of impacts, including alienating locals, overloading the infrastructure, threatening cultural heritage, impacting on nature and affecting the tourism experience. In particular, overcrowding is exacerbated by the uneven spread of international tourists, which could intensify in future, **Evelyne Freiermuth, WTTC policy & research manager**, said at the Pisa forum.

"Tourism is growing globally as more people have the money to travel more often. This means the top destinations are likely to get more and more visitors in future. The top 10 destinations worldwide already receive over 40% of all international arrivals, while the top 20 have close to 70%."

In response, all travel and tourism stakeholders, not only destinations, need to work together to assess the problems, develop strategies and take joint actions, the WTTC research emphasises. "For example, some regions might focus on attracting certain tourist categories rather than total numbers," Freiermuth suggested. In general, strategies to combat overcrowding could include infrastructure expansion, greater involvement of local communities, more protection of tourism assets, and use of technology and data collection to manage visitor flows better. In addition, such strategies might be seen as an opportunity to relocate tourists from congested areas to lesser-known attractions.

LOCAL STRATEGIES WITH ALL STAKEHOLDERS NEEDED

Various speakers at the Pisa forum highlighted the need for the international travel industry to act together with destinations on coordinated strategies to tackle overtourism. Such strategies could focus on issues such as managing seasonality and visitor flows, spreading tourism benefits such as jobs and revenues more widely among local communities, and investing in infrastructure and protection of tourism assets, they suggested.

Cruise expert Prof. Dr. Dr. Alexis Papathanassis, director of the Institute of Maritime Tourism in Bremerhaven, Germany, explained: "Overtourism is a very localised problem at certain times in certain places, and is not always a problem in the surrounding area." For example, recent anti-tourist protests had not necessarily been in places with the highest density of tourists compared to residents or the fullest accommodation, he pointed out. "The problem is not over-tourism in general, but under-management of tourism," he declared. Above all, solutions needed to be found in destinations, for example by tackling seasonality, and not by limiting demand, Papathanassis urged. He underlined: "Each destination case is different. There is no one-size-fits-all solution."

VENICE TACKLES OVERTOURISM

One city that is suffering increasingly from overcrowding is Venice, which has just 55,000 residents in its historic city centre. Valeria Minghetti, chief senior researcher at Ciset - the International Centre of Studies on Tourism Economics of Ca' Foscari University Venice, told the forum that mass tourism is resulting in far more costs than benefits for the city, including overcrowding, pollution and rising prices. She explained that the historical centre of the city has far more visitors than those indicated by official accommodation statistics, due to the volume of day trippers coming from the large surrounding catchment area, the growth of cruise passengers and, during the last years, the explosion of tourists staying in 'sharing' accommodation.

In response, the Italian city reacted to heavy overcrowding of St Mark's Square and its narrow canals this year with measures to ban cruise ships from docking directly on the waterfront and with the 'Enjoy Respect Venice' initiative for 'responsible tourists', including fines for tourists who break local laws. Minghetti said that other ideas under discussion include limiting access to St Mark's Square, a new tourist tax and an app with real-time information on visitor levels.

Venice has more than **22** million visitors a year, but only 2.9 million overnight tourists.

RESILIENT DESTINATIONS CAN FOCUS ON SUSTAINABLE SOLUTIONS

Despite the challenges of overtourism, individual cities and tourist destinations can successfully develop 'resilience' strategies to cope both with large numbers of visitors and other challenges such as urbanisation, infrastructure limitations, traffic congestion, pollution and natural disasters, said Brian Tress, EY's executive director - real estate & hospitality for the Northeast USA, citing a recent study "Getting Real about Resilience" by EY and 100 Resilient Cities. He gave the example of Del Carmen resort on Siargao Island in the Philippines which had seen a tenfold surge in visitors in just five years that overwhelmed its capacity. In response, the destination focused on ecological tourism, better public services and infrastructure development to seek a sustainable solution.

TRAVEL RISK:

**INTERNATIONAL
TRAVEL IS
MUCH SAFER
THAN PEOPLE
THINK**



"The media perception of terrorism as a threat to tourism is misleading. Travellers under-estimate the real risks and over-estimate the terror risks."

ROLF FREITAG
CEO of IPK International




INTERNATIONAL TRAVEL IS MUCH SAFER THAN PEOPLE THINK

International travel remains overwhelmingly safe despite natural disasters and terror attacks around the world that have caused people to be more worried than is justified. Nevertheless, many people will again switch destinations in 2018 due to fear of terror attacks. Those were the key messages from a session at the 25th World Travel Monitor® Forum on travel risks.

OVER 40% OF ALL INTERNATIONAL TRAVELLERS PLAN TO CHANGE THEIR TRAVEL BEHAVIOUR DUE TO TERROR CONCERNS

There continues to be a relatively high perceived risk of terror attacks when travelling, World Travel Monitor® results for the first eight months of 2017 showed. However, this is mainly resulting in a change to destinations that are perceived as safe rather than giving up travelling altogether. More than four international travellers in ten (41%) say the recent instability and terror warnings will impact their travel planning for 2018. One third (33%) plan to shift to a 'safer' destination while a further 8% might not travel abroad at all. On the positive side, nearly 60% say they will not change their travel behaviour due to possible terror threats. The 41% 'impact' figure has dropped back slightly from a peak of 45% both in spring 2017 and September 2016 but still remains very high. The latest World Travel Monitor® figures are based on 29,000 interviews in 24 European, Asian and American source markets conducted in September 2017.

 **41%**
say terror warnings will impact their travel planning in 2018

33%
plan to shift to a 'safer' destination

ASIANS MORE WORRIED THAN EUROPEANS ABOUT POTENTIAL RISKS

There are significant regional differences between source markets in Europe, Asia as well as North and South America, according to World Travel Monitor® figures. For example, travellers from Asian source markets such as Japan (71%) and China (51%) are highly sensitive to terror threats and are thus more likely to let instability and terror warnings influence their travel plans. This also applies to Russia (61%). In contrast, travellers from European source markets such as Norway, Great Britain and the Netherlands are less sensitive to the threat of terror attacks. Singles are also relatively unimpressed by terror warnings, whereas people travelling with children are more cautious.

TRAVELLERS SEE USA, UK AND SPAIN AS LESS SAFE THAN BEFORE

Destinations such as Turkey, Egypt and Tunisia which have all suffered terror attacks in recent years are still seen as particularly unsafe. However, Spain, the UK and the USA have also suffered in their safety perceptions, which is likely due to incidents in 2017, according to World Travel Monitor® figures. The USA and the UK are new on the top 10 list of 'potentially endangered' destinations, in the eyes of international travellers.

In contrast, some destinations in Northern, Central and Eastern Europe, such as Switzerland, for example, along with long-haul destinations such as Canada and Australia are seen as particularly safe. They could thus benefit from travellers who shift destinations.



USA and the UK are new on the top 10 list of **'potentially endangered' destinations**

CRIME AND HEALTH ISSUES ARE MUCH BIGGER RISK THAN TERROR ATTACK

In fact, there is a massive split between travellers' fears and the actual risk of falling victim to a terror attack, as World Travel Monitor® figures for the first eight months of 2017 made clear. The risk of falling victim to crime or suffering from a major health issue is much higher.

About 8% of international travellers actually suffered from some kind of 'risk event' between January and August. Most of these incidents were either some kind of serious crime (4%), serious health issues (3%) or other serious incidents, including natural catastrophes (1%).



8%

of international travellers suffered from 'risk event'

In contrast, the real risk of being a victim of a terror attack is extremely low. In 2016, 34,000 people were killed worldwide in terror attacks, including 19,000 citizens and 15,000 terrorists. The overwhelming majority of civilian victims were killed overseas while there were just 350 fatalities in Europe, according to the National Consortium for Terrorism and Terror Defense of Maryland University. "In statistical terms, the risk of an international tourist being killed in a terror attack in Europe was 0.000001%", Rolf Freitag, CEO of IPK International pointed out.

"These figures show that the real travel risk is from crime or health issues but travellers don't seem overly concerned about these risks," commented Rolf Freitag. "On the other hand, the risk to tourists of becoming a victim of a terror attack in Europe is extremely low. The media perception of terrorism as a threat to tourism is misleading, he declared. "Travellers under-estimate the real risks and over-estimate the terror risks."

Importantly for the travel and tourism industry, experience over the last decade shows that neither terror nor negative media publicity have a lasting influence on outbound travel volumes, the IPK International chief explained. "The main impact is that destinations that suffered terror attacks are avoided in the short term but then usually make a comeback, he concluded. In 2017, the list of most unsafe international destinations, in terms of all kinds of travel risks, was led by Afghanistan, Iraq and Syria. Many of the safest destinations were in Europe.

MUSLIM TRAVEL:

**MILLENNIALS
WILL DRIVE
MUSLIM TRAVEL
MARKET GROWTH**



"Muslims aged under 30 could become the next biggest consumer market!"

FAZAL BAHARDEEN
CEO of Singapore-based Crescent Rating and HalalTrip



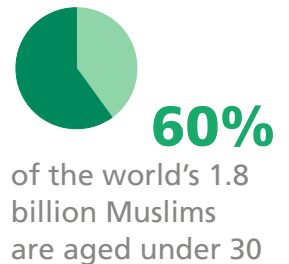
MILLENNIALS WILL DRIVE MUSLIM TRAVEL MARKET GROWTH

The worldwide market for 'Muslim travel' could take off in the next few years thanks to the growing population of Muslim millennials who travel internationally, according to a leading expert.

With about 60% of the world's 1.8 billion Muslims aged under 30, this segment of the world population could become the "next biggest consumer market", Fazal Bahardeen, CEO of Singapore-based Crescent Rating and HalalTrip, told the 25th World Travel Monitor® Forum. International fashion retailers, for example, are already targeting young Muslim women with "modest fashion" creations, he pointed out.

Overall, Muslims are estimated to have spent about \$142 billion on travel in 2014, and to have accounted for about 121 million arrivals worldwide in 2016. These figures could rise to spending of \$220 billion and 158 million arrivals in 2020, Bahardeen predicted. At present, Asia (57%) and Europe (30%) are the two main destination regions for Muslim travellers.

In terms of regional markets, the Gulf Cooperation Council (GCC) states, including Saudi Arabia and the UAE, represent the biggest outbound market by spending, although not by numbers, Bahardeen said. South-East Asia, including Malaysia and Indonesia, is the next biggest market. In Europe, the UK, Germany and France jointly account for about 10-12% of Muslim outbound travel spending. Turkey and Iran are other significant markets.



FAITH-BASED SPECIFIC NEEDS FOR HALAL TRAVELLERS

Regardless of their nationality, Muslim travellers have some specific faith-based needs when travelling, Bahardeen explained. Halal food and prayer facilities, for examples, are absolute musts. Destinations, hotels and other travel suppliers are also well-advised to provide additional services such as adapting meal times and other facilities to Ramadan, he recommended. "Shared values among Muslims are much stronger than among other communities. For example, Muslims need halal food, wherever they come from, he made clear.



Halal food & prayer facilities are absolute musts

"MILLENNIALS WILL RE-SHAPE THE MUSLIM TRAVEL MARKET"

Turning to the structure of the 'halal travel' market, Bahardeen explained that Muslim travel in the past tended to be dominated by families. However, millennials (born between 1980 and 2000), who make up 60% of the global Muslim population, are now travelling in much greater numbers. By 2016, 36% of Muslim travellers were millennials, and this share is likely to continue rising, he said.



Expected revenue of Muslim travel market by 2026:

\$300 billion

"Muslim millennial travellers will significantly re-shape the Muslim travel market, Bahardeen predicted. By 2026, the overall Muslim travel market is expected to grow to overall spending of \$300 billion, with millennials accounting for over \$100 billion of this total.

These Muslim millennials will share many general travel characteristics with other young people of their generation, he explained. Thus, they will want authentic travel experiences such as discovering destinations and trying local cuisines, while taking advantage of affordable transportation and accommodation and making extensive use of technology and social media.

"But they will also still have specific needs, especially for halal food," Bahardeen underlined.

"This means destinations will have to offer 'Muslim-friendly' products and services if they want to attract this group of millennials."

In some cases, Muslim millennials could even help re-balance overall tourist flows, he pointed out. For example, North Asian destinations could reduce their reliance on Chinese tourists by trying to win more visitors from South-East Asia.

LUXURY HOSPITALITY:

**LUXURY
HOSPITALITY
UNDERGOES
'SEISMIC'
TRANSFORMATION**



"Luxury has to re-define itself to stay relevant. By 2022, two-thirds of luxury hospitality will be experience-based."

BARAK HIRSCHOWITZ
President of International Luxury Hotel Association (ILHA)



LUXURY HOSPITALITY UNDERGOES 'SEISMIC' TRANSFORMATION

The world of luxury hospitality has embarked on a major transformation that will give customers a completely different experience in the years ahead, an industry leader told the 25th World Travel Monitor® Forum. Meanwhile, digital assistants and robots are set to play a bigger role in the travel and tourism industry in future, according to a technology expert.

Luxury travel accounts for only 7% of all international trips but as much as around 20% of global travel spending due to high prices, according to World Travel Monitor® figures. The US-based International Luxury Hotel Association (ILHA) forecasts the luxury travel market could grow to \$1,154 billion by 2022. It says that luxury travellers spend six times more on trips than regular travellers, and make 5.6 trips a year compared to 3 for regular travellers.



Luxury
Travel accounts
for around
20% of global
travel spending

UNIQUE EXPERIENCES INSTEAD OF LUXURY PRODUCTS

However, the premium travel market, traditionally focused on affluent consumers and senior business executives, is undergoing major changes at present. ILHA president Barak Hirschowitz told the Pisa forum: "Luxury hospitality has experienced a seismic shift in consumer preferences."

Today's affluent consumers are global, digital and discerning, trade up and down, and are not brand loyal, he explained. Luxury consumers, and in particular millennials, are now purchasing more experiences and fewer products, and are shifting from 'owning' to 'being', he said. This means that instead of 'universal and consistent' hotels, guests are now seeking 'unique and personal' experiences from luxury hotels.

RE-DEFINING LUXURY TO STAY RELEVANT

In response, “luxury has to re-define itself to stay relevant”, Hirschowitz declared. He explained that luxury accommodation providers are now moving from products to offering experiences that are personalised, shareable, authentic, immersive, unique and exclusive. They are offering guests ‘memorable moments’, surprising them with unexpected experiences, and trying to generate a “sense of place” by ensuring that the property fits into its surroundings and the location as a whole. “By 2022, two-thirds of luxury hospitality will be experience-based,” the hotels association chief predicted.



By 2022, two-thirds of luxury hospitality will be **experience-based**

In the longer term, hospitality will also enter into more partnerships with other luxury segments to offer guests additional services, for example with gyms or wellness centres, Hirschowitz said. Moreover, hotel layouts could be changed with more areas incorporating wellness, more communal spaces for interaction between guests, and also more opportunities for local communities to use hotel facilities.

Another trend will be shareable accommodation, according to Hirschowitz. For example, luxury residential buildings might be used partly as hotel suites and at other times marketed separately through Airbnb. In a different segment, he also saw potential for new kinds of luxury cruises, such as adults-only ships.

TECHNOLOGY “CAN PERSONALISE THE GUEST EXPERIENCE”

A key role in these changing trends will be played by technology, Hirschowitz said. In future, state-of-the-art consumer technology would be able to “personalise the guest experience” in hotels. For example, guests would be able to use hotel smartphones and smart assistant devices for orders, reservations and other hotel services. Augmented reality could help hotels to “tell their story” by providing additional information about the location or surroundings.

One area where hotels need to catch on the cruise sector is on advance sales of additional products and services, **Hirschowitz** emphasised.

“Cruise lines are very good at advance sales but hotels have not been good, even though they know when the guest is coming. Now the luxury sector is starting to catch up and to offer more as a kind of host while the guest is in the city.”

This cross-selling could range from sightseeing visits and excursions to more unusual and memorable experiences.

CHATBOTS, ROBOTS AND ARTIFICIAL REALITY

In the future, new technologies will play a decisive role not only for the hotel sector, but for travel and tourism in general, Wojciech Olearczyk, director of software development at the Sabre Innovation Lab in Cracow, Poland, told the Pisa forum.

Among various emerging trends, he highlighted autonomous technology as particularly applicable to the sector. This ranges from conversational 'digital personal assistants' such as chatbots or interactive devices through to physical robots. The application of robots in tourism, for example, could range from machines making room delivery in hotels to 'luggage robots' containing personal possessions and rolling along behind travellers, to fully autonomous aerial transportation, he suggested.

A different kind of autonomous technology are "recommendation engines" that learn from user searches, reviews and ratings to make appropriate suggestions, such as for hotels and destinations, he explained. Olearczyk was also optimistic about the prospects for augmented reality applications in travel and tourism, and predicted the Microsoft 'HoloLens' and other head-mounted displays could also play a key role for both operations and tourism in future.



New technologies will play a decisive role in tourism, such as chatbots or robots

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Editor: Dr. Martin Buck, David Ruetz

Contact: Julia Wegener, Press Officer
Tel.: +49 30 / 30 38 22 69
Email: j.wegener@messe-berlin.de
Website: www.messe-berlin.de



Prepared on behalf of ITB Berlin by:
IPK International
Gottfried-Keller Strasse 20
D-81245 Munich
Germany

Contact: Fenja Weberskirch, Marketing Consultant
Tel.: +49 89 82 92 370
Email: weberskirch@ipkinternational.com
Website: www.ipkinternational.com