Outlook for International Inbound Travel to North America - The International Marketplace: What's Happening?

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IPK International

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World Travel Trends 2014 and 2015
Forecasting Global and American Tourism

Latest results of IPK’s World Travel Monitor
- based on IPK’s worldwide representative tourism polling -
Database Is Our World Travel Monitor

- Continuous monitoring throughout the year since 1988 – 500,000 interviews per year
- Worldwide representative opinion polling guarantees global comparability
- Worldwide standardized questionnaire
- Displays all inbound & outbound travel
- Covers all travel market segments (1+ N)
The World Travel Monitor® Delivers Premium Data from 63 Countries of Origin

covering 90% of global outbound demand

European Travel Monitor
33 countries – 99% market coverage

Asian Travel Monitor
16 countries – 87% market coverage

American Travel Monitor
14 countries – 99% market coverage

Representative data you can trust - travel to all destinations worldwide
Many Destinations Were In Distress

Violence and political unrest in 35 countries remained in the headlines for some key destinations keeping travelers away, sometimes in droves - not to forget Ebola.
World Travel Monitor® Update 2014

Nevertheless 2014 has become another excellent global travel year
2010 - 2014
World Domestic Travel Returned to Growth

6.5 billion trips
Change: +3%

Source: Estimates by IPK International, October 2014
2010 - 2014
World Outbound Travel Did Even Better

Source: Estimates by IPK International, October 2014

980 million trips
Change: +4.5%

1.15 countries visited per trip > 1.133 mn. arrivals (UNWTO)
World Outbound Travel 2009 – 2014

World Outbound Trip Performance

980 million Trips

Mean growth: 45 Million more outbound trips per year

Source: World Travel Monitor® Trend 1-8/2014, IPK International
World Outbound Turnover 2014

Mean spending per trip 1,785 USD +2%

World Outbound Turnover 1,750 bn. $

75% go to the destination - 25% stay at the origin

Due to online bookings destination share is increasing

Source: World Travel Monitor® Trend 1-8/2014, IPK International
**World Outbound Travel 2014**

Mean Length Of Outbound Trip Was 8 Nights

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### World Outbound Travel Nights

- **Latin America**: 11 nights
- **Eastern Europe**: 10 nights
- **Western Europe**: 9 nights
- **North America**: 7.7 billion
- **Asia**: 6 nights

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**Source:** World Travel Monitor® Trend 1-8/2014, IPK International

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**7.7 billion World Outbound Nights**
World Long Haul Performance 2011-2014
Growth by Destination Continents

Source: World Travel Monitor® 2011 – 2014 (Trend 1-8), IPK International
## World Outbound Travel 2013
### Top Ten City Destinations 2013

<table>
<thead>
<tr>
<th>Rank</th>
<th>City and surroundings</th>
<th>Trips in mn.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Paris</td>
<td>18.8</td>
</tr>
<tr>
<td>2</td>
<td>New York</td>
<td>18.5</td>
</tr>
<tr>
<td>3</td>
<td>London</td>
<td>16.1</td>
</tr>
<tr>
<td>4</td>
<td>Bangkok</td>
<td>14.6</td>
</tr>
<tr>
<td>5</td>
<td>Barcelona</td>
<td>12.4</td>
</tr>
<tr>
<td>6</td>
<td>Singapore</td>
<td>10.6</td>
</tr>
<tr>
<td>7</td>
<td>Munich</td>
<td>9.2</td>
</tr>
<tr>
<td>8</td>
<td>Berlin</td>
<td>8.5</td>
</tr>
<tr>
<td>9</td>
<td>Los Angeles</td>
<td>8.1</td>
</tr>
<tr>
<td>10</td>
<td>Dubai</td>
<td>8.0</td>
</tr>
</tbody>
</table>

Source: World Travel Monitor 2013, IPK International
World Outbound Accommodation Choice 2009 - 2014
Rising Market Share of Para-Hotellerie

Source: World Travel Monitor® 2009 – 2014 (Trend 1-8), IPK International

*Others: bed & breakfast; tent/caravan; ship/boat/cruise/yacht; youth hostel/family hostel; holiday club; pension ...

Share and change in % of trips

IPK INTERNATIONAL  TOURISM RESEARCH • TOURISM MARKETING • WORLD TRAVEL MONITOR®
World Outbound Travel  2009 - 2014
Why Does the World Population Travel Abroad?

VFR +22%

Holidays +31%

Business +18%

Source: World Travel Monitor® 2009 – 2014 (Trend 1-8), IPK International
World Outbound Holidays 2009 - 2014
What Was Driving the World Holiday Market?

1 City Holidays + 58%
2 Touring Holidays + 32%
3 Sun & Beach Holidays +18%
4 Countryside Holidays - 17%

From Emerging Markets
From Eastern Europe
Financial Crisis Impact

Source: World Travel Monitor® 2009 – 2014 (Trend 1-8), IPK International
1. Visiting sites / sightseeing
2. Relaxing, unwinding, sleeping well
3. Enjoying meals + drinks
4. Swimming + sunbathing
5. Discovering landscape + nature
6. Shopping

Source: World Travel Monitor® 2009 – 2014 (Trend 1-8), IPK International
World Outbound Business Travel 2014

What Was Driving Business Travel?

MICE

Increasing Share

Traditional

Decreasing Share

Source: World Travel Monitor® Trend 1-8/2014, IPK International
Promotable Business Travel Is Outperforming

Global Know How Searching

- Incentive: +64%
- Convention: +45%
- Conference / Congress: +30%
- Exhibition / Trade Fair: +6%
- Traditional: -10%

Source: World Travel Monitor® 2009 – 2014 (Trend 1-8), IPK International
World Outbound Travel 2014
Choice of booking channels* - Trend

66% Internet bookings  +7%
slowing growth rate!  – soon saturation?

24% Travel Agency bookings  +1%
consolidation of market share

Source: World Travel Monitor® 2009 – 2014 (Trend 1-8), IPK International

*multiple answers possible
**World Outbound Travel 2014**

**Booking Via Smartphone**

*Is Fast Gaining Market Share*

<table>
<thead>
<tr>
<th>Country</th>
<th>Share of Smartphone Online Bookings</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>10%</td>
<td>4%</td>
</tr>
<tr>
<td>USA</td>
<td>7%</td>
<td>2%</td>
</tr>
<tr>
<td>Japan</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>Europe</td>
<td>4%</td>
<td>2%</td>
</tr>
</tbody>
</table>

*And how did you make your Internet/Online bookings?*

1. Online via Personal Computer / Notebook / iPad
2. Online via Smartphone / Mobile / Tablet
3. Other

Source: World Travel Monitor® Trend 1-8/2014, IPK International
Boomer 2014
Social Media Use For Outbound Travel

<table>
<thead>
<tr>
<th>Country</th>
<th>Use (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>95%</td>
</tr>
<tr>
<td>Brazil</td>
<td>84%</td>
</tr>
<tr>
<td>USA</td>
<td>65%</td>
</tr>
<tr>
<td>Europe</td>
<td>61%</td>
</tr>
<tr>
<td>Japan</td>
<td>51%</td>
</tr>
</tbody>
</table>

Do you use special travel blogs, travel forums, rating or review sites, with regard to your travel and holiday planning?

Source: World Travel Monitor® Trend 1-8/2014, IPK International
Global Travel Outperformers 2009 - 2014

- City Holidays
- Touring Holidays
- Air Transportation
- Shorter Trips
- Para & Luxury Accommodation
- MICE Travel
- Internet Bookings
- Travel Social Media Use

Source: World Travel Monitor® 2009 – 2014 (Trend 1-8), IPK International
World Outbound Travel 2014

Long Haul Versus Short Haul Travel

Long Haul

Increasing Share

83%

Short Haul

Decreasing Share

17%

Source: World Travel Monitor® Trend 1-8/2014, IPK International
World Long Haul Sales Turnover 2014

Spending per long haul trip 2,930 USD
Spending per trip to USA 3,151 USD
World Long Haul Turnover 511 bn. $

29% of world expenses were spend for long haul travel

Over the last five years long haul travel turnover was growing faster than short haul turnover

Source: World Travel Monitor® 2013, IPK International
## Top Six Long Haul Markets of Origin

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country of Origin</th>
<th>Trips mn.</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>USA</td>
<td>32.5</td>
<td>19.5%</td>
</tr>
<tr>
<td>2</td>
<td>UK</td>
<td>13.0</td>
<td>7.8%</td>
</tr>
<tr>
<td>3</td>
<td>China</td>
<td>10.8</td>
<td>6.5%</td>
</tr>
<tr>
<td>4</td>
<td>Canada</td>
<td>9.6</td>
<td>5.8%</td>
</tr>
<tr>
<td>5</td>
<td>Japan</td>
<td>8.7</td>
<td>5.2%</td>
</tr>
<tr>
<td>6</td>
<td>Germany</td>
<td>7.7</td>
<td>4.6%</td>
</tr>
</tbody>
</table>

Source: World Travel Monitor 2013, IPK International
### World Outbound Travel 2013

#### Top Six Long Haul Destination Countries

<table>
<thead>
<tr>
<th>Rank</th>
<th>Destination</th>
<th>Trips in mn.</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>USA</td>
<td>29.0</td>
<td>17.4%</td>
</tr>
<tr>
<td>2</td>
<td>UK</td>
<td>7.3</td>
<td>4.4%</td>
</tr>
<tr>
<td>3</td>
<td>Thailand</td>
<td>7.1</td>
<td>4.3%</td>
</tr>
<tr>
<td>4</td>
<td>Italy</td>
<td>7.0</td>
<td>4.2%</td>
</tr>
<tr>
<td>5</td>
<td>China</td>
<td>6.5</td>
<td>3.9%</td>
</tr>
<tr>
<td>6</td>
<td>Germany</td>
<td>6.4</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

Source: World Travel Monitor 2013, IPK International
Asian Outbound Trend by Destination Continents (2011–2014)

- To Latam*: +40%
- To Europe: +35%
- To USA: +38%
- To Africa: +20%

Stable US Share on the Asian Outbound Market

South American Outbound
Trend by Destination Continents (2011 – 2014)

- To Asia* + 55%
- To Europe + 26%
- To USA + 11%
- To Africa + 9%

USA are loosing share in South America

European Outbound Trend by Destination Continents (2011 – 2014)

- To Asia: +11%
- To Latam: +6%
- To USA: +7%
- To Africa: -7%

USA have lost share in Europe - but strong come back in 2014

European Outbound Market Trends

The European Outbound Market remained strong over the last years despite uncertainties from the sovereign debt crisis and recession in some countries.

Outbound growth is healthy and is expected to continue over the next years by an average of 3% p.a.
US Inbound 2009 – 2013 From Europe

-80% -30% 20% 70% 120% 170% 220%

Sweden 42% Switzerland 35% Poland 29% France 26% Denmark 23%
Norway 14% Belgium 13% Germany 12% Italy 11% Netherlands 8%
UK -3% Ireland -19% Total +19%

British and Irish travel markets were heavily hit by the financial crisis.

Source: World Travel Monitor 2009 – 2014 (Trend 1-8), IPK International
European Visitors To USA 2009 - 2014
By Type of Travel

- 3%

All Business Trips; 16%

+10%

All Leisure Trips; 84%

Source: World Travel Monitor 2009 – 2014 (Trend 1-8), IPK International
By Type Of Holiday

Rank 1 > Touring Holidays 30%

Key Holiday Motivation “Touring Holidays”
- Visiting objects of interest
- Visiting Cities
- Knowing the landscape
- Relaxing
- Visiting museums, exhibitions

Source: World Travel Monitor 2009 – 2014 (Trend 1-8), IPK International
By Type of Holiday

Rank 2 > City Trips 29%

Source: World Travel Monitor 2009 – 2014 (Trend 1-8), IPK International
By Type of Holiday

Rank 3 > Sun & Beach 11%

Key Holiday Motivation „Sun & Beach“
- Relaxing
- Sun-bathing
- Swimming
- Shopping
- Enjoying meals and drinks

Source: World Travel Monitor 2009 – 2014 (Trend 1-8), IPK International
So How Will Travel Year 2015 Fare?
World Outbound Travel Prognosis 2015

Every six months, our World Travel Monitor® poses some prospective questions concerning outbound travel planning:

- in Europe
- in South America
- in North America
- in Asia
IPK’s World Travel Confidence Index

Above 100 = increase

Around 100 = growth threshold

Below 100 = decrease
European Outbound Intentions Are Still Good

Source: World Travel Monitor®: Outbound Travel Intention Survey 2009-2014 (Trend 1-8), IPK International
North American Outbound Travel Is Recovering

Source: World Travel Monitor®: Outbound Travel Intention Survey 2009-2014 (Trend 1-8), IPK International
2015

World Outbound Intentions Are Good

World Travel Confidence Index 2009 - 2015

Source: World Travel Monitor®: Outbound Travel Intention Survey 2009-2014 (Trend 1-8), IPK International
Our Forecast for World Outbound Travel 2015

+ 4.5%

Source: World Travel Monitor®: Outbound Travel Intention Survey 2009-2014 (Trend 1-8), IPK International
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