



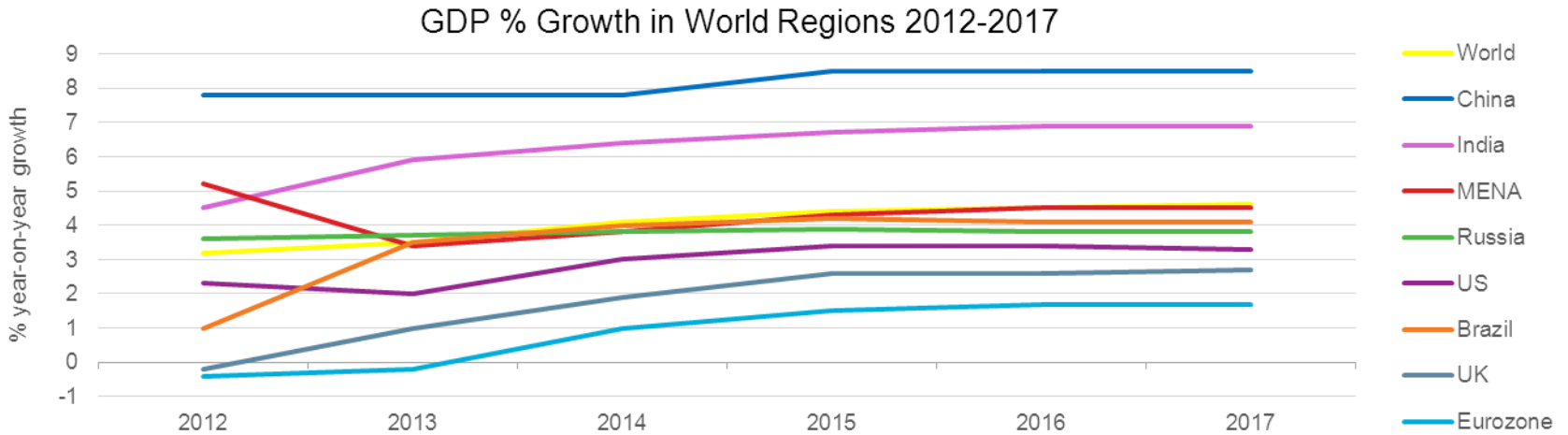
Passport

FORECAST REVISIT FOR THE GLOBAL TRAVEL AND TOURISM INDUSTRY

March 2013

The world in 2013: A polarised performance

- World GDP is expected to rise by 3.5% in 2013, up from 3.2% seen in 2012. This growth is the result of a polarised performance which sees decline or stagnation in the Eurozone and in the UK while emerging countries continue to record healthy growth rates.
- The world continues looking to China and, to a lesser extent, India for strong economic growth in 2013. The other BRIC nations, Brazil and Russia as well as the MENA (Middle East North Africa) region, will also show economic progress in 2013.
- Western Europe will remain mired in uncertainty, with investor and consumer confidence low. A healthier economic performance is expected in 2014 for the UK (2%) and in 2015 for the Eurozone (1.5%).
- The outlook for the US economy is brighter, following the bipartisan agreement to avoid the fiscal cliff and thanks to the recovery of the real estate industry and to a rise in investment.

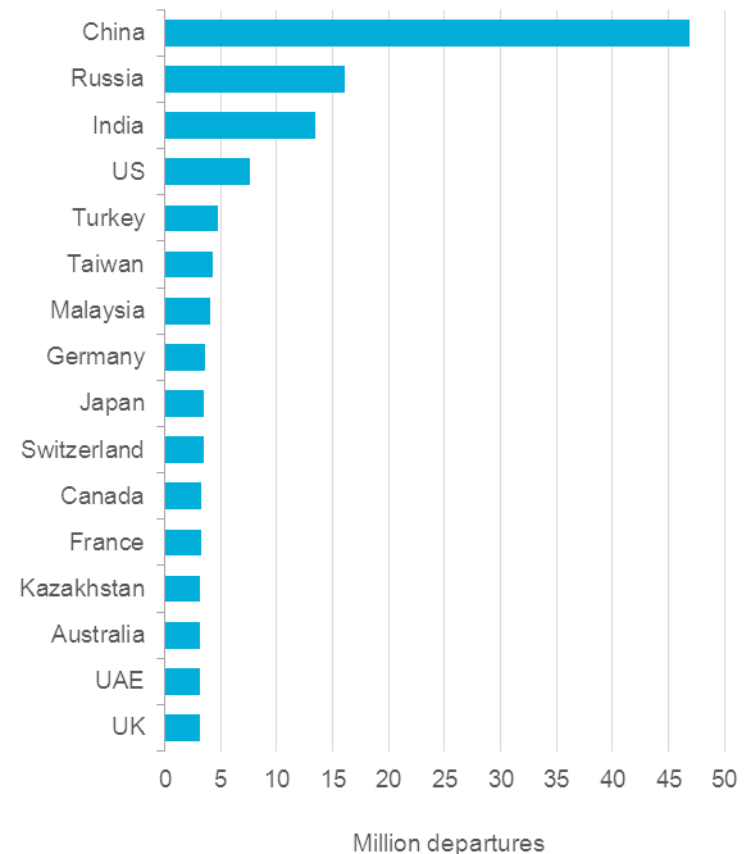


Source: IMF World Economic Outlook

The million+ departure club

- Once again, China, Russia and India are expected to lead among those countries recording absolute increases in outbound tourist trips of over one million in the next five years. Rising disposable incomes in these emerging economies, combined with the relaxation of visa requirements, have opened up travel to more consumers.
- China, in particular, is forecast to see an increase of almost 47 million outbound trips over the next five years.
- The expected stronger performance of the US economy is forecast to drive a substantial 8 million growth in American outbound tourists over the 2012-2017 period.
- Turkey is slowly creeping up the rankings to fifth place thanks to a stable economy and expanding flight options encouraging travel, with trips to Greece a growing trend.
- Newcomer Kazakhstan enters the list, with an increase of over 3 million travellers predicted over the next five years. A strong economy, boosted by oil revenues and natural resources, is aiding the development of the country and enabling its citizens to travel.

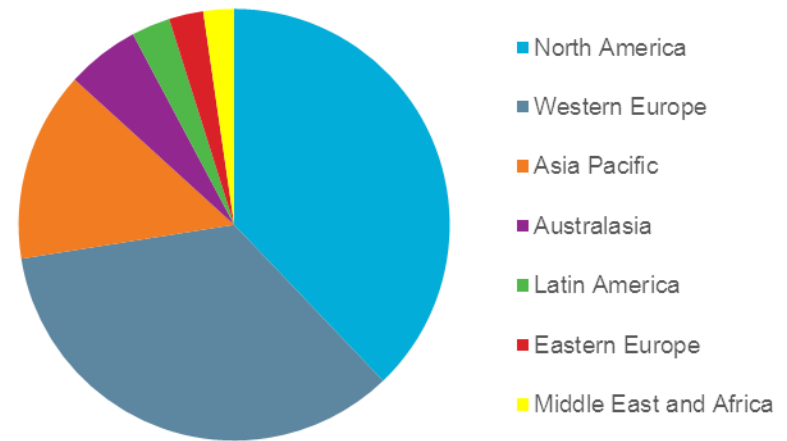
Top Countries for Outbound Departures Forecast Absolute Increase 2012-2017



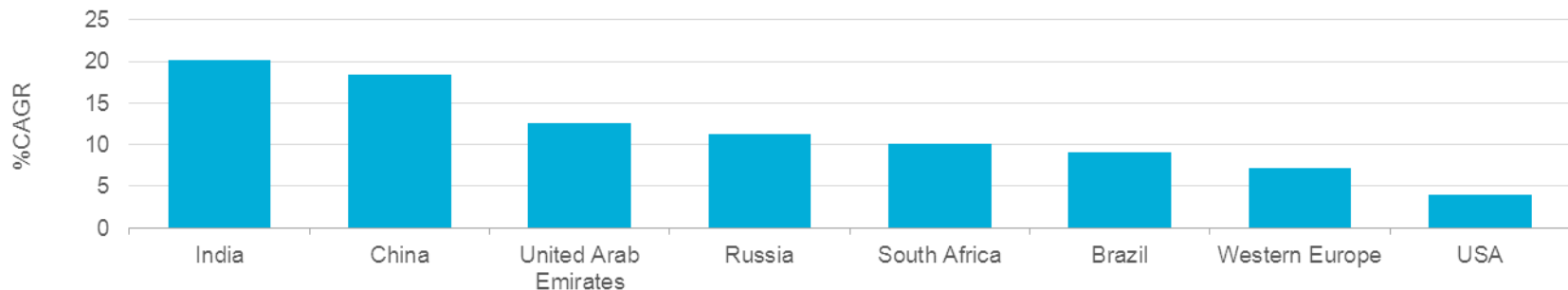
Online travel: Emerging markets catching up

- The US and Western Europe remained the largest online travel markets in 2012, amounting to US\$185 billion and US\$170 billion, respectively, or 38% and 35% of global online travel sales. They are also the markets expected to grow least over 2012-2017, as they approach maturity.
- The emerging economies have yet to embrace online travel fully, but they have significant potential for growth over the next five years. China, India, Russia and Brazil are all expected to become major online travel markets, with healthy online travel value CAGRs of between 10% and 20% over 2012-2017.

Online Travel Value Sales by World Region 2012



Online Travel Value Sales % CAGR in Key Markets 2012-2017

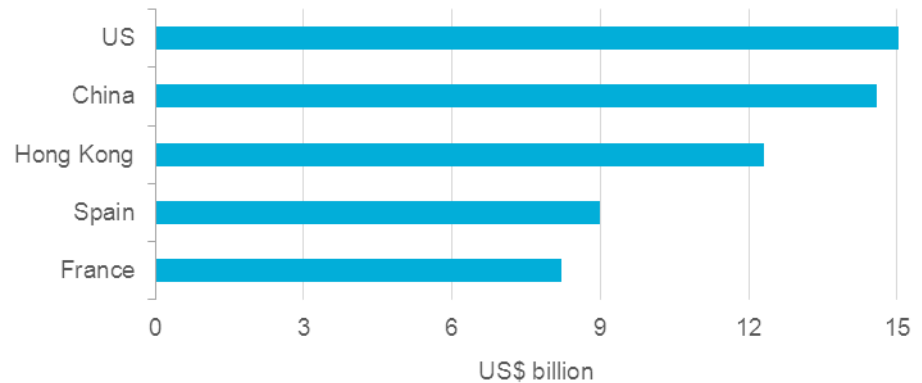


Note: the charts refer to online value sales of transportation, travel accommodation, car rental and tourist attractions through intermediaries and direct suppliers.

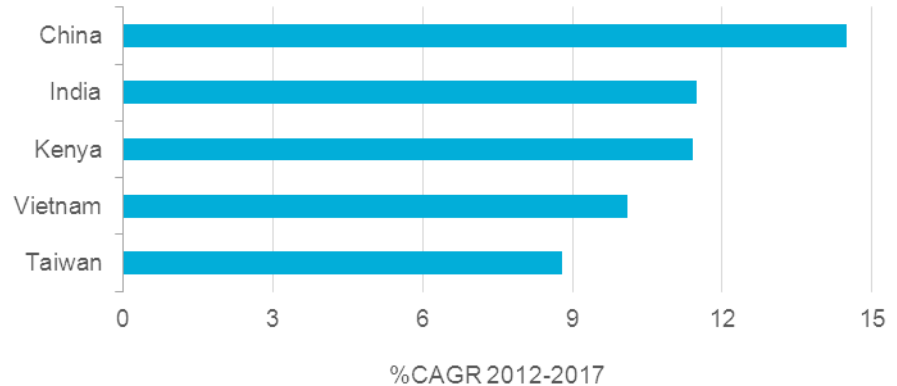
Shopping tourism: Driven by the BRICs

- Shopping is becoming increasingly important for the travel industry and is today a major reason for travelling for large numbers of tourists.
- BRIC nationals are avid shoppers, and the shopping tourism trend is being driven by their strong preference for status symbol products and brands, as well as high import taxes for foreign luxury products. Brazilians, for example, are the biggest tourist spenders in New York City, where goods are often half the price they are at home.
- The US remains the top location for incoming shopping tourism receipts, with China in second place and Hong Kong third. France, in fifth place, is a favourite destination for luxury shopping, especially for BRIC travellers.
- China is leading growth in outbound shopping spending, with a 15% CAGR forecast over 2012-2017. Asia Pacific countries are predicted to dominate shopping tourism growth, with India, Vietnam and Taiwan all showing significant increases.

Leading Countries for Incoming Tourism Receipts on Shopping 2012



Leading Countries for % CAGR in Outbound Tourism Expenditure on Shopping 2012-2017



The SoLoMo trend: Reshaping consumers in the travel industry

- The introduction of smartphones represents one of the most significant technological developments of recent years, and it is having a major impact on the travel industry, due to the mobile nature of travellers.
- In the mobile travel era, travellers expect real time answers wherever they are and at any time, before, during and after the trip. These include booking capabilities when on the go.
- Moreover, as a result of the intersection between the mobile and social dimensions, and of the creation of geo-social media – aware of users’ geographical location – travellers expect a higher level of customisation of services based on their stored preferences and current location.
- Travel companies need to embrace the SoLoMo (social local mobile) trend fully, integrating it in their strategies and business models in order to benefit from the increasing share of business generated by the new mobile and social consumers.

