LATEST WORLD TRAVEL TRENDS AND FORECAST 2019

Maspalomas, Costa Canaria
14. December 2018

IPK International - Rolf Freitag
All information today is based on IPK’s World Travel Monitor®

A global representative database about international travel behavior
IPK’S WORLD TRAVEL MONITOR®
COVERS 90% OF GLOBAL OUTBOUND DEMAND

THE AMERICAS
13 countries – 90% market coverage

EUROPE
33 countries – 99% market coverage

ASIA/MIDDLE EAST
17 countries – 88% market coverage
SOME FACTS ABOUT IPK’S WORLD TRAVEL MONITOR ®

• Annual survey, measuring outbound travel demand in 63 countries since 1988

• More than 500,000 representative interviews

• Worldwide standardized questionnaire and survey method

• Therefore comparability for all markets worldwide

• Detects all outbound & inbound travel (1+N)

• Reports the latest trends in tourism, allows competitive positioning etc.
LATEST TRENDS OF INTERNATIONAL TRAVEL DEMAND 2018
Tourism continues to be a key driver of global economy

IMF is reporting growth of +3.7% for the entire World Economy

Source: World Travel Monitor® 1-8, 2018, IPK International
In my presentation I use the words outbound and inbound

- **Outbound** is when a traveler makes a trip from his home country to another country

- **Inbound** is when this traveler arrives in another country
WORLD OUTBOUND GROWTH BY SOURCE REGIONS 2018

- Growth came from all regions

Source: World Travel Monitor® 1-8, 2018, IPK International
## Outperforming Countries of Origin 2018

<table>
<thead>
<tr>
<th>From Asia</th>
<th>From Latin America:</th>
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<tbody>
<tr>
<td>China</td>
<td>Chile</td>
</tr>
<tr>
<td>South Korea</td>
<td>Columbia</td>
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<tr>
<td>Taiwan</td>
<td>Mexico</td>
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</tbody>
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And:

- Russians are coming back gradually
WHICH DESTINATION REGIONS PERFORMED BETTER THAN OTHERS IN 2018?

<table>
<thead>
<tr>
<th>Inbound above average to</th>
<th>Inbound below average to</th>
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<tbody>
<tr>
<td>➔ Asia</td>
<td>➔ Middle East</td>
</tr>
<tr>
<td>➔ Europe</td>
<td>➔ The Americas</td>
</tr>
</tbody>
</table>

Source: World Travel Monitor® 1-8, 2018, IPK International
OUTPERFORMING DESTINATION COUNTRIES 2018

- Greece
- Vietnam
- Thailand
- Indonesia
- Japan
- Korea

Source: World Travel Monitor® 1-8, 2018, IPK International
DESTINATIONS HIT BY TERROR ARE RECOVERING 2018

- France
- Egypt
- Tunisia
- Belgium
- Turkey, mainly thanks to Russians coming back

Source: World Travel Monitor® 1-8, 2018, IPK International
Spain could not continue the boom of recent years

While Turkey could recover some of the lost vacationers

Source: World Travel Monitor® 1-8, 2018, IPK International
WORLD OUTBOUND TREND BY PURPOSE OF TRIP 2018

- Holiday: 7%
- VFR: 5%
- MICE Travel: 5%
- Other Business: 5%

Source: World Travel Monitor® 1-8, 2018, IPK International
ARE THERE THREATS FOR THE TRAVEL YEAR 2019?

- Terror threats
- Overtourism threats
- Health & Crime Risk
- Sharing Platforms
- Flattening Economic Performance

Source: World Travel Monitor® 1-8, 2018, IPK International
INFLUENCE OF TERROR THREATS ON INTERNATIONAL TRAVEL BEHAVIOUR 2019
IPK International is measuring the influence of terror threats on global travel behavior every six month worldwide.

So done just now in October concerning travel plans for 2019.
WILL TERROR FEAR INFLUENCE GLOBAL TRAVEL IN 2019?

Question:
„Does the recent instability and terror warnings have any influence on your travel plans for the next 12 months?“

In October 2018 international travelers answered as follows:

Source: World Travel Monitor® 1-8, 2018, IPK International
LEVEL OF UNSAFETY IS STILL ON A HIGH LEVEL GLOBALLY

- Only European destinations have improved their safety image
- Many other destinations are perceived as less safe than last year.

This counts above all for destinations in North and South America

Source: World Travel Monitor® 1-8, 2018, IPK International
SWITZERLAND IS PERCEIVED AS THE SAFEST DESTINATION IN 2019

The 16 safest destination countries in the mind of global outbound travelers

Source: World Travel Monitor® 1-8, 2018, IPK International
Also these destinations are perceived as rather safe

Source: World Travel Monitor® 1-8, 2018, IPK International
DESTINATIONS PERCEIVED AS RATHER UNSAFE IN 2019

- Qatar: 26%
- Great Britain: 27%
- South Africa: 28%
- Russia: 29%
- Colombia: 30%
- Mexico: 32%
- Saudi Arabia: 34%
- France: 35%

Source: World Travel Monitor® 1-8, 2018, IPK International

Eight rather unsafe destinations in the mind of international travelers
DESTINATIONS PERCEIVED AS VERY UNSAFE IN 2019

The seven unsafest destinations

USA 38%  Morocco 38%  Jordan 42%  Tunisia 45%  Egypt 51%  Israel 54%  Turkey 57%

Source: World Travel Monitor® 1-8, 2018, IPK International
WHAT ABOUT OTHER TRAVEL RISKS?

Source: World Travel Monitor® 1-8, 2018, IPK International
In the scope of the World Travel Monitor® survey, we asked travelers from Europe, Asia, North and South America:

“Did you have any serious problems on your trip concerning health, crime or other offences?”
Every *eleventh* traveler was affected by serious health / crime problems or other offences.
OVERTOURISM

HAS INTERNATIONAL TOURISM REACHED ITS LIMITS OF GROWTH?
“DID YOU HAVE THE FEELING THAT YOUR DESTINATION WAS OVERCROWDED BY TOURISTS IN 2018?“

- 30% Too many tourists
- 70% Not too many tourists

Source: World Travel Monitor® 1-8, 2018, IPK International
OVERCROWDING – THE NEW DESTINATION QUALITY PROBLEM

12% of international travelers have suffered under overtourism in 2018!!

For them overtourism has become a holiday quality killer!

Source: World Travel Monitor® 1-8, 2018, IPK International
OVERCROWDING PERCEPTION BY SOURCE REGIONS 2018

Asians and North Americans felt more affected by „overtourism” than Europeans or Latin Americans.

Source: World Travel Monitor® 1-8, 2018, IPK International
IN WHICH CITIES DID TRAVELERS FEEL OVERTOURISM MOST?
CITIES PARTICULARLY AFFECTED BY OVERTOURISM IN 2018

Mexico City (35%)
Copenhagen (34%)
Moscow (34%)

Every third visitor of those cities felt affected by „overtourism“!

Source: World Travel Monitor® 1-8, 2018, IPK International
ABOVE AVERAGE AFFECTED ARE ALSO...

Cairo (33%)
Beijing (26%)
Venice (24%)

Source: World Travel Monitor® 1-8, 2018, IPK International
AS WELL AS …

Geneva (27%)

Florence (24%)

Vancouver (23%)

Source: World Travel Monitor® 1-8, 2018, IPK International
12% felt that the quality of their holiday suffered due to overcrowding

More and more international tourists are asking for better “Crowd Management In The Destination”

Source: World Travel Monitor® 1-8, 2018, IPK International
CALL FOR „SUPPLIER CROWD MANAGEMENT“

Also locals in some destinations complain increasingly about too many tourists, killing the authentic atmosphere of the place.

Many providers have got serious quality problems in 2018 as they could not handle growing demand in a proper way.

Source: World Travel Monitor® 1-8, 2018, IPK International
INFORMATION BEHAVIOR OF INTERNATIONAL TRAVELLERS

➔ Today
➔ 11 Years Ago
➔ All trips abroad worldwide
TODAY INTERNET IS THE GLOBAL TRAVEL INFORMATION STANDARD

- Internet travel information search has nearly doubled over the last 11 years

Source: World Travel Monitor® 1-8, 2018, IPK International
THE MOST POPULAR DIGITAL INFORMATION SOURCES 2018

• The Internet as digital source of information is used by most travelers (82%) – The new information standard

• Also accommodation sites (45%), Tourist board sites (37%) and Carrier sites (32%) are very popular digital information sources

• Social media channels as digital information source are less relevant (19%)

Source: World Travel Monitor® 1-8, 2018, IPK International
INTERNET PLUS OTHER INFORMATION SOURCES BRING THE TRAVEL DECISION

• Internet in combination with in-depth information from complimentary sources are the global standard decision makers when it comes to the destination choice

• Today tourists are much better informed about the destination before they are buying a trip

Source: World Travel Monitor® 1-8, 2018, IPK International
BOOKING BEHAVIOR OF OUTBOUND TRAVELERS

→ Today
→ 11 Years Ago
→ All trips abroad worldwide
WHERE DID TRAVELERS BOOK FOR THEIR TRIP?

- Strong increase in Internet bookings
- The share of travel agency bookings decreased slightly
- Important increase in direct bookings of accommodation and transportation

Multiple answers possible

Source: World Travel Monitor® 1-8, 2018, IPK International
11-YEAR BOOKING TREND: INTERNET VS. TRAVEL AGENCY

- Very strong growth of internet bookings
- After four years of decline the Travel agency booking share has settled at 27% since 2012

Source: World Travel Monitor® 1-8, 2018, IPK International
SUMMARY INTERNET BOOKINGS 2018

- For 74% of international trips, at least something is booked online
- The growth of Internet bookings is not far away from saturation
- The increase of Internet bookings is not just based on a migration from travel agency to Internet
- The Internet is also used in addition to the travel agency as a booking site for partial services (for example: flight or train)

Source: World Travel Monitor® 1-8, 2018, IPK International
WHAT ABOUT SHARING PLATFORMS & HOMESTAY TOURISM 2018?

Traditional 88%

*In % of global overnight stays

Source: World Travel Monitor® 1-8, 2018, IPK International
Every six months the World Travel Monitor® is asking prospective questions regarding future outbound travel intentions

• in Europe
• in Latin America
• in North America
• in Asia
IPK's World Travel Confidence Index

Above 100 = Increase
Around 100 = Growth
Below 100 = Decrease

Source: World Travel Monitor® 1-8, 2018, IPK International
WORLD OUTBOUND TRAVEL INTENTIONS FOR 2019

- In 2019, strongest growth could be expected from the Americas

Source: World Travel Monitor® October 2018, IPK International
Following our latest World Travel Intention Survey in October 2018 worldwide travelers plan +5% more international trips in 2019

Consumers do not yet worry about first signs of global economic weakening. Therefore it is possible that in our next poll in February 2019, the forecast will be more modest for travel year 2019

Destinations affected by overtourism must learn better crowd management

Suppliers must get travel growth under control again

Terror threat will continue to impact destination choice

Source: World Travel Monitor® October 2018, IPK International
Next update concerning World Travel Trends will be presented on 6th March 2019 at ITB Berlin