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ВСЕМИРНАЯ ТУРИСТСКАЯ ОРГАНИЗАЦИЯ

Trends of International Tourism

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Trends of International Tourism
By Luigi Cabrini, WTO Regional Representative for Europe

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13th Central European Trade Fair Holiday World 2004
(Prague, Czech Republic - 12 February 2004)

World Tourism Organization OMT - Marketing

Ladies and Gentleman,

I would like to thank the Ministry for Regional Development of the Czech Republic for the invitation to participate in the 13th Central European Trade Fair Holiday World 2004 and in this seminar. The Czech Republic has always been an important and active member of our Organization and it is for me a pleasure to be at this event and have the opportunity to see again this beautiful city of Prague.



THE MISSION OF WTO

- WTO is an intergovernmental organization, since 23 December 2003 a specialized agency of the United Nations with a central and decisive role in promoting the development of responsible, sustainable and universally accessible tourism.
- As a leading international body in tourism, it serves as a global forum for tourism policy issues and a practical source of tourism know-how and statistics
- In 2004 its membership reached 142 countries, six territories and some 350 Affiliate Members representing the private sector, educational institutions, tourism associations and local tourism authorities.
- Through tourism, WTO aims at stimulating economic growth and job creation, providing incentives for protecting the environment and cultural heritage, and promoting peace, prosperity and respect for human rights.

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The World Tourism Organization counts today with 142 State members, of which 39 are from Europe. Following a recent decision of the United Nations General Assembly, WTO has acquired the status of Specialized Agency of the United Nations. This decision puts tourism on an equal footing with other essential human activities such as industry, agriculture, education, culture, health and labour, all sectors that already have a specialized agency within the United Nations and will increase the recognition of tourism as a powerful force for achieving economic prosperity and social harmony.

I will present tourism trends from three perspectives, with an emphasis on the situation of Europe:

1. The evolution of international tourism

The first perspective relates to the evolution of international tourism world wide, as it is faced with a growing amount of new destinations in emerging regions, the impact of globalization and of the new technologies as well as the increased travel facilities at a lower cost.



Tourism 2020 Vision

Europe's Market Share (inbound tourism):

1990s – 60%
 2020 -- 46% (expected) due to the increasing levels of destination competition outside the region

Expected Annual Growth 1995 to 2020:

Europe : 3%
 East Asia : 6.5%
 Pacific: 6.2%

Europe will still be the world's largest receiving region but it is loosing its market share

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WTO estimated in its study “*Tourism 2020 Vision*”, published in 2000, that while in the 1990’s the market share of Europe’s Inbound Tourism represented 60%, due to the ever-increasing levels of destination competition outside the region, this percentage is expected to decrease to 46% by 2020. The analysis shows that while Europe will remain the world’s largest tourist receiving region by some considerable margin, it is losing its market share. The reason is that Europe continues to grow but at a slower pace compared to other regions: for the period 1995-2020, Europe’s growth rate is foreseen to be of 3% while other regions such as East Asia and the Pacific or South Asia are expected to grow during this period by 6.5% and 6.2% respectively.

2. Tourism since September 11

The second perspective we need to look at is related to the unprecedented situation affecting international tourism in the last 2-3 years. We often cite 11 September 2001, the day of the terrorist attacks in the United States as a reference date signalling change in international tourism. In fact several factors influenced a dynamic that on one hand accelerated trends already existing in the tourism industry but on the other brought new issues to the fore.



2001 change of trend

World Tourism characterized by:

- Global economic downturn which affected all major economies at same time
- General uncertainty after 11S attacks and war on terrorism (Afghanistan, Irak) and other terrorist attacks (Djerba, Bali) specifically targeting tourists
- Unexpected crisis like the outbreak of SARS, which had a dramatic impact on international travel, particularly Asia

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Since late 2001, world tourism has been be characterized by:

- A global economic downturn which affected all major economies at the same time;
- A general uncertainty after the attacks in New York and Washington followed by two wars, in Afghanistan and Iraq, and other terrorist attacks, like the one in Djerba or Bali, specifically targeting tourists.
- Unexpected crises like the outbreak of SARS, which had a dramatic impact on international travel, particularly in Asia



As a result :

- Business and consumer confidence were hurt
- Not so much decrease in overall volume but above all shifts in demand
- Major structural changes in the air transport system
- Pressure on receipts due to 'trading down' on expense

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As a result,

- Business and consumer confidence were hurt;
- There was not so much decrease in overall volume but there were above all shifts in demand;
- Major structural changes occurred in the air transport system
- There was pressure on receipts due to the "trading down" on expense

In this climate, consumers' behaviour also changed:



Changes in tourist behaviour

- Wait and see attitude => late-booking
- Trips closer to home, to familiar destinations
- Sensitivity to price
- Business travel cost cutting (less and cheaper)

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- There is a new attitude of "wait and see", resulting in late bookings;
- Trips are closer to home, to familiar destinations and there is sensitivity to price;
- Business travel are cut: they are less and cheaper;



Changes in tourist behaviour

- Individual (not organised) travel / do it yourself => internet, low cost airlines
- Travel by car / coach / train instead of plane
- Accommodation other than hotel (apartments, country houses, etc)
- Visiting family, friends and relatives (VFR)

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- Travel is organised individually, instead of going for the “organised trips”: do it yourself through Internet, low cost airlines;
- For transportation, consumers prefer to travel by car, coach or train, instead of using planes;
- With regard to accommodation, apartments, country houses or similar are used instead of hotels;
- In terms of purpose of travel, consumers prefer to choose as destinations visits to family, friends or relatives (VFR).

3. Changes in Europe



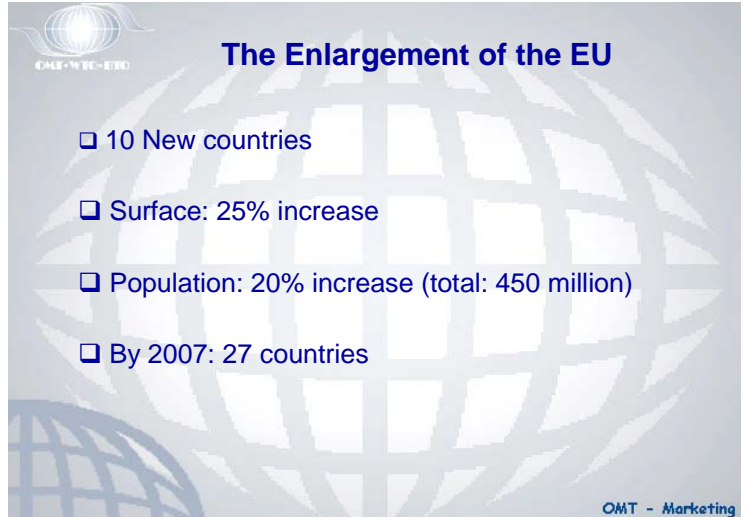
Recent changes in Europe

In the last 10-15 years:

- Transformation of Central and Eastern European countries
- Enlargement of the European Union
- Increased flow of people and goods
- Single currency in a large area

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The third perspective is the evolution of Europe. In the last 10-15 years, Europe has been the theatre of a true political, social and economic revolution. The transformation of political systems and of the economies of Central and Eastern European countries, the enlargement of the European Union, the increased flow of people and goods, the introduction of a single currency in a wide area of the continent, are but a few examples of these changes.



The Enlargement of the EU

- ❑ 10 New countries
- ❑ Surface: 25% increase
- ❑ Population: 20% increase (total: 450 million)
- ❑ By 2007: 27 countries

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The enlargement of the EU that will take place this year, with the incorporation of 10 countries including the Czech Republic, is an historical event. The surface of the European Union will increase by 25% and its population by 20% up to 450 million people. By 2007 Bulgaria and Romania will also join the EU bringing to 27 the total number of member States.



The Impact of the EU Enlargement:

- ❑ Political: peace, stability, good governance
- ❑ Economic: higher growth, increased welfare
- ❑ Socio-cultural : diversity

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The EU enlargement will have a political impact - peace, stability and good governance -, an economic impact,- higher growth and increased welfare- and a socio-cultural impact,- increase in EU's diversity –In turn, all these elements have an impact, potentially positive, on tourism. The EU enlargement will bring benefits for the tourism industry in the entire region but in order to reap them tourism resources and skills need to be further developed.

4. Tourism trends



Let's now have a look at the recent tourism trends. Preliminary estimates for the year 2003 show that worldwide the number of international tourists decreased by just over 1% to 694 million, corresponding to a contraction by some 8.6 million arrivals on the 2002 volume of 703 million. This result is closely linked to the unexpected drop by 12 million arrivals suffered by Asia and the Pacific due by the SARS panic, the Iraqi conflict and the persistent weak economy. Although conditions improved considerably as the year progressed the recovery was not sufficient to result in growth for all destinations.

In 2002 the number of international tourist arrivals had grown globally by 2.7%, after a decrease of 0.5 % in 2001. Therefore, twice since 11 September 2001, international tourism, measured by the number of international travellers, has recorded a negative growth. However, if we compare the current number of international arrivals with the exceptional "millennium" year worldwide there is still a net increase of 7 millions arrivals in 2003 over the year 2000.

International Tourist Arrivals by (Sub)region

	International Tourist Arrivals					
	1990	1995	2000	2001	2002	2003*
World	455,9	550,4	687,3	684,1	702,6	694,0
<i>Europe</i>	<i>280,6</i>	<i>322,3</i>	<i>392,7</i>	<i>390,8</i>	<i>399,8</i>	<i>401,5</i>
Northern Europe	32,3	41,4	46,8	44,6	46,4	47,1
Western Europe	113,8	116,7	142,8	139,2	141,1	139,1
Central/Eastern Europe	39,0	61,4	62,3	63,4	65,2	68,3
Southern/Mediterranean Europe	95,5	102,7	140,8	143,7	147,0	147,0

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Europe achieved in 2003 slightly more than 400 million tourist arrivals consolidating its 2002 figure. The largest part of international tourism is still originated from countries in the region, consisting mostly of trips between countries that are near to each other or share a border.

Western Europe has been particularly affected by the events of the last three years and accumulated a loss of almost 4 million arrivals, particularly long haul traffic from the Americas and Asia. The weak economic situation on some of the major generating markets has been a main negative factor. The exchanges rates USD/ Euro and UK Pound/ Euro, have determined the distribution of flows within Europe, with countries of the Euro zone losing competitiveness to other destinations.

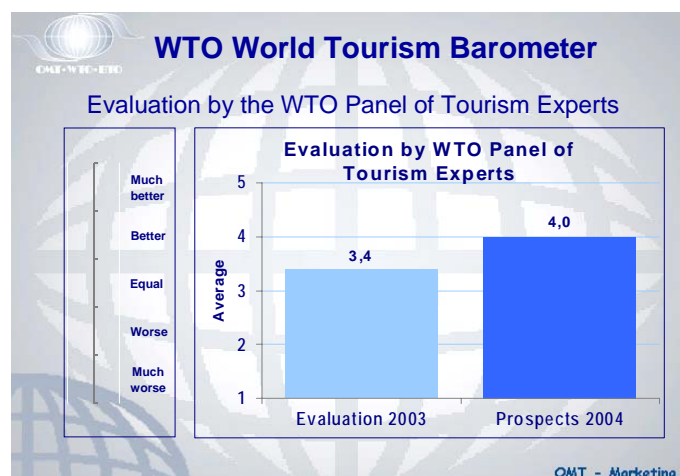
Central and Eastern Europe recorded over 68 million international tourist arrivals in 2003, meaning an increase of 5 per cent, over an already positive 2002 (plus 3%). In fact, the sub-region resisted fairly well to the impact of the events of 2001 and the majority of its destinations posted positive results. In 2003, the sub-region consolidated its leading position in Europe, growing for the second consecutive year at a faster pace than the region as a whole.

Of all European sub-regions, Central and Eastern Europe is the most dependent on intraregional tourism. In 2002, Europe was the origin of 93.7 per cent of international tourist arrivals to the sub-region, corresponding to almost 61 million arrivals. In the Czech Republic, tourists from regions other than Europe represent some 10% of the total, thus confirming the importance of the European generating market.

In terms of product development, though cultural tourism continues to play an important role, other products such as active tourism, health tourism, sports, rural tourism, emerge as important complements to tourism supply.

The Czech Republic, after the negative effects of the floods in 2002, reinforced its competitiveness in 2003, and the preliminary data on international tourism arrivals and receipts show relevant increases over the previous year.

5. 2004 Forecast



The WTO panel of some 180 tourism experts from over 90 countries confirm a clear positive trend for international tourism in 2004. On a five-point scale ranging from 1 (much worse) to 5 (much better), the panel attributes an average score of 4.0, corresponding to better, to expected performance in 2004 as compared to 2003.



For 2004, prospects are generally optimistic based essentially on the positive signs of recovery from the economies of U.S., Japan and Western Europe and on the moderation of world geopolitical conflicts. As consumer's confidence returns, the unsatisfied demand from previous year will positively influence the market. While there is some fear of resurgence of SARS or other epidemic, most experts consider that the countries involved will be ready to react rapidly and effectively.

Europe should benefit in 2004 of some rebound in long haul traffic, in particular from the U.S and possibly from Asia in view of the better economic performance in Japan. China is considered as a huge potential market for 2004 and beyond as an increasing number of European destinations have obtained the ADS (Approved Destination Status).

A strong Euro is likely to continue stimulating traffic from the Euro zone countries. This element is likely to favour destinations outside the current Euro land, like the Czech Republic. As a new EU member, your country will probably profit in terms of image from a bigger international exposure and in terms of immediate flows from improved access border facilities from source markets in the EU. While a few countries joining the EU and which are more dependent of traditional generating markets from Eastern Europe, may suffer from the more complex visa procedures from this area, for the Czech Republic, given the nationalities of its international tourists, this aspect should not constitute a serious obstacle.

Other aspects are favourable to the further development of tourism in the Czech Republic. In January 2002 WTO participated here in Prague to the conference "Central Europe and the Czech republic- Safe tourist destinations". The Czech tourist authorities that organized this event had seen clearly the importance of safety in today's tourism, and your country enjoys today an excellent reputation concerning safety of visitors.



In a simplified manner we could say that current trends in world tourism favour destinations that are:

Safe to visit
Easily accessible
With good health standards
With a developed infrastructure
With a clean environment

Your country fits perfectly this definition and enjoys as well a privileged geographical position.

6. Conclusion

Ladies and Gentlemen,

An unprecedented combination of negative factors has affected the tourism industry as never before and its future will be made of continuous adaptation to the changing environment. However, international tourism has not declined, showing its resilience and ability to rebound after crises. Each year, since 2001, some 700 million people have visited another country. The perspectives for 2004, with a brighter economic outlook and a pent-up demand for travel, are reasonably positive. If there are no major disasters and fear begins to abate, if security procedures now in place prove effective but not so bothersome that they extinguish the desire to travel, we are confident that international tourism will recover its pace of continuous progression.

Thank you.