

TRAVEL & TOURISM REMAINS ONE OF THE FASTEST GROWING ECONOMIC SECTORS

INTERNATIONAL TRAVEL & TOURISM

The demand for international tourism remained strong in 2016, in spite of challenges, according to the UNWTO World Tourism Barometer, January 2017. International tourist arrivals grew by 3.9% to 1.235 million. Some 46 million more tourists (overnight visitors) travelled internationally in 2016, compared to the prior year.

Overall, 2016 was the eight consecutive year of sustained growth, following the 2009 global economic and financial crisis. The industry has not seen such positive performance and solid growth since the 1960s. In 2016, 300 million more international tourists traveled the world as compared to the pre-crisis record in 2008. The number of international tourists has surged from 25 million in 1950 with an anticipated jump to 1.8 billion in 2030.

In 2016, Africa enjoyed an 8% rebound after two weaker years. Europe showed mixed results (+2%) with double-digit growth in some destinations offset by decreases in others. Demand in the Middle East was uneven, falling 4%, with positive results in some destinations, but declines in others.

The UNWTO Confidence Index points to a continuation of growth in tourism in 2017. Prospects remain positive overall and at a level similar to those of recent years.

A POWERFUL SOCIO-ECONOMIC ENGINE

The impact of tourism on the world's economy cannot be ignored. It is a powerful driver of socio-economic progress and is the engine for 10% of GDP. It provides 1.5 trillion USD in exports annually, or 4 billion USD daily. The long-term forecast for tourism is impressive with growth expected to top both worldwide GDP growth and the average growth of the sector.

The World Travel and Tourism Council (WTC) reports that within G20 countries, China, India, Indonesia, Mexico and South Africa are expected to be among the fastest growing tourism and travel destinations. Among the non-G20 economies Kyrgyzstan, Myanmar, Tanzania, Vietnam and Zambia are expected to show the strongest growth.

1 in 11
OF ALL JOBS
IN THE WORLD

1,235
MILLION
INTERNATIONAL
ARRIVALS IN 2016

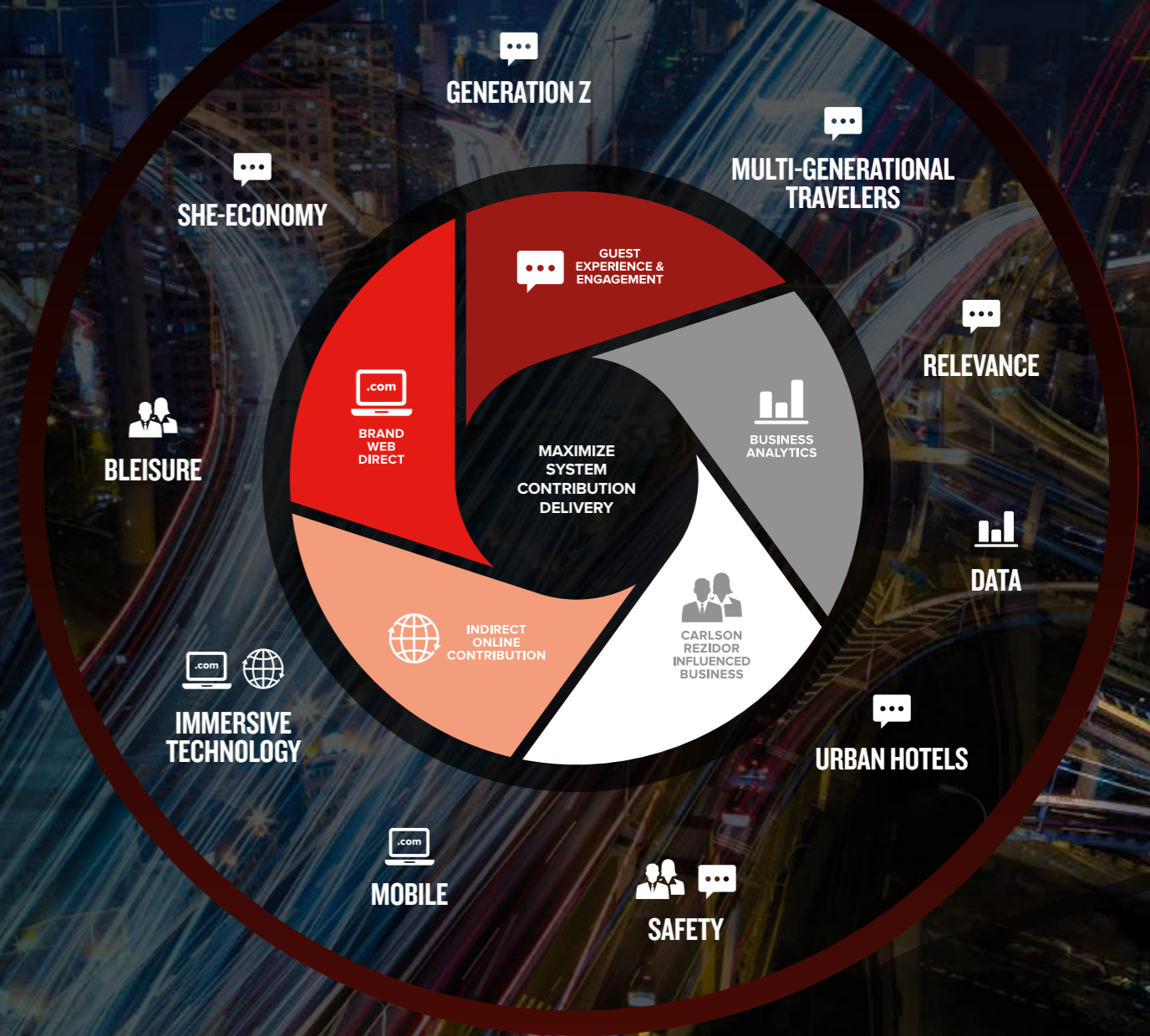
10%
OF GDP CONTRIBUTION
DIRECT, INDIRECT
AND INDUCED IMPACT

4th
LARGEST GLOBAL
INDUSTRY

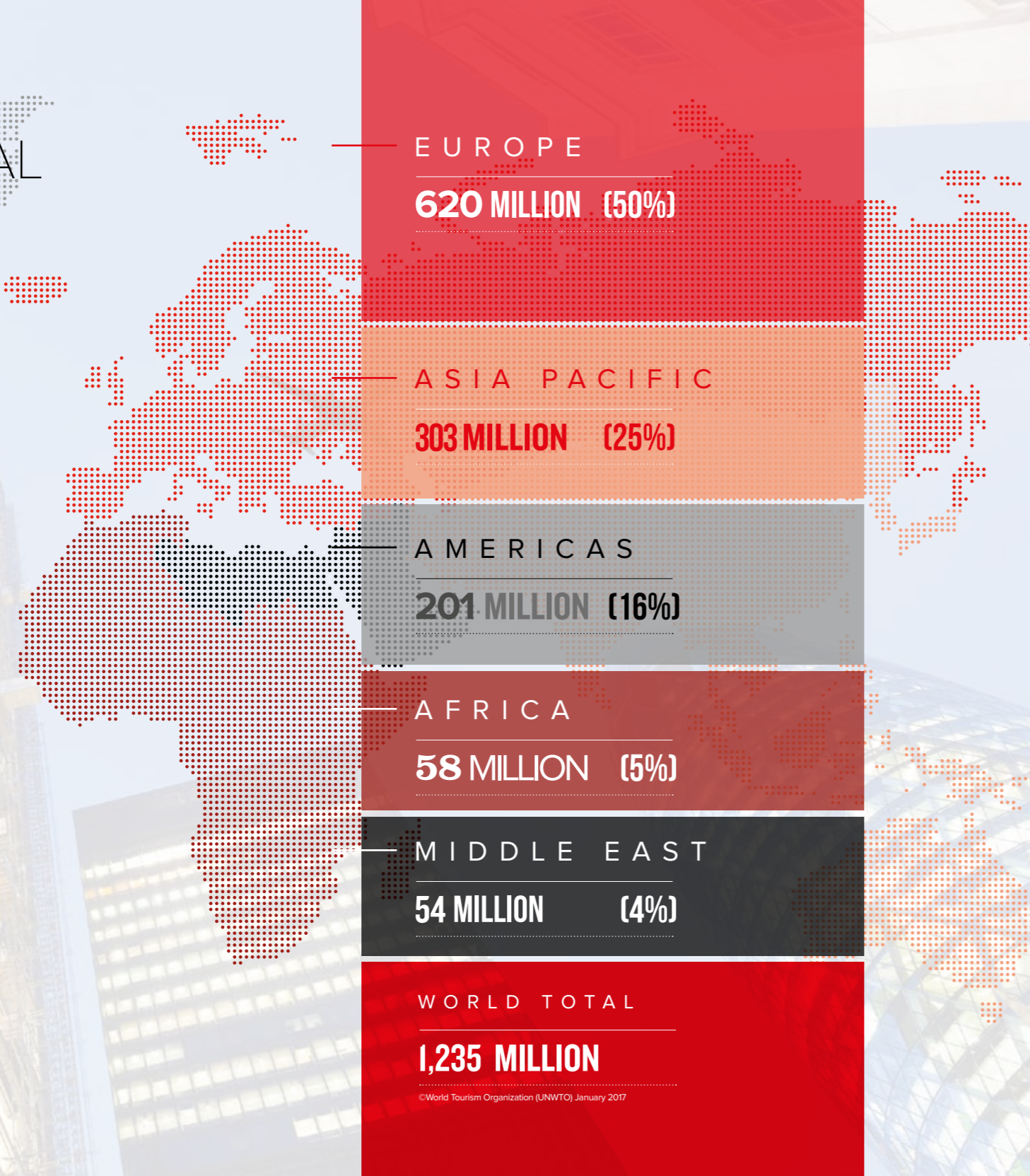
1.5
TRILLION USD
IN EXPORTS OR
\$4 BILLION A DAY

7%
OF WORLD'S
EXPORTS

FORECAST
1.8
BILLION
INTERNATIONAL
TOURISTS
BY 2030



INTERNATIONAL TOURIST ARRIVALS 2016



EUROPE

620 MILLION (50%)

ASIA PACIFIC

303 MILLION (25%)

AMERICAS

201 MILLION (16%)

AFRICA

58 MILLION (5%)

MIDDLE EAST

54 MILLION (4%)

WORLD TOTAL

1,235 MILLION

©World Tourism Organization (UNWTO) January 2017

DESTINATIONS WITH DOUBLE-DIGIT GROWTH

35% ICELAND **18%** SLOVAKIA **16%** KENYA **13%** NORWAY, PORTUGAL
14% BULGARIA, SOUTH AFRICA **11%** IRELAND, LEBANON, MAURITIUS
10% CAPE VERDE, OMAN, SEYCHELLES, SPAIN

But tourism does more than help the economy. David Scowsill, president and CEO of WTTC says, "Travel and Tourism bridges divides between cultures, fosters understanding across religious and geographic boundaries, and generates more peaceful co-existence. Our sector is responsible for the livelihoods of millions worldwide."

Currently, tourism provides one out of every 11 jobs worldwide. By 2026, one in nine jobs is expected to be in tourism, fueling the world's economy, providing livelihoods for millions of people around the world and alleviating poverty.

CONSOLIDATION

One of the biggest trends in 2016 was continued consolidation in the hotel industry, including the acquisition of Carlson Hotels, Rezidor's majority shareholder by HNA Tourism Group, which also acquired a 25% share in Hilton International. Marriott International acquired Starwood Hotels & Resorts Worldwide in a USD 13 billion deal, creating the world's largest hotel group with more than 30 brands, 5,500 hotels and 11 million rooms. China's Anbang Insurance Group Co. purchased Strategic Hotel & Resorts for about USD 6.5 billion.

In July 2016, AccorHotels purchased Fairmont Raffles Hotels International for USD 2.7 billion.

Consolidation is expected to continue as hotel operators attempt to capture a bigger share of the market and maximize efficiencies. Jon Gray, global head of real estate for Blackstone Group LP, the largest shareholder in Hilton Worldwide Holdings Inc. told the audience at the New York University International Hospitality Industry Investment Conference in New York City, "It's more efficient to be a big hotel company."

2017 OUTLOOK

Looking ahead, tourism experts are optimistic about 2017 and expect growth to be similar to that of recent years. Experts in the public sector are more positive than those in the private sector. Those in Africa have the highest expectations for the coming year with a UNWTO barometer score of 141. The Middle East follows at 137. European experts are also optimistic with a score of 131, above the prior two years. Their confidence reflects the resiliency of the European marketplace in spite of safety and security issues in some destinations.

It is too early to gauge the impact of Brexit and the travel ban issued by US President Donald Trump on the hotel industry, but there is concern that restrictive policies might adversely affect the hospitality industry and travel-related businesses, slowing growth in the hospitality sector.



Hospitality is all about the very human trait of empathy. And businesses need to remember that humans should remain front and center to create incredible experiences, helped — but in no way supplanted — by modern technology.

Rafat Ali
 Founder of Skift