

WTM Global Trends Report 2007

In association with:



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Foreword

World Travel Market, for the past twenty eight years, has been at the forefront of the travel and tourism industry encouraging discussion, debate and action whilst providing the very latest information on world trends.

This WTM Global Trends 2007 Report continues that tradition.

In partnership with Euromonitor International, the leading independent provider of business intelligence on industries, countries and consumers, we have produced a travel report that brings you the very latest trends that focus on the future direction of the industry both at a global and regional level.

The report has been divided into seven sections, covering the UK, North America, Western Europe, Eastern Europe, Middle East, South America and Asia.

The report – also available online at www.wtmlondon.com – will enable professionals to make more informed decisions about business expansion and retention whilst providing you as a journalist covering the industry, with news angles that will be of interest to your readers, listeners and viewers.

Wishing you an enjoyable and productive World Travel Market 2007.

Warmest regards

A handwritten signature in black ink that reads "Fiona Jeffery". The signature is written in a cursive, flowing style.

Fiona Jeffery
Chairman
World Travel Market

Foreword

Euromonitor International is delighted to once again work along side World Travel Market and to have produced the 2007 Global Trends report. This years report draws on key findings by Euromonitor's research analysts and identifies issues and trends that look set to boost the travel & tourism market worldwide for years to come.

Varying in subject from debaucherism holidays in the US to Halal tourism in the Middle East, the trends we have chosen offer a diverse range of topics. We hope you enjoy reading the report as much as we enjoyed bringing the research together and that the content offers compelling ideas for your press stories.

We look forward to hearing any feedback you may have and are happy to discuss in more detail any of the trends within the report.

Thank you!

Caroline J. Bremner

Caroline Bremner
Global Travel and Tourism Manager
Euromonitor International

Global Trends 2007

Summary of key issues and trends

The UK: Have Pet, Will Travel

- With a pet population of 49 million and consumers spending £2.7 billion on pet food and pet care products in the UK, pets are an integral part of consumers' lives. The trend for pets to be treated as a member of the family has subsequently led to the rise in demand for tailored pet travel facilities and services, providing the UK domestic tourism industry a golden opportunity to build additional revenues.
- There is currently a significant lack of supply to meet this untapped demand for pet travel products and services, with hotels being the only sector to actively target pet owners. So far, independents have been the most proactive, however with the success of pet schemes introduced by leading hotel chains in the US, UK chains should follow suit and introduce similar programmes.
- Despite the challenges in providing pet services, potential exists for travel operators and travel retailers to offer value add-ons to their standard offer that pet owners will pay a premium for. Pet health and wellness is also an area that shows signs of great promise as well as pet travel insurance.

North America: Debaucherists work hard and play harder

- Young adults, seeking to prolong their uninhibited youth, are following in the footsteps of tabloid celebrities and travelling to experience out of control parties in a trend called "debaucherism tourism".
- Las Vegas thrives on catering to these "debaucherists" with hotels hosting pool parties starting in the morning, allowing travellers to party 24 hours a day. Niche cruises offer excessive drinking, gambling and cutting edge music acts for this audience while Caribbean resorts specialise in eroticism for those looking to fulfil their sexual fantasies.
- Even as travellers age, they will continue to embrace travel as an opportunity to revisit their hedonistic youth and to spend lavishly, ensuring that they enjoy the most outlandish parties. Long haul, exotic destinations are expected to benefit as these party addicts search for the next thrill and document their party activities via social networking websites for all to see and imitate.

Western Europe: Slow travel builds momentum

- Slow travel is the perfect antidote to life's stresses and strains, offering consumers the opportunity to disconnect from their hectic lifestyles, experience direct contact with nature and enjoy life's simpler pleasures. The ultimate aim is to regain time, a real luxury in today's fast-moving world.

- Slow travellers often opt to stay in farms or other rural accommodation and prefer to travel by train. The motivation for slow travel is also linked with a rise in responsible tourism particularly with UK travellers. The pull of slow travel is also rippling across the world to the Americas due partly to the influence of the film “An Inconvenient Truth” featuring Al Gore.
- Slow travel is expected to become a significant alternative to beach and cultural tourism, moving from a niche into the mainstream. “Slow hotels” or “slow packages” will allow operators to embrace this growing trend, allowing consumers to not only enjoy a more authentic travel experience, but also give a boost to the local economy.

Middle East: Halal Tourism offers great potential

- In the attempt to emulate Dubai’s success, Middle Eastern countries are turning to tourism as an alternative revenue source. There is currently little differentiation between Middle Eastern travel and tourism products and services for Muslims and non-Muslims. This represents a huge opportunity for Halal tourism, a form of religious tourism defined as activities permissible under Islamic law.
- It is important that Halal tourism develops alongside domestic tourism infrastructure, giving rise to organic as well as adapted products and services that appeal to Middle Eastern tourists. There is also great scope to attract Halal visitors beyond the boundaries of the Middle East from the growing Muslim populations across the world, from Europe to the US.
- Hajj and Umrah packages for pilgrims offer potential for Halal tourism products and services. This niche market offers strong inelastic demand and demonstrates high resilience where religious and Halal tourists will travel for their faith even in times of insecurity.

Africa: North Africa tourism is poised for success

- Aided by government policies and the arrival of low cost carriers, Morocco is a rising star in North Africa for tourism while Tunisia and Egypt are looking to build upon their current success. Potential tourism powerhouses, Algeria and Libya, on the other hand, have until now been held back by political tensions and a lack of infrastructure.
- Morocco, with a wealth of exotic tourist attractions, has benefited from government initiatives to promote itself as a destination and encourage foreign investment. Low cost carriers have helped increase demand from neighbouring Europeans. Tunisia and Egypt have benefited from a “sun and sea” combined with culture model to attract international visitors.
- As they experience greater political stability, both Algeria and Libya are poised to follow in the footsteps of their neighbours. Their governments have embraced tourism development as a means for economic growth and have started to build the necessary infrastructure. Additionally, these governments are welcoming foreign investment, particularly from Middle Eastern countries.

South America: the exotic lure of End of the World Tourism

- Considered the “End of the World,” Ushuaia, Argentina is benefiting from a boom in tourism thanks to media attention to climate change and the popularity of films such as “The March of the Penguins.”
- Baby boomers from North America and Europe are contributing to the growth in tourism to Ushuaia as they adventure further afield to acquire evermore unique experiences. Hotel chains and cruises are responding by expanding their capacity in the region and offering casual luxury to these demanding travellers. The expansion of cruise itineraries along Latin America’s coasts has also resulted in a greater number of cruisers from the region.
- While Ushuaia faces challenges, such as seasonality and the environmental impact of increased tourism, demand for travel to the destination is expected to remain strong as baby boomers travel in increasing numbers and cruise itineraries are expanded.

Eastern Europe: niche operators benefit from Diaspora tourism

- The expansion of the European Union to include Eastern Europe has led to a rise in immigration for both humanitarian and economic reasons to Western Europe. Low cost airlines have enabled these Diasporas to travel frequently to their homelands.
- Diaspora tourism is segmented into three categories: heritage, residential and festival tourism. Heritage tourists return home to learn more about their ancestry and often participate in language or culinary courses. Residential tourism is concentrated mainly among young adults who emigrated for economic reasons. Earning more in their new country allows them to visit and invest in property in their home country. Festival tourism is driven by those who return for important events and festivals.
- The increasing Eastern European Diaspora has resulted in niche travel agencies cropping up to cater to heritage tourism. On trips home, many Eastern Europeans add a visit to the dentist or doctor to take advantage of the cost savings, providing opportunities for suppliers in medical tourism. Additionally, Eastern European tourist boards are stepping up their marketing efforts towards these tourists to further encourage return trips.

Asia: Asians Go Mobile

- The mobile phone is set to become the “third screen” after TV and the Internet. Asia Pacific is the world’s largest region in terms of number of mobile phone users, reaching almost one billion. Unlike the online travel market which remains restricted to the middle and upper classes, mobile phones have already reached the masses and present a far more lucrative channel for travel and tourism operators to connect with their consumers.
- With some of the cheapest SMS (Short Message Service) tariffs in the world, Asia has reached an era of text revolution and several travel and tourism operators have already embraced the importance of SMS as a communication tool,

providing services such as SMS ticketing services and promotion. The popularity of mobiles has also given rise to “moblogs” (mobile blogging), the latest consumer craze to sweep the region.

- Asia is light years ahead of other regions in terms of Mobile TV and mobile Internet technology, with exciting developments also taking place in “m-commerce” for mobile phone payment technology. In the next five years, mobile phones will not only provide a huge gateway to travel and tourism operators for marketing and advertising purposes, but also a key distribution channel.

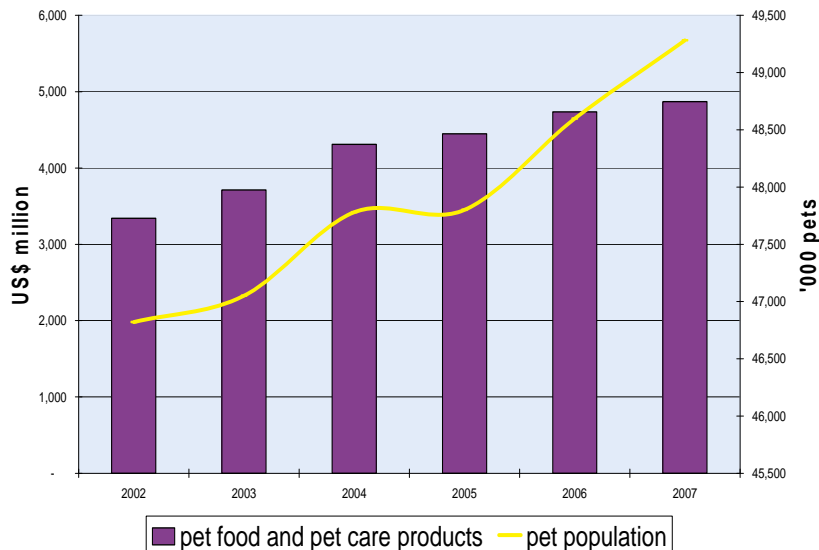
UK Trends

Have Pet, Will Travel

With more and more UK pets becoming an integral part of consumers' lives, owners are far less inclined to leave their pampered pets behind when holidaying. As a result, demand is growing for pet-friendly holiday packages and facilities, definitely a niche market to watch as pet-power becomes the new pester-power.

Pet travel is set to gain attention in the UK travel and tourism industry as UK consumers are becoming increasingly more attached to their pets and spending more than ever on their care and wellbeing. The trend towards treating animals as family members means consumers are no longer content in leaving pets behind when on holiday. This trend is driving demand for more pet-friendly facilities and travel products.

Chart Pet Food, Pet Care Products and Pet Population in the United Kingdom: 2002-2007

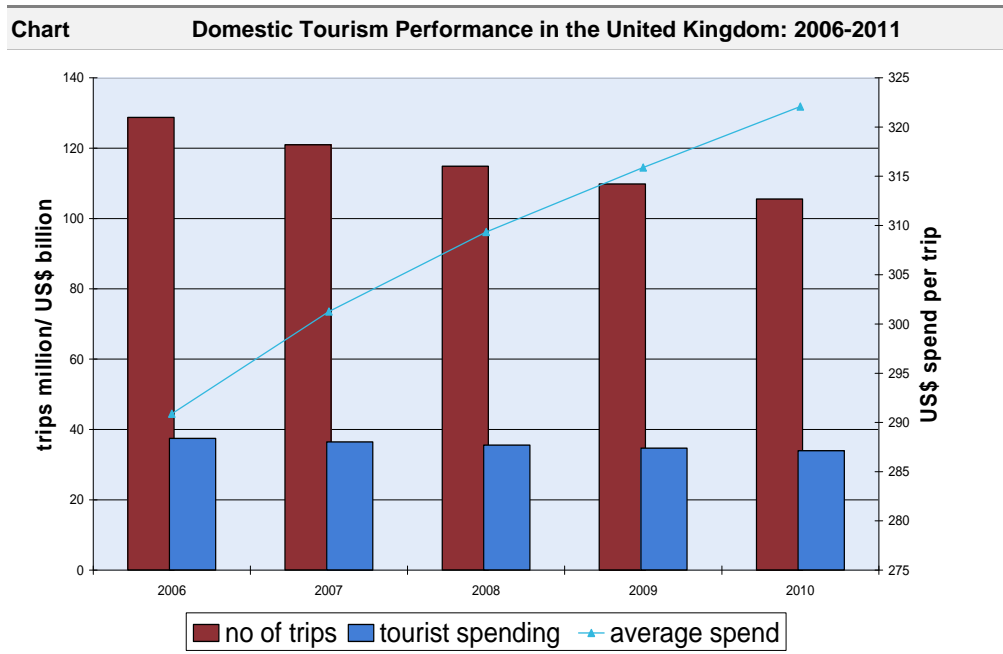


Source: Euromonitor International from national statistics and trade sources

Pet power to beat domestic tourism blues

Whilst overseas pet travel continues to present much more hassle to the owner, due to strict quarantine policies, vaccinations and other tests, taking pets on holiday within the same country is more attractive. The UK's domestic tourism industry will be the biggest beneficiary of growth in the pet travel sector. Pets are becoming more important to their owners, who are willing to spend more on their furry friends' comfort both at home and on holiday. According to Euromonitor International, the UK pet population climbed to 49 million in 2007 with spending on pet food and pet care products forecast to reach US\$4.9 billion by the end of 2007, growing 4% per annum. It presents opportunities for additional revenue growth of up to 30% per year for hotels and travel agents which choose to incorporate pet services. Players catering to pets will be best placed for dynamic returns in the next five years.

The emergence of pet travel is therefore good news for domestic tourism players, which have suffered from the industry's underperformance since the onset of foot-and-mouth disease in 2001.



Source: Euromonitor International from national statistics and trade sources

Lack of pet-friendly services

Amongst UK tourism operators, hotels are currently the only sector where players cater enthusiastically to the needs of visitors with pets. In the transportation sector, companies tolerate pets at best. National Rail accepts dogs, cats and other small animals on board and the Caledonian Sleeper from London to Fort William, operated by First ScotRail, allows dogs and cats to accompany their owners in the sleeper cars for a £40 surcharge. However, there remains no transportation or tour operator service offering packages specifically targeted towards this consumer group. Pet owners will be prepared to pay a premium to guarantee the health and wellbeing of their four-legged friends, up to over 30% on standard prices.

Four legs good.....for hotel businesses

In the industry, hotels have been the most proactive in embracing pet travel, with a moderate number of players already accommodating pets or offering pet facilities catering to not only dogs, but also cats, birds, and larger animals such as ponies and horses. The online pet services directory, www.petplanet.co.uk, lists 1,427 establishments across the UK that allow pets. Of these, North Yorkshire, Cumbria and Devon are the most pet-friendly, with 173, 161 and 150 outlets respectively opening their doors to pets. These hotels are predominantly independently owned.

Euromonitor International predicts that the next two years will see many more hoteliers coming onto the scene to offer pet-friendly services. Considering the success of pet services enjoyed in the US such as PAW (Pets are Welcome) offered at Starwood's W Hotels, it may not be long before other international hotel chains, such as InterContinental Hotels Group and Hilton Hotel Corp also introduce similar pet schemes in the UK.

Pampered pooch with a view

Dogs are the main type of pets accompanying UK travellers on holiday, representing almost 80% of all holidaying pets. Going beyond allowing dogs to enter the premises, some hotels offer extra touches to make their four-legged guests feel more welcome. Holne Chase Hotel in Devon offers a two-night package for dogs accompanying their owners, which includes luxury king-sized basket accommodation, dogs' dinners, access to all smells of the countryside, unlimited use of all trees and a blind date with their resident dog, Batty the Basset. Lucies Farm Luxury Dog Resort (www.dog-hotel.co.uk) provides accommodation as well as spa, hydrotherapy, massage and acupuncture options for its canine guests, illustrating how the health and wellness trend has been extended from owners to their pets.

More common services offered to pets include food and water bowls, pet cuisine and ID tags. Consumers who travel with dogs are also particularly attracted to establishments with spacious off-leash areas where dogs can run free. Such facilities are plentiful where large acres of land surround the many manors and hotels across the UK countryside. Accommodation players offering such open spaces for dogs are expected to be amongst the biggest drivers of the pet travel market in the next few years.

Challenges – adjusting to furry friends' demands

Providing for pets is not always easy. Facilities and hotel grounds need to be thoroughly maintained and require arguably more upkeep than those that do not allow pets. Furthermore, trained supervisors accustomed to working with animals are an important feature of companies that cater seriously to the needs of pets. Operators looking to expand their consumer base to offer animal-friendly facilities will need employees who are either pet-owners themselves or trained in handling pets. Furthermore, the most appealing establishments will also have a vet, either onsite or within a short distance, in case of emergency.

Other factors to consider include the tendency for pet owners to prefer staying near the ground floor areas, rather than on higher levels. As such, hotels with a wide offering of rooms on the lower floors are in the best position to benefit from this trend.

With the consumer attention showered on the UK pet population showing no signs of abating, coupled with holiday-taking remaining an integral part of consumer lifestyles, pet travel looks set to grow by an estimated 6% year-on-year for the next five years. Not only will accommodation players and travel agents be well-positioned to capitalise on this, but other sectors, most notably, the pet travel insurance sector, will be quick to reap the potential rewards of this lucrative market, boosting the domestic tourism industry in the mid-to long term.

North America Trends

Debaucherism

Hedonists are embracing holidays where they can cut loose and industry suppliers are cashing in. Euromonitor International predicts travellers will continue to embrace the adult “spring break” style holiday for generations to come.

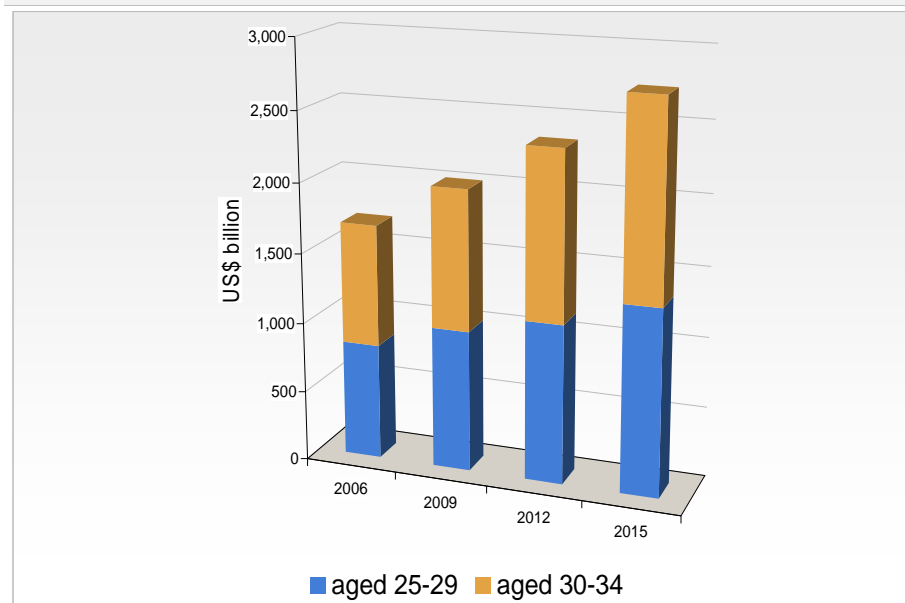
Holidays used to be for rest, relaxation and sightseeing, but some travellers between the ages of 25-34 years old are redefining what constitutes a holiday. Like today’s tabloid celebrities, holidays and travelling for some young adults are now about having an excessively good time. These “debaucherists” travel to destinations to experience out of control fun, including drinking and non-stop partying.

Redefining work hard - play hard

The 25-34 age group earns almost 17% of the United States’ gross income, and this age group harbours travellers with a penchant for new types of debauchery. A shift in consumer attitudes has led to an increasing acceptance of alcohol consumption. After partying in college, young adults are not relinquishing their former habits. According to the 2006 National Survey on Drug Use & Health, 64% of 26-29 year old Americans drank alcohol in the past month, 26% of which were binge drinkers. Furthermore, 60% of 30-34 years drank alcohol in the past month with 22% admitting to being binge drinkers.

This portion of young adults are embracing a “work hard - play harder” ethos. This entails working long hours, but countering this by being out late at the weekend or during the week. Waiting longer to get married, young adults have more time to enjoy their youth before settling down and many are ensuring that they make the best of it – travelling to experience the wildest parties and relive their college spring breaks. Furthermore, age is no obstacle because 40 years old is the new 30, which is the new 20.

Chart Gross Income of Population by Select Age Group in the United States: 2006-2015



Source: Euromonitor International from national statistics and trade sources

What happens in Vegas, stays in Vegas

In the US, Las Vegas reigns as the capital of debauchery. With its tagline “What Happens in Vegas, Stays in Vegas”, young adults flock to the city to gamble and enjoy its nightlife. Travel and tourism suppliers have capitalised on these trends by offering the most indulgent activities, from expensive night clubs and extravagant dinners to topless shows. To maximise the debauchery, companies offer strip-club tours which include limo transportation and entrance to the clubs.

Vegas also gives the average person a chance to rub elbows with infamous celebrities in the hotels and clubs. In the latest trend, resorts have been shifting the party to the day time. The Hard Rock Hotel’s pool party, Rehab, has been the place to be on Sundays mornings for the last three years. Other resorts, such as the Venetian and the Palms, have followed suit, adding pool parties earlier in the day. Cabanas – individual covered areas with lounge chairs and tables – at these parties can run from US\$1,000 to US\$5,000 per day and guests shell out US\$400 for a bottle of alcohol, while paying US\$20 per cocktail. As a result, travellers party 24hrs a day, drinking and eating at the pool all through the morning and afternoon, then going out at night to explore the rest of the city’s entertainment options.

The youth cruise into the groove

To cater to a younger audience, cruises have stepped up to capitalise on the debauchery trend. Chartered cruises, like Groove Cruise, hire musical acts, such as DJs and rock bands, to entertain passengers. Passengers can drink, dance and gamble. With themed parties, like *Pajamas in Paradise*, Groove Cruise is targeting the wealthy, young adults who want to continue their college parties into their adult life. While the cruises tour the Caribbean, including the Bahamas and Mexico, many passengers do not leave to visit the ports of call – they opt to party only on the boat.

Sex sells

Resorts are also catering to this hard-partying crowd. Hedonism II and Hedonism III, both in Jamaica, combine partying and eroticism with themed parties that can include Fetish dress codes. The resorts encourage “anything goes” behaviour to lure travellers to their resorts. For travellers focused on eroticism, resorts such as SinSation Adult Resort & Spa and Charli’s Angels (both in the Dominican Republic) offer good looking companions to cater to guests’ every need.

DIY partying

For some, keeping the party exclusive means avoiding public places, like cruises and resorts. Instead, these travellers charter private jets and yachts on which to throw their own parties. With the finest food and drink, travellers and guests enjoy their privacy while living like a celebrity. Chartering flight costs approximately US\$2,000 per hour for the smaller planes, but prices can range much higher for larger planes. For these travellers, the goal is not the destination, but to enjoy the ride along the way. Other types of transportation are gaining steam as well. LA Party Bus rents out buses seating 30 that come with wet bars, couches and even stripper poles at a starting cost of US\$125 per hour. The Train Chartering Company rents out private train cars for around US\$7,500 per day.

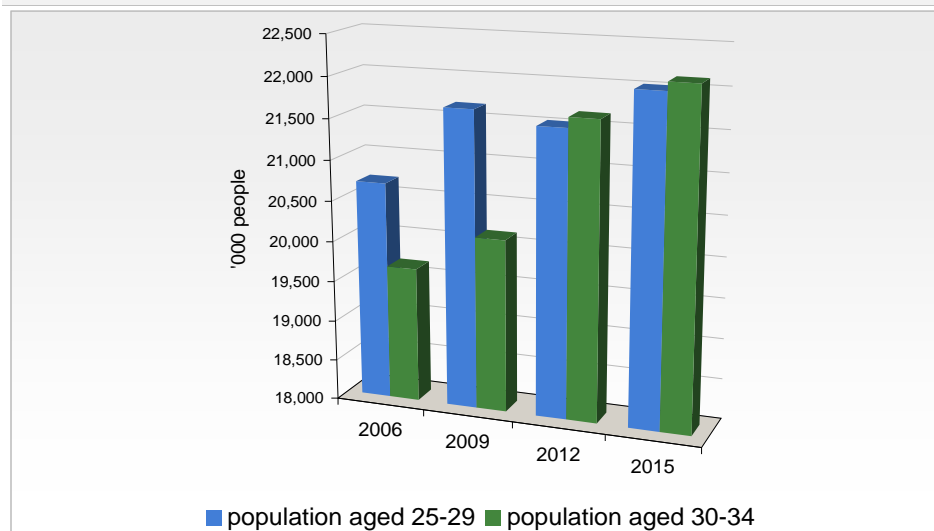
Forever young, free and fabulous

Looking to constantly outdo the last wild party, these travellers, who are ageing and earning more, will continue to seek out outlandish activities and experiences, making debauchery a long-term trend passed down from generation to generation. With more people attending college, these attitudes are going to persist.

Long haul destinations will likely benefit as travellers seek out the new, outrageous place to party. Places expected to benefit include: Buenos Aires, Cape Town and Macau, with international visitors attracted by a variety of factors including the destination's luxury positioning, facilities available, such as casinos, as well as the local party scene. With the new Airbus A380, airlines would benefit from creating the party atmosphere as soon as people step aboard.

Social networking, blogs and video websites, such as Youtube.com and Facebook.com, are likely to fuel the fire as consumers post pictures, journals and videos of their debauchery at different destinations – spreading word of mouth on the hippest party destinations. Industry suppliers will also benefit from examining these forms of self-expression to keep abreast of the latest trends dictated by those aged 25 to 34.

Chart Population by Select Age Group in the United States: 2006-2015



Source: *Euromonitor International from national statistics and trade sources*

Western Europe Trends

Slow Travel

The slow travel concept originates from the slow food movement, born in Italy at the end of the 1980s, which promotes authentic healthy food - as opposed to low quality fast food. In an increasingly busy and high-stress society, consumers are looking for holidays to help escape from their busy lifestyles and enjoy an authentic, slow-paced experience that offers time to appreciate the simple pleasures in life. Euromonitor International predicts that slow travel will continue to grow in popularity, becoming an alternative to more traditional beach and culture holidays.

Consumers today are increasingly seeking to escape their hectic lifestyles and enjoy life's simpler pleasures. For Europeans, this growing need is starting to influence their choice of holiday, and has resulted in the creation of a new way of travelling: "slow travel".

The indulgence of time regained

Slow travel is the polar opposite of the standard package tour, jam-packed with "must see" stops and trips. Instead, slow travellers choose to spend a holiday of one week or more renting a property in a quiet location such as a small town, or rural area. Rather than rushing to visit every famous attraction in the vicinity within a few days, slow travellers prefer to take it easy, spending time in close contact with nature, the locals and reconnecting with themselves. Walking and cycling are amongst the most popular activities, as well as enjoying traditional food and getting to know the local communities' traditions, way of life and personalities.

Ethical relaxation

The growing popularity of slow travel is underpinned, above all, by ever increasing stress and time pressures on consumers in everyday life as well as concerns about pollution, food scares and generally unhealthy lifestyles.

Environmental concerns also play an important role. CO² emissions are becoming a consideration factor for British tourists when choosing a holiday. This shift in consumer attitudes towards sustainability is evident by the introduction by the trade of CO² offsetting schemes, donations by travel retailers to foundations such as The Travel Foundation, airlines buying newer and more environmentally-friendly aircraft and more advertising on eco-tourism and responsible holidays. Germans and Austrians are also increasingly sensitive to this issue and, in general, demonstrate a strong commitment to sustainability and aim to minimise their impact on the areas they visit, as well have a high regard for recycling facilities at accommodation outlets. However, for Southern European travellers, slow travel growth is driven by a desire to experience direct contact with nature, rather than by a concern for the environment.

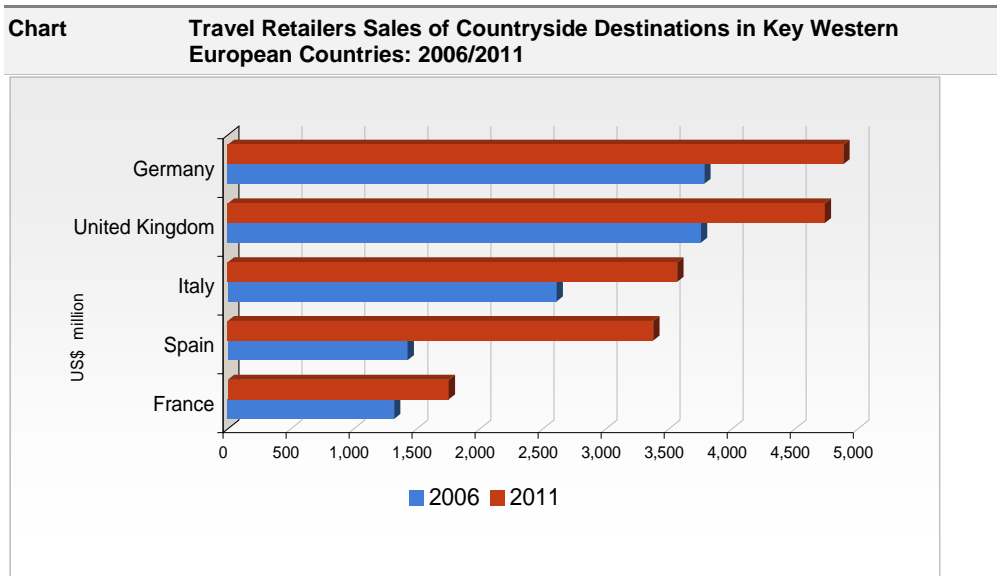
Slow travel is also associated with ethical commitment. Slow travellers consider the impact of their holidays on the local community they visit, not only in terms of respect for the environment, but also in economic terms since family-run businesses are often preferred.

From Europe to the world – slow travel builds momentum

Slow travel is becoming increasingly popular in most European countries. In Italy, *agriturismi* is already a popular option for domestic and incoming tourists, amounting to over 10 million bed nights in 2006. This tourism product fits well with the slow travel ethos, offering farmhouse accommodation where visitors can experience everyday farm-life and taste authentic local food. In France, *gîtes ruraux* also offer the opportunity to discover the French countryside and traditions, as well as experience activities such as the grape harvest or cycling. While Italians and the French mainly associate slow travel with domestic tourism, in the case of the UK and German tourists this often involves a trip to Southern Europe.

Rural travel accommodation is developing all over the continent, including Germany, Spain, the UK, Poland and the Baltic countries. In the Baltic countries, this type of tourism is increasingly popular both with domestic and international tourists and its development is supported by the government. In Estonia, “holiday farms” are present especially in the islands of Saaremaa and Muhu, providing accommodation and offering activities such as canoeing and fishing for tourists. In Latvia, 140 farms offer bed & breakfast services, while in Lithuania rural tourism is estimated to represent between 30 to 40% of the total income in rural areas. In Poland alone, there are more than 50 rural tourism organisations, highlighting the importance of this sector.

The popularity of slow travel is also spreading out of Europe. American tourists already appreciate domestic rural tourism in the US, as well as enjoy taking weekly stays in small towns and villages in Italy or France. Domestic rural tourism is also a growing niche in Latin America, for example, in Brazil and Argentina.



Source: Euromonitor International from national statistics and trade sources

No more a niche

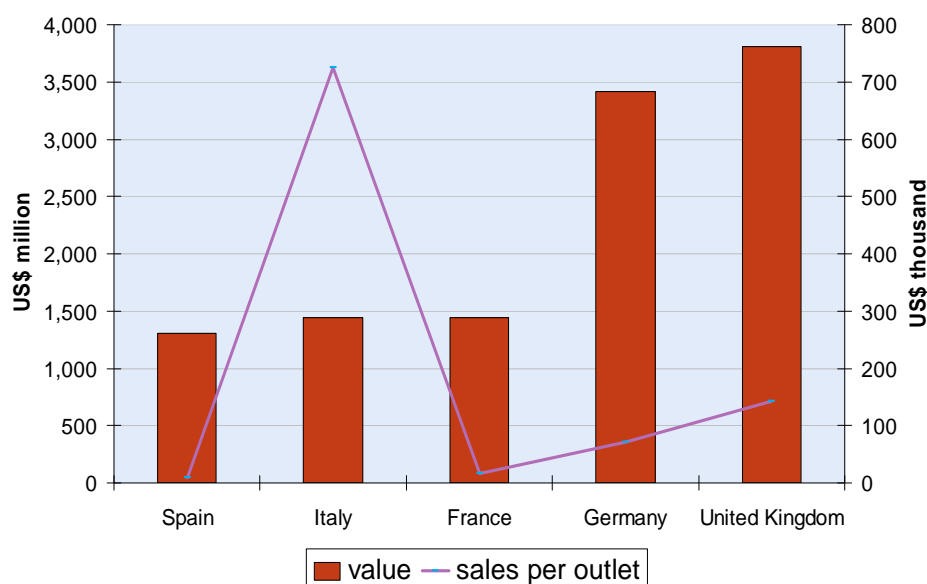
Slow travel in Western Europe is forecast by Euromonitor International to record healthy growth over the next five years, at an estimated 10% Compound Annual Growth Rate (CAGR), becoming a significant alternative to “sun and sea” and cultural tourism. Consumers are expected to regard slow travel as the most relaxing - and

possibly rewarding – holiday option. This type of tourism will attract consumer segments such as baby boomers as well as health- and socially-conscious people.

Slow travel’s increasing popularity is expected to produce a noticeable impact on the travel and tourism industry worldwide:

- Flats, apart-hotels, rural accommodation and bed & breakfasts will benefit over the next five years, since they allow an easier interaction with the local community;
- Travelling by rail will also flourish as slow travellers tend to prefer the train to flying, whenever practical. The journey represents an integral part of the holiday, not just the route to their final destination. Environmental concerns will also play a significant role in this choice;
- Car rental will gain from the slow travel trend as it represents one of the best ways to discover an area in-depth and at leisure with good potential for green fleets;
- Domestic travel will be favoured as more tourists opt for a nearby destination to enjoy nature and relax, and in some cases even reconnect to their roots;
- Favourite destinations for slow travellers, such as Italy and France, will also continue to benefit from the growing flows of slow travellers.

Chart Self-catering Apartments Sales by Key Western European Countries: 2011



Source: Euromonitor International from national statistics and trade sources

Slow travel is right for mainstream tourists

Tour operators will be able to benefit, not only by offering packages including rural stays and accommodation, but also introducing the “slow concept” into their standard packages allowing their customers to take things slowly and enjoy a more authentic experience.

The hotel industry will reap the rewards from this trend by building more premises outside city centres which will facilitate slow travellers’ desire to relax. “Slow hotels”

will provide an environment where customers are encouraged to discover the local area and interact with the local community. It would be no surprise to see hotel chains as Starwood Hotels & Resorts Worldwide and InterContinental Hotels Group developing slow hotel concepts in the same way as they developed boutique hotels over the last five years.

Finally, all types of airlines will benefit by adding countryside breaks to balance out their city breaks and, in future, will fly to the closest airports to attractive rural areas and small towns/ villages, for example, in Tuscany and Provence. Partnering up with car rental, train and rural accommodation players would complete airlines "slow travel" offer.

Middle East Trends

Halal Tourism

Middle Eastern countries seeking to emulate Dubai's successful foray into tourism are in search of ways to entice Middle Eastern tourists. By creating Halal packages that incorporate activities and services in keeping with Islamic law, companies are creating a concept that Euromonitor International predicts will prove successful.

Increasing security measures and difficulties in obtaining visas for Middle Eastern travellers to the West are one of the several factors benefiting tourism in the Middle East region, specifically Halal tourism which is defined as tourism activities permissible under Islamic law in terms of behaviour, dress, conduct and diet. Halal tourism falls under religious tourism, but differs from Islamic tourism where non-Muslims visit Muslim countries to find out more about Islamic culture.

Even though Islam encourages its followers to acquire knowledge by exploring the world, domestic and inbound tourism is still a relatively new concept for the Middle East. Dubai's successful diversification away from dependency on oil towards tourism has encouraged other Middle Eastern countries, such as Saudi Arabia, to follow suit by developing their own tourism markets to attract regional tourists. Euromonitor International forecasts that inbound tourists to the Middle East will grow by 66% to reach 55 million between 2006 and 2011. A large proportion of them will be intra-regional travellers, boosted by increased connectivity between cities.

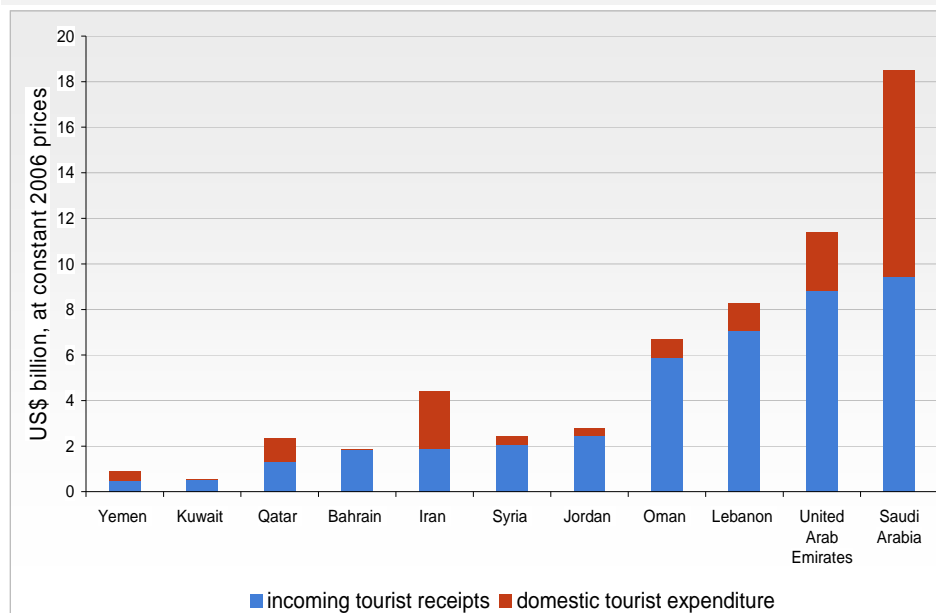
In order to support this objective, a US\$2 billion tourism development fund will provide tourism organisations external financing for investment, set up by the Arab Tourism Organisation through the tourism ministries of Arab countries. The Arab Tourism Bank will operate according to Islamic principles, such as not charging interest for loans.

Organic and adapted concepts will appeal to regional demand

Tourism infrastructure clearly needs domestic development before international inbound tourism can occur. Therefore, it is crucial that Middle Eastern countries take concrete steps to develop Halal tourism internally. One such successful example with regional tourists is the Dubai Ice Bar, developed according to Western concepts, yet suitable for Halal Tourism as it does not serve alcohol. Furthermore, simple steps such as having prayer rooms at tourism sites and making religious sites more Muslim tourist-friendly across the region will go a long way.

The Vatican set up its own budget airline to transport pilgrims to holy sites in 2007 and there is potential for the development of a Halal start-up airline. Such an airline could provide Halal food, calls for prayer, Korans in the seat pocket, religious programmes on the in-flight entertainment system and separate sections for male and female passengers. Another potential option to explore is women only hotels to overcome Muslim women being unable to book hotel rooms without a male guarantor, which is the case in Saudi Arabia.

Chart **Tourism Spending in the Middle East by Country: 2011**



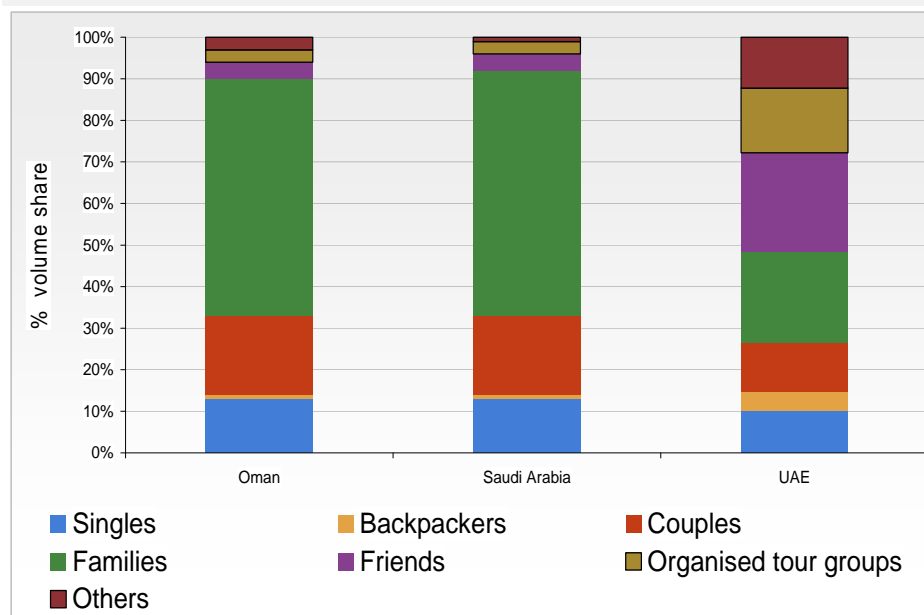
Source: *Euromonitor International from national statistics and trade sources*

Opportunities for specialised products and services

There appears to be little differentiation between Middle Eastern tourism products and services for Muslims and non-Muslims. Often on some tours, inappropriately dressed Western tourists are included in the same tour group as devout Muslims. This provides the opportunity for Halal tourism products to differentiate from standard tour products. Halal tours may be set up in the future to cater to Muslims' particular sensitivities, especially when it comes to eating Halal and setting time aside for prayer during the tour.

It is also common for Muslims to travel in family groups. Saudi Arabia and Oman have the highest proportion with approximately 60% of all leisure departures in those countries travelling with other family members. This suggests a more targeted approach is required for the family consumer segment, which may take the form of Islamic calligraphy classes for kids and Islamic arts and crafts, as well as music classes for adults.

Chart Leisure Departures by Consumer Segment in Oman, Saudi Arabia and the UAE: 2006



Source: Euromonitor International from national statistics and trade sources

Extended pilgrimages to enjoy the destination

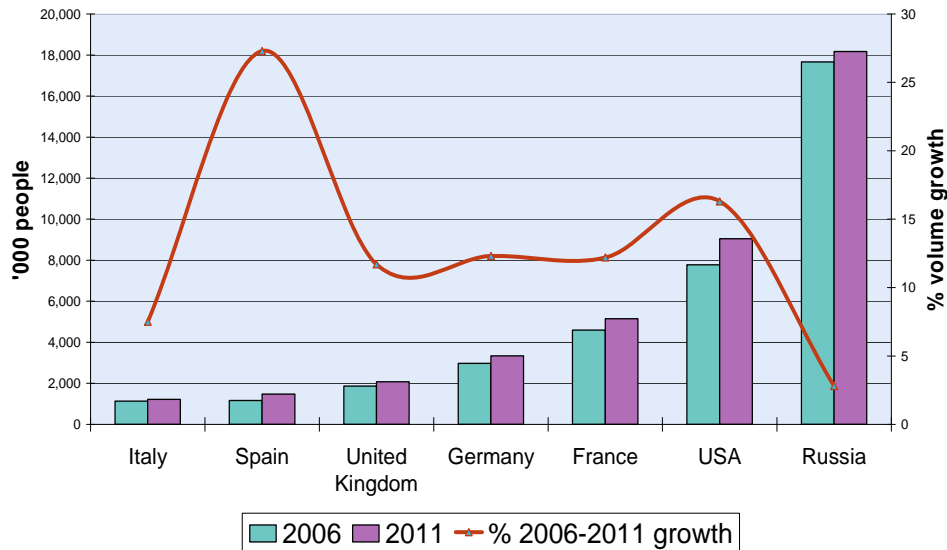
Many Muslims travel annually for Hajj and Umrah, which are pilgrimages to Mecca, and there is opportunity to encourage pilgrims to extend their stay in the Kingdom after their pilgrimage. Key target groups could also include religious tourists from countries outside the Middle East such as Malaysia, Indonesia and Pakistan. Pilgrimage packages could include a Halal tourism add-on, offering an extended stay for travel beyond Mecca and Medina. This would allow for visiting other religious sites, learning more about local culture or retracing holy routes taken by the prophets.

Despite the conflict in Iraq, there are still many Muslims that visit Iraq for religious tourism. 56% of Iraq's tourist arrivals in 2006 visited holy cities such as Karbala and Najaf, amounting to 67,480 religious visitors. Not surprisingly, most of Iraq's tourism industry is heavily reliant on this niche sector, with occupancy rates in these cities being up to 70% even in such a hostile climate, demonstrating the inelasticity of demand for religious tourism.

Beliefs give rise to new source markets

Europe, in particular Spain, Norway and Germany, is enjoying rapidly expanding Muslim populations. European Muslims are devout and, furthermore, are used to holidaying. Halal tourism in the Middle East would appeal to this European consumer segment who are seeking to holiday in keeping with their religious beliefs and values. To accomplish this, the infrastructure for Halal tourism would need to improve for European Muslims such as provision of appropriate guides and translations of Arabic texts at religious sites.

Chart Muslim Population in Select Countries: 2006-2011



Source: Euromonitor International from national statistics and trade sources

Bright outlook for resilient Halal tourism

As witnessed by the continued number of religious tourists visiting Iraq, Halal tourism has the potential to develop into one of the most resilient forms of tourism. The sector represents a promising niche for travel and tourism companies to investigate, particularly because inbound tourist receipts to the Middle East are expected to grow by 108% to almost US\$51 billion and domestic tourism by 82% to reach US\$24 billion in 2011. Most of this growth stems from Middle Eastern travellers, underlining the need for tailored Halal tourism products and services that are developed within the region and cater to this dynamic local demand.

Africa Trends

North Africa Tourism – Morocco and Beyond

As tourism to Morocco booms, it begs the question as to why other North African countries of similar beauty and culture are not experiencing such growth. Euromonitor International suggests that by following a “sun, sea and sand” and cultural tourism strategy, countries such as Libya and Algeria can emulate the success of existing tourist hotspots.

Thanks to favourable government policies and new low cost flight connections in 2007, Morocco is experiencing a tourism boom. However, this success is not trickling down elsewhere as other countries in the North Africa region are recording poorer performances, despite their proximity to Europe and wealth of natural and cultural attractions. If issues such as security and lack of infrastructure are successfully addressed by the local authorities, North African countries could develop their full tourism potential, reaping rewards for foreign and domestic investors alike.

Morocco boom time

Throughout 2007, inbound tourism to Morocco exhibited very healthy growth of 8% to reach almost 7 million visitors, as a result of strong government support and Morocco’s rising status as a desirable destination. The Moroccan government considers tourism key to the country’s economic stability and provides incentives to foreign investors, as well as funding for promotion worldwide.

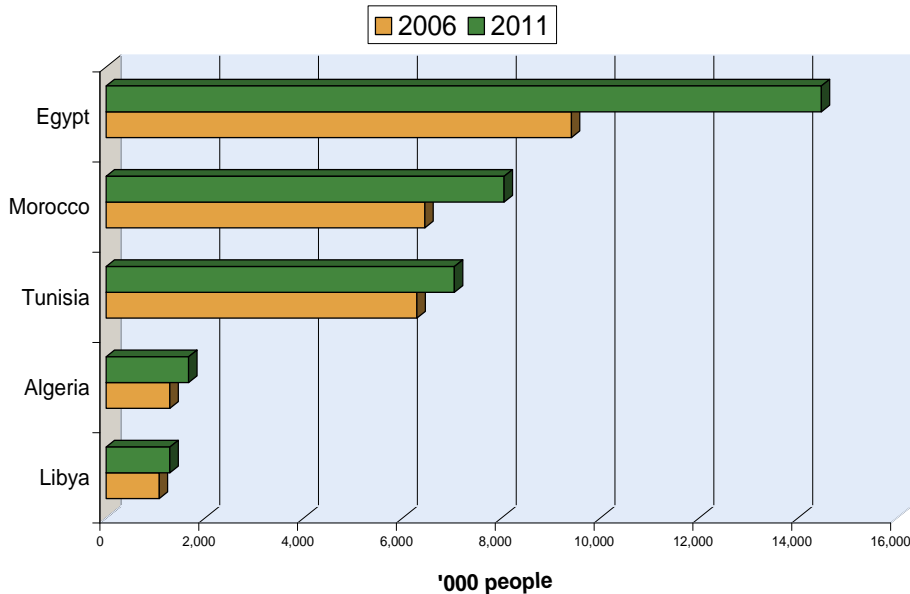
The country’s outstanding natural and cultural attractions, together with its value for money positioning, have attracted the interest of a number of European low cost carriers such as easyJet, AirBerlin and Ryanair, flying to destinations such as Marrakech, Agadir and Fez. The arrival of low cost flights represents the opportunity for Morocco to establish itself as a mass tourism destination.

The lure of the exotic promises potential

The factors behind the success of tourism to Morocco are common to other North African countries such as Tunisia and Egypt. Algeria and Libya, they too have the potential to share in the tourism boom.

According to Euromonitor International, the main strengths of North African destinations are their beautiful natural and cultural attractions combined with an exotic image, representing something new and exciting for tourists. They also benefit from their proximity to Europe and the availability of low cost carriers, alongside good value for money compared to traditional Mediterranean destinations. In addition, North Africa experiences movement by citizens who live in Europe and enjoy travelling back to their country of origin.

Chart **Tourist Arrivals to North Africa: 2006/2011**



Source: *Euromonitor International from national statistics and trade sources*

Tunisian and Egyptian models for success

The North African travel and tourism industry is at diverse stages of development. While the Egyptian, Tunisian and Moroccan markets are already quite developed, the emerging tourism markets, such as Algeria and Libya, are currently considering which local tourist development model to emulate, opting for either the Tunisian or the Egyptian model.

Tunisia has implemented a “sun and sea” model, targeting the European mass market. This model has driven strong growth and brought success to destinations such as Sousse and Hammamet. Currently, however, tourism growth for the country is stagnating. The Tunisian government is therefore looking to diversify to reach new travellers and consumer groups through promotion of tourism products such as Thalassotherapy spas and golfing holidays.

From its ancient and fascinating history, Egypt hosts some of the most famous cultural attractions worldwide. Its longstanding and historical heritage is behind the strong tourism tradition of the country, which has attracted foreign visitors for centuries. Egypt opted for a “Tunisian model” rather than its own tourist model when developing the Red Sea region over the last two decades, in particular the resort of Sharm El Sheikh. Combining inexpensive “sun, sand and sea” packages with its traditional cultural tourism turned out to be a very successful move and catapulted Egypt into one of the fastest growing destinations world-wide in 2003-2004. Inbound arrivals have, however, recorded a marked slowdown in growth since the terrorist bombings in Sharm El Sheikh in 2005.

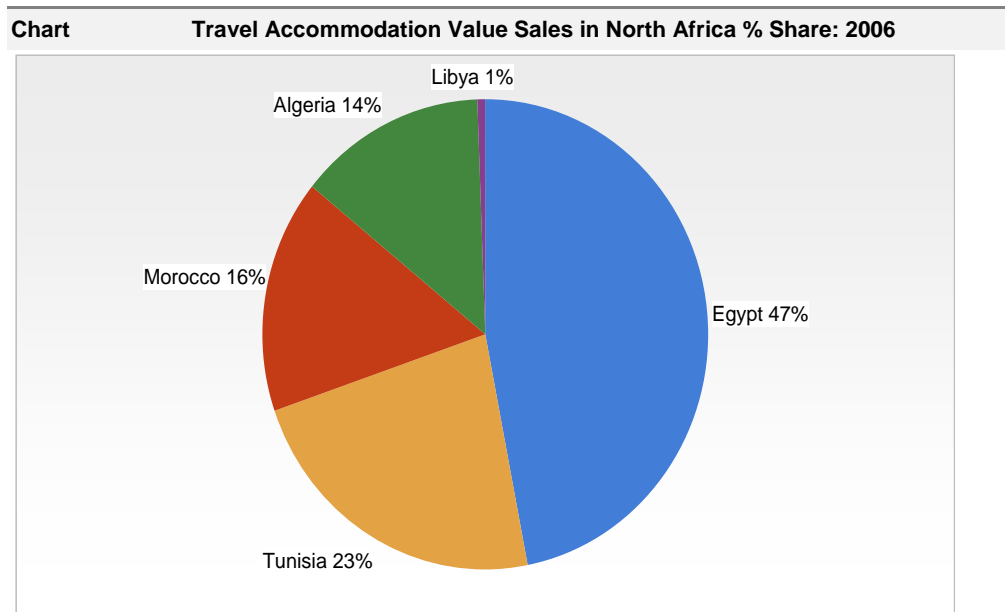
Algeria and Libya: shining lights on the horizon

The combination of cultural and “sun, sand and sea” tourism may also be the preferred positioning for the two emerging North African markets, Algeria and Libya. These countries have been almost neglected by international tourists due to political

tensions. Having reached a greater level of political stability, they may well emerge as new popular tourism destinations over the next five to ten years.

Currently, the bulk of tourism to Algeria is represented by Algerian nationals living abroad, particularly in France. However, the government considers tourism development one of the priorities of its economic policy. Through the "Horizon 2025" plan, it is addressing the lack of infrastructure, which is considered one of the main obstacles to attracting wider source markets. Key to building a successful tourism industry is encouraging investment by foreign companies in order to improve the quality of services offered and maximise promotional activities.

According to Euromonitor International, a dramatic change is expected in the Libyan tourism market. Following the end of international isolation and economic sanctions, the government has identified tourism as a key area for investment in order to diversify its economy. In 2006, incoming tourist receipts were very low at just US\$335 million. This situation is exacerbated by visa restrictions and the lack of hotels of an international standard. However, change is imminent following the government's decision to invest large parts of its oil revenues in infrastructure and incentives for foreign travel groups. With long sandy beaches and important historical sites, tourism to Libya may also benefit from the virtual absence of small-time crime in the country.



Source: *Euromonitor International from national statistics and trade sources*

A land of future opportunities

The large tourist potential of the North African region and government incentives are attracting a rising number of foreign investors. Accor Group plans to open 36 hotels in Algeria by 2015, while Marriott International and Starwood Hotels & Resorts Worldwide are already present and have recently submitted important tourism development projects to the Ministry of Tourism.

The Maltese Corinthia Group is already operating in Libya, owning the only 5-star hotel in Tripoli, while the Italian company, Gruppo Norman, is currently building a resort able to accommodate up to 3,800 people on Farwa Island.

There is a growing interest in the tourism development of this region among investors based in the Gulf countries, in particular the UAE. The UAE may soon follow the steps of the Saudi Sidar Group and the Kuwaiti Safir Group, both currently investing in tourism projects in Algeria, injecting a significant boost to the region.

South America Trends

End of the World Tourism

The popularity of Argentinean destination Ushuaia is rising as travellers continue to seek increasingly exotic and distant locations. Environmental awareness is rising and, according to Euromonitor International increased publicity for the area suggests demand will remain high.

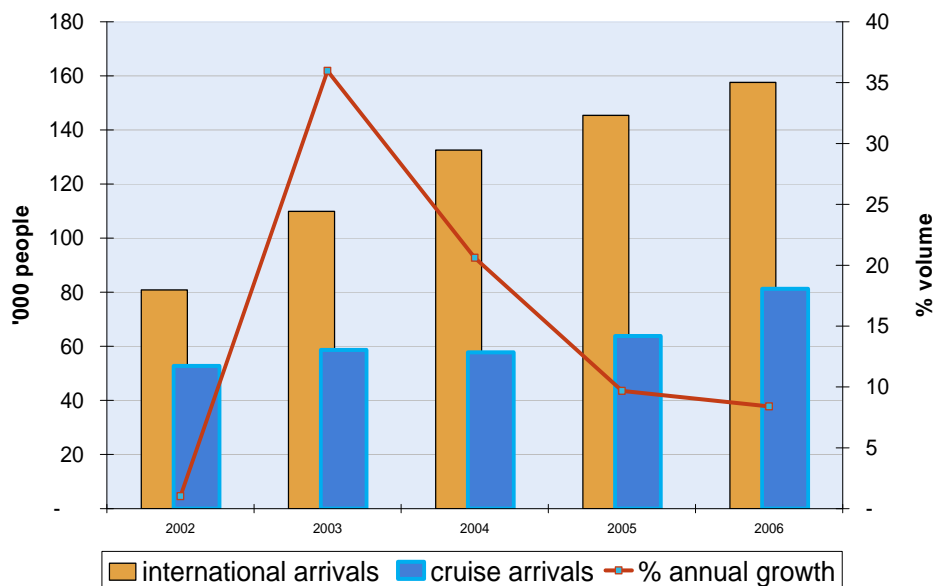
Known as the “El Fin del Mundo” or “End of the World,” Ushuaia, Argentina is one of the southern most cities in the world. The region is experiencing a boom in tourism as consumer tastes shift to more exotic and experiential-based vacations. Interestingly, the fastest growing consumer segment for the area is North American and European baby boomers travelling aboard cruise ships.

The March of Ushuaia

The peso devaluation made it significantly less expensive to travel to the city of Ushuaia, leading to a boom in international visitors in 2003, as tourists sought to capitalise on the inexpensive destination. This influx of tourists led to the city’s investment in developing its tourism infrastructure.

Boosting the cache of Ushuaia is the media attention given to the Antarctic region. International awareness of the region and its inhabitants has increased due to popular films such as “The March of the Penguins” and more recently “Surf’s Up”. Additionally, concerns about climate change have turned the focus towards the region, enticing consumers to experience the dramatic landscapes of the Tierra del Fuego National Park and even venture further to Antarctica itself.

Chart International Tourist Arrivals to Ushuaia (Argentina): 2002-2006



Source: Secretaria de Turismo-Municipalidad de Ushuaia, Euromonitor International
Note: Cruise arrivals during high season only

Casual luxury for new adventurers

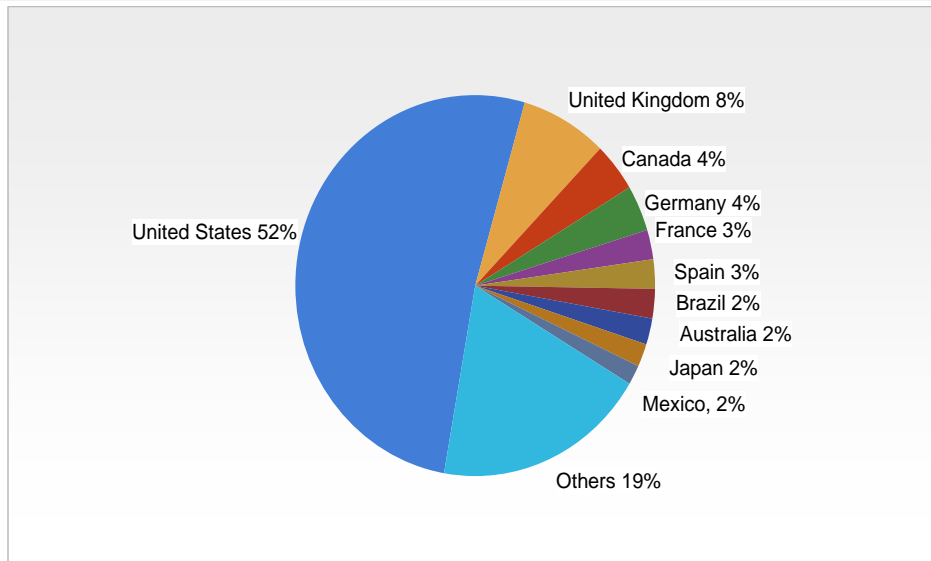
The ageing population of North America and Europe has also contributed to the dynamic tourism industry in Ushuaia. The exotic locale, along with increased media attention, has lured baby boomers looking for soft adventure, involving a moderate amount of physical activity on excursions. Furthermore, these travellers are changing the way they view luxury, expecting high quality food, transport and lodging in a relaxed setting, in a trend called casual luxury.

For land-based travellers, around 25% of hotel beds are in 5-star and 4-star hotels. Currently, these hotels are independent, however, Starwood Hotels & Resorts Worldwide, Hilton Hotel Corp and Carlson Companies have announced plans to open hotels in Ushuaia in the next three years to benefit from the increase in adventurers who expect luxury when travelling.

Polar cruising is hot

Cruises are the most popular mode of arrival for North Americans, and quite popular with Europeans as well for their convenience and range of amenities. Due to continued consumer interest and in the hope of increased margins, cruise companies have added more itineraries along South America. Royal Caribbean Cruises has already included itineraries in South America, while Carnival Cruise Lines will add its first South American cruise in 2009. Regent Seven Seas Cruises has also added four cruises to Antarctica for late 2007 and 2008 which will depart from Ushuaia.

Chart Cruise Arrivals to Ushuaia (Argentina) by Country of Origin % Share: 2006



Source: *Secretaria de Turismo-Municipalidad de Ushuaia, Euromonitor International*
Note: *During high season only*

The expansion of these cruises has tapped into new source markets, both near and far. All inclusive cruise pricing, as well as being able to board from Mexico, Chile and Brazil, has increased the number of Latin Americans travelling on cruises along the South American coastline. Chile and Brazil are also benefiting from a strong currency, encouraging more regional and international travel. Mexico, with rising disposable income, is also seeing growth in outbound tourism. Cruises in these countries are still considered a luxury and are also aimed at baby boomers. While

multi-national cruise companies are popular in Chile and Mexico, Brazil has numerous domestic companies, such as Costa Cruzeiros and Viagens CVC which offer themes such as singles and fitness, as well as showcase popular DJs and Brazilian singers.

Obstacles to navigate around

Ushuaia and Antarctica still face challenges to growth. Travel to the area is highly seasonal because of the weather, and most visitors only stay two to four days due to travellers stopping over on their tour throughout the region.

Problems in the airline industry, as well as the weather, can make air travel to region undependable. The municipal government is working with airlines to entice them to fly to Ushuaia throughout the year, even offering subsidies. LAN Airlines is expected to start flying from Buenos Aires to Ushuaia during the summer season beginning October 2007. However, even if the government is able to convince airlines to fly all year round, seasonality is likely to remain an issue. To help combat this, the local government coordinates “End of the World” festivals related to art, music, film – usually with an environmental slant. These festivals are marketed internationally to draw visitors to the events and encourage visitors to extend their stay. The festivals also serve to cement the brand and allure of the “End of the World.” To supplement the draw of the festivals, the government is also promoting ski tourism to Argentina to make Ushuaia as a winter destination for domestic tourism.

Environmental impact a big concern

Although tourism is a growth industry for Ushuaia, many people have voiced concerns about the impact that tourism has on the region. The growth in cruises and air arrivals is a major cause for concern because it increases carbon emissions – a threat to the natural beauty that draws tourists in the first place. Additionally, development of tourism infrastructure, such as hotels, threatens the peacefulness and remoteness of the city. Moreover, people travelling onto Antarctica could result in cruise accidents such as oil spills. Travellers trekking in Antarctica may also damage the ecosystems and wildlife. The Argentine government will need to balance tourism development while sustaining its natural resources. As tourism to Antarctica is regulated on a voluntary basis, there is currently no established organisation to ensure that growth in tourism to the region remains in check.

Winning formula for success

As long as the tourism flows are well managed and development occurs in a sustainable manner, cruise companies with itineraries along the coast and to Antarctica will be the big winners thanks to a growing number of retirees in North America and Europe. Additionally, economic growth will encourage more cruisers in Latin American countries.

The multinational hotel chains setting up shop in Ushuaia will benefit from their recognised brands and appeal to land-based travellers looking for luxury accommodation in such a breathtaking landscape. The region is also positioned to benefit from niche eco travel trends.

Eastern Europe Trends

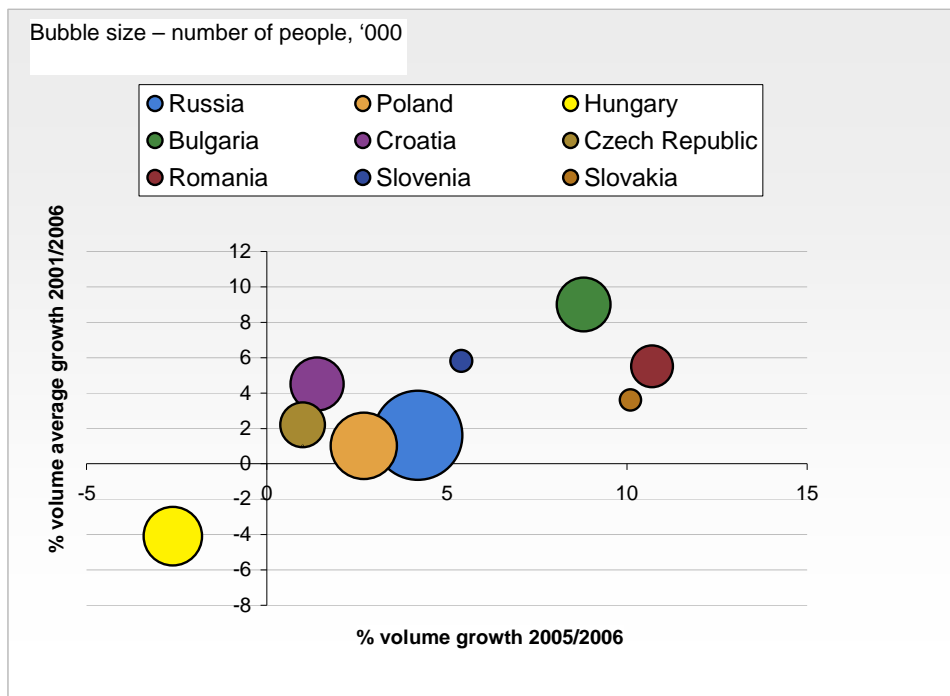
Diaspora Tourism

As people increasingly leave their homelands for Western Europe, the potential for Diaspora tourism rises. Many immigrants wish to return to their families and home countries and the number of niche travel agencies is set to rise to cater to this demand.

There are two main reasons for Diaspora: humanitarian and economical. Humanitarian Diaspora encompasses those who have fled their country of origin as a result of conflicts. Economic Diaspora embodies citizens who leave their country in search of greener pastures, such as the 10 million Poles who emigrated to the US during the first half of the 20th century to cities such as Chicago and New York, as well as Eastern Europeans in Western Europe as a result of EU expansion. For example in the UK, the Work Registration Scheme recorded approximately 320,000 Eastern European workers by 2007, up 16% on the previous year, according to the Department of Work and Pensions.

This new wave of Eastern Europeans living in other EU countries, coupled with previous movements, has led to an increasingly large Diaspora population in the region and subsequently has boosted Diaspora tourism. This consumer segment has taken advantage of improved connectivity and cheaper travel to return to their roots, thanks to the increase in low cost carriers serving Eastern Europe, resulting in a 10% growth in inbound leisure arrivals between 2001 and 2006.

Chart Leisure Arrivals to Eastern Europe: 2006



Source: Euromonitor International from national statistics and trade sources

Heritage tourism for retracing family roots

Three main segments of Diaspora tourism have developed to target this market: heritage, residential and festival tourism. Heritage tourism is predominantly driven by Diaspora tourists that wish to discover their ancestry and heritage.

Heritage tourists tend to be older and from upper to middle income groups who travel back to their home country for one to two weeks, staying in a hotel or private accommodation. These groups of tourists may require the services of a local to help them trace their routes if they do not have distant relatives to meet. Often, they take short language or culinary courses to gain a greater understanding of the culture and customs of their descendants. Euromonitor International's latest analysis demonstrates heritage tourists often travel with their immediate family, and as such, families account for 21% of leisure arrivals to Eastern Europe with a 4% growth over 2005-2006.

The best of both worlds – home and away

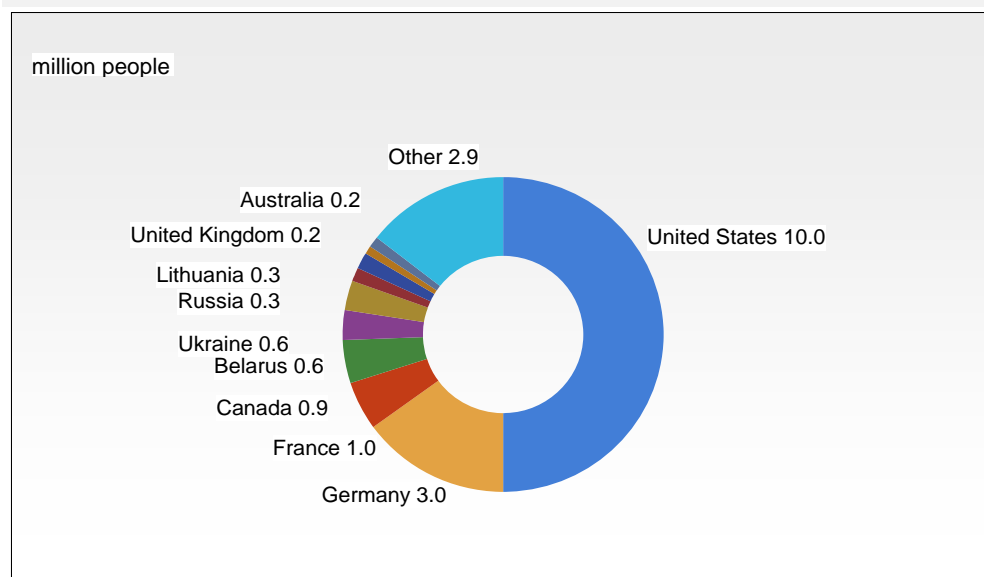
Diaspora tourists who left for economic reasons tend to go back to their homeland for two to four weeks in summer, a week for Christmas or other religious holidays, and often for an extended weekend during the year. They usually stay with their families and increasingly travel back by plane, which helped contribute to the boom in low cost airlines to US\$2 billion in 2006, up by 64% on the previous year, according to figures by Euromonitor International.

This has given rise to residential tourism particularly amongst the young, educated and mobile Diaspora. Residential tourists encompass Eastern Europeans that live and work abroad who have invested or plan to invest in property in their country of origin. In their chosen country of residence, many tend to work long hours and live in shared accommodation in order to save as much as possible to invest when they return home.

Festival tourism includes Diaspora members travelling back to their home country for important events and festivals, such as Christmas, weddings and Christenings. They tend to spend more when they return to their home country on shopping as well as entertainment as costs are much lower than in their adopted country. Often their spending may also be used as a sign of their prosperity to relatives and friends.

Many members of the economic Diaspora also use their adopted country as a base to earn more money than is possible in their country of origin in order to fund their travels around the world, giving rise to the "Eastern European Working Holidaymaker".

Chart **The Polish Diaspora by Country of Residence % Share: 2006**



Source: *Euromonitor International from national statistics and trade sources*

Niche players are quick off the mark to explore potential

Sectors of the travel retail market, including small travel agencies and tour operators, are beginning to capitalise on this trend by offering products catering to the Diaspora. One such example is American luxury tour operator, Artisans of Leisure, which includes heritage tourism to Eastern Europe as part of its luxury and cultural holiday portfolio. However, so far there has been limited uptake by the wider travel and tourism industry.

Eastern European tourist boards could therefore actively look into Diaspora tourism to compensate for the fall in domestic tourism due to emigration and increased outbound tourist activity by residents. The Slovak Tourism Board's website already promotes Slovakia's attractions to its own countrymen abroad to tempt them back to holiday in their homeland.

There are additional opportunities in Diaspora tourism for Eastern European tourist boards and travel companies. For example, it is common for Diaspora tourists to return home to make use of cheaper and more accessible services. This has given rise to medical tourism in Eastern Europe, which is especially prevalent in Hungary and Poland. Combination trips, encompassing visits to friends and family tied in with a visit to the dentist, medical check ups and even a visit to a local spa, are increasingly popular. These services are perceived by Diaspora tourists to be of better quality and cheaper than in their country of residence. Due to time pressures, services targeted at the Diaspora ranging from medical treatments, visits to the local tax authority or even estate agents to purchase a holiday home, could be explored further by the travel industry.

There's no place like home

In the ever-competitive global travel and tourism industry, where countries with superior infrastructure and services tend to be the most successful in terms of attracting visitors, the emotive element of returning home is a powerful marketing tool not to be underestimated. For Eastern European countries, this strategy could help tap into new tourism sources – from the old to new waves of Diaspora. National tourist boards and major travel retailers in Western Europe and North America so far have been slow to take advantage of this profitable niche segment expected to grow in line with increased mobility around the world.

Asia Trends

Asians Go Mobile

An increasing number of travel and tourism operators will turn to mobile phone technology to target their customers as “SMS”-ing becomes the leading marketing tool in the Asia Pacific region. With rising penetration rates of mobile phones, marketers stand to reach large numbers of consumers by adapting to the technology.

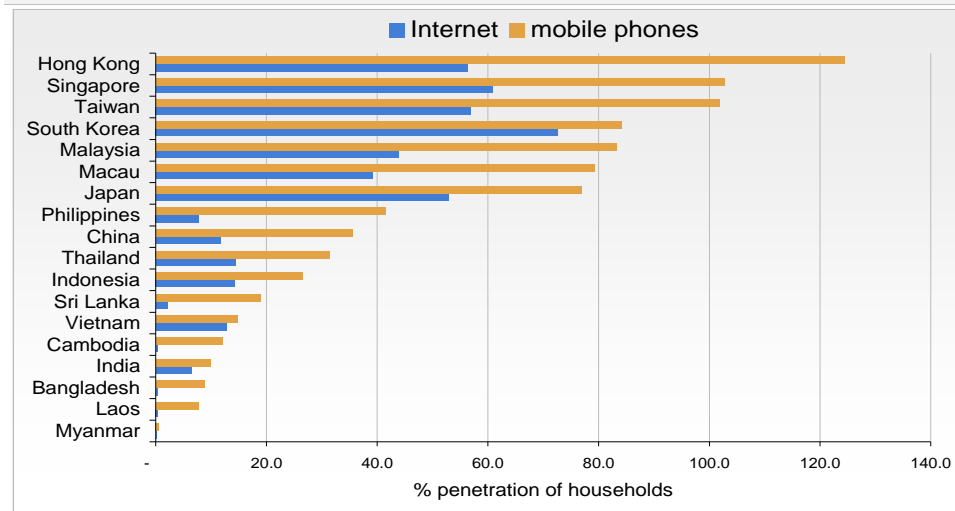
The mobile phone will soon be the “third” screen after television and the Internet and is set to be one of the most dynamic channels in the travel and tourism industry, offering expansive consumer access through growing technological advances and rapid increases in mobile ownership. Asians in particular love their mobile phones. In 2006, Asia Pacific was the largest mobile phone region in the world with 955 million users, according to Euromonitor International. Forecast performance is also expected to be phenomenal, estimated to grow by almost 200% over the next five years. Coupled with the boom in both inbound and outbound tourism flows across the region, travel retail operators, hotel, car rental and airline players will benefit if they capitalise on this channel during the next five years.

Bigger penetration, better potential

Mobile phones have penetrated most Asia Pacific markets more so than the Internet. Unlike the Internet, mobile phones have attracted not only the wealthiest and younger techno-savvy consumers, but also the masses due to low cost monthly packages and investments in new product developments by mobile phone operators. The number of mobile phone owners in almost every Asia Pacific market exceeds the number of Internet users, presenting a potentially lucrative channel for travel and tourism players to focus on.

Penetration rates of mobile phones are particularly high in Hong Kong, Singapore and Taiwan, which reached 124%, 103% and 102% respectively in 2006, and are expected to continue growing by 3-4 percentage points each year until 2009, according to Euromonitor International. Unlike the Internet, which relies on computer ownership and connection, mobile phone operators have made connections available to remote rural areas, allowing those working in the cities to connect with their friends and families in their rural home towns.

Chart Household Penetration of Mobiles and the Internet in Asia: 2006



Source: Euromonitor International from national statistics and trade sources

The rise of the SMS tigers

With some of the cheapest SMS (Short Message Service) tariffs in the world, combined with competitive monthly phone packages offering free monthly SMS messages, SMS-ing has exploded in popularity across Asia Pacific, particularly in China, the Philippines, Indonesia, Malaysia and Singapore. According to Siemens, Southeast Asians now consider SMS-ing to be the best communication tool for business and personal matters.

Several regional travel and tourism players have responded to the importance of SMS as a communication tool. Philippine Airlines and Cebu Air now provide SMS ticketing and Singapore Airlines sends SMS ticket confirmation services to its local consumers. Australia-based online travel operator, zuji.com (owned by Sabre Holdings Corp), has divisions in Singapore, Hong Kong, Taiwan, South Korea and Australia and now sends out tailored SMS promotions to subscribers when deals to desired destinations become available.

“Moblogs”: experience your holiday by phone

Communication by mobile has also sparked regional growth in travel “moblogs” or “mobile blogging”, where travellers post text or pictures of their travel experiences on their mobile phone to share with other users. Moblog sites such as www.moblog.com.sg in Singapore are taking the Asia Pacific market by storm in the same way that Internet blogging sites have also grown in popularity. Tourism players are now not only subject to C2C trends and consumer opinions via Internet sites such as www.tripadvisor.com, but also to the region’s mobile bloggers, who find the concept even more attractive, as their experiences and views can be shared instantaneously.

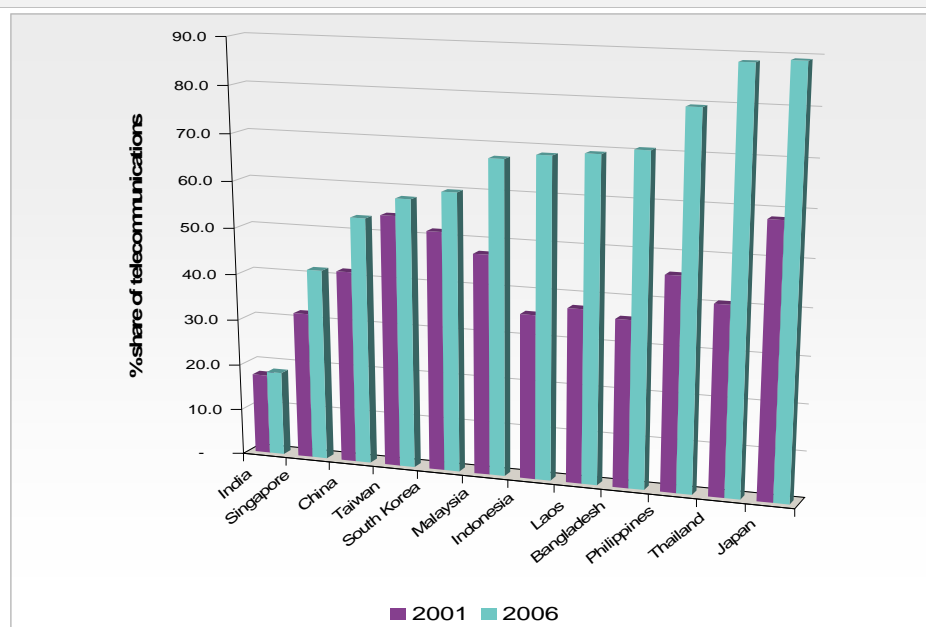
Watch and surf on the move

Mobile TV and mobile Internet technology in the Asia Pacific region are light years ahead of the rest of the world, and also present vast opportunities for regional television and Internet advertisers of travel and tourism products and services.

In South Korea, one in seven people watch soap operas and news programmes on their mobile phone, and in Japan, consumers have enjoyed mobile TV since 2005 when it was introduced by Japanese wireless carrier, NTT DoCoMo. Trials for mobile TV technology are also vigorously underway in Taiwan, China, Malaysia, Indonesia, Singapore and India. Given the marked popularity of portable consumer electronic gadgets, such as portable DVD players and MP3 players, mobile TV will be the next hit gadget for Asians. Tourism boards, airlines and hotels using television as an advertising medium will enjoy a wider consumer reach of the 1 billion mobile phone users watching mobile TV in the next five years.

An estimated 70% of mobile phones in the region now offer Internet capabilities, providing another channel for Internet advertisers. Japan, South Korea, Singapore, Hong Kong and Malaysia will be a goldmine for Internet advertisers of travel and tourism in the region, as their consumer reach expands significantly to the growing number of mobile Internet users.

Table Mobile Revenues Share of Telecommunications Revenues in Asia: 2001-2006



Source: Euromonitor International from national statistics and trade sources

M-commerce is the new e-commerce

Previously, m-commerce (where payment transactions are completed via mobile phone) was little more than a flurry of ideas due to the lack of technology available. However, late 2006 and early 2007 saw the launch of Visa and MasterCard's pioneering mobile phone payment technology. This technology is set to transform the concept of m-commerce in the region, making it a key payment platform for travel retail in the next five years.

The Japanese market has had mobile phone payment technology in place since 2004 when local wireless carrier NTT DoCoMo launched the "O-saifu Keitai" (wallet phone), allowing consumers to conveniently pay for their goods and services by mobile phone. In April 2006, Visa in Malaysia partnered with Maybank, Maxis Communications, Nokia and ViVOtech to roll out its first mobile contactless payment pilot programme in South-East Asia.

With huge demand for maximum convenience when organising holidays and business trips, once consumers overcome security concerns, m-payments will grow faster than online sales to become a mainstream payment method by 2009.

Currently, mobile phone payments are estimated to account for less than 1% of total travel retail sales in Asia Pacific according to Euromonitor International, but with mobile payment technology expected to infiltrate key tourism markets including China, Hong Kong, Japan, Singapore, South Korea, Taiwan, India and Malaysia, this is expected to command up to 12% of total value sales by 2011.

Mobile phones will not only be a huge gateway to Internet and television advertisers, but also a key distribution channel in the region alongside the online industry. Japan, South Korea, China, the Philippines, Taiwan, Hong Kong, Singapore, Malaysia and India will be the markets where mobile phones will have the most impact on travel industry players and consumers, as mobile phone usership continues to expand rapidly and technology develops fast across these markets over the next five years.

About Euromonitor International

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