



Tourism One-Minute Report

Global Market Scan in 60 Seconds or Less

May 13, 2011

NORTH AMERICAN MARKET WATCH

The European Tourism Commission is predicting that outbound travel from North America will increase by 2.3% in 2011 and 4.2% in 2012.¹

US Travel: ↑ The US Travel Tracker shows that US international enplanements have increased by 3.7% (Jan-Mar), outpacing growth in domestic enplanements (at 2.0%).² Less than half of US air travellers feel positive about their travel experiences – a sentiment led by business and affluent travellers³. A recent study by the US Travel Tax Institute shows that travel taxation is having a significant impact on US travel – 49% of US travellers will spend less at their destination due to travel taxes attached to airfare, as well as hotels and rental cars⁴.

US Economy: The US is climbing out of the recession, but very slowly. Unemployment edged up to 9% in April⁵ - at this point the US is seeing the lowest labour participation in a quarter of a century at only 64.2% of adults.⁶ Consumer confidence in the US declined sharply in March, then saw a modest gain in April – even though this represents a net gain over the past few months, confidence remains weak.⁷ Retail sales in the first quarter of 2011 were up 8.1% over last year.⁸

Canadian Travel: ↑ Canadians continue to travel to the US and abroad - the number of residents returning to Canada increased 6.3% in February alone⁹. The Loonie continues to hover just above par with the US dollar.

Canada's Economy: In April, employment in Canada rose by 1.7% (over April 2010) – this marks Canada's first return to October 2008 levels. Women 55+ are leading employment growth.¹⁰ Business confidence in Canadian small and medium-sized businesses (SMEs) rose to 2005 levels. Consumer confidence remains well below pre-recession levels, but is higher than 12 months ago (87.7)¹¹.

EUROPEAN MARKET WATCH

Europe overall: → Outbound travel from Europe is expected to increase by 4.3% in 2011 and 4.2% in 2012.¹² European airline capacity surged between last 2010 and early 2011¹³ but passenger traffic has slowed in recent weeks, resulting in lower load factors.¹⁴

United Kingdom: → From Jan-Mar 2011, the number of visits abroad by UK residents was 2% higher than Q1 2010 and 4% higher than Q4 2010 (the latter was affected by bad weather).¹⁵

Despite a slight uptick in consumer spending in January, retail spending has softened. The economy is growing modestly at 0.7%¹⁶.

Netherlands: A recent study by ComScore shows that social networking in the Netherlands is particularly strong – ranking #1 in penetration for Twitter and LinkedIn. However, social networking popularity is being driven by a Dutch-based site, known as Hyves¹⁷.

Turkey: ↑ Close to 14 million tourists travelled out of Turkey last year¹⁸. Istanbul had a total of 28 billionaires as of March 2010 and weathered the global financial crisis better than other emerging economies¹⁹.

France: ↑ In April, France's consumer price index increased by 2.1%, over April 2010. The rise in prices came mostly from growth in costs of fuel and food.²⁰

ASIA PACIFIC MARKET WATCH

The European Tourism Commission is predicting that outbound travel from Asia will increase by 4.4% in 2011 and 6.8% in 2012.²¹

Japan: ↓ The number of Japanese travelling overseas during Golden Week, the country's peak vacationing period, decreased by 16.63%, compared to 2010 – the lowest level since 2003 when the SARS health threat seriously affected travel demand. Inbound numbers have plummeted more than 50%.²² Japan is likely to re-enter recession in 2011 with a 10% drop in outbound travel, but a considerable rebound is expected on both fronts in 2012.²³

China: ↑ Australia and New Zealand are energetically targeting the Chinese market, building on more than a decade of approved destination status and ramping up air capacity. Perth and Cairns are currently in talks to create direct flights and earlier this month, China's largest air carrier, China Southern Airlines, launched its first direct flight between Guangzhou and Auckland (NZ). In 2010, Australia saw a 20% increase in Chinese visitors, who spent \$3 billion in the country.²⁴

In the UK, Apex Hotels experienced a 676% increase in revenue growth after translating its website into Chinese²⁵.

China (along with India and Poland) has raised interest rates to control inflation but increasing food and fuel price rises suggest more rate rises are ahead.

Malaysia: ↑ Malaysians are expected to increase travel to countries whose currencies are tied to the US dollar due to the strong ringgit against the greenback²⁶.

New Zealand: ↑ In the year ended March 2011, trips abroad by New Zealand residents increased by 4.8% over the previous year. The top travel destinations were Australia, USA, Fiji and the UK, with the USA seeing the greatest growth (11.2%)

TRAVEL VACCINES – A KEY DRIVER IN INCREASED GLOBAL TRAVEL?

The global travel vaccine market, estimated at \$2.7 billion, is estimated to reach \$6.6 billion by 2017, according to a recent study²⁷. The study attributes the growth to the growth of global outbound travel, but how much is this driving the increase in global travel? Health concerns are powerful travel influencers – just ask Toronto about the SARS crisis in 2003.

HAVE MOBILE TABLET, WILL TRAVEL

The number of mobile users who research and book travel on their smartphones is growing rapidly, but what about the latest rage - tablets? At this point, tablets trail smartphones in actually being connected to the internet, but the tablet has become a tool of choice for comparison shopping travel or hotels.²⁸

ITS TOUGH BEING AN AIRLINE THESE DAYS

Airlines have been beset with problems like severe winter storms and oil prices, but in spite of that, ATA is reporting that global passenger revenue rose 13% in February (over last year) – led by the Pacific region.²⁹

WORD OF MOUTH

“I wanted to swim in it but they say don’t touch it, and if it gets in your mouth it tastes nasty.”

9-yr-old Lauren Armstrong, one of the small flood of tourists who flocked to Memphis Tennessee to watch the Mississippi River crest at 48 feet – the highest in 100 years. Her mother took her five children “so that they can see history being made”.³⁰

Mahon Jones & Associates is a tourism consulting firm, based in Canada, with special focus on cultural tourism and attracting the cultural tourist. The information above has been compiled via desk research of the internet for clients and key contacts, primarily located in Canada. It is intended to provide contacts with a quick snapshot of currently available market information.

For more information about our services or to discuss how we can assist your organization, government agency or business contact us at mmj@mahonjones.com. Watch for the launch of our new jazzy website very soon!

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¹ European Tourism Commission, “European Tourism in 2011: Trends and Prospects, Q1/2011 Report”, May 2011, p20

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⁵ US Bureau of Labor Statistics, “Economic

⁶ Suzanne Cook, “US Travel Outlook”, US Travel Association, April 2011

⁷ US Conference Board, “The Conference Board Consumer Confidence Index® Increases Slightly”, Press Release, April 26, 2011

⁸ US Census Bureau News, April 13, 2011

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¹⁰ Statistics Canada, Latest Release from the Labour Force Survey, May 6, 2011

¹¹ Conference Board of Canada, Index of Consumer Confidence, April 2011

¹² European Tourism Commission, “European Tourism in 2011: Trends and Prospects, Q1/2011 Report”, May 2011, p20

¹³ Ibid, p2

¹⁴ Ibid, p11

¹⁵ UK Office for National Statistics, “Travel and Tourism – Overseas visits showing more stability”, May12, 2011

¹⁶ European Tourism Commission, “European Tourism in 2011: Trends and Prospects, Q1/2011 Report”, May 2011, p24

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¹⁸ “Travel agents federation of India signs MOU with Turkish Indian Tourism Council”, India Infoline News Service, April 13, 2011

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²⁹ Suzanne Cook, "US Travel Outlook", US Travel Association, April 2011

³⁰ Jay Newton-Small, "'We've Never Seen Anything Like it': On the Ground in a Surreal, Swamped Memphis", Time.com, May 10, 2011