

Euromonitor International's Top City Destination Ranking

Euromonitor International is pleased to release its latest Top City Destinations Ranking, covering 100 of the world's leading and most dynamic cities in terms of international tourist arrivals.



As the global economic crisis worsened in Q4 2008, international arrivals declined worldwide as travellers felt financially constrained and decided to stay close to home. However, the top 100 cities managed to end the year with 5.2% growth. A number of cities, such as New York and São Paulo, however, enjoyed double digit growth thanks to favourable exchange rates, aggressive government stimulus, increased air links and efficient promotional campaigns.

London Still on Top

London attracted a total of 15 million tourists in 2008, topping Euromonitor International's Top City Destinations. In late 2008, the pound weakened significantly against the euro, encouraging Eurozone visitors, especially from France, to do their Christmas shopping in London. This helped compensate for the shortfall of visitors from main source markets like the US.

New York City was the second most visited city with almost 11 million arrivals, up 23% in 2008. Thanks to its proximity and historic links, it is the number one destination for Western Europeans to the US. With the depreciation of the US dollar, many leisure visitors took advantage of inexpensive shopping and dining. The city is also the home to more headquarters of Fortune 500 companies than any other city in the US. However, the Lehman collapse had a direct impact on business arrivals.

Bangkok was the third most visited city and is highly dependent on inbound tourism from key markets such as the US, UK and Japan. It suffered a 6% decline in international visitors due to civil unrest leading to the closure of its airports in November 2008. To counter the weakening demand of long-haul travellers, the Tourism Authority of Thailand started to target alternative source markets from ASEAN, the Middle East and China.

Volatile Exchange Rates

The fluctuating exchange rates of the euro, the British pound and the US dollar had a major impact on tourism flows in 2008. The pound weakened throughout 2008, accelerating its decline against the euro in Q3 as the global financial crisis unfolded. This discouraged UK outbound travel to Europe with Spanish cities, in particular, feeling the impact of a 3% decline in British arrivals in 2008. Barcelona endured a 2.7% decline in visitors.

The US was one of the biggest beneficiaries of a weak currency as the dollar hit new lows in the first half of the year. All top cities with the exception of Honolulu experienced growth.

Other big winners included Turkey and North Africa where the cost of travel is less expensive than in Europe, becoming even more attractive as the euro strengthened. Antalya in Turkey experienced growth of 13.8% in 2008 as the Turkish lira weakened. Cairo also experienced double digit growth of 10.7%. These countries had a strong advantage over other Mediterranean destinations such as Greece, Spain and Italy.

European Cities Lose Share

As a mature destination, Europe continues to lose share to emerging markets, especially as international airlift, increased marketing efforts and infrastructure improves in developing countries. The two largest Western European cities, Paris and London, both saw declines in 2008. The region, based upon the cities in the top 100, experienced a sluggish 2.4% growth - the second slowest behind Australasia.



Cities located in the Middle East and Africa showed the strongest growth spurred by increasing business travellers and a rush of Europeans to inexpensive holiday destinations. The North American region, surprisingly, grew the second fastest thanks to strong tourist attractions and a weak dollar.

Latin America - A Rising Star

Although Latin American cities only accounted for 4.1% of city arrivals, the region saw an increase of 6.4% in 2008 and gained share. An increasing middle class and regional airlift expansion are fuelling inter-regional traffic. São Paulo was the third fastest growing city on the list.

In 2008 five major connections were established from São Paulo, linking the city to North America (New York), Latin America (Mexico City), Europe (Paris), the Middle East (Dubai) and South Africa (Johannesburg). Adding to the 30 or more airlines that already fly to and from São Paulo, three airlines started operating flights to the city in 2008: Mexicana, OceanAir and Emirates. Emirates established the first connection between Brazil and the Middle East. This helped make São Paulo the third fastest growing city on the list.

Disappearing Business Traveller

The contraction in the global economy that ensued in late 2008 took a large toll on business travellers in the last quarter of the year. As corporations slashed travel budgets and forced business travellers to be more price-conscious, there was a shift away from luxury to mid-priced and budget segments, using the Internet as the first port of call for cheap deals. The dearth of business travellers hit global financial centres like London, one of the most affected business hubs due to its dependency on financial services.

The meetings and incentives segment also suffered as some exhibitions were either cancelled or postponed in 2009. According to the International Congress & Convention Association, European cities still held the largest number of meetings in 2008. Nevertheless, Athens, Buenos Aires, São Paulo and Tokyo were cited as remarkable newcomers in 2008, due to the positive results achieved in MICE tourism.

Disappointing Results for Beijing

Tourism generated directly by the Beijing Olympic Games in 2008 was disappointing, curbed by tightened visa requirements and the effects of the global financial crisis on business travel. The city saw 13% fewer visitors in 2008.



The Beijing Olympic Games were intended to be a "coming out" party for China, demonstrating its role as a world economic power, and promoting itself as a tourist destination to a global audience. However, tighter visa restrictions were introduced without warning a few months before the Games due to concerns by the Chinese government about the potential for political unrest. Multiple-entry visas were particularly restricted, creating difficulties for business travellers and resulting in many meetings and conferences being rescheduled or cancelled.

Religious Tourism Shows Resilience

While business travel was severely inhibited by the global economic crisis, other types of tourism such as religious tourism showed some resilience. The city of Mecca achieved small, but positive, growth in international arrivals in 2008, attracting 6.6 million tourists. The results for Rome were even stronger, registering a 2% growth in international arrivals and welcoming 6.2 million tourists in the same year.

Short Term Prospects Look Bleak

2009 will be one of the worst years on record for international travel and tourism. The global recession coupled with the H1N1 virus outbreak caused demand to plummet from both business and leisure tourists. Although there are signs of a recovery, with global real GDP growth revised upwards to -1.1% by the IMF, unemployment still remains at historic highs of over 7%. Arrivals data for the second half of 2009 suggest a bottoming out of demand and points to stabilisation in 2010, but not returning to pre-crisis levels until at least 2013.

Business tourism will take longer to revive as companies struggle to recover from the losses experienced during the global economic crisis. There are signs that corporations are increasing their travel budgets for 2010, but not resetting them to pre-crisis levels.

However, leisure tourism is expected to benefit from aggressive discounting and promotions to lure back tourists. The Secretary of Tourism from Mexico City, for example, has implemented a number of marketing actions to counter the negative publicity generated during the H1N1 outbreak, including the "Vive Mexico" or "Live Mexico" campaign, offering package holiday discounts.

Exchange rates will continue to be one of the main factors influencing tourism flows. After strengthening in the first quarter of 2009, the value of the dollar has declined, discouraging US travellers to Europe. Conversely, US gateway cities such as New York may experience growth if travel operators can tempt cautious long haul travellers with deals. The weak pound, in contrast, is likely to keep British tourists travelling to North Africa and Turkey.

Euromonitor International expects cities in emerging markets to continue to steal share of global arrivals. This shift will be accelerated by the expansion of low cost carriers and rising middle classes that are travelling in ever greater numbers, especially intra-regionally. Those cities serving as main airport hubs are expected to benefit from this regional movement, namely São Paulo, Buenos Aires, Johannesburg, Cairo and Kuala Lumpur.

Top City Destination Ranking

CITY	RANKING	2008 ARRIVALS ('000)	% GROWTH 2007/ 2008
London	1	15,033.2	-2.0
New York City	2	10,786.1	23.1
Bangkok	3	10,209.9	-5.8
Singapore	4	10,115.6	-1.6
Kuala Lumpur	5	8,935.0	4.2
Paris	6	8,375.0	-4.4
Antalya	7	8,295.6	13.8
Dubai	8	7,584.5	13.4
Hong Kong	9	7,290.4	-1.0
Istanbul	10	6,682.7	3.5
Mecca	11	6,586.0	0.4
Miami	12	6,532.5	18.9
Toronto	13	6,406.2	-3.3
Rome	14	6,245.5	2.0
Shanghai	15	5,764.3	9.9
Los Angeles	16	5,072.2	5.7
Las Vegas	17	4,920.9	4.6
Barcelona	18	4,906.3	-2.7
Dublin	19	4,538.0	2.0
Amsterdam	20	4,527.0	1.5

Source: Euromonitor International from national tourist offices and national statistics

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