

# CONTINUED GROWTH SIGNALLED FOR TRAVEL & TOURISM INDUSTRY



The latest research for Travel & Tourism anticipates a slowdown in the industry in 2008 but prospects are bright for the coming ten years.

World Travel & Tourism is expected to generate close to US\$8 trillion in 2008, rising to approximately US\$15 trillion over the next ten years, according to the latest Tourism Satellite Accounting (TSA) research launched today by the World Travel & Tourism Council (WTTC) and its strategic partner Accenture.

Overall, the new TSA results reveal a moderate impact on the Travel & Tourism industry as a result of the global economic downturn, with its annual growth rate experiencing a slowdown in 2008, to 3%, in comparison to 3.9% in 2007.

Looking past this present cyclical downturn, the long-term forecasts point to a mature but steady phase of growth for world Travel & Tourism between 2009 and 2018, averaging a growth rate of 4.4% per annum, supporting 297 million jobs and 10.5% of global GDP by 2018.

WTTC President Jean-Claude Baumgarten explained "Challenges come from the US slowdown and the weak dollar, higher fuel costs and concerns about climate change. However, the continued strong expansion in emerging countries - both as tourism destinations and as an increasing source of international visitors - means that the industry's prospects remain bright into the medium term."

Regionally Africa, Asia Pacific and the Middle East are experiencing higher growth rates than the world average, at 5.9%, 5.7% and 5.2% respectively, while the mature markets, most notably the Americas and Europe, are falling below the world average with a growth at 2.1% and 2.3 % respectively.

The overall impact of this slowdown for mature markets is expected to be offset by the strength of the emerging markets explains John Walker, Chairman of Oxford Economics "In particular, China, India and other emerging markets are still growing rapidly, which will increase both business and leisure travel, while many countries in the Middle East are undertaking massive tourism-related

investment programmes."

Moreover, even in countries where economic growth slows, there is likely to be a switch from international to domestic travel rather than a contraction in demand for Travel & Tourism.

Among the 176 countries covered in the TSA research, the United States continues to maintain pole position as the largest Travel & Tourism economy, with its total demand accounting for more than US\$1,747 billion this year. With a growth rate at 1.1% in 2008 the credit crunch is leading to a marked slowdown in US economic growth and is likely to restrict the business travel of those working in financial markets.

Considerable ground has been made by the emerging markets which are experiencing rapid economic growth. In 2008, China will jump from fourth to second position above Japan and Germany and is forecasted to increase its Travel & Tourism Demand four-fold by 2018, accounting for US\$2,465 billion, with an annual growth rate of 8.9%. Among the fastest growers in 2008, Macau leads with a growth rate at 22%.

Highlighting the challenges of market volatility and external events faced by the industry,

Alex Christou, Managing Partner of Accenture's Transportation & Travel Services said "High performance companies will differentiate themselves by being highly focused on their individual customers. The winners will be companies that take a balanced view, driving customer intimacy and product innovation while driving non-value added costs out of their operations."

### **World Travel & Tourism Council**

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