EUROPEAN TOURISM - TRENDS & PROSPECTS

QUARTERLY REPORT - Q1/2024

EUROPEAN TRAVEL COMMISSION

EUROPEAN TOURISM: TRENDS & PROSPECTS

Quarterly Report (Q1/2024)

A report produced for
the European Travel Commission
by Tourism Economics

Brussels, April 2024

ETC Market Intelligence Report

EUROPEAN TOURISM: TRENDS & PROSPECTS (Q1/2024)

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Cover: Traditional mountain chalet in Gasienicowa valley, Zakopane, Poland
Image ID: 2157768731
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FOREWORD

2024 is forecasted to be the year when international tourism in Europe exceeds pre-pandemic levels. Data from reporting countries indicates that Europe witnessed an increase of between 6-8% on 2019 levels for both international tourist arrivals and overnights in the first quarter, setting the stage for a historic year. Such growth will be welcomed by the industry and those who rely on tourism for their livelihoods. However, it is not without concern either, as pressures on local resources increase and carbon-friendly transportation options are still in the minority for cross-border travel.

Recognising these developments, the European Travel Commission (ETC) has slightly altered the format of the 'European Tourism Trends & Prospects' quarterly reports. Future editions will include an increased assessment of the value that travellers bring to European destinations, with a heavier focus on traveller expenditure for example. This first edition of the year provides a forecast for tourist expenditure in Europe in 2024, revealing that growth in spending will particularly be evident in Europe's gastronomic industry. Destinations centred around Europe's main sporting events this summer will see significant benefits from increased tourism activity as well – this report's special focus.

Qualitative data will also take a more prominent place. Survey results will be used to assess key risks facing European tourism. Online content distributed through news outlets, social media, blogs, and other online sources will be analysed to monitor the positive and negative aspects of travelling in Europe shared by consumers. Lastly, an analysis of reviews in the accommodation and attractions industry will help understand which countries are best perceived for their sustainability and value-for-money.

Monitoring arrivals and overnight volumes will remain a key focus of the report, as this is essential to understanding tourism flows across the continent and visitation trends from European and long-haul source markets. As the full recovery of international tourism crystallises over an extended period of time, monitoring year-on-year growth or declines will slowly become more relevant again over comparisons to 2019 levels.

The quarterly reports are meant to assist destination managers and industry professionals in tracking the short-term progression of tourism and identifying key travel trends throughout Europe.

Menno van IJssel

Project Manager Research

European Travel Commission (ETC)

TABLE OF CONTENTS

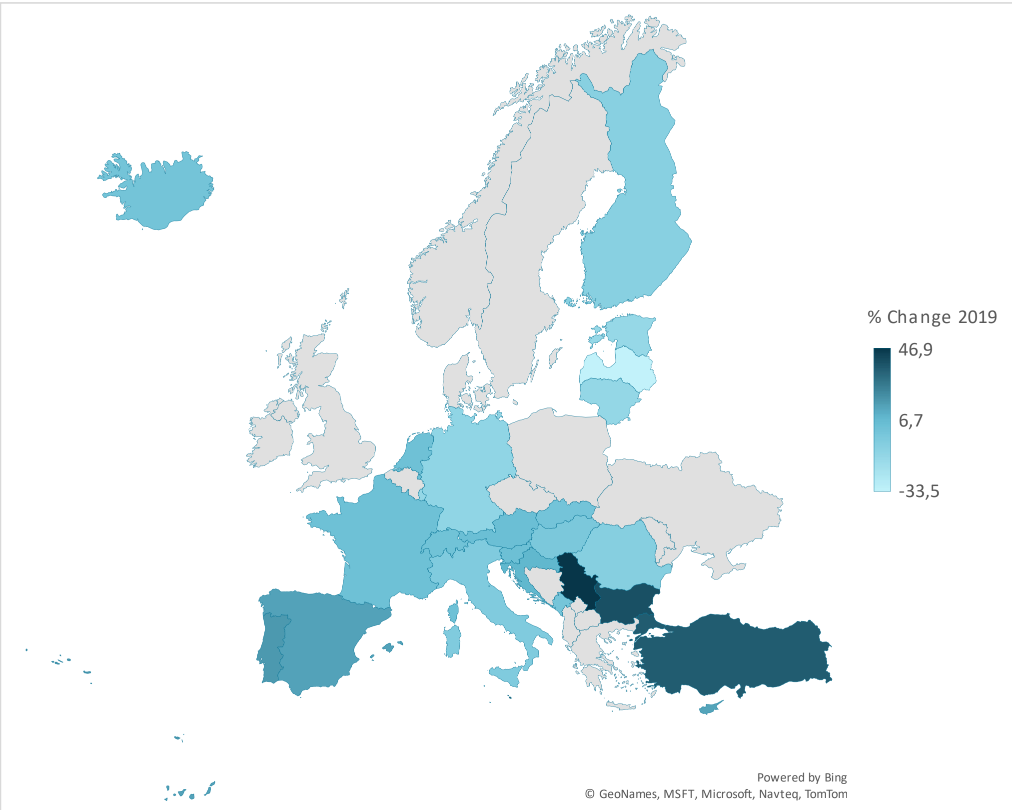
EXECUTIVE SUMMARY

AS CONSUMERS CONTINUE TO PRIORITISE TRAVEL EXPERIENCES, 2024 IS SET TO BE A BUSY YEAR FOR EUROPEAN TOURISM

Data across reporting destinations shows that Europe is experiencing sustained growth in international tourism volumes. With the most recent data available for the full year of 2023, foreign arrivals reached 1.2% below 2019 levels, while foreign overnights recovered to just 0.2% below. This revival continued into the first few months of 2024, which - although based on a smaller number of reporting destinations – showed an increase of 7.2% and 6.5%, respectively, over the same period in 2019.

Year-to-date arrivals data shows that trends regarding the spread of travellers across European destinations have continued from 2023 into 2024. Southern European destinations, and especially those known for their relative affordability, have excelled in attracting international visitors in the first months of the year. Serbia (+46.9%), Bulgaria (+38.8%), Türkiye (+35.3%), Malta (+34.8%), Portugal (+16.9%), and Spain (+14.0%), reported the highest growth rates compared to 2019. Meanwhile, the Baltics continued to lag in their recovery, with international arrivals below 2019 levels for Lithuania (-14.0%), Estonia (-15.1%) and Latvia (-33.5%).

Foreign Visits to European Destinations 2024 Year-to-Date



Source: TourMIS *date varies (Jan-Mar) by destinations

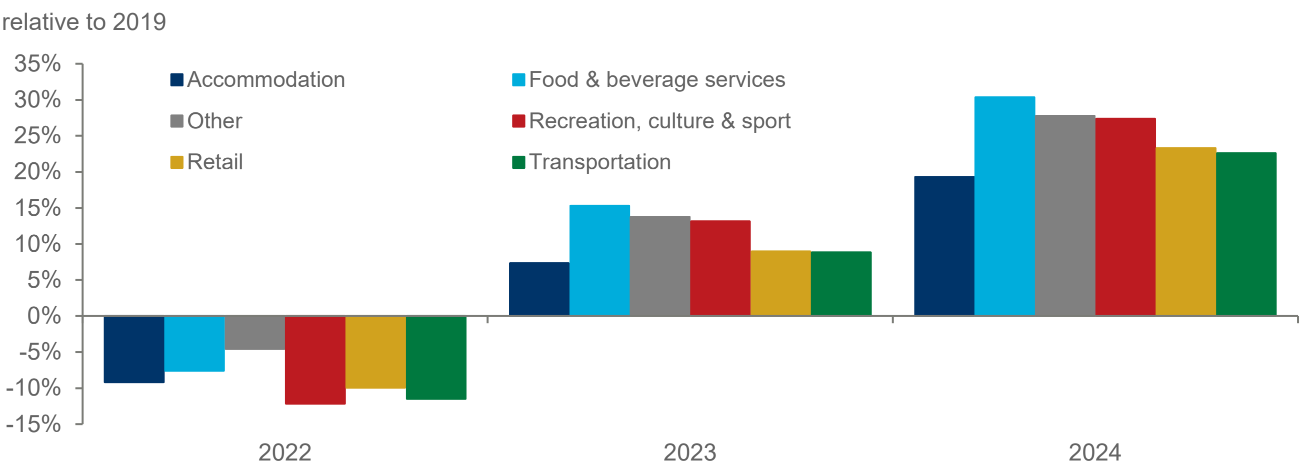
Looking at overnights data for the year-to-date, the Nordic countries are seeing significant growth on 2019 levels as well, with Norway (+18.1%), Sweden (+12.0%), and Denmark (+9.3%) up. Besides the appeal of the Northern Lights, these destinations seem to be capitalising on the winter sports segment, as milder winters increasingly threaten the ski season in the Alps.

Challenges from 2023 have echoed into the new year as European tourism faces persistent hurdles. Risks are dominated by inflationary and geopolitical factors. The latest Tourism Industry Monitor (TIM) survey, covering the first quarter of the year, revealed that the cost of accommodation and increasing cost of business were seen as the most prominent risks for European tourism, reported by 59% and 52% of industry professionals respectively. Staffing issues, reported by 52%, are also prevalent. Meanwhile, geopolitical hostilities continue to shape tourism flows across the continent, as is exemplified by new tensions in Israel causing EasyJet to cease all flights to and from Tel Aviv – previously having connections to London, Amsterdam, Berlin, Basel, Geneva and Milan – until late October 2024.

TOURISM EXPENDITURE TO REACH HISTORIC LEVELS IN 2024

Consumers will continue to prioritise spending on travel over other leisure expenditures in 2024, leading to higher volumes of travellers from intra-European and long-haul markets. Forecasts suggest tourists will spend €742.8bn euros in Europe in 2024, a rise of 14.3% on last year. Travellers' expenditure on food and beverages is projected to surge by 30% compared to 2023, posing good prospects for providers of gastronomic experiences in Europe. Similarly, growth in spending is expected for recreation, culture and sport (+27%), retail (+23%), transport (+23%) and accommodation (+19%), driven by both inflationary pressures as well as demand preferences. A balancing act will be required from suppliers to ensure that higher prices do not lead to poorer perceptions of value-for-money.

Tourism Spend by Non-Residents by Category in Europe



Source: Tourism Economics

France and Germany are particularly poised for increases in tourist expenditure as hosts of major sporting events this summer. The Olympic games are expected to benefit the tourism industry in France beyond just Paris, with inbound spending growth for France (24%) at a higher rate versus Paris (13%). Higher traveller spending will also be evident in Germany, as the UEFA football championships are spread across 10 cities.

AIR TRAFFIC RECOVERY CENTRES AROUND SOUTHERN EUROPE

Airline data shows Revenue Passenger Kilometres (RPKs) reaching just 2.7% below 2019 levels in February 2024. Mirroring the arrivals data, Southern European countries are seeing significant recovery in air traffic levels as travellers seek out warmer weather and good value-for-money destinations. In anticipation of a new record summer, airlines struggle to find capacity to meet the high demand.

TRAVEL EXPERIENCES IN EUROPE ARE PERCEIVED POSITIVELY, AND RATINGS TOWARDS SUSTAINABILITY AND VALUE-FOR-MONEY SCORE WELL

Within the online space, discussions and digital content about travelling in Europe were very positive. For the first quarter of 2024, Europe shared the top spot with the Middle East in terms of online sentiment. Mountainous areas in Europe garnered particular attention, being highlighted as desirable destinations in both winter and spring seasons. Event-centred stories also had a strong presence, with carnival festivities across Europe receiving a lot of attention from travellers. Though less apparent, negative sentiment was also shared in relation to disruptions caused by farmer demonstrations and security and capacity concerns for Paris ahead of the Olympics.

Analysis of visitor reviews of the accommodation and attractions sectors in European countries revealed that overall, travellers perceive the industry positively for both Value-for-Money (8.45 out of 10) and Sustainability (7.52 out of 10). Cyprus, scoring 8.96 and 8.08 respectively, set itself apart by reaching the top 5 among European destinations in both categories.

"In shaping the future of European tourism, it is essential to ensure that we constantly evolve in the methods used for monitoring trends and industry developments. This includes sticking to tried-and-tested principles while simultaneously exploring new innovative approaches. The research should serve a common purpose, ensuring that travelling in Europe provides value to destinations and travellers alike, and ensuring that the industry is prepared for future challenges. It is encouraging to see that Europe is currently perceived so positively by travellers and that they will continue to support European countries' economies through their travel expenditure in 2024. Though as we navigate a busy year ahead, it will be necessary to manage tourism flows and ensure that this value is spread across regions and reaches the lesser-known places of Europe as well." said Eduardo Santander, CEO/Executive Director of the European Travel Commission (ETC)

Menno van IJssel (ETC Executive Unit)

With the contribution of the ETC Market Intelligence Committee

1. TOURISM PERFORMANCE SUMMARY 2023

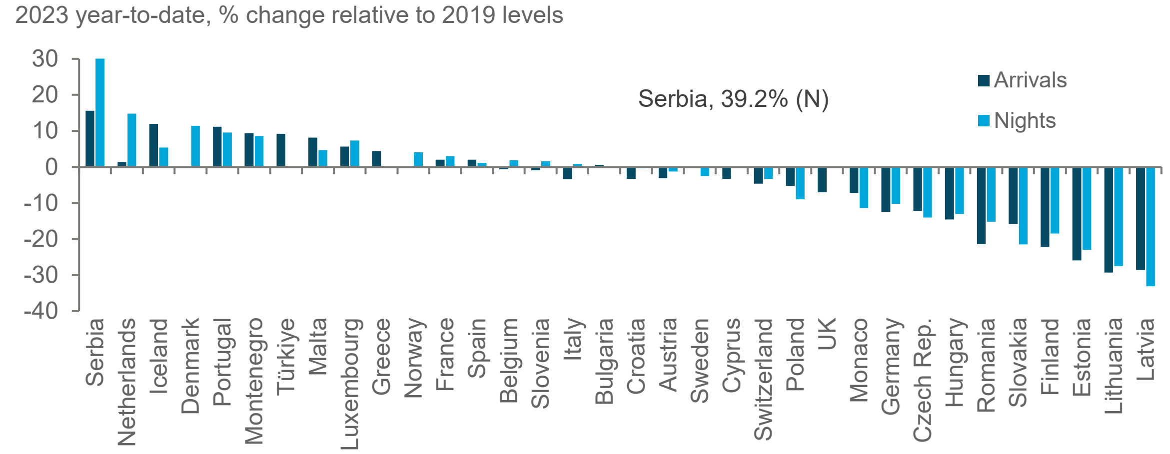
SUMMARY

- Latest data from the TourMIS platform highlights how close Europe was to a full recovery in 2023. Foreign arrivals and nights to European destinations were just 1.2% and 0.2% below 2019 levels based on reporting destinations. In year-on-year terms, this represents arrival growth of 17.6% and nights marginally softer at 12.7%. However, it is too early to draw a final conclusion because the sample of countries with available data for nights and arrivals differs slightly, so not an exact comparison.
- Half of all reporting destinations had at least one metric above 2019 levels based on the most recent data. Most of these were concentrated in the Southern Mediterranean region, which had been the case for most of 2023. But more recently, a handful of Nordic destinations saw activity pick-up, including Norway, Denmark and Iceland.
- Among long-haul markets, most destinations reported growth in arrivals or nights from North America in 2023. There was little revival in tourist activity from the APAC region, in particular Japan and China, where travellers tended to stay closer to home.
- Europe faced a number of headwinds last year, including high inflation which constrained household disposable income, and the uncertainty over the Russia-Ukraine war which persistently dampened the recovery across Eastern European destinations. More recently, the Hamas-Israel war has impacted tourist levels which have dropped significantly since the onset. Despite this, Europe remained an attractive destination and one that tourists were willing to visit.

Europe was on the cusp of a full recovery to pre-pandemic levels in 2023 according to the latest data by reporting destinations from the TourMIS platform. Foreign arrivals to European destinations ended the year at 1.2% below 2019 levels, whereas nights were just 0.2% below . However, as the current sample size for last year differs slightly across metrics, results need to be interpreted with caution.

As the year progressed, the recovery in both of these metrics have generally been on an upward trajectory and both mark an improvement from the Q4 2024 report, suggesting a strong end to 2023. In year-on-year terms, all countries have reported a rise on 2022. The year-on-year metric has started to become more relevant due to the stage of recovery the region is at and will continue to do so going forward.

Foreign Visits and Overnights to Select Destinations



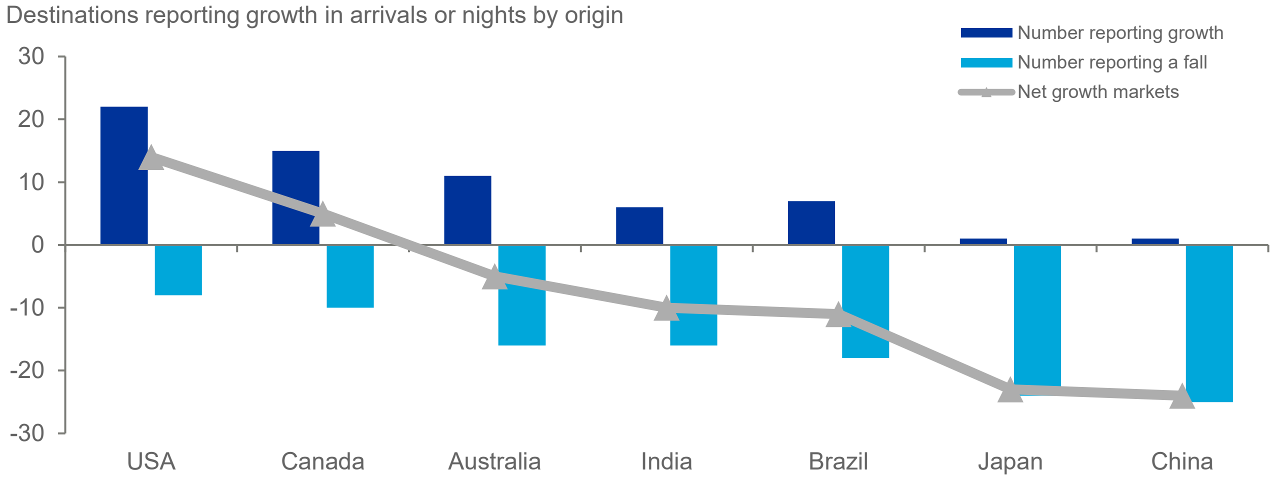
Source: TourMIS

Southern European destinations continued to be popular through to the end of the year, with many already seeing a full recovery in international arrivals. This was a trend that started to emerge before the peak-summer season. Destinations such as Türkiye, Portugal, Serbia, Montenegro, Spain, Greece and Malta benefitted from high demand for beach and sun holidays, with above average growth for Europe as a whole. Resorts that offered value-for-money or all-inclusive deals particularly benefitted due to the cost-of-living crisis affecting Europe, while there is evidence that luxury travel also remained buoyant. The favourable exchange rate in Türkiye may have been a contributary factor in its popularity, even when prices did start to rise during the peak months. It also, along with Serbia, benefitted from visa restrictions put on Russian tourists elsewhere in Europe due to Russia's war in Ukraine.

Denmark has outpaced the Nordics with full-year results for nights having risen 11.4% above 2019 levels, ahead of both Norway (4.1%) and Iceland (5.4%). Finland bucks this trend for the Nordics as one of the weakest performers, however its proximity and border to Russia has likely been a deterrent for some long-haul tourists throughout the year. Some airlines still do not fly over Russia, however this varies among carriers. Russian borders also remain closed to the traditionally large Russian source market.

Eastern European and Baltic destinations remained the weakest in terms of recovery to 2019 performance and this trend was evident across the year. The poorest performing destinations have largely stayed consistent, including Latvia, Lithuania, Estonia, Slovakia and Romania, although their relative order of recovery has changed. For a similar reason to Finland, the proximity to Russia's war in Ukraine is likely weighing on tourism sentiment to an extent.

European Source Market Performance 2023

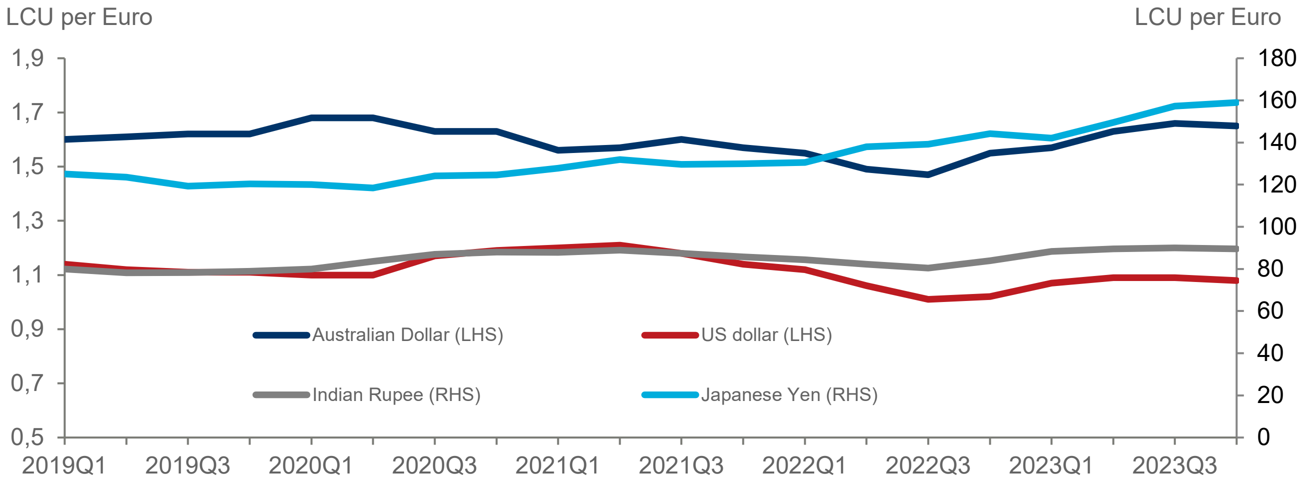


Source: TourMIS, Tourism Economics

Analysing the performance of source markets, arrivals from the Asia Pacific (APAC) region continued to falter in 2023. For Japan, China and, to a lesser extent India, more destinations reported a fall in arrivals and/or nights relative to 2019 compared to growth. Most of this can be attributed to continued hesitancy over long-haul travel in addition to some visa processing delays. Much of the initial travel revival in APAC throughout in 2023 was concentrated with the region rather than further afield to Europe.

The US was one of the most important source markets for Europe in 2023. Over 20 reporting destinations saw growth in either arrivals and/or nights by US tourists, whereas just eight continued to see metrics below 2019 levels. Canada was also a net growth market, but to a slightly lesser extent. The results from Australia are noteworthy, especially given the significantly higher airfares tourists were facing for long-haul trips amidst the backdrop of high inflation.

Exchange Rates Against the Euro



Source: Oxford Economics

One reason behind the strength of US arrivals was the favourable exchange rate against the Euro for much of 2023, and during earlier travel booking windows. This saw many transatlantic trips pre-booked and paid for due to the exchange rates. The UK, France and Italy were the most popular destinations for flights from the US in 2023, ahead of destinations such as Canada and Mexico. Both the US and Australia saw their currencies strengthen against the Euro towards the end of 2022 and into 2023, when long-haul trips were likely in the planning phase. These trips are valuable to destinations, involving longer stays and higher spending. Long-haul travel from these markets is anticipated to maintain its growth once currency effects fade as consumers continue to prioritise travel over other leisure spending. There is also an emerging trend of taking fewer longer trips, including more experiential travel to different destinations. However, it is also important to recognise the high carbon emissions linked with long-haul flights amidst these trends.

Summary Performance 2023, Year-to-Date % Change Relative to 2019 and 2022

	International Arrivals			International Nights		
Country	% YTD vs. 2019	% YTD vs. 2022	to month	% YTD vs. 2019	% YTD vs. 2022	to month
Austria	-3.1%	17.9%	Jan-Dec	-1.3%	13.5%	Jan-Dec
Belgium	-0.6%	13.0%	Jan-Dec	1.8%	11.4%	Jan-Dec
Bulgaria	0.6%	16.0%	Jan-Dec			
Croatia	-3.3%	8.9%	Jan-Dec	-0.3%	2.5%	Jan-Dec
Cyprus	-3.3%	20.1%	Jan-Dec			
Czech Rep.	-12.2%	30.2%	Jan-Dec	-14.0%	28.8%	Jan-Dec
Denmark				11.4%	4.3%	Jan-Dec
Estonia	-25.9%	13.8%	Jan-Dec	-23.0%	15.5%	Jan-Dec
Finland	-22.2%	20.4%	Jan-Dec	-18.5%	15.6%	Jan-Dec
France	2.0%	13.0%	Jan-Dec	3.0%	10.0%	Jan-Dec
Germany	-12.4%	22.9%	Jan-Dec	-10.2%	19.4%	Jan-Dec
Greece	4.4%	17.6%	Jan-Dec			
Hungary	-14.6%	23.0%	Jan-Dec	-13.1%	16.2%	Jan-Dec
Iceland	12.0%	31.1%	Jan-Dec	5.4%	14.6%	Jan-Dec
Italy	-3.4%	14.0%	Jan-Dec	0.9%	10.7%	Jan-Dec
Latvia	-28.6%	22.0%	Jan-Dec	-33.1%	22.0%	Jan-Dec
Lithuania	-29.3%	19.1%	Jan-Dec	-27.5%	14.8%	Jan-Dec
Luxembourg	5.7%	10.8%	Jan-Dec	7.3%	6.9%	Jan-Dec
Malta	8.1%	31.2%	Jan-Dec	4.7%	23.0%	Jan-Dec
Monaco	-7.2%	5.7%	Jan-Dec	-11.4%	4.0%	Jan-Dec
Montenegro	9.4%	24.6%	Jan-Dec	8.6%	20.4%	Jan-Dec
Netherlands	1.4%	23.1%	Jan-Dec	14.8%	23.4%	Jan-Dec
Norway				4.1%	13.5%	Jan-Dec
Poland	-5.3%	21.0%	Jan-Dec	-9.0%	15.3%	Jan-Dec
Portugal	11.2%	19.1%	Jan-Dec	9.6%	14.9%	Jan-Dec
Romania	-21.4%	26.5%	Jan-Dec	-15.2%	22.8%	Jan-Dec
Serbia	15.6%	20.4%	Jan-Dec	39.2%	13.0%	Jan-Dec
Slovakia	-15.8%	30.7%	Jan-Dec	-21.5%	30.3%	Jan-Dec
Slovenia	-0.9%	18.4%	Jan-Dec	1.6%	14.7%	Jan-Dec
Spain	2.0%	18.9%	Jan-Dec	1.1%	11.2%	Jan-Dec
Sweden				-2.5%	11.3%	Jan-Dec
Switzerland	-4.6%	29.3%	Jan-Dec	-3.3%	21.8%	Jan-Dec
Türkiye	9.2%	10.4%	Jan-Dec			
UK	-7.0%	21.0%	Jan-Dec			

Source: TourMIS (http://www.tourmis.info) and VisitBritain

(f) denotes forecast provided by member

Measures used for nights and arrivals vary by country. Available data as of 26.04.2024

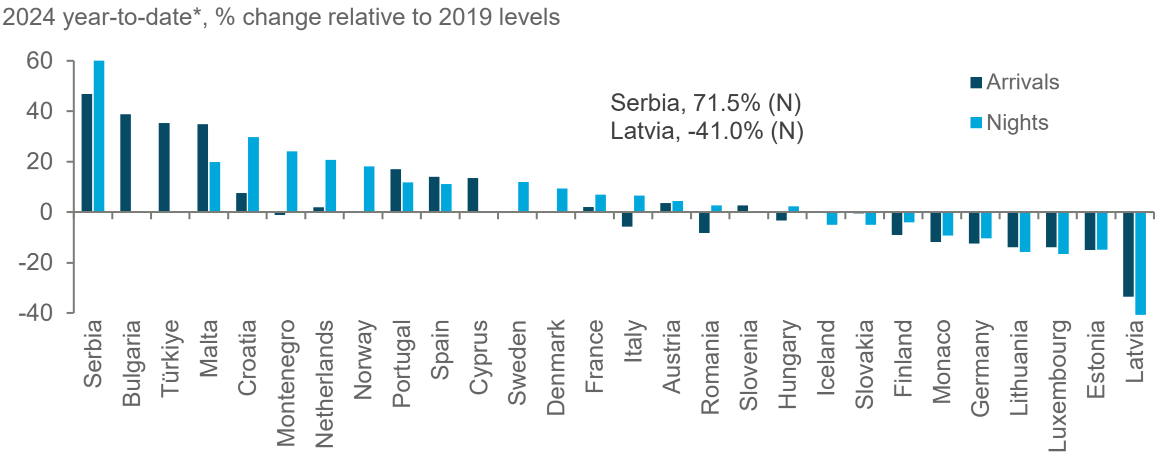
2. TOURISM PERFORMANCE SUMMARY 2024

SUMMARY

- Latest TourMIS data so far this year shows a full recovery back to 2019 levels for both total foreign arrivals and nights in European destinations. Arrivals are now 7.2% above pre-pandemic levels and nights a more moderate at 6.5%. However, this mostly reflects data for January and February, accounting for a smaller-than-usual sample size.
- Southern European destinations continue to build on their success in 2023. However, destinations from other sub-regions have started to catch-up, including Norway and Bulgaria.
- The US continues to be a large and important source of tourists for the region, but other long-haul markets such as Brazil and India are also driving growth in these early months of the year.
- The Middle East crisis continues to disrupt travel to the region, with just a handful of destinations starting to see an initial rebound in travel flows from Israel which was previously identified as an important emerging source market.

European travel activity has surpassed 2019 levels according to the latest data on the TourMIS platform. Foreign arrivals to European destinations were reported to be 7.2% higher than in 2019 equating to year-on-year growth of 11.2%. The outturn for nights was slightly weaker at 6.5% growth in relative terms and 9.1% compared to the previous year. However, it is too early to say with confidence that this recovery is entrenched given that it mostly just reflects two months of data for a smaller-than-usual sample size. Almost two-thirds of reporting destinations have seen growth relative to 2019 in at least one metric, in the first quarter of the year.

Foreign Visits and Overnights to Select Destinations



Source: TourMIS* *date varies (Jan-Mar) by destination

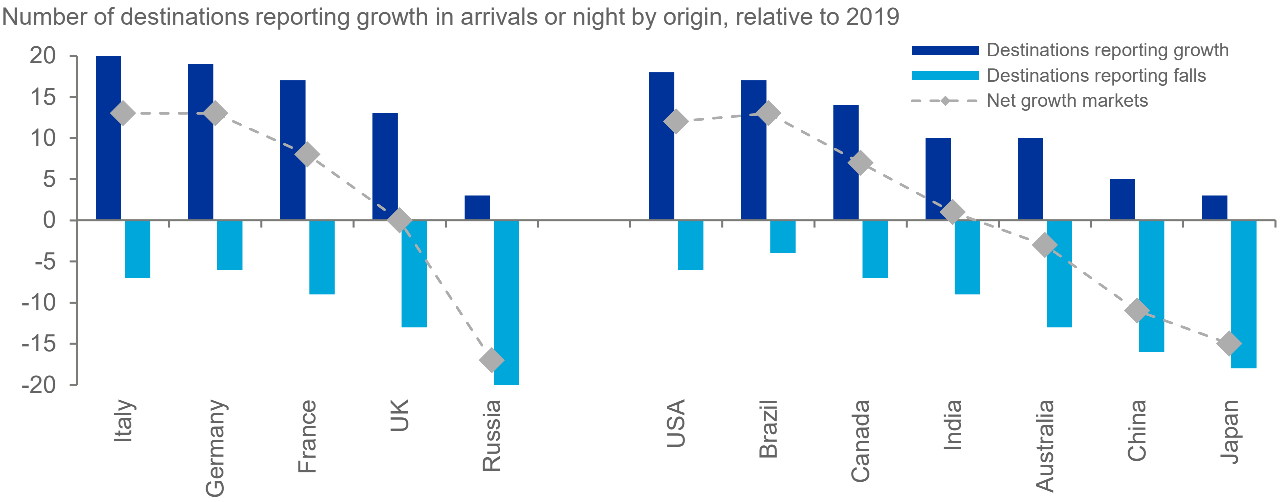
Serbia continues to stand out as a growth destination this year as tourism activity remains well above 2019 and up on last year. There is confidence that this is not a temporary surge post-covid. Serbia's government has continued to subsidise the construction of hotels with state subsidies that are significantly higher than they were in 2018. Some of this is driven by investment in advance of the Expo in 2027, but there is enough ongoing demand from Russia, Türkiye and Bosnia and Herzegovina to warrant this level of investment in the near-term. In the past, it has often been an overlooked destination across Eastern Europe, but like Bulgaria, its tourism industry benefits from both favourable winter and summer seasons.

Bulgaria has bucked the trend across most Eastern European destinations, with arrivals fully recovered and exceeding 2019 levels. This destination typically has a strong start to the year due to the winter ski season, especially after the new year when these holidays become slightly cheaper. This is particularly impressive given that last year's ski-season posted the strongest outturn over the previous four years. There is scope for further optimism due to Bulgaria, alongside Romania, having joined the Schengen area as of the 31st of March.

Elsewhere in Eastern Europe and the Baltics, the story remains a continuation of the subdued performance observed in 2023. Out of the reporting destinations, the weakest performing are Lithuania, Estonia and Latvia. The slow recovery is being hampered by geo-political tensions stemming from the Russia-Ukraine war. This is evident in cruise travel, for example, which remains restrained in the region due to the removal of St Petersburg from itineraries. Intra-Baltic travel is also particularly weak as consumer confidence and spending is below average in these three countries.

The recovery in Norway has continued into 2024 on a strong note, with nights 18.1% above 2019 levels so far. This can be attributed to a rise in direct flights between Norway and elsewhere in Europe since the new terminal at Tromsø was opened in April 2023.

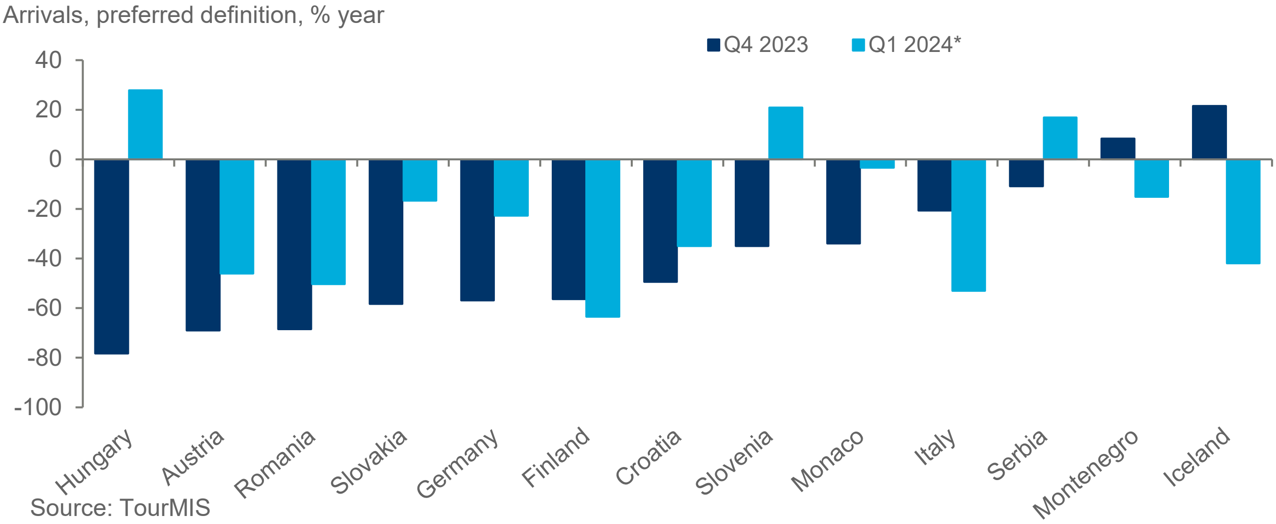
European Source Market Summary, 2024 Year-to-Date



Source: TourMIS, Tourism Economics

Italy, Germany and France continue to be strong sources of intra-regional travel in the early parts of this year, with between 17 and 20 destinations reporting growth in arrivals or nights for Q1 so far. Alongside this, long-haul travel continues to be dominated by US and Canadian arrivals as it was last year. However, a key difference emerging in 2024 is the rise in travel from Latin America, in particular from Brazil which has more countries reporting a rise in either metric than a fall in the first few months of this year. Australia, China and Japan have shown an improvement on the last quarter, albeit still weak. This suggests that long-haul travel is starting to gain some momentum and build on the gains made in 2023.

Tourist Arrivals from Israel to European Destinations Since the Middle East Crisis



Source: TourMIS

Since the start of the Middle East Crisis, events have been rapidly unfolding. It was largely concentrated to just Israel and Gaza, however it has since spread across the region, in particular to Iran and to some extent Lebanon. Recent events such as the suspected Israeli strike on Iran's consulate in Syria on April 1 was the catalyst for Iran's first ever direct drone and missile attack on Israel on April 13. The flare-up in tensions between Iran and Israel may raise business concerns over an escalation in conflict in the Middle East.

Since Q4 2023 arrivals from Israel to European destinations have sharply declined in year-on-year terms. There has been a little improvement into Q1 so far, with data available to February for most destinations. Key changes have come from an increase in outbound travel to Hungary, Slovenia and Serbia. This is likely due to some airlines resuming international travel between Israel and European destinations in January and February. Some destinations have seen a delayed response since the war broke out, notably Montenegro and Iceland which have since seen arrivals drop.

Summary Performance 2024, Year-to-Date % Change Relative to 2019 and 2023

	International Arrivals			International Nights		
Country	% YTD vs. 2019	% YTD vs. 2023	to month	% YTD vs. 2019	YTD % vs. 2023	to month
Austria	3.5%	5.2%	Jan-Feb	4.4%	5.1%	Jan-Feb
Bulgaria	38.8%	9.4%	Jan-Feb			
Croatia	7.6%	23.4%	Jan-Mar	29.7%	20.2%	Jan-Mar
Cyprus	13.6%	1.6%	Jan-Jan			
Denmark				9.3%	6.2%	Jan-Feb
Estonia	-15.1%	2.8%	Jan-Feb	-14.9%	0.8%	Jan-Feb
Finland	-9.0%	16.9%	Jan-Feb	-4.1%	12.2%	Jan-Feb
France	2.0%	2.0%	Jan-Feb	7.0%	3.0%	Jan-Feb
Germany	-12.5%	10.9%	Jan-Feb	-10.4%	8.4%	Jan-Feb
Hungary	-3.3%	20.0%	Jan-Feb	2.3%	15.4%	Jan-Feb
Iceland	-0.3%	11.3%	Jan-Feb	-5.0%	-3.5%	Jan-Feb
Italy	-5.7%	5.0%	Jan-Jan	6.6%	12.6%	Jan-Jan
Latvia	-33.5%	6.0%	Jan-Jan	-41.0%	1.2%	Jan-Jan
Lithuania	-14.0%	7.6%	Jan-Feb	-15.8%	1.9%	Jan-Feb
Luxembourg	-14.0%	6.4%	Jan-Feb	-16.6%	3.7%	Jan-Feb
Malta	34.8%	26.9%	Jan-Feb	19.9%	9.4%	Jan-Feb
Monaco	-11.8%	2.1%	Jan-Mar	-9.3%	8.2%	Jan-Mar
Montenegro	-1.1%	-2.1%	Jan-Feb	24.1%	-7.2%	Jan-Feb
Netherlands	1.9%	9.9%	Jan-Feb	20.8%	10.6%	Jan-Feb
Norway				18.1%	19.4%	Jan-Feb
Portugal	16.9%	4.4%	Jan-Jan	11.8%	1.2%	Jan-Jan
Romania	-8.2%	5.8%	Jan-Feb	2.7%	3.7%	Jan-Feb
Serbia	46.9%	11.1%	Jan-Feb	71.5%	1.2%	Jan-Feb
Slovakia	-0.5%	10.5%	Jan-Feb	-5.0%	15.3%	Jan-Feb
Slovenia	2.7%	3.7%	Jan-Feb	-0.4%	1.4%	Jan-Feb
Spain	14.0%	15.6%	Jan-Feb	11.1%	11.5%	Jan-Feb
Sweden				12.0%	15.9%	Jan-Feb
Switzerland	0.8%	9.5%	Jan-Feb	1.0%	6.8%	Jan-Feb
Türkiye	35.3%	12.0%	Jan-Feb			

Source: TourMIS (http://www.tourmis.info)

(f) denotes forecast provided by member

Measures used for nights and arrivals vary by country. Available data as of 24.04.2024

3. GLOBAL TOURISM FORECAST SUMMARY

Tourism Economics' global travel forecasts are shown on an inbound and outbound basis in the following table. These are the results of the Global Travel Service (GTS) model, which is updated in detail three times per year. Forecasts are consistent with Oxford Economics' macroeconomic outlook according to estimated relationships between tourism and the wider economy. Full origin-destination country detail is available online to subscribers.

GTS Visitor Growth Forecasts, % Change Year-on-Year

	Inbound*					Outbound**				
	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026
data/estimate/forecast* **	d	e	f	f	f	d	e	f	f	f
World	**102.2%**	**35.2%**	**17.0%**	**11.7%**	**8.2%**	**106.0%**	**36.1%**	**17.0%**	**12.2%**	**8.5%**
Americas	**91.5%**	**27.2%**	**13.5%**	**8.7%**	**5.9%**	**95.9%**	**30.4%**	**11.7%**	**8.3%**	**5.7%**
North America	78.9%	24.8%	15.6%	9.3%	5.5%	84.3%	29.5%	11.6%	8.1%	5.4%
Caribbean	58.5%	17.5%	10.2%	8.3%	5.7%	92.6%	23.3%	14.2%	9.5%	5.9%
Central & South America	208.1%	42.2%	9.5%	7.3%	7.1%	171.9%	35.4%	11.9%	8.8%	7.0%
Europe	**90.8%**	**17.1%**	**11.2%**	**8.4%**	**6.1%**	**99.1%**	**18.7%**	**11.4%**	**8.9%**	**7.1%**
ETC+2	99.5%	16.8%	10.3%	7.3%	5.4%	106.4%	17.6%	10.2%	7.3%	5.7%
EU 27	105.1%	17.1%	10.1%	7.1%	5.0%	109.2%	17.5%	10.0%	7.0%	5.6%
Non-EU	45.4%	17.1%	16.2%	13.9%	10.3%	60.4%	24.6%	18.2%	17.3%	13.1%
Northern	185.8%	18.0%	9.5%	6.7%	4.5%	224.3%	20.1%	12.2%	7.0%	5.7%
Western	93.6%	17.2%	10.1%	6.0%	4.0%	83.2%	15.9%	9.7%	6.8%	5.1%
Southern/Mediterranean	89.5%	16.5%	8.7%	6.4%	5.3%	108.1%	19.5%	8.7%	6.4%	5.7%
Central/Eastern	41.2%	17.4%	23.6%	20.3%	12.6%	58.0%	24.3%	12.3%	12.9%	9.8%
- Central & Baltic	92.3%	17.3%	15.5%	11.2%	7.0%	78.8%	17.6%	8.4%	8.3%	6.5%
Asia & the Pacific	**233.9%**	**170.8%**	**37.1%**	**21.1%**	**13.7%**	**195.5%**	**173.3%**	**40.0%**	**23.4%**	**13.8%**
North East	55.0%	405.5%	46.0%	24.6%	14.5%	89.8%	356.7%	52.8%	28.2%	15.4%
South East	1216.5%	136.5%	32.2%	19.3%	13.9%	392.5%	107.5%	26.2%	17.2%	12.4%
South	99.6%	16.2%	23.8%	12.9%	9.4%	171.9%	46.0%	17.1%	14.6%	9.7%
Oceania	827.9%	93.3%	25.5%	16.9%	9.4%	785.5%	74.0%	24.4%	12.9%	8.9%
Africa	**89.3%**	**34.9%**	**16.1%**	**10.2%**	**7.9%**	**99.3%**	**42.3%**	**19.0%**	**11.0%**	**8.4%**
Middle East	**157.6%**	**39.3%**	**18.3%**	**15.2%**	**10.9%**	**130.3%**	**26.3%**	**13.6%**	**12.6%**	**7.4%**

* Inbound is based on the sum of the country overnight tourist arrivals and includes intra-regional flows

** Outbound is based on the sum of visits to all destinations

***data is the final historical numbers available. Estimates are using high frequency indicators

The geographies of Europe are defined as follows:

Northern Europe is Denmark, Finland, Iceland, Ireland, Norway, Sweden, and the UK;

Western Europe is Austria, Belgium, France, Germany, Luxembourg, Netherlands, and Switzerland;

Southern/Mediterranean Europe is Albania, Bosnia-Herzegovina, Croatia, Cyprus, Greece, Italy, Malta, Montenegro, North Macedonia, Portugal, Serbia,

Central/Eastern Europe is Armenia, Azerbaijan, Belarus, Bulgaria, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Poland, Romania, Russian Federation, Slovakia, and Ukraine;

Central & Baltic Europe is Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Moldova, Poland, Romania, and Slovakia;

ETC+2 is all ETC members plus Sweden, and the United Kingdom

Source: Tourism Economics based on GTS as of 31.03.2024

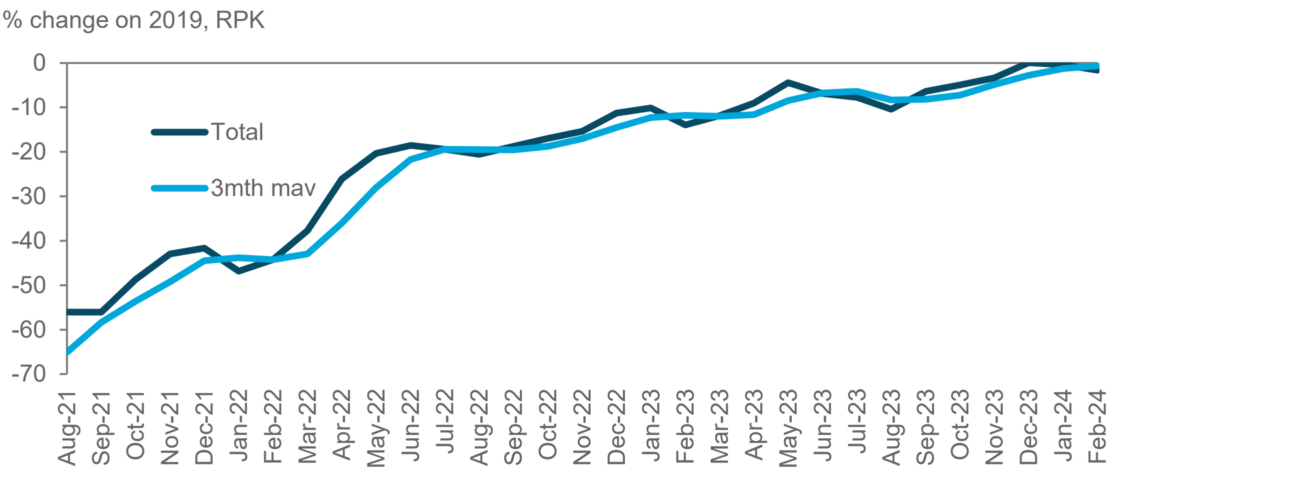
4. RECENT INDUSTRY PERFORMANCE

AIR TRANSPORT

European air traffic is now within touching distance of its pre-pandemic levels at the start of 2024. This has been a big feat for the industry which has struggled against a backdrop of high inflation, numerous instances of industrial action as well as disruptions due to Russia's continued war in Ukraine and the Middle East Crisis.

Jet fuel prices saw a year-on-year decrease in 2023 which is likely to have softened the cost pressures on airlines. However, they have started to creep up again in the early parts of this year. This has the potential to further add to the costs tourists will face when booking their peak-season trips. However, airlines are preparing for record numbers in summer 2024. One example of this is Turkish Airlines which is increasing flights from the UK in anticipation of higher numbers.

International Air Passenger Growth, Europe



Source: IATA

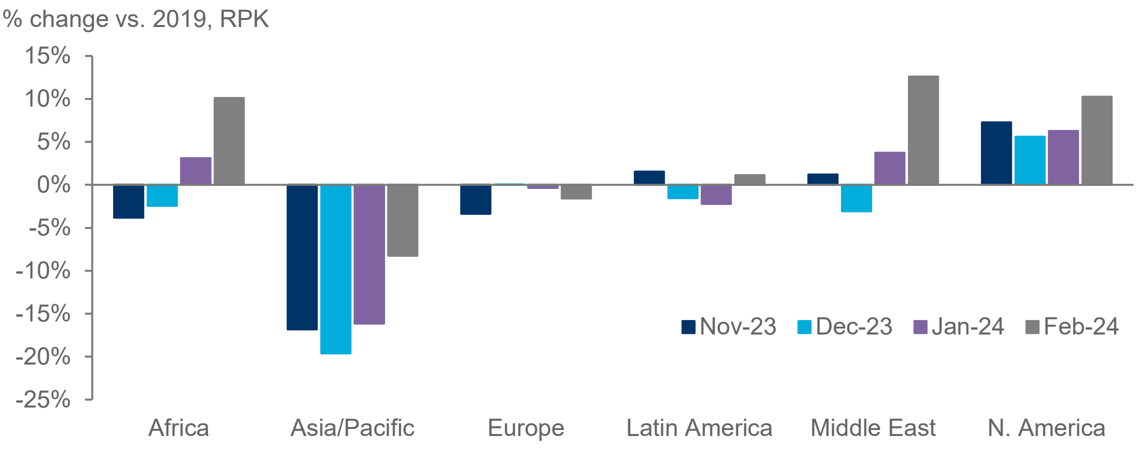
Regional Air Passenger Outlook:

- Latest data from IATA for Europe shows that in February Revenue Passenger Kilometers (RPKs) were just 1.6% below 2019 levels. For Q1 so far, this number is up on the final quarter of last year which averaged 2.7% below.
- North America is consistently the strongest performing region and the only one with four consecutive months of growth ahead of 2019 levels. February data puts international air passenger growth at 10.3% ahead compared to 2019. A lot of this may be due to the increased air connections between the region and Europe.
- Africa has made a sharp improvement over the last two months, with growth in both January and February ahead of 2019 levels placing the region ahead of North America in terms of relative growth.
- Air passenger growth in the Middle East surpassed North America in February (12.6%) following a rebound in January. The UAE is a key source of the improvement in Middle-Eastern air traffic, with a single day in February reaching the highest level in history for the country. This has been made possible by the continued expansion of facilities including the opening of

a new terminal at Zayed international airport in the last quarter of 2023 which will increase capacity this year.

- There was a soft start to 2024 in Latin America when compared to the final months of last year. Air passenger growth in Q1 so far, relative to 2019 is weaker than the previous quarter due to the decline of 2.2% in January and 1.1% in February. However, looking at the year-on-year trends, there is some improvement on last year.

International Monthly Air Passenger Growth



Source: IATA

European air traffic data from Eurocontrol up to March 2024 points towards a slightly softer start to the year. The number of flights in Europe compared to the previous three months has fallen back from 5.6% to 7.9% below 2019 levels. There are slightly fewer destinations currently reporting traffic ahead of 2019 levels compared to last quarter. The recovery remains in reach for Europe, but it continues to struggle to see a consistent improvement, cementing it above 2019 levels.

Key Changes over the Last Quarter:

- Serbia remains the strongest recovered destination and air traffic has shown a consistent improvement. The percentage point improvement over the previous three-month rolling average stayed close to the 10% mark.

- Cyprus and Croatia have reported similar percentage point improvements taking into account the latest data for January and February. Air traffic in Greece has recovered to a similar level despite a weaker start to the year, due to air strikes.

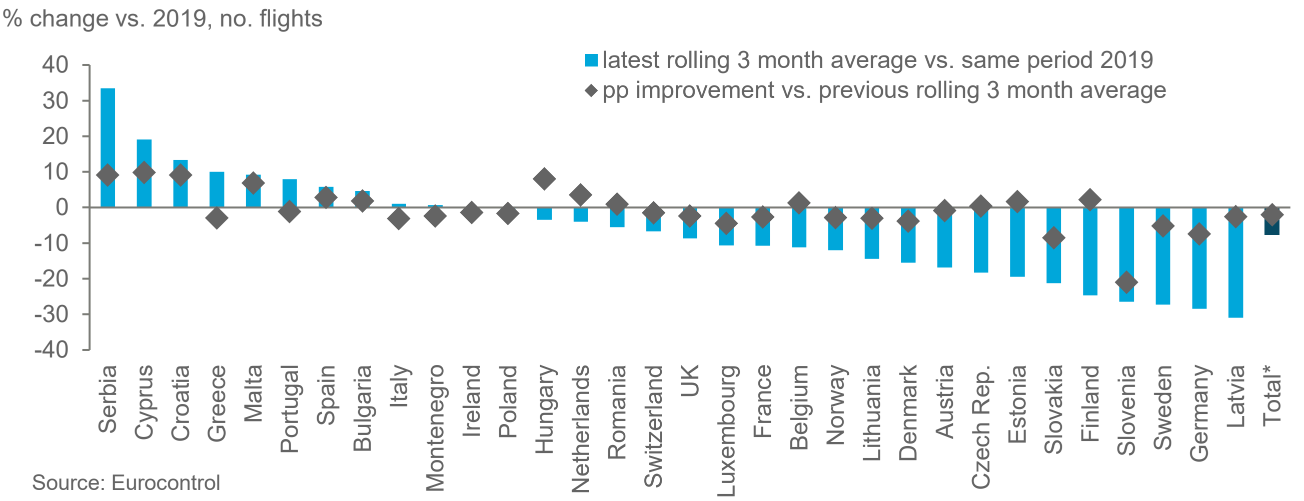
- Hungary, although not yet recovered has shown a similar scale of improvement to the top performing destinations in recent months. This improvement is likely to continue with Ryanair's announcement of six new routes from Hungary this summer.

- Sweden, Latvia and Finland remain amongst the least recovered destinations, the same as last quarter, they have also seen weaker performance in the early months of this year on a three-month rolling average basis. However, in year-on-year terms there has been an improvement for Latvia and Finland.

- The significant improvement in Slovenia has proven to be temporary as air traffic pulled back in recent months compared to the previous three-month average. Despite that, in year-on-year terms air traffic is significantly improving, this will further be supported by an increased number of routes between Slovenia and Western European destinations ahead of the summer period.

- Germany is a key Western European destination where air traffic continues to lag behind 2019 levels. The market is struggling since Easy Jet largely withdrew from the market following the pandemic. The only bright spot in the air traffic recovery is the routes between Germany and North America as it continues to be a popular destination for US tourists.

European Air Traffic by Country, Total Flights Arriving and Departing



Source: Eurocontrol

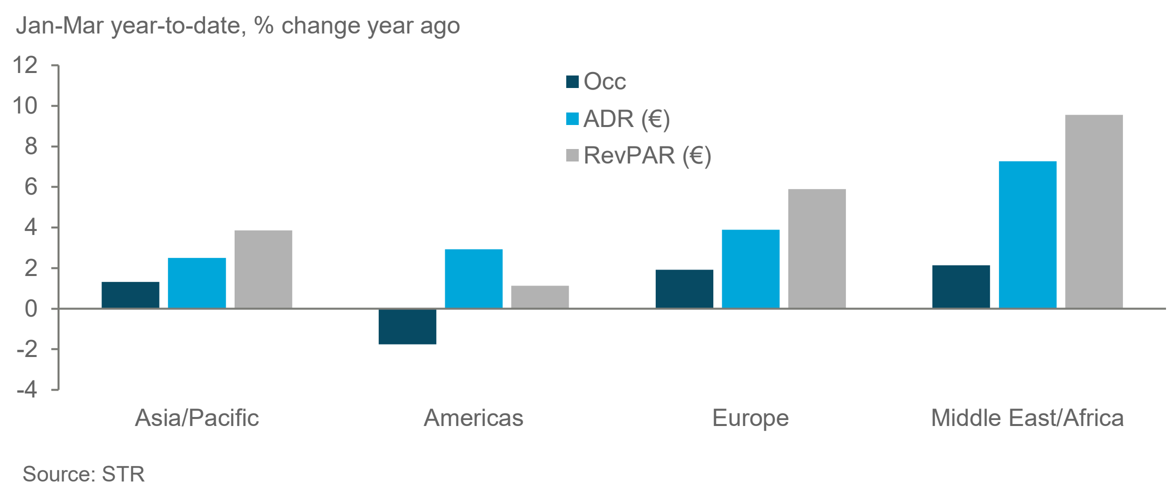
ACCOMMODATION

Hotel performance in the accommodation sector is looked at through data collected by STR. Three key metrics looked at are occupancy rates, RevPAR (revenue per available room) and ADR (average daily room rate). Growth rates across the board are now starting to moderate and normalise with much of the pandemic impacts fading.

Regional Outlook:

- The upward trend in RevPAR continues in Europe in the first quarter of this year. This has been driven largely by a 3.9% rise in ADR, slightly softer than occupancy which posted growth of 1.9%. It seems that higher costs facing operators in the region are successfully passing on at least some of this to tourists.
- Growth across RevPAR and ADR in the Middle East/Africa continues to outpace other regions in Q1, with all hotel performance metrics now reporting positive growth on the year. Despite the crisis in the Middle East, there are still some destinations which remain popular for tourists such as Dubai. The region is also benefitting from stronger demand from Chinese tourists as they venture outside of their immediate region.
- Asia/Pacific (APAC) reports a similar upward profile in Q1. Like Europe, RevPAR growth (3.9%) is being driven more by ADR (2.5%) than occupancy (1.3%). Despite slower growth compared to some of the other regions, the improvement did show an increase in activity over Chinese New Year in February, suggesting a rise in confidence among tourists.
- The Americas has had the weakest start to the year so far, with a fall in occupancy (1.8%) offsetting some of the rise in ADR. This has taken RevPAR growth down to just 1.1%. Higher inflation in the US is likely impacting willingness to spend for the time being compared to the same period in 2023.

Global Hotel Performance



Inflation is starting to settle in Europe and is expected to slow at a faster rate in 2024 than in 2023, this will help to stabilise costs for hotel operators and tourists. However, there continues to be a large variation across sub-regions in terms of costs, with popular destinations pushing up prices, in response to demand.

SHORT-TERM RENTALS

Short-term rental supply in Europe reached 4,281,754 unique properties in March 2024, marking a +19% increase from the same period in 2023, when it stood at 3,609,265. This growth was primarily driven by the Nordics, with Finland (+24%), Sweden (+32%), and Norway (+37%) reporting the highest expansions of their supply. Malta (+26%), Albania (+30%) and Moldova (+34%) have also seen significant YoY growth.

France, the largest European country by vacation rental supply, grew by 22% from the same period in 2023, with supply growth driven by macro events notably the 2024 Paris Olympics. The number of properties in Paris has been increasing at a rate of over 2.5K per month since 2023, and as of March 2024, the city has a total of 64,000 listed properties, accounting for a 100% growth rate from March 2023.

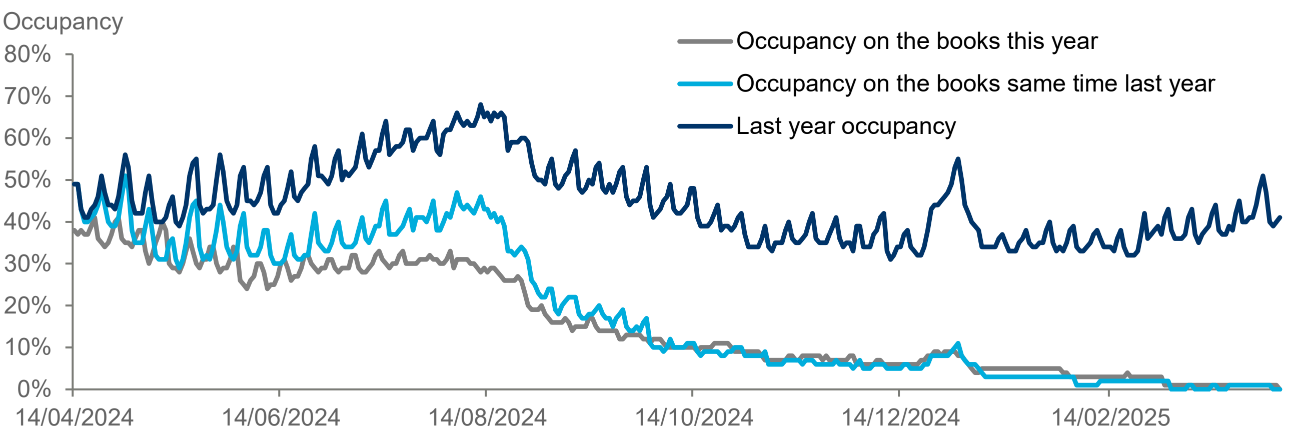
The median revenue per property remained stable at €1,508 per month on average in Q1 2024. However, this is only a 2% increase compared to Q1 2023's €1,479, below the 3.1% European annual inflation rate.

The performance numbers reveal two contrasting trends: occupancy numbers decreased YoY (mostly due to supply growing at a faster rate than demand), while ADR numbers continued to rise. Concretely, occupancy rates decreased from 31% on average in Q1 2023 to 28% in Q1 2024. Meanwhile, median ADRs continued growing from €88 in Q1 2023 to €102 in Q1 2024 (+16%), leading to flat revenue per property growth YoY.

Among the top performers on the ADR side were Hungary (+35%), Croatia (+29%), Malta (+27%), Czech Republic (+27%), Cyprus (+24%) and Portugal (+24%). Hungary, Croatia, and Portugal benefitted from strong demand and relatively stable supply growth (all of them below 11% supply growth, on the low side within Europe), while Malta and the Czech Republic managed to grow two digits on both the supply and ADR side.

Looking ahead, bookings for Q2/2024 are currently below 2023 levels, with 32% occupancy on the books as of April 15th, 2024, compared to 37% at the same time last year. Additionally, summer bookings are pacing slower than in 2023, with 24% of bookings filled as of April 15th, 2024, compared to 32% at the same time last year. These numbers could be due to increased supply availability, decreased booking windows, or more conservative consumer appetite for short-term rentals after sustained ADR growth post-COVID.

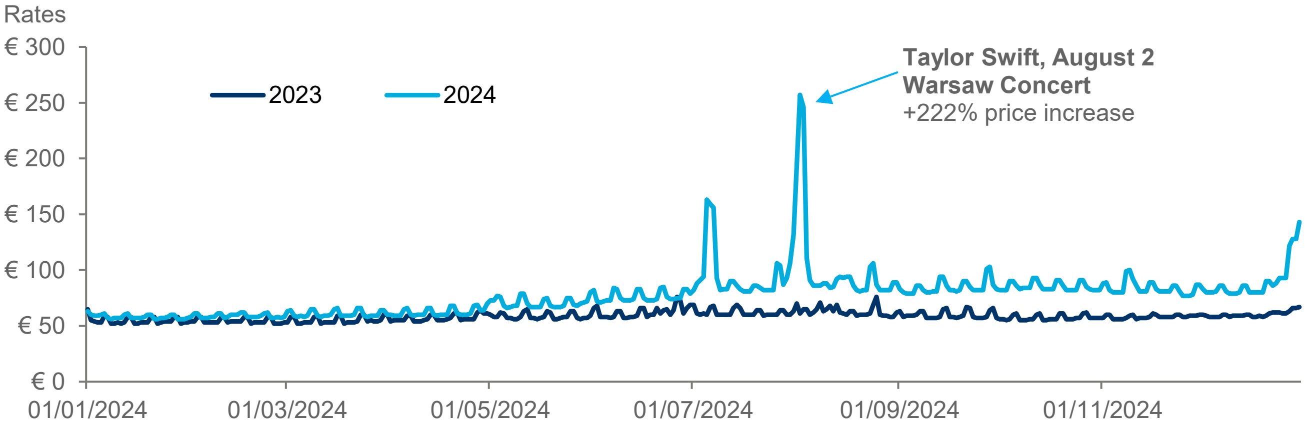
Europe's Short Term Rental Books (15th April 2024)



Source: Lighthouse

In addition to seasonal macro events (MWC in Barcelona, Champions League Final, summer festivals, etc.), Europe is marked by major one-off events that will drive both demand and supply, including the Paris Olympics, Euro 2024 in Germany, and significant cultural events such as the European leg of Taylor Swift's Eras tour (short-term rental prices up +222% vs. the average of the year in Warsaw for Taylor Swift's August 2nd, 2024 date!).

Warsaw, Poland – Short Term Rental Daily Rates



Source: Lighthouse

5. KEY THEMES

SUMMARY

- Sports tourism led by the Paris Olympics and the EURO 24 football tournament held in Germany this year should contribute to the recovery of these destinations.
- It is expected that growth will accelerate in inbound spending and visits for Paris and France, with some of these impacts more pronounced for France than Paris itself partly due to relative cost increases. For the EURO, analysis suggests inbound spend in Germany will improve faster than the increase in visitor volumes. However, there are some upside risk to this year's games given increased transport connectivity, and a higher number of host cities.
- The value tourists bring to Europe will continue to rise due to consistent improvements in the average length of stay across many European destinations. It is expected that tourism spend will increase across all tourism-related categories, especially accommodation and food & beverages.
- Risks are starting to rebalance going into 2024 but still remain concentrated around rising prices and costs for both tourists and operators. More positive factors are starting to emerge and continue through this year, including more blended business-leisure travel and event-led leisure trips.

SPECIAL FOCUS: Paris Olympics and EURO 2024, What Can We Expect?

This summer, the world's eyes will turn to Paris for what is billed to be the largest event ever organised across France. Twelve days before the Olympics and Paralympics begin, another major quadrennial European event will conclude - the UEFA European Championship - which will be hosted in ten world-class German stadiums. These events will provide an important opportunity for both host nations, as the events attract tourists from both domestic and overseas markets.

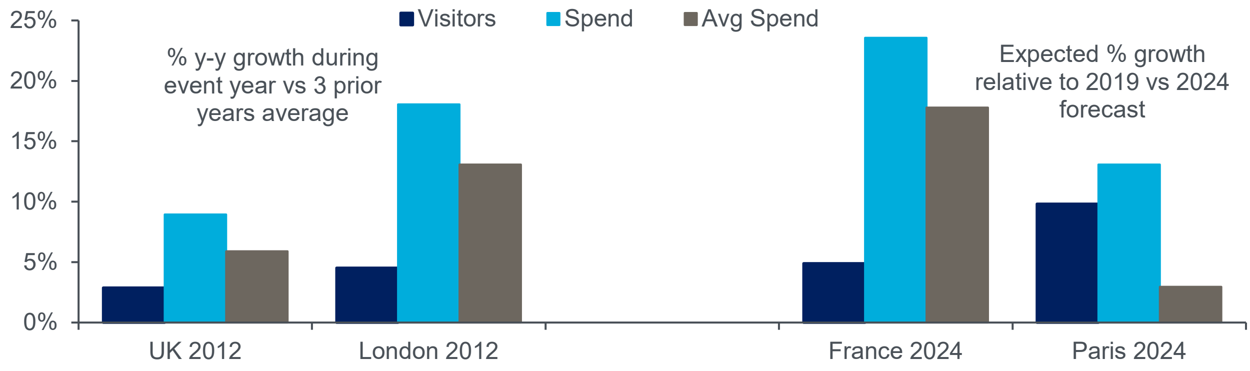
Accommodation providers are likely to see a greater number of forward bookings for the event periods compared to more typical levels given the expected increase in demand. With a rise in forward bookings, prices are set to increase well above seasonal norms for the event durations. Further price pressures will come from increased tourist tax levies in the case of Paris 2024, passed by lawmakers to cover some of the cost of hosting the games.

The event is expected to provide an uplift in visits and spend from the Games, using the London 2012 Olympics as a benchmark for the potential impact on France, as a comparable timed event and with similarities in terms of the size of the event and geographic reach. Overall inbound visitor numbers to London and the UK grew moderately in 2012 compared to the three years prior but grew substantially in terms of inbound spending and average spend. This impact was greater in London than the rest of the UK.

However, the impact of the Olympics will differ between France and Paris in terms of inbound arrivals and spend. One of the reasons for this is the inflationary backdrop and financial caution of travellers, as well as the relatively higher prices in Paris, including higher hotel room rates. This may drive some substitution to destinations near Paris such as Chartres and Reims, accessible via train. As a result, overall inbound visitor numbers to France and Paris city could rise 5%-10% in 2024 relative to 2019.

Inbound spend will grow for France (24%) at a higher rate versus Paris (13%). Average spend per trip (for international tourists) is set to hold steady in Paris itself, growing 3%, with more substantial growth in the rest of France. The impact of the games on visitors, however, will be centred in the Paris city and St. Denis area where the Stade de France is located.

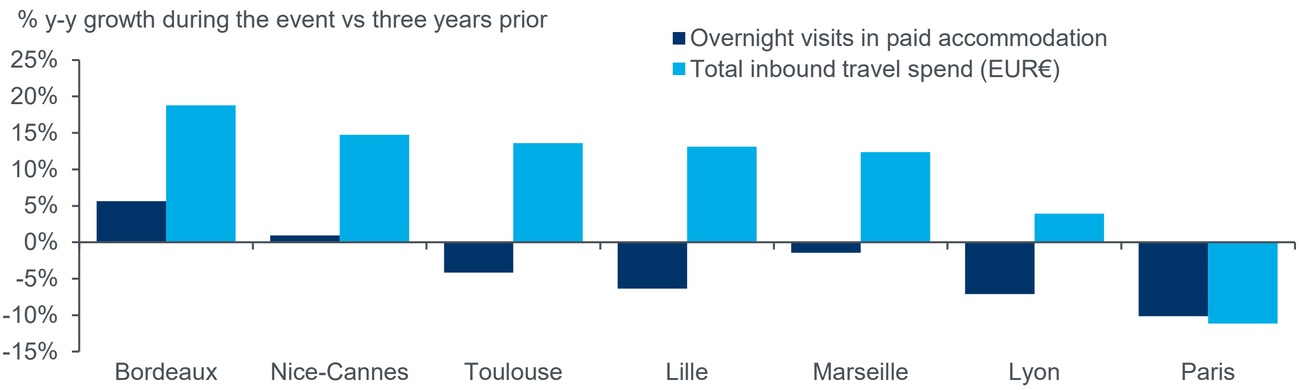
London and Paris Olympics Impacts: Country vs City Level



Source: Oxford Economics/Haver Analytics

German tourism is anticipated to experience a widespread boost this summer from the UEFA Championship as the nation hosts 51 football matches in 10 different cities, with 24 tournament participants (including Germany). As a benchmark, the impact of the 2016 Euros held in France was assessed as a starting point. International arrivals fell by 1.7% during this period. This decline could be attributed to travel substitution for those wanting to get away from the games and displacement of potential inbound tourists who want to avoid the congestion and higher prices associated with the event. There was a substantial improvement in the year-on-year inbound spending across all host cities except Paris, where spending fell by 11.15%. Inbound spending, on average, increased by 9% across each city. The findings indicate that a fall in international arrivals does not necessarily lead to a fall in city level spending.

Euros 2016 Tournament Impact Across Host Cities



Source: Tourism Economics

The impact is set to be slightly better for the upcoming 2024 tournament. German cities tend to be more affordable than their French counterparts and notably so when comparing the most popular destinations for international arrivals, Paris and Berlin. Furthermore, Deutsche Bahn, a German train operator, recently announced a new timetable, improving both capacity and regional connectivity. Such improvement could encourage more day trips to the games, especially for domestic fans, who already favour travelling around the country in June and July, the tournament timetable.

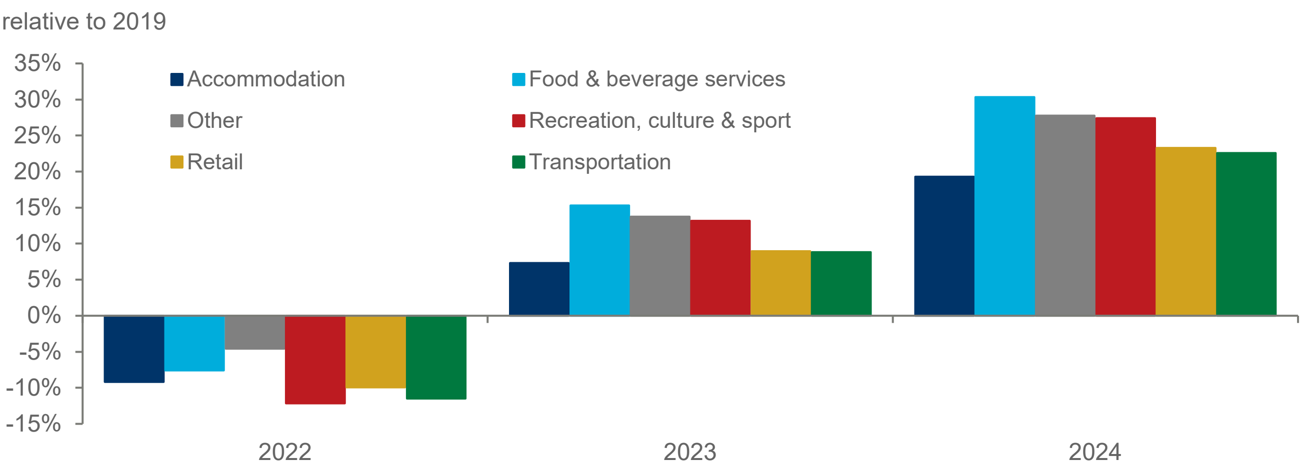
However, there is a need for caution. Travel to these upcoming events is prone to many of the major risks surrounding wider tourism demand as the industry still recovers from the Covid pandemic and is also impacted by high inflation, interest rates and the increasing pressures of ESG requirements.

THE VALUE OF EUROPEAN TOURISM

Latest data and forecasts suggest that tourists are expected to spend €742.8bn euros in Europe in 2024, a rise of 14.3% from last year.

Spending on food and beverages is set to remain the strongest category in 2024, doubling the pace of growth reported in 2023, even as some food price inflation eases. Traveller demand and preferences are having an impact on spending patterns as well as costs. Accommodation spend is set to rise which coincides with hotels facing continued high costs, passing these on to consumers. Additionally, there is stronger demand from business travellers which tend to lean towards higher-priced accommodation choices.

Tourism Spend by Non-Residents by Category in Europe



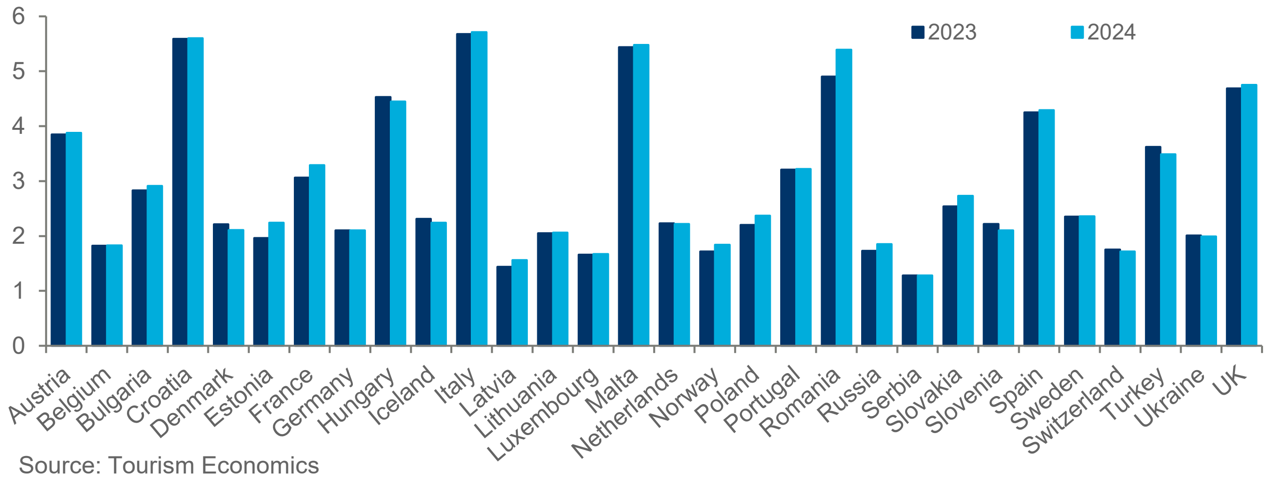
Source: Tourism Economics

Average length of stay is another important factor when assessing the value tourists bring to a destination. The longer the trip, the more costs incurred for example on accommodation and food. Croatia, Italy, Malta, Romania and the UK stand out as destinations where tourists tend to stay the longest this year. Longer stays in some of these destinations such as Malta and Italy will benefit digital nomad visas which allow a stay of one year, with a possibility of renewal afterwards. Out of these, only Romania is expected to see a notable rise in 2024 and this is expected to be driven by an increase in travel to visit friends and family (VFR). However, longer stays in the UK is also likely driven by similar purposes as there are a large number of EU-born residents living in the country.

France is also set to see growth this year, coinciding with the Olympic and Paralympic games. An expected stronger return from long-haul markets provides an upside to the outlook for 2024 as these visitors tend to stay longer.

Average Length of Stay in European Destinations

Average nights spent in destination per trip



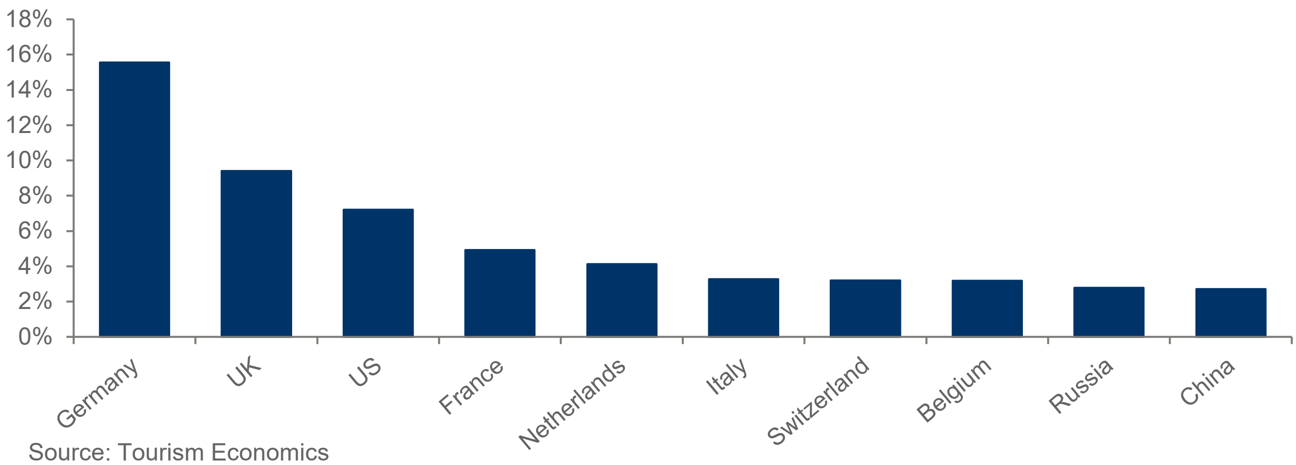
Source: Tourism Economics

Although the average length of stay in Germany does not stand out, the share of total spend in Europe by German tourists is set to be the largest this year at 16%. The top ten source markets for total spend are skewed towards intra-regional source markets, highlighting the importance of tourism spend by European tourists from elsewhere in the region. Lower air fare and alternative modes of transport which could be cheaper than air travel can be a contributing factor for higher spending in European destinations on accommodation, retail or food & beverages.

The US and China are both established source markets with larger spending power. Spend by China is still expected to lag behind some other destinations for spend, where most have either recovered last year or set to do so this year, China will take until 2025. However, spending levels will get back up to pre-pandemic levels quicker than arrivals which suggests although visitors are slower to return to Europe, those that do are spending more.

Share of Total Spend in Europe by Selected Source Markets, 2024

% of total spend

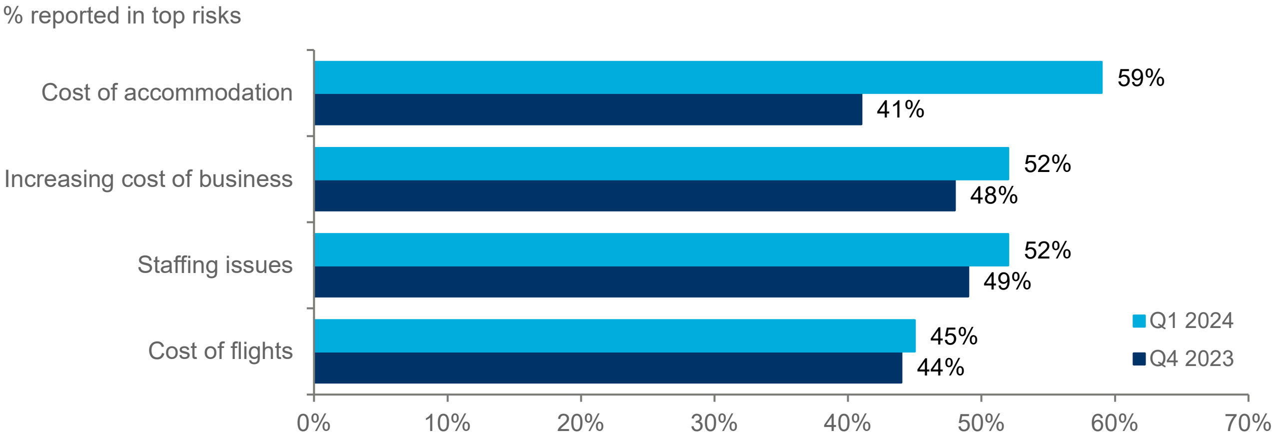


Source: Tourism Economics

RISKS

Risks to the growth in European tourism activity are starting to rebalance going into 2024, where they were previously more tilted towards the downside. The latest Tourism Industry Monitor (TIM) survey for Q1 2024 – gauging industry professional's evaluation of the overall health of tourism globally, as well as the opportunities and challenges it faces - has highlighted that, out of the downside risks to global tourism, concerns over the cost of accommodation have risen sharply this year. Nearly 60% of respondents ranked this as one of the top four barriers to tourism, compared to just 41% in Q4 2023. Although inflation is set to slow, it does remain markedly higher than pre-pandemic times and there may be some expectation that excess savings will be slightly less in 2024 than last year.

Top 4 Key Global Tourism Challenges



Source: Tourism Economics

The increasing cost of doing business in Europe may also be due to the increased requirements to meet [ESG regulations](#) in 2024. Meeting ESG guidelines and improving sustainability measures will undoubtedly carry costs to implement in the short run, adding to operational costs along with underlying inflation trends. There is also a chance that interest rates could stay higher for longer as central banks are challenged by the inflationary fall-out from persistent shipping disruption. This would have a knock-on effect for both tourists and tourism and hospitality operators.

In contrast, not all risks are to the downside in the near-term. There is a chance that central banks will signal victory over inflation earlier than expected. This would mean a fall in interest rates ahead of the peak-summer season, which should increase confidence in travel spending at a favourable time for European destinations.

The latest TIM survey has also identified "bleisure" i.e., blended leisure and business travel, leisure events and tourism infrastructure improvements as the key opportunities mentioned by 50% of respondents. Europe is holding a number of high-profile sporting events this year which could further support the continued recovery in tourism activity, especially across host countries France and Germany.

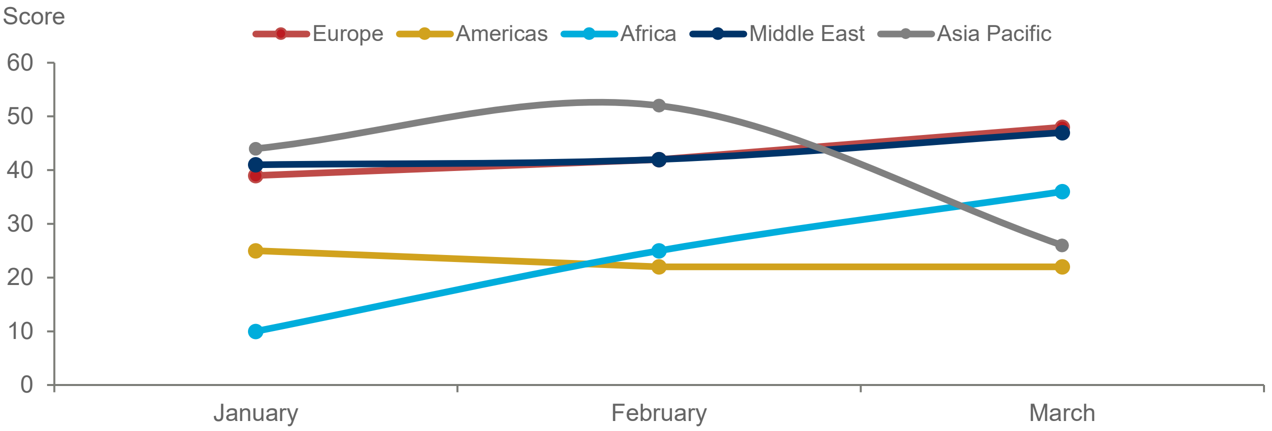
6. EUROPEAN TRAVEL SENTIMENT TRACKER

E-REPUTATION TRENDS ON TRAVEL IN EUROPE

E-Reputation data, gathered from the TRAVELSAT© Sentiment Index by MMGY TCI Research, utilises social listening to assess destinations' online perception. Information shared by differing media, consumers, companies etc., on websites, forums, blogs & social networks is used. Net sentiment scores, ranging from -100 to +100, measure the balance between positive and negative sentiments to evaluate destination favourability. Value-for-Money and Sustainable Travel ratings are measured through sentiment scores derived from written reviews from 45 sources (TripAdvisor, Google Reviews, Booking…), utilising advanced sentiment analysis technology to detect positive and negative sentiments towards specific concepts or topics, with ratings, ranging from 0 to 10. For a further explanation of these methodologies please see Appendix 2.

Throughout the first quarter of 2024, the polarity of online social conversations regarding European travel stood at 43 points. With a lot of positive stories being shared, Europe performed better than the Americas and Africa in the first months of 2024, rising above the Asia Pacific region as well in March. While starting slightly lower during January (39 points), the sentiment gradually became more positive, with 42 points in February and 48 points in March. Europe shared the leading spot in global e-reputation scores, alongside the Middle East, for Q1 of 2024.

Net Sentiment Score per World Region



Source: MMGY-TCI Research/TRAVELSAT

Positive stories shared online throughout the first quarter of 2024 followed the natural seasonal changes, with destinations all over Europe showcased for their unique offer. While the cold weather from winter was still highly present during January, there was a large amount of online content from nature enthusiasts seeking the untouched nature of Europe's mountains. Vloggers showed majestic spots in Switzerland, such as the Rheinfall in Schaffhausen, while travel influencers posted images about the spectacular mountains around the Swiss village of Grindelwald. Event-centred stories also had a strong presence, within the online space, specifically due to interest in the various Carnivals celebrated across Europe. Aside from the famous Venice Carnival in Italy, celebrations of carnival in Galicia, Spain, and at Jaunpils Castle, Latvia, were presented in videos for their distinct ways of representing the festivity. While the crisp of winter was still present, some destinations in Europe began to present themselves as ideal winter getaways for those who seek the sun. Malta, for example, was highlighted in an online article as an ideal spot thanks to its guarantee for warm weather, while visitors can be sure to avoid the bustling crowds of late spring and summer. Once spring began and the cold weather subsided, online conversations highlighted Europe as an excellent destination to visit during the flower blooming season. A travel vlogger shared content on Keukenhof in the Netherlands with its stunning tulip displays. Similarly, a blog on the picturesque flower displays across quaint villages in the Vosges Mountains in France was described as an ideal spring holiday destination.

While the majority of online stories about Europe during the first quarter of 2024 were positive, negative drivers of reputation also came through. These were related to the themes of transport disruptions, security concerns in terms of civil unrest, and the capacity of destinations to successfully handle a high influx of visitors.

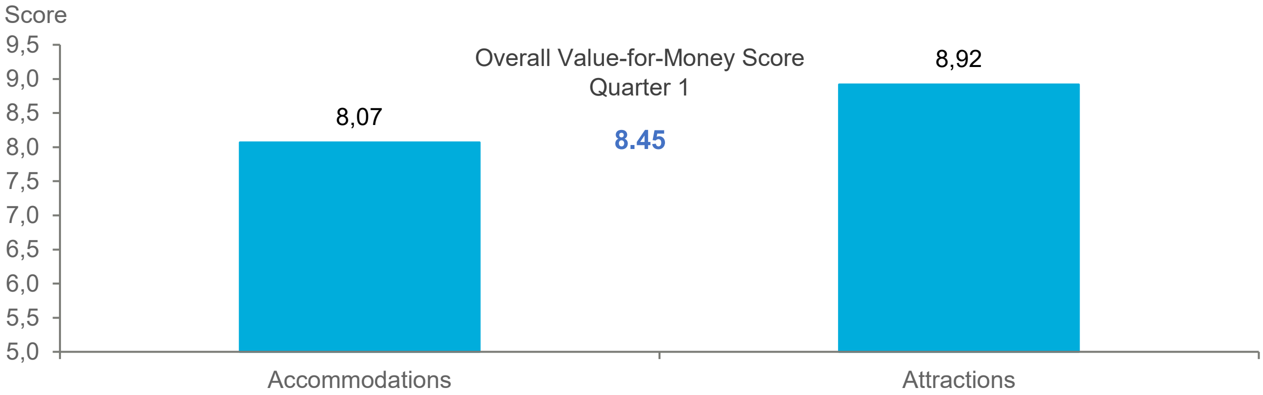
Looking into the first theme, the demonstrations held by farmers across Europe caught the attention of various online articles due to their duration and intensity. Motivated by their struggle with the cost-of-living crisis and the economic barriers to implementing sustainable farming practices, they caused several disruptions for locals and visitors wanting to travel by road. On issues related to safety and civil unrest, online content on the clashes between groups of Eritreans in *the Hague* was highly present, particularly because these later developed into riots and resulted in six injured police officers. Another article focused on *Paris*, where two knife attacks happened over a weekend at a train station and at a metro station, bringing forward the potential lack of safety visitors can experience in the city. Centring still on *Paris*, stories about repeated breakdowns of SNCF trains placed concerns on the capacity of these to manage the number of visitors that will be attending the upcoming Olympic games.

FOCUS ON VALUE-FOR-MONEY FROM VISITORS' WRITTEN REVIEWS

Value-for-Money measures guests' perception of the worth or quality an experience has in relation to its cost.

The Value-for-Money sentiment score of all main travel verticals consolidated stood at 8.45 in the first quarter of 2024. Broken down by verticals, score for Accommodations was at 8.07, while for Attractions it was at 8.92.

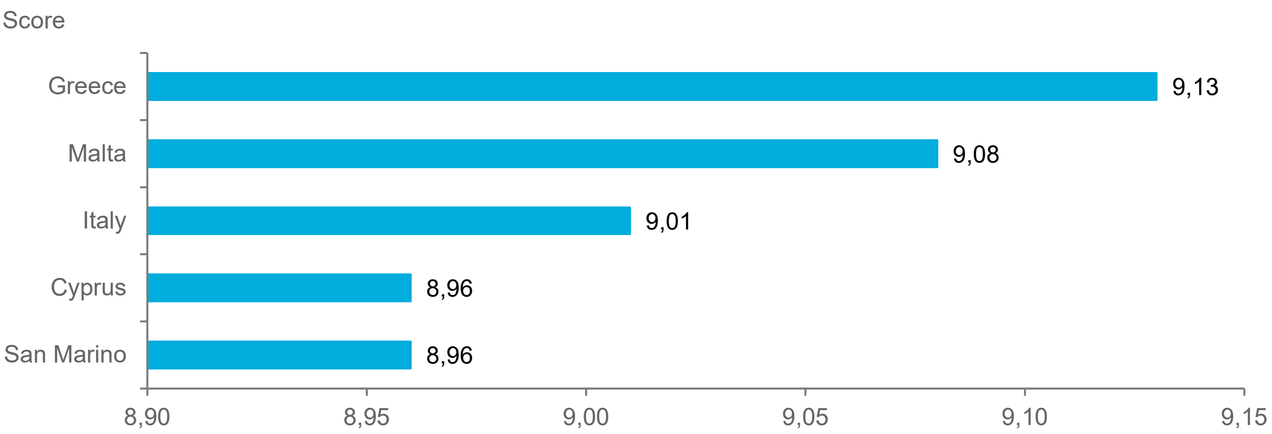
Value-for-Money Scores per Vertical



Source: MMGY-TCI Research/TRAVELSAT

Looking at scores per country, the top five European destinations in terms of Value-for-Money are:

Destinations Receiving the Highest Sentiment Scores on the Topic of Value-for-Money during Q1 of 2024



Source: MMGY-TCI Research/TRAVELSAT

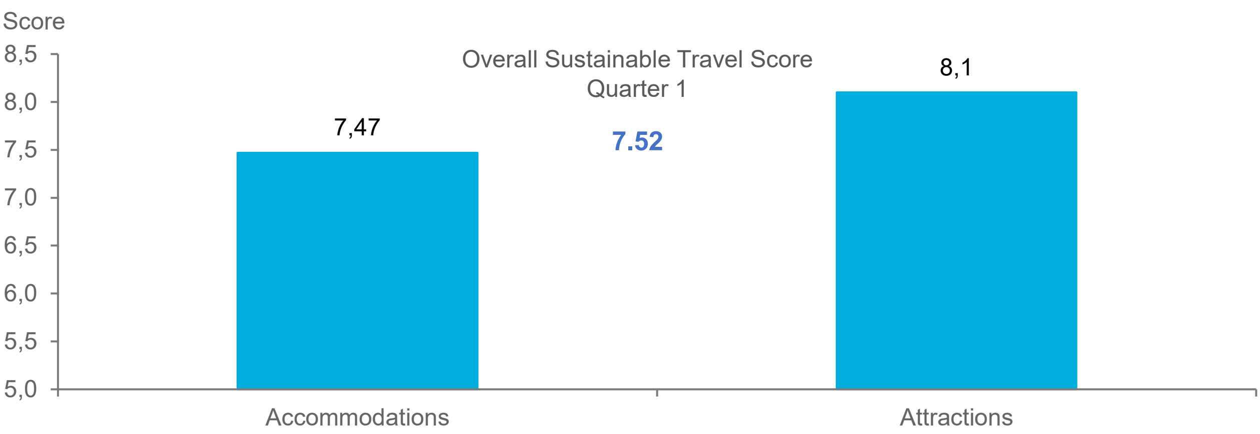
Written reviews on the topic of Value-for-Money are most commonly given to the Attractions vertical, holding over three times the relative proportion of reviews compared to Accommodations. At the same time, it is notable that Accommodations receive generally fewer positive comments on the matter than Attractions do. As such, destinations best rated on value-for-money tend to be places offering the best consistency in value provided along the visitor journey, beyond the accommodation experiences.

FOCUS ON SUSTAINABLE TRAVEL FROM VISITORS' WRITTEN REVIEWS

Sustainable Travel measures guests' perception of environmentally and socially friendly practices taken by operators.

The Sustainable Travel sentiment score for all verticals consolidated stood at 7.52 in the first quarter of 2024. Broken down by verticals, scores for Accommodations were at 7.47, while those for Attractions were at 8.10.

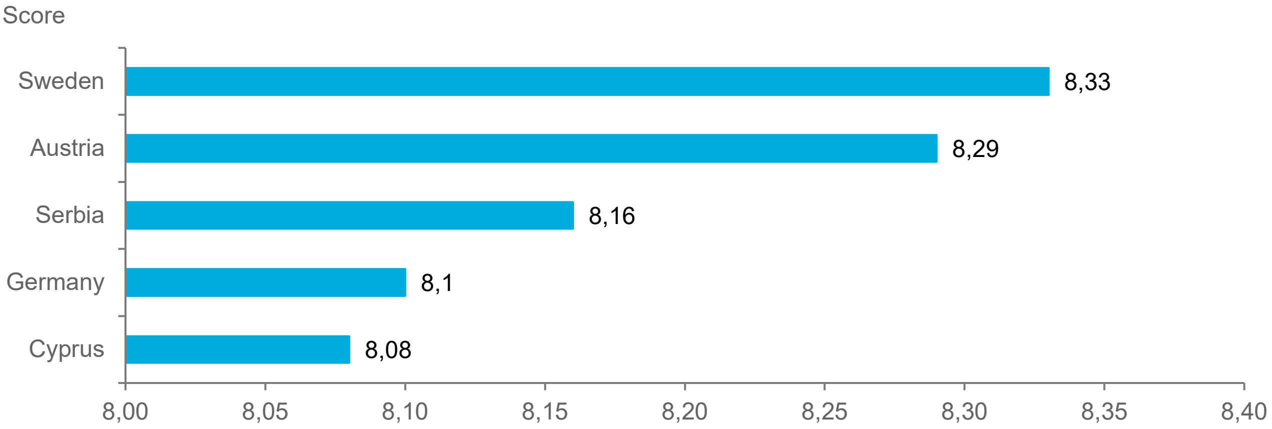
Sustainable Travel Scores Per Vertical



Source: MMGY-TCI Research/TRAVELSAT

Looking at scores per country, the top five European destinations in terms of sustainable accommodation and attraction options are:

Destinations Receiving the Highest Sentiment Scores on the Topic of Sustainable Travel during Q1 of 2024



Source: MMGY-TCI Research/TRAVELSAT

Accommodations receive twice the relative proportion of reviews compared to the Attractions vertical. Since guests spend much time in their lodging establishments, all efforts done towards sustainability are likely to be noted, as well as any lag in such practices. The top destinations for the first quarter in terms of Sustainable Travel all hold many establishments that receive near perfect scores in terms of the polarity of written reviews on this topic, some which also hold eco-certifications that guarantee their actions as sustainable.

7. KEY SOURCE MARKET PERFORMANCE

Trends discussed in this section relate to the period January to March 2024, although actual coverage varies by destination. Therefore, in most cases these data only correspond to the first two months of the year (or less), which is a low season period in many destinations. Thus, it is not representative of annual performance.

Further detailed monthly data for origin and destination, including absolute values, can be obtained from TourMIS (http://tourmis.info).

SUMMARY

- Key European source markets – France, Germany and the Netherlands – have driven growth. The UK market has been weaker with more destination countries continuing to report declines than those reporting growth.
- Beyond Europe, there continues to be wide disparities. While the beginnings of a recovery from China are evident, the recovery of Japanese arrivals has been slower.
- Some countries – notably Cyprus – have seen an especially divergent performance by source markets. Cyprus is the single best performing reporting destination for France – but also the weakest for Australia and Canada.
- The weakest performances overall continue to be in the Baltics – even though Latvia has seen strong growth from both the US and Brazilian source markets.
- However, the latest outturn for this year only takes into account the first few months of the year during off-season, so it is too early to determine whether these changes in the outlook are temporary or an emerging trend.

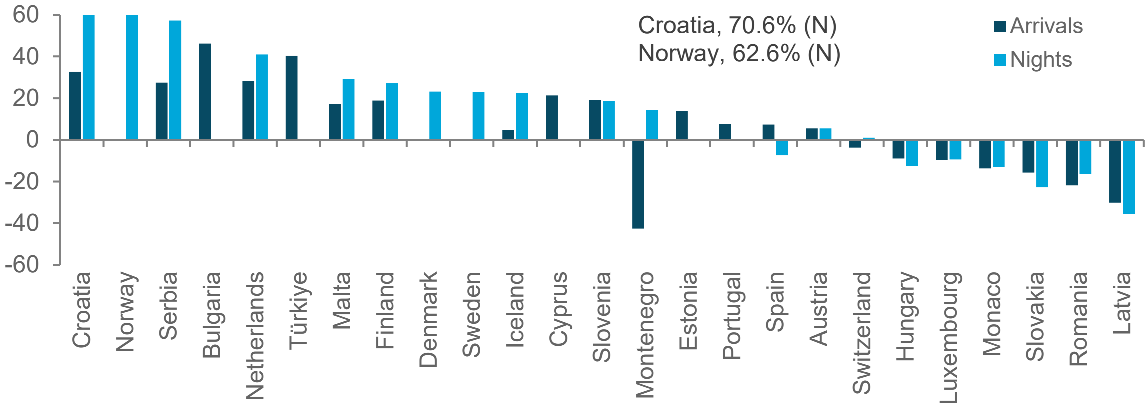
KEY INTRA-EUROPEAN SOURCE MARKETS

The recovery in arrivals and nights relative to 2019 remains varied across Europe at the start 2024. While some travellers are seeking lower cost destinations, such as Türkiye and Bulgaria, some traditionally expensive destinations – most notably Norway – are also faring well. That does not apply to all high-cost destinations: Monaco remains amongst the poorer performers.

Countries in the Baltic region (Latvia, Lithuania and Estonia) continue to lag in the recovery, due to their perceived proximity to the situation in Ukraine – despite strong performances in Latvia for both the US and Brazilian source markets. However, Germany also continues to lag–behind other destinations as many cities continue to see a slower recovery in business travel.

German Visits and Overnights to Select Destinations

2024 year-to-date*, % change relative to 2019



Source: TourMIS* *date varies (Jan-Mar) by destination

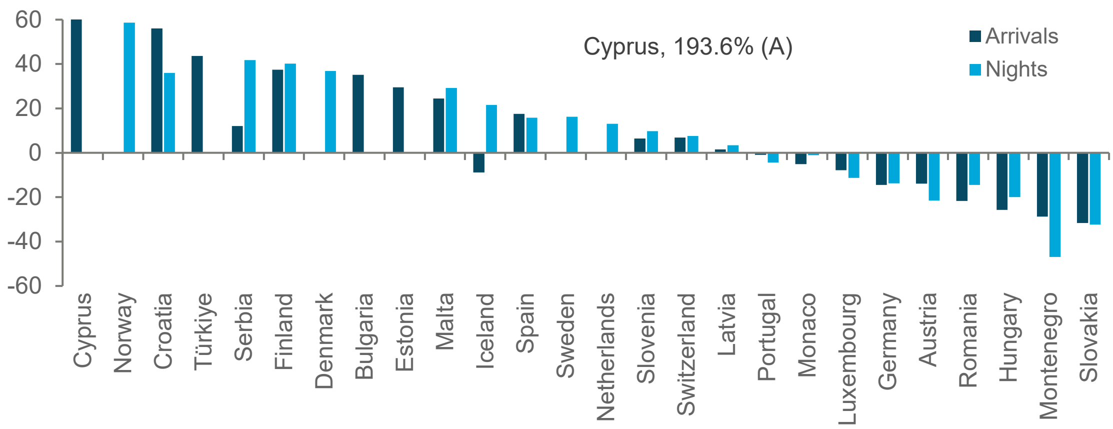
Of the 24 destination countries reporting tourism figures from Germany, 19 reported growth in at least one metric. The single best performing destination was Croatia, which saw German nights up by 70.6%. However, there are some concerns that Croatian prices have been rising too steeply for Germans and slower growth can be expected in peak summer months. Norway and Serbia also performed well in terms of nights, both being well in excess of 50.0% ahead of 2019.

The best performer in terms of arrivals was Bulgaria, which was 46.2% up on 2019 and which is likely to have had a strong winter season. Bulgaria airports and seaports have now joined the Schengen area and the German travel company, Der Touristik, plans to invest in Bulgaria as a family destination. Türkiye also continues to perform strongly with German arrivals up 40.3%, aided by continued Lira weakness. Finland also saw 27.2% growth in nights, driven by new flight routes.

The single worst performing destination that is reporting data for German tourism was Latvia. However, even this was only down by just 30.1% on 2019 levels for arrivals and 35.5% for nights. Hungary, Slovakia and Romania (all impacted by the ongoing war in Ukraine), and Monaco were also amongst the poor performers.

French Visits and Overnights to Select Destinations

2024 year-to-date*, % change relative to 2019



Source: TourMIS* *date varies (Jan-Mar) by destination

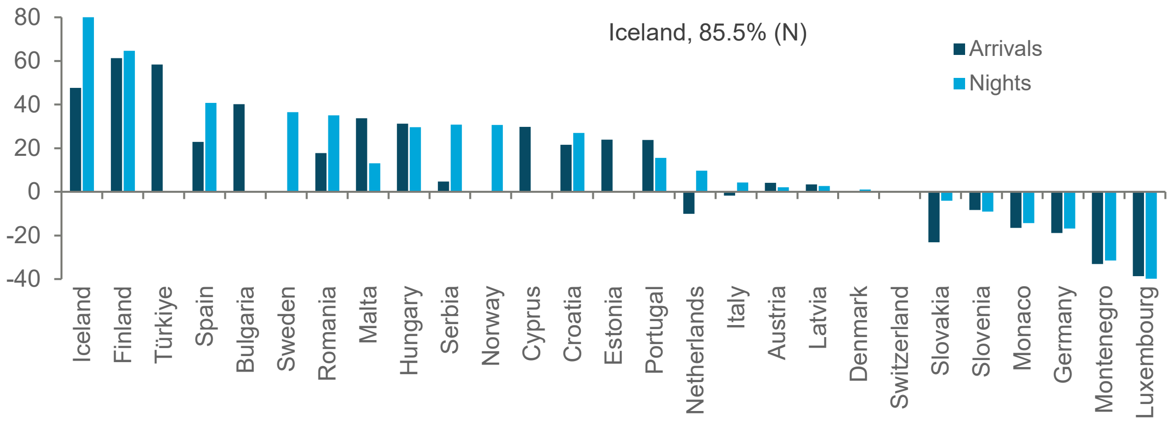
Of the 26 reporting destination countries for French tourism, 68% reported growth in at least one of the two metrics.

The single best performing destination by far was Cyprus, where French arrivals were up by 193.6% - even stronger than at the time of the last quarterly report (Q4 2023). A possible reason for this is that Cyprus put considerable emphasis on promoting ties with France last year. Norway, Croatia and Türkiye were also amongst the best performers and there was also robust growth in several important destinations for French travellers such as Spain and the Netherlands. This diverse mix of destinations indicates strong underlying demand among French travellers and bodes well for further growth later in 2024.

One of the weakest performances, compared to 2019, was recorded in Montenegro, where French arrivals were down 28.8% and nights significantly more at 46.9%, suggesting a shorter average length of stay for those that did visit, albeit based on low travel volumes in these off-season months. Several Central European countries were among the poor performers including Romania, Hungary, and Slovakia. Some larger destinations including Germany and Austria are also in this group.

Italian Visits and Overnights to Select Destinations

2024 year-to-date*, % change year relative to 2019



Source: TourMIS* *date varies (Jan-Mar) by destination

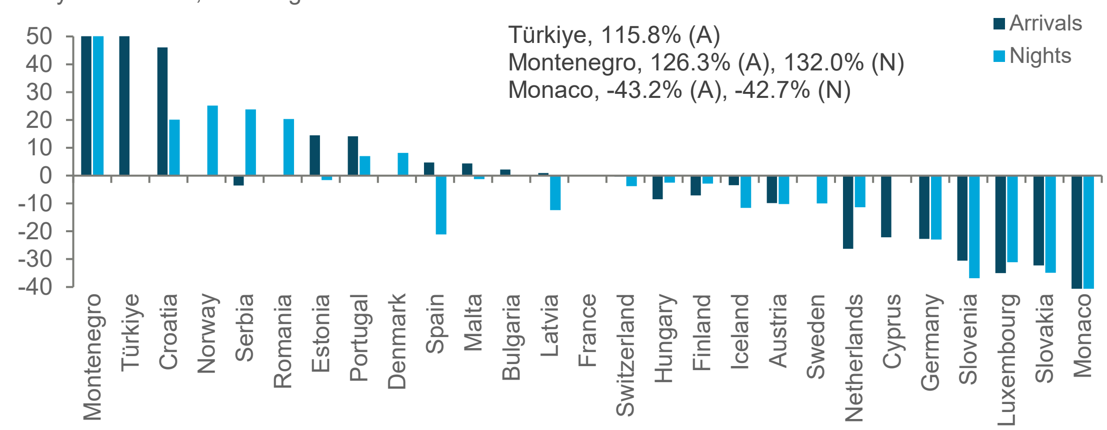
Perhaps rather surprisingly Türkiye was behind Finland for Italian tourists, which saw Italian arrivals up 61.2% and nights up by 64.7%. This could be attributed to the improved air connectivity between Italy and Finland with a new Finnair route established to Milan Linate in 2023. Additionally, with increasing winter tourism in Finland, several new operators have launched flights connecting Italy and Rovaniemi.

Iceland, Bulgaria and Spain were also amongst the strongest performers. The fact that Türkiye and Bulgaria have been among the strongest performers for Italian tourists may reflect some squeezed budgets and bargain-hunting among a section of Italian tourists. However, strong growth to Iceland and Finland also points to some continued demand for more expensive or luxury destinations.

Of the 27 reporting destinations reporting data for Italian visitors, seven saw no growth in either metric from Italy. The single poorest performer was Luxembourg, followed by Montenegro and Monaco. However, some key markets, most notably Germany also continued to record relatively steep declines on 2019.

British Visits and Overnights to Select Destinations

2024 year-to-date*, % change relative to 2019 levels



Source: TourMIS* *date varies (Jan-Mar) by destination

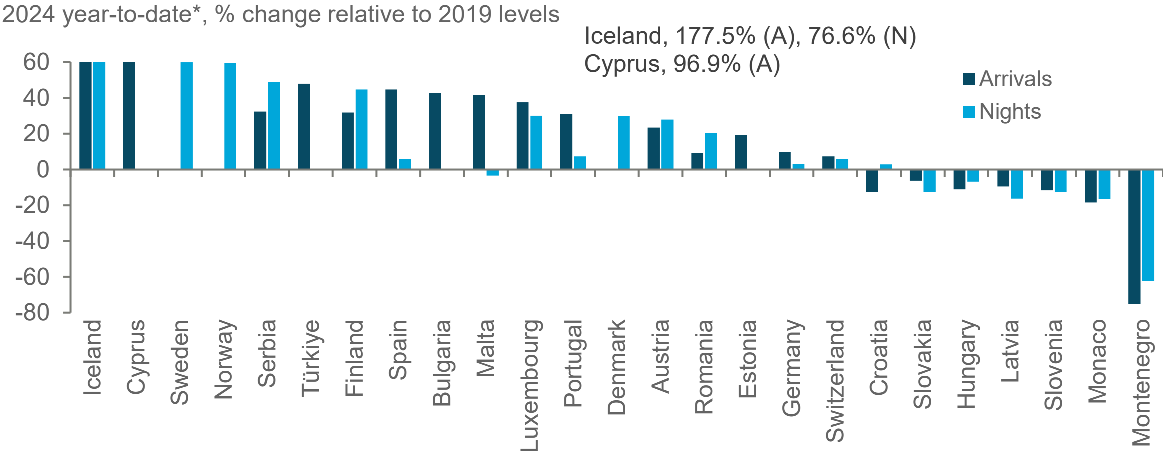
More reporting destinations continued to register declines from the British market than reported growth. British tourists continued to seek out value-for-money holiday destinations, such as Türkiye. However, it was beaten by Montenegro, where British arrivals were up 126.3% and nights slightly more still. After those two destination countries, Croatia and – perhaps more surprisingly – Estonia had the strongest outturn. In the case of Estonia this may simply be a rise from a low base, impacted by Russia's invasion of Ukraine.

Monaco was the worst performing destination, where nights from the UK were down 42.7%, possibly due to its higher prices compared to similar destinations. However, both Slovakia and Slovenia also recorded declines relative to 2019 levels of around 30% in both metrics. British arrivals to Cyprus were down 22.1%. The UK is an important source market for Cyprus, but spending may not be entirely reflected by the decline in arrivals.

British arrivals to Germany also remained down 22.7%. Nevertheless, around half a million British football fans are expected in Germany later this year for Euros 2024. Similarly, the Netherlands continued to record a fall in British arrivals (down 26.3%) – although the decline in nights was less severe. Spain has seen a small increase in UK arrivals but a significant fall in nights, which are down 21.1% on 2019 levels. Higher costs of living at home in the winter period where energy usage is high may point to a trend towards shorter-than-usual winter-sun breaks.

Dutch Visits and Overnights to Select Destinations

2024 year-to-date*, % change relative to 2019 levels



Source: TourMIS* *date varies (Jan-Mar) by destination

Of the 25 destination countries reporting, all but six of them reported growth in at least one of the metrics.

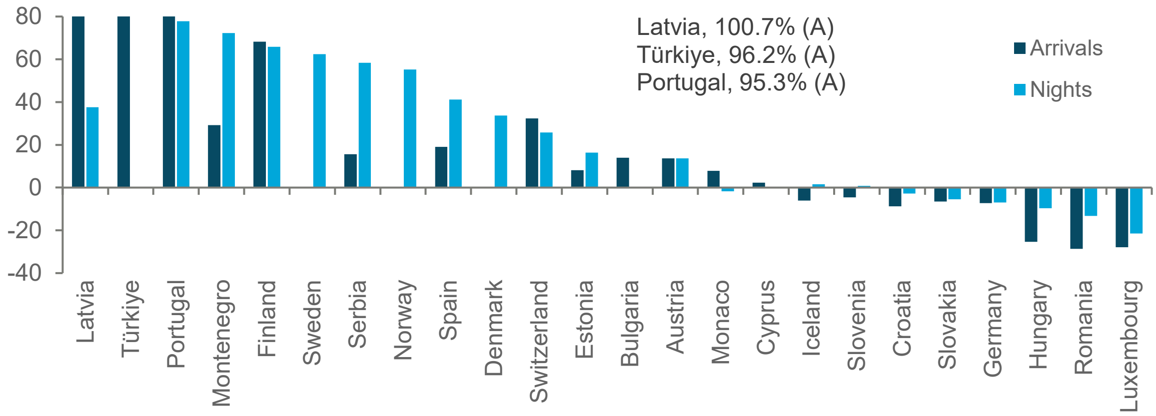
The destination reporting the strongest growth in Dutch arrivals was Iceland, up 177.5%. The volcanic eruption on the Reykjanes peninsula did not seem to deter travel, perhaps because the initial eruption wasn't as bad as some feared. All the Scandinavian countries performed well, including Sweden where nights were up 59.9% and Norway where they were up 59.6%.

The worst performer – by far - was Montenegro, similar to many other European source markets, where Dutch arrivals were down 75.2%, and nights down 62.5%. Slovenia, Monaco, Latvia and Hungary were amongst the poorer performers for Dutch tourism but in these countries, arrivals were more typically down around 10.0% on 2019 levels.

NON-EUROPEAN SOURCE MARKETS

American Visits and Overnights to Select Destinations

2024 year-to-date*, % change relative to 2019 levels



Source: TourMIS* *date varies (Jan-Mar) by destination

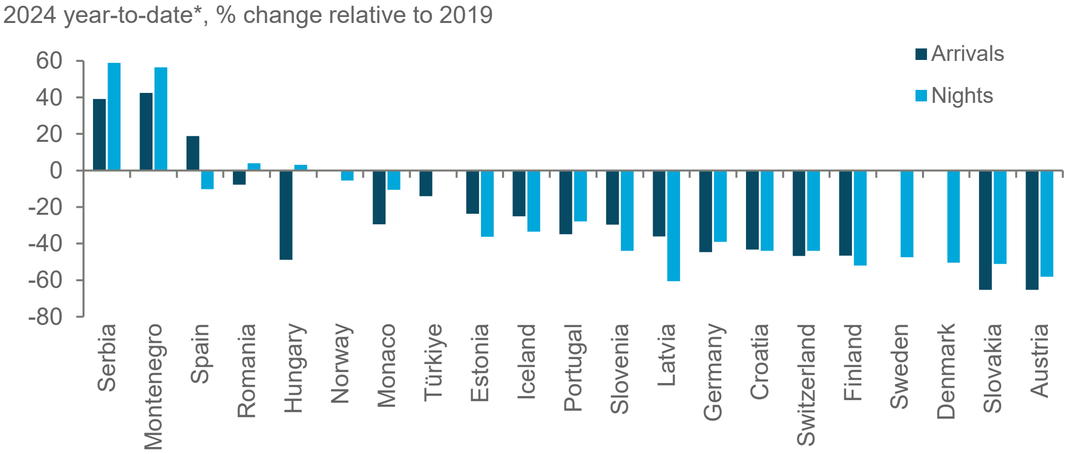
Of the 24 reporting destinations, six continued to see no growth in either metric from the United States.

The single largest increase in American arrivals since 2019 was recorded by Latvia. Arrivals from the United States were up 100.7%. However, overnights in the country only increased by a relatively moderate 37.6%. This will be welcome news for Latvia which continues to struggle to progress towards pre-pandemic levels of tourism. Despite the seemingly high demand for Latvia, the numbers are broadly similar to last year, and only stand out relative to 2019.

The next strongest performing country was Türkiye, with an increase in American arrivals of 96.2% - on 2019. As of January this year, visitors from the United States no longer needed to apply for the e-visa in advance of arrival, saving themselves $52. Montenegro, Finland and Sweden were also among the strongest performers.

At the other end of the scale was Luxembourg, which was the worst performing reporting destination and where arrivals from the United States were down 27.8% and nights were down 21.4%. This may be connected with the significant business tourism segment in Luxembourg, which has been slower to recover. Romania, Monaco and Hungary were also amongst the weakest performers - but Germany also saw a decline in arrivals from the United States of 7.3% and a similar decline in nights of 6.9%, which is at least partly due to subdued business travel.

Chinese Visits and Overnights to Select Destinations



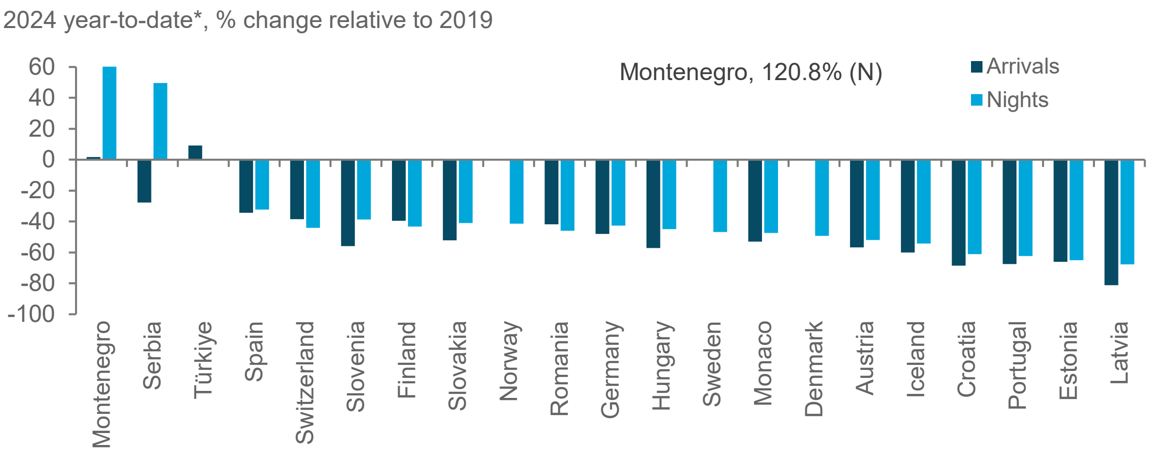
Source: TourMIS* *date varies (Jan-Mar) by destination

Visits to the vast majority of European destinations from China remain well down on 2019. However, there are a small number of exceptions, and the overall picture has improved considerably since the last quarterly report. These include both Serbia and Montenegro, which are currently operating well above 2019 levels. Arrivals to Serbia from China are registering as up 39.1% and those to Montenegro, up 42.4%. Outside of these destinations, only Spain also registers growth in arrivals from China at 18.9%.

None of the other reporting destinations have recorded arrivals growth from the Chinese markets. However, declines vary from being relatively moderate (as in Norway, Estonia or Türkiye) to declines in arrivals in both Slovakia and Austria of over 60.0% relative to 2019. Alongside Monaco, the remainder of the Nordic countries were amongst the poorest performers with Sweden and Finland possibly being affected by their recent accession to NATO. Some major destinations remain considerably down on 2019 as well - for example Chinese arrivals to Germany are still 44.6% below 2019 levels.

However, even among the worst performing reporting destinations, declines are much less severe than they were at the time of the last quarterly report. Various countries are looking to seize the potential of the Chinese market. Last year Turismo de Portugal launched a programme, accessible through WeChat, to promote Portugal's cuisine, sights and culture. Meanwhile, in January, the French Minister delegate for Tourism, stated executive plans to reopen several visa application centres across China and reduce the costs of the service.

Japanese Visits and Overnights to Select Destinations



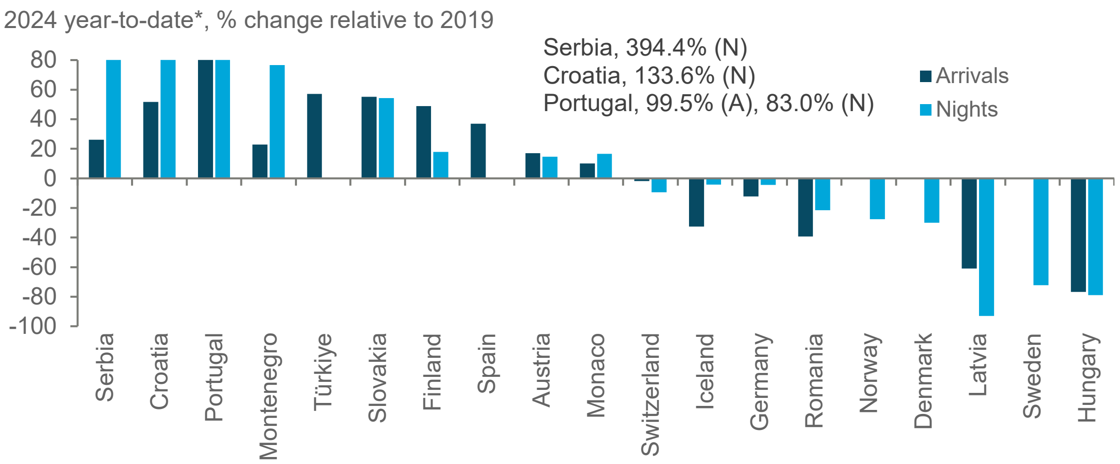
Source: TourMIS*   *date varies (Jan-Mar) by destination

Interestingly, whilst there has been continued recovery in China, progress from the Japanese source market remains notably slower. There are three standout exceptions - Montenegro, Serbia and Türkiye. In the case of Montenegro and Serbia, the recovery is clearest in terms of nights from Japan, with Montenegro up 120.8% and nights in Serbia up 49.6%.

The only other country to record growth in either metric from Japan was Türkiye, which saw Japanese arrivals grow by 9.1% relative to 2019. Turkish Airlines has reinstated flights to Osaka four days per week.

Every other reporting destination recorded ongoing falls in either arrivals or nights in excess of 30%. Furthermore, at the poorest performing end, countries are still recording Japanese losses in excess of 60% or 70%. The worst performers are Estonia, Latvia and Portugal. In the case of Latvia, the European Travel Commission (ETC) has been running promotions in Japan to speed up the country's tourism recovery. Latvia has an ongoing situation of low demand relative to capacity.

Indian Visits and Overnights to Select Destinations



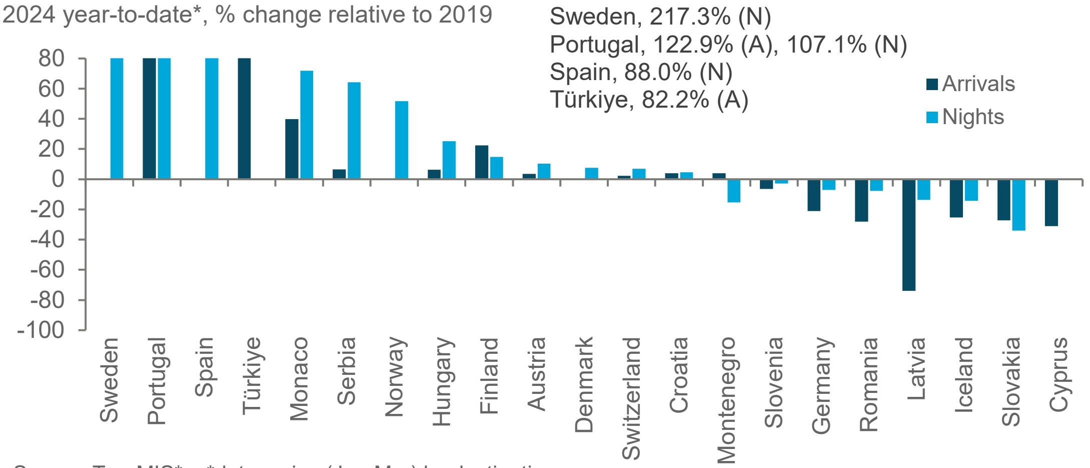
Source: TourMIS*   *date varies (Jan-Mar) by destination

India presents a more or less split picture, with broadly even numbers of reporting destinations recording growth and declines. The best performing reporting destinations are mostly in the Balkan region: Serbia, Croatia and Montenegro. Serbia in particular is still benefitting from its visa policy. It has seen a 394.4% growth in the number of nights from India since 2019. Note that the increase in arrivals is far smaller. Croatia also saw a 133.6% increase in nights.

Other countries recording growth in arrivals from India included Türkiye, Finland, Spain and Austria. Türkiye saw strong growth in arrivals from India in 2023 and is aiming to attract 3 million Indian visitors in 2024, targeting India as an important market. Although Finland has also seen strong growth, it is implementing new rules on evidence of finance, which may have an impact on potential Indian visitation.

Whilst Denmark, Norway and Iceland along with Romania have continued to see significant falls in Indian arrivals or nights, the worst performing group was effectively limited to Latvia, Sweden and Hungary. In the last of these, Indian arrivals continued to be 76.7% down on 2019 while nights remained at 79% lower.

Canadian Visits and Overnights to Select Destinations



Source: TourMIS* *date varies (Jan-Mar) by destination

More reporting destinations continued to register increases in tourism from Canada than reported declines, but the proportion has changed little since the last quarterly report.

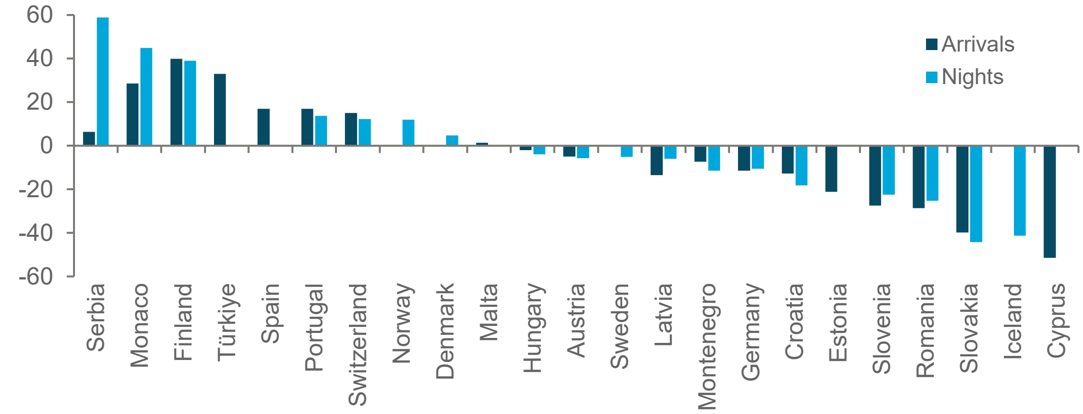
Sweden stands out as having seen enormous growth from Canada since 2019, with overnights there up 217.3%. New air routes between Canada and Sweden are being introduced for the summer of 2024, which suggests continued pent-up demand.

Both Spain and Türkiye were among the strongest performers from Canada. As mentioned in the US source market section, Türkiye has dropped its e-visa charge for Canadian visitors. Spain will also benefit from a new flight route from Montreal to Madrid being operated by Air Canada from May, accompanied by an increase in flights to Barcelona this year.

In a marked contrast to visitors from the United States, Latvia has experienced the steepest drop in Canadian visitors since 2019 – a fall of 74.0%. That did not make it the worst performing country, due to a far lower decline in nights. Technically, Cyprus was the worst performing individual destination with a fall in arrivals from Canada of 31.0% compared to 2019. For Canadian tourists, media coverage of the Middle East crisis and the potential for Canadian soldiers stationed in Cyprus to be drawn into an evacuation of Lebanon may be colouring perceptions of eastern Mediterranean destination.

Australian Visits and Overnights to Select Destinations

2024 year-to-date*, % change relative to 2019



Source: TourMIS* *date varies (Jan-Mar) by destination

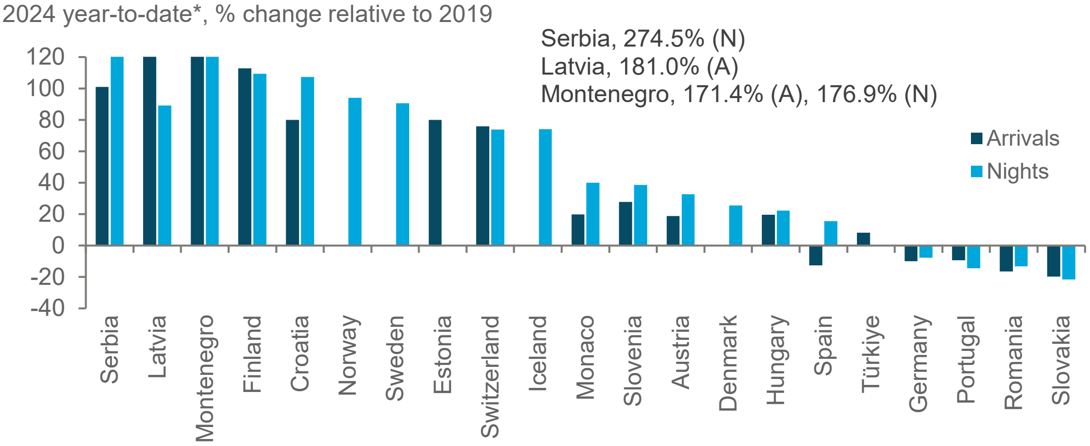
It is still the case that more than half of the 23 reporting destination countries continued to register declines relative to 2019 for Australian visitation. However, the rankings have changed considerably from the last quarterly report.

Among the strongest performers, Serbia, Finland and Türkiye stand out. Serbia saw an increase in nights of 58.9% but a much more moderate increase in arrivals of 6.4%. Finland saw a more consistent increase of nearly 40.0% arrivals, whereas Türkiye saw Australian arrivals up by 33.0%. Türkiye continued to benefit from its exchange rate against the Australian dollar. Turkish Airlines aims to have direct flights to Sydney (and possibly Melbourne) by the end of this year. Portugal was also among the strongest performers from the Australian market, with arrivals up 16.9%.

At the other end of the scale, the single worst performer was Cyprus with a decline in arrivals of 51.5%, representing a marked turn of fortunes since the second half of last year. Estonia, which had posted a decline of over 50.0% in arrivals in the last quarterly report, improved marginally – but still ranks as one of the poor performers. However, some major destinations, such as Germany, continued to report a decline in Australian arrivals too.

Brazilian Visits and Overnights to Select Destinations

2024 year-to-date*, % change relative to 2019



Source: TourMIS* *date varies (Jan-Mar) by destination

The overall picture from Brazil shows a very marked improvement. Very few countries are still reporting declines relative to 2019 most of which are relatively moderate and are likely to see further improvement throughout the year as Brazilian travel demand remains buoyant. This small group of reporting destinations includes Germany (where Brazilian arrivals remain 10% below 2019), alongside Slovakia, Romania and Monaco.

Furthermore, where growth has been reported, it is very substantial in some cases. Serbia, Latvia, Montenegro, Finland and Croatia have reported growth in at least one metric of over 100%. Norway and Sweden have also seen impressive growth in overnights from Brazil (Norway up 94.0% and Sweden up 90.7%). It is important to note that some of this growth is from a relatively low base in 2019. For example, Serbia had less than 4,000 arrivals from Brazil in 2019; Latvia less than 3,000. Continued capacity growth, and some further, albeit modest, economic growth suggest travel to European destinations is set to continue to rise later in 2024.

8. ORIGIN MARKET SHARE ANALYSIS

Based on Tourism Economics' Global Travel Service (GTS) model, the following charts and analysis show Europe's evolving market position – in absolute and percentage terms – for selected source markets.

Data in these charts and tables relate to reported arrivals in all destinations as a comparable measure of outbound travel for the calculation of market share.

For example, US outbound figures featured in the analysis are larger than reported departures in national statistics as long-haul trips often involve travel to multiple destinations. In 2014, US data reporting shows 11.9 million departures to Europe while the sum of European arrivals from the US was 23.4 million. Thus, each US trip to Europe involved a visit to two destinations on average.

The geographies of Europe are defined as follows:

***Northern Europe** is Denmark, Finland, Iceland, Ireland, Norway, Sweden, and the UK;*

***Western Europe** is Austria, Belgium, France, Germany, Luxembourg, Netherlands, and Switzerland;*

***Southern/Mediterranean Europe** is Albania, Bosnia-Herzegovina, Croatia, Cyprus, North Macedonia, Greece, Italy, Malta, Montenegro, Portugal, Serbia, Slovenia, Spain, and Türkiye;*

***Central/Eastern Europe** is Armenia, Azerbaijan, Belarus, Bulgaria, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Poland, Romania, Russian Federation, Slovakia, and Ukraine.*

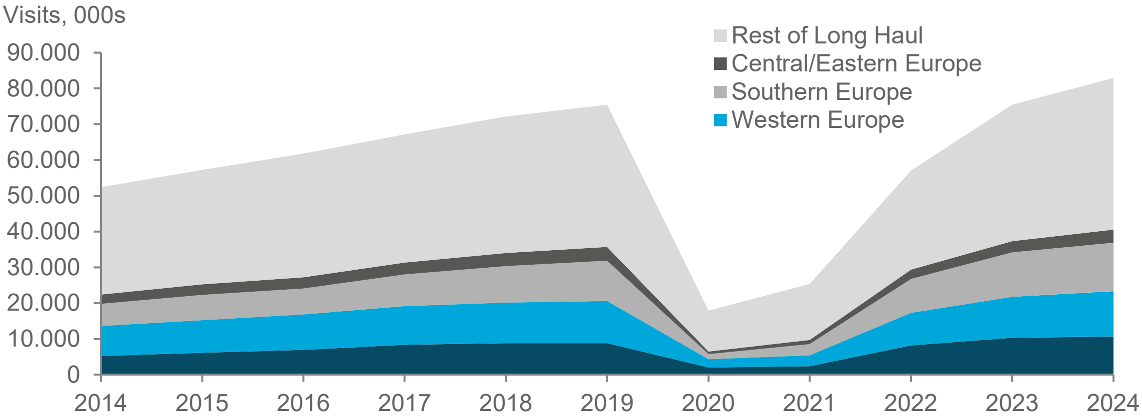
United States Market Share Summary

	2023		Growth (2023-28)			Growth (2018-23)	
	000s	Share**	Annual average	Cumulative growth*	Share 2028**	Cumulative growth*	Share 2018**
Total outbound travel	**123,174**	**-**	**6.3%**	**35.5%**	**-**	**2.6%**	**-**
Long haul	75,451	61.3%	6.4%	36.3%	61.6%	4.6%	60.1%
Short haul	47,724	38.7%	6.1%	34.2%	38.4%	-0.5%	39.9%
Travel to Europe	**37,337**	**30.3%**	**4.7%**	**25.9%**	**28.2%**	**9.9%**	**28.3%**
European Union	5,928	4.8%	45.2%	546.4%	23.0%	-74.0%	19.0%
Northern Europe	10,300	8.4%	2.5%	13.3%	7.0%	16.7%	7.3%
Western Europe	11,469	9.3%	5.1%	28.0%	8.8%	1.2%	9.4%
Southern Europe	12,416	10.1%	4.5%	24.9%	9.3%	22.1%	8.5%
Central/Eastern Europe	3,152	2.6%	10.4%	63.7%	3.1%	-13.6%	3.0%

*Shows cumulative change over the relevant time period indicated. 2018-23 includes COVID-19 pandemic related declines.
**Shares are expressed as % of total outbound travel

Source: Tourism Economics

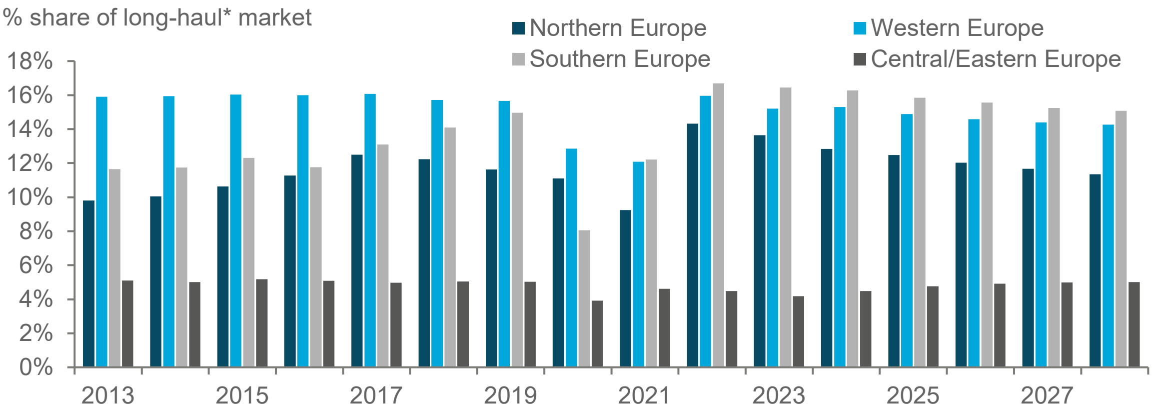
United States Long-Haul* Outbound Travel



*Long haul defined as tourist arrivals to destinations outside North America

Source: Tourism Economics

Europe's Share of American Market



*Long haul defined as tourist arrivals to destinations outside North America

Source: Tourism Economics

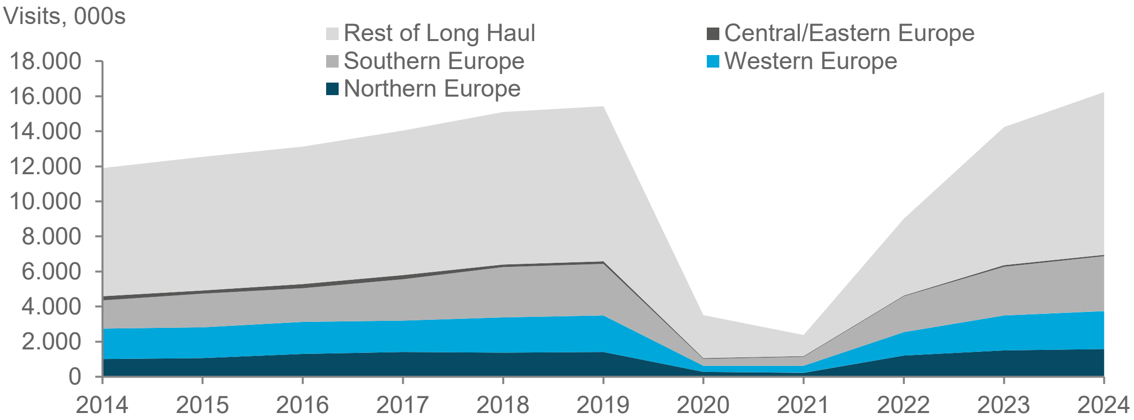
Canada Market Share Summary

	2023		Growth (2023-28)			Growth (2018-23)	
	000s	Share**	Annual average	Cumulative growth*	Share 2028**	Cumulative growth*	Share 2018**
Total outbound travel	**37,181**	**-**	**5.5%**	**30.9%**	**-**	**-4.0%**	**-**
Long haul	14,240	38.3%	7.5%	43.7%	42.1%	-5.7%	39.0%
Short haul	22,941	61.7%	4.2%	22.9%	57.9%	-3.0%	61.0%
Travel to Europe	**6,365**	**17.1%**	**4.7%**	**25.6%**	**16.4%**	**-0.4%**	**16.5%**
European Union	1,004	2.7%	48.1%	612.0%	14.7%	-78.6%	12.1%
Northern Europe	1,504	4.0%	2.2%	11.6%	3.5%	9.1%	3.6%
Western Europe	1,997	5.4%	4.3%	23.2%	5.1%	-0.8%	5.2%
Southern Europe	2,771	7.5%	5.9%	33.2%	7.6%	-3.3%	7.4%
Central/Eastern Europe	93	0.3%	12.4%	79.5%	0.3%	-31.9%	0.4%

*Shows cumulative change over the relevant time period indicated. 2018-23 includes COVID-19 pandemic related declines.
**Shares are expressed as % of total outbound travel

Source: Tourism Economics

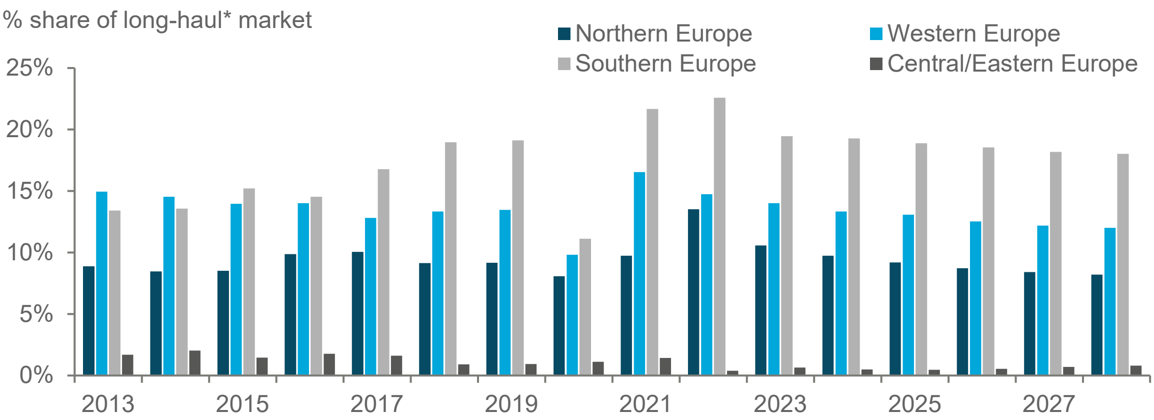
Canada Long-Haul* Outbound Travel



*Long haul defined as tourist arrivals to destinations outside North America

Source: Tourism Economics

Europe’s Share of Canadian Market



*Long haul defined as tourist arrivals to destinations outside North America

Source: Tourism Economics

Mexico Market Share Summary

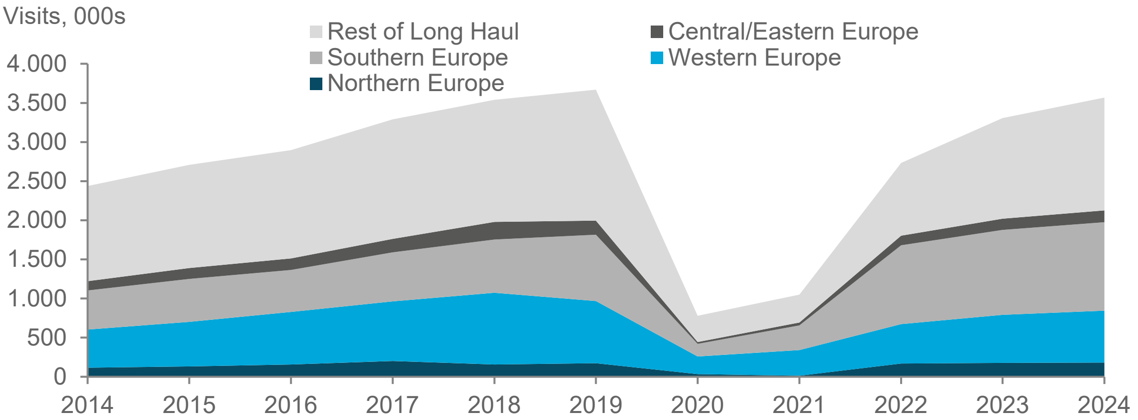
	2023		Growth (2023-28)			Growth (2018-23)	
	000s	Share**	Annual average	Cumulative growth*	Share 2028**	Cumulative growth*	Share 2018**
Total outbound travel	**18,331**	**-**	**8.4%**	**49.4%**	**-**	**-17.9%**	**-**
Long haul	3,307	18.0%	6.6%	37.6%	16.6%	-6.6%	15.9%
Short haul	15,024	82.0%	8.7%	52.1%	83.4%	-20.0%	84.1%
Travel to Europe	**2,018**	**11.0%**	**4.7%**	**25.6%**	**9.3%**	**1.9%**	**8.9%**
European Union	416	2.3%	37.0%	382.3%	7.3%	-67.6%	5.7%
Northern Europe	178	1.0%	3.5%	18.5%	0.8%	12.4%	0.7%
Western Europe	612	3.3%	8.4%	49.6%	3.3%	-33.1%	4.1%
Southern Europe	1,089	5.9%	2.4%	12.8%	4.5%	59.7%	3.1%
Central/Eastern Europe	140	0.8%	5.2%	28.8%	0.7%	-38.0%	1.0%

*Shows cumulative change over the relevant time period indicated. 2018-23 includes COVID-19 pandemic related declines.

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

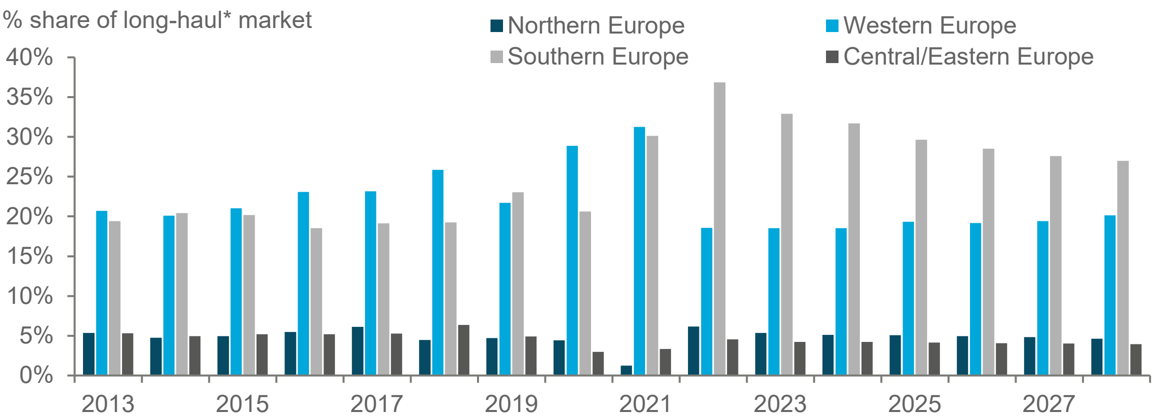
Mexico Long-Haul* Outbound Travel



*Long haul defined as tourist arrivals to destinations outside North America

Source: Tourism Economics

Europe's Share of Mexican Market



*Long haul defined as tourist arrivals to destinations outside North America

Source: Tourism Economics

Argentina Market Share Summary

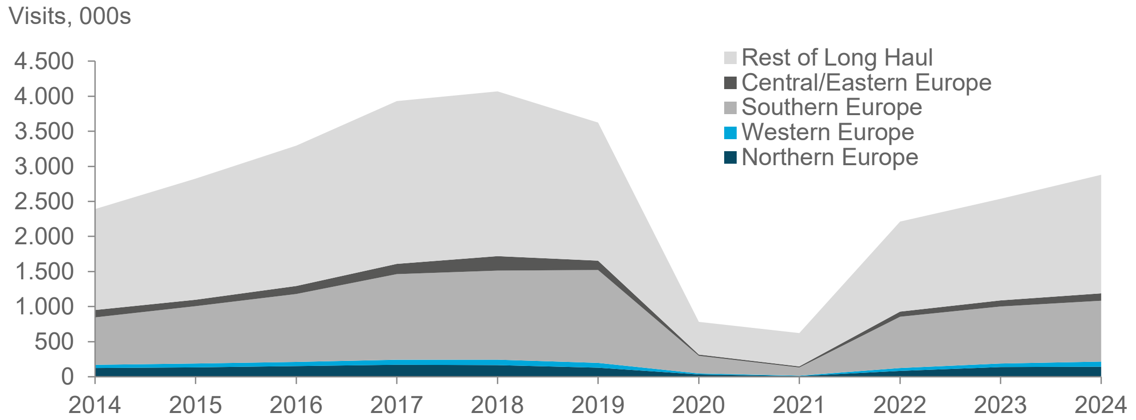
	2023		Growth (2023-28)			Growth (2018-23)	
	000s	Share**	Annual average	Cumulative growth*	Share 2028**	Cumulative growth*	Share 2018**
Total outbound travel	**8,463**	**-**	**7.4%**	**42.7%**	**-**	**-34.6%**	**-**
Long haul	2,537	30.0%	8.1%	47.9%	31.1%	-37.6%	31.5%
Short haul	5,927	70.0%	7.0%	40.4%	68.9%	-33.1%	68.5%
Travel to Europe	**1,090**	**12.9%**	**7.4%**	**42.9%**	**12.9%**	**-36.6%**	**13.3%**
European Union	290	3.4%	30.0%	271.5%	8.9%	-69.0%	7.2%
Northern Europe	138	1.6%	2.2%	11.3%	1.3%	-17.6%	1.3%
Western Europe	51	0.6%	10.9%	67.7%	0.7%	-31.2%	0.6%
Southern Europe	810	9.6%	7.8%	45.6%	9.8%	-36.2%	9.8%
Central/Eastern Europe	91	1.1%	8.8%	52.6%	1.1%	-56.0%	1.6%

*Shows cumulative change over the relevant time period indicated. 2018-23 includes COVID-19 pandemic related declines.

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

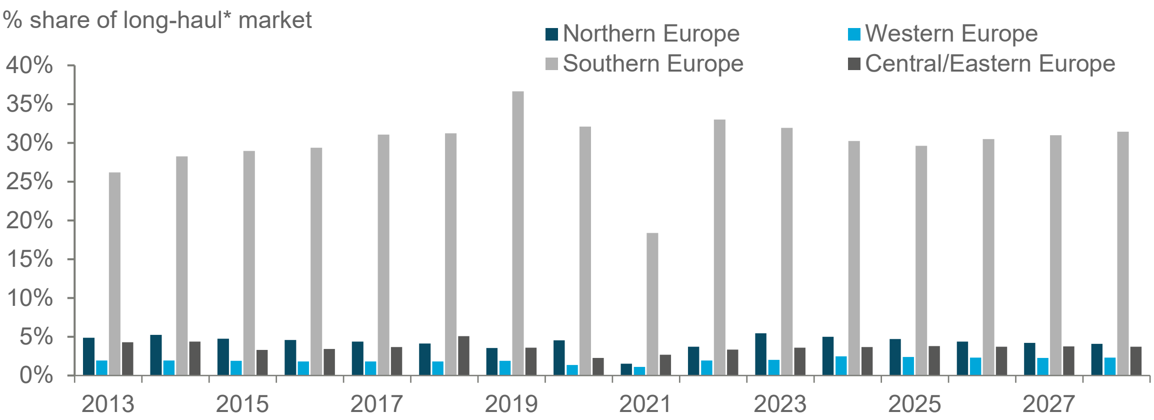
Argentina Long-Haul* Outbound Travel



*Long haul defined as tourist arrivals to destinations outside South America

Source: Tourism Economics

Europe's Share of Argentinian Market



*Long haul defined as tourist arrivals to destinations outside South America

Source: Tourism Economics

Brazil Market Share Summary

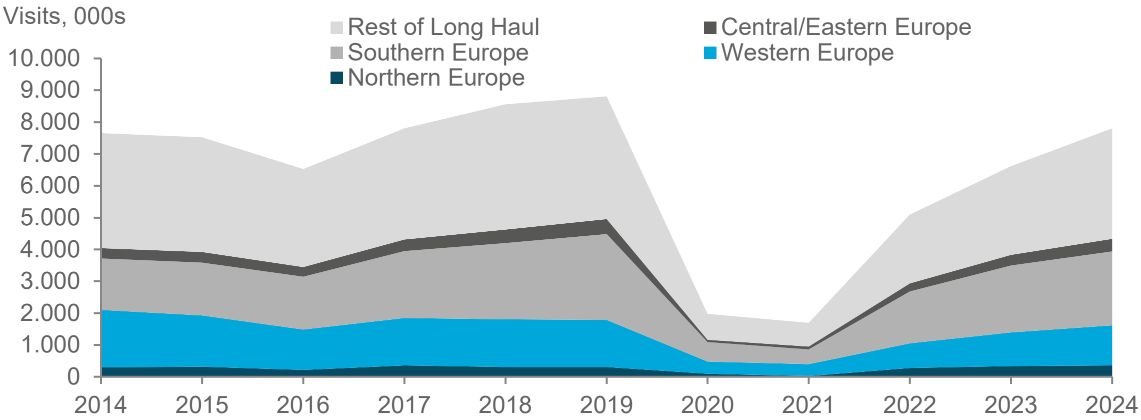
	2023		Growth (2023-28)			Growth (2018-23)	
	000s	Share**	Annual average	Cumulative growth*	Share 2028**	Cumulative growth*	Share 2018**
Total outbound travel	**9,744**	**-**	**8.1%**	**47.9%**	**-**	**-16.7%**	**-**
Long haul	6,613	67.9%	9.1%	54.7%	71.0%	-22.7%	73.2%
Short haul	3,131	32.1%	5.9%	33.5%	29.0%	-0.2%	26.8%
Travel to Europe	**3,830**	**39.3%**	**8.0%**	**47.1%**	**39.1%**	**-17.2%**	**39.6%**
European Union	1,071	11.0%	31.2%	289.4%	28.9%	-70.0%	30.6%
Northern Europe	340	3.5%	2.6%	13.6%	2.7%	12.8%	2.6%
Western Europe	1,051	10.8%	9.7%	58.8%	11.6%	-29.9%	12.8%
Southern Europe	2,105	21.6%	7.8%	45.5%	21.2%	-12.2%	20.5%
Central/Eastern Europe	334	3.4%	9.1%	54.6%	3.6%	-21.9%	3.7%

*Shows cumulative change over the relevant time period indicated. 2018-23 includes COVID-19 pandemic related declines.

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

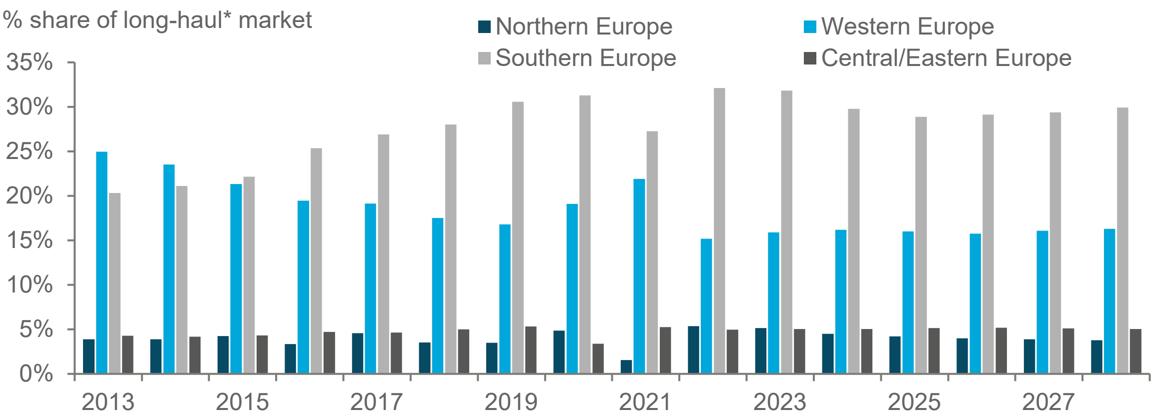
Brazil Long-Haul* Outbound Travel



*Long haul defined as tourist arrivals to destinations outside South America

Source: Tourism Economics

Europe's Share of Brazilian Market



*Long haul defined as tourist arrivals to destinations outside South America

Source: Tourism Economics

India Market Share Summary

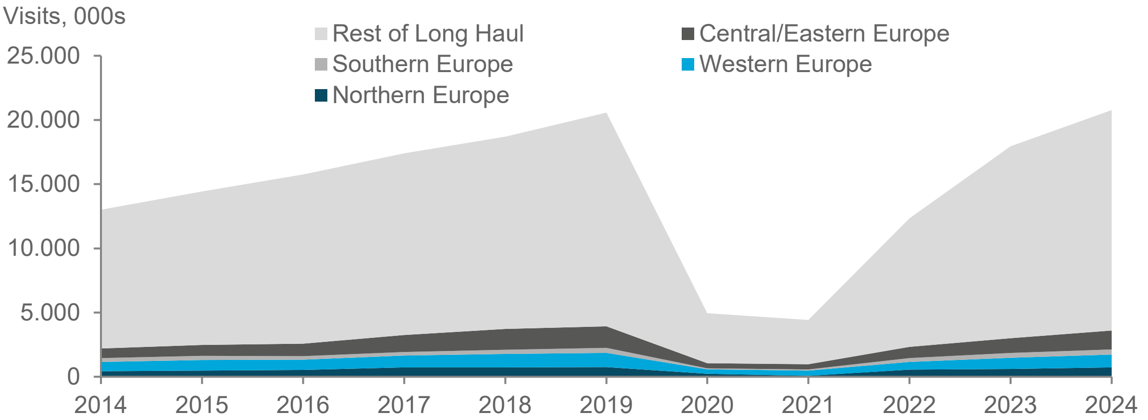
	2023		Growth (2023-28)			Growth (2018-23)	
	000s	Share**	Annual average	Cumulative growth*	Share 2028**	Cumulative growth*	Share 2018**
Total outbound travel	**18,891**	**-**	**10.7%**	**66.0%**	**-**	**-4.2%**	**-**
Long haul	17,943	95.0%	10.9%	68.1%	96.2%	-4.1%	94.8%
Short haul	948	5.0%	4.9%	26.9%	3.8%	-7.0%	5.2%
Travel to Europe	**3,009**	**15.9%**	**9.9%**	**60.6%**	**15.4%**	**-19.2%**	**18.9%**
European Union	626	3.3%	24.1%	194.8%	5.9%	-52.5%	6.7%
Northern Europe	616	3.3%	9.2%	55.3%	3.0%	-15.5%	3.7%
Western Europe	872	4.6%	7.0%	40.0%	3.9%	-17.6%	5.4%
Southern Europe	371	2.0%	6.9%	39.9%	1.7%	20.8%	1.6%
Central/Eastern Europe	1,150	6.1%	13.2%	85.7%	6.8%	-29.5%	8.3%

*Shows cumulative change over the relevant time period indicated. 2018-23 includes COVID-19 pandemic related declines.

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

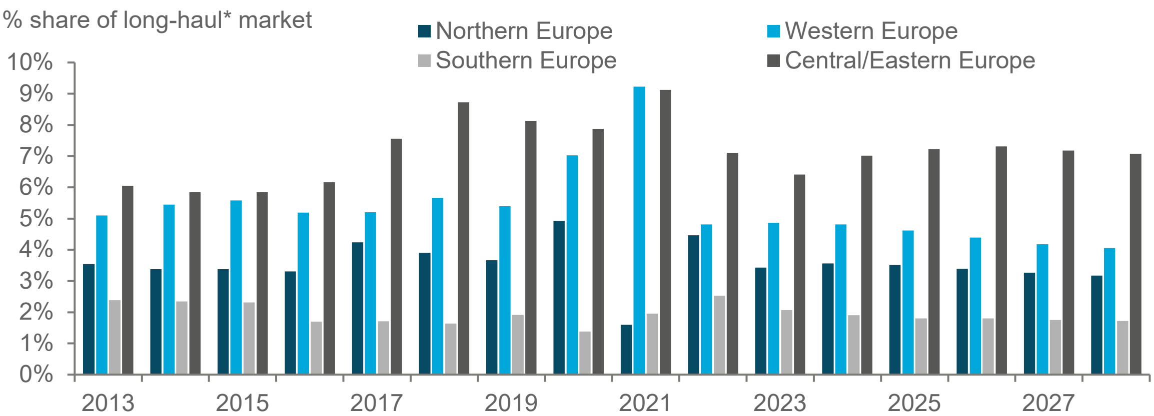
India Long-Haul* Outbound Travel



*Long haul defined as tourist arrivals to destinations outside South Asia

Source: Tourism Economics

Europe's Share of Indian Market



*Long haul defined as tourist arrivals to destinations outside South Asia

Source: Tourism Economics

China Market Share Summary

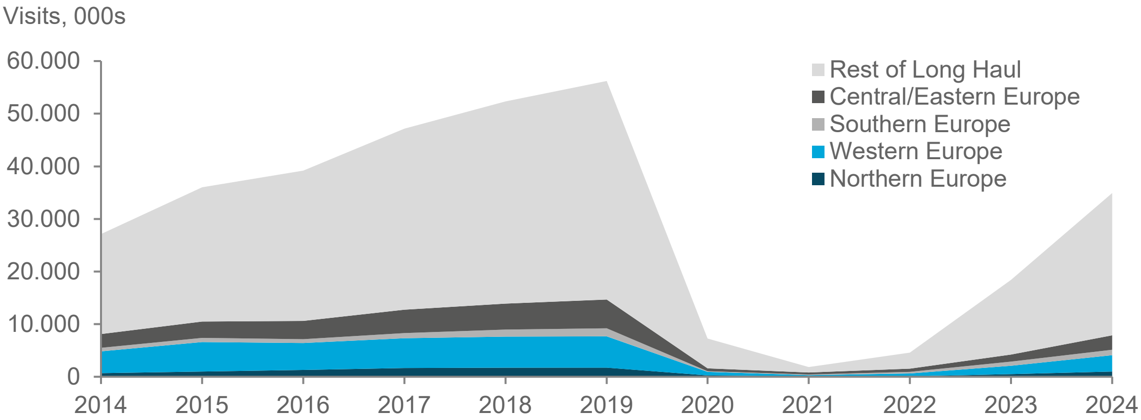
	2023		Growth (2023-28)			Growth (2018-23)	
	000s	Share**	Annual average	Cumulative growth*	Share 2028**	Cumulative growth*	Share 2018**
Total outbound travel	**41,950**	**-**	**28.1%**	**244.6%**	**-**	**-58.6%**	**-**
Long haul	18,389	43.8%	32.2%	304.3%	51.4%	-64.9%	51.7%
Short haul	23,561	56.2%	24.4%	198.0%	48.6%	-51.9%	48.3%
Travel to Europe	**4,238**	**10.1%**	**32.1%**	**301.9%**	**11.8%**	**-69.6%**	**13.7%**
European Union	1,060	2.5%	49.2%	639.6%	5.4%	-83.9%	6.5%
Northern Europe	528	1.3%	34.4%	339.0%	1.6%	-69.0%	1.7%
Western Europe	1,589	3.8%	32.3%	304.8%	4.5%	-73.3%	5.9%
Southern Europe	741	1.8%	19.6%	145.1%	1.3%	-42.9%	1.3%
Central/Eastern Europe	1,379	3.3%	36.2%	368.8%	4.5%	-72.2%	4.9%

*Shows cumulative change over the relevant time period indicated. 2018-23 includes COVID-19 pandemic related declines.

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

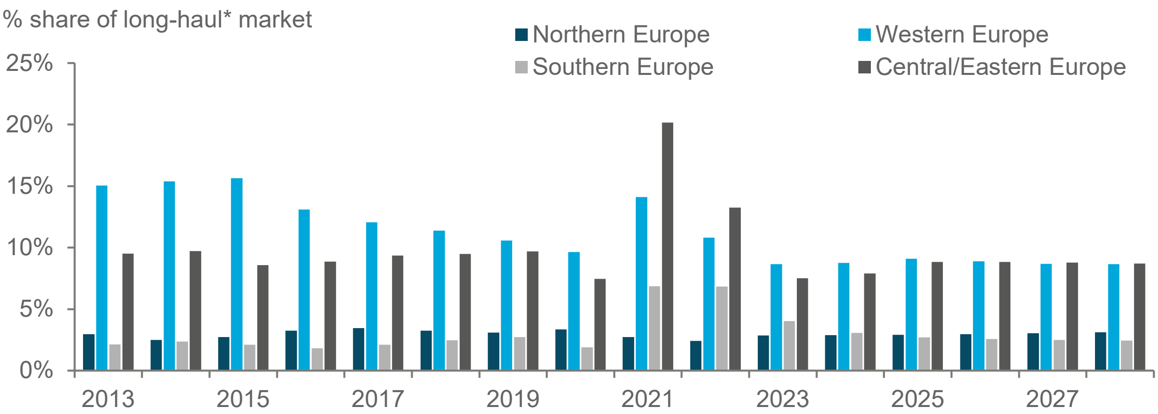
China Long-Haul* Outbound Travel



*Long haul defined as tourist arrivals to destinations outside Northeast Asia

Source: Tourism Economics

Europe's Share of Chinese Market



*Long haul defined as tourist arrivals to destinations outside Northeast Asia

Source: Tourism Economics

Japan Market Share Summary

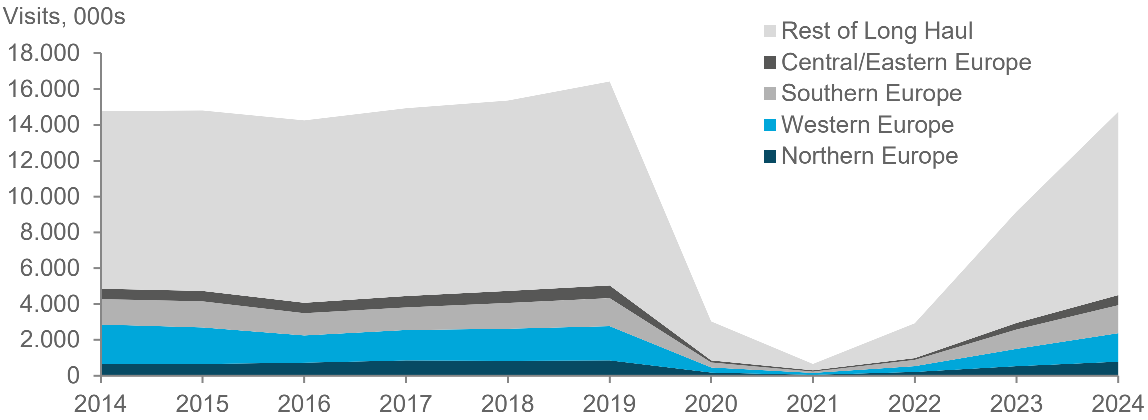
	2023		Growth (2023-28)			Growth (2018-23)	
	000s	Share**	Annual average	Cumulative growth*	Share 2028**	Cumulative growth*	Share 2018**
Total outbound travel	**13,622**	**-**	**20.1%**	**149.8%**	**-**	**-43.3%**	**-**
Long haul	9,159	67.2%	19.9%	147.8%	66.7%	-40.4%	64.0%
Short haul	4,464	32.8%	20.5%	153.9%	33.3%	-48.4%	36.0%
Travel to Europe	**2,939**	**21.6%**	**17.4%**	**122.8%**	**19.2%**	**-37.8%**	**19.7%**
European Union	775	5.7%	44.5%	529.5%	14.3%	-81.6%	17.5%
Northern Europe	520	3.8%	15.9%	108.8%	3.2%	-37.5%	3.5%
Western Europe	966	7.1%	19.7%	145.2%	7.0%	-46.1%	7.5%
Southern Europe	1,099	8.1%	13.0%	84.5%	6.0%	-23.4%	6.0%
Central/Eastern Europe	355	2.6%	24.7%	201.0%	3.1%	-46.7%	2.8%

*Shows cumulative change over the relevant time period indicated. 2018-23 includes COVID-19 pandemic related declines.

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

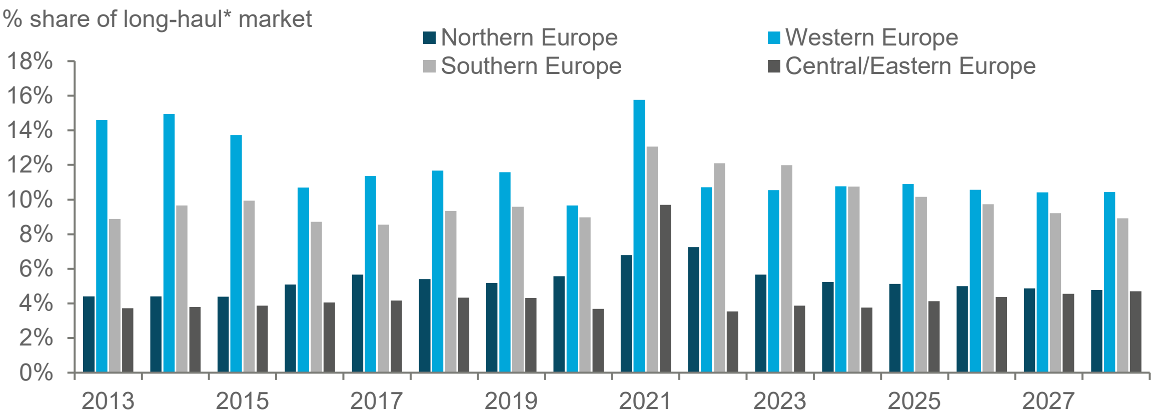
Japan Long-Haul* Outbound Travel



*Long haul defined as tourist arrivals to destinations outside Northeast Asia

Source: Tourism Economics

Europe's Share of Japanese Market



*Long haul defined as tourist arrivals to destinations outside Northeast Asia

Source: Tourism Economics

Australia Market Share Summary

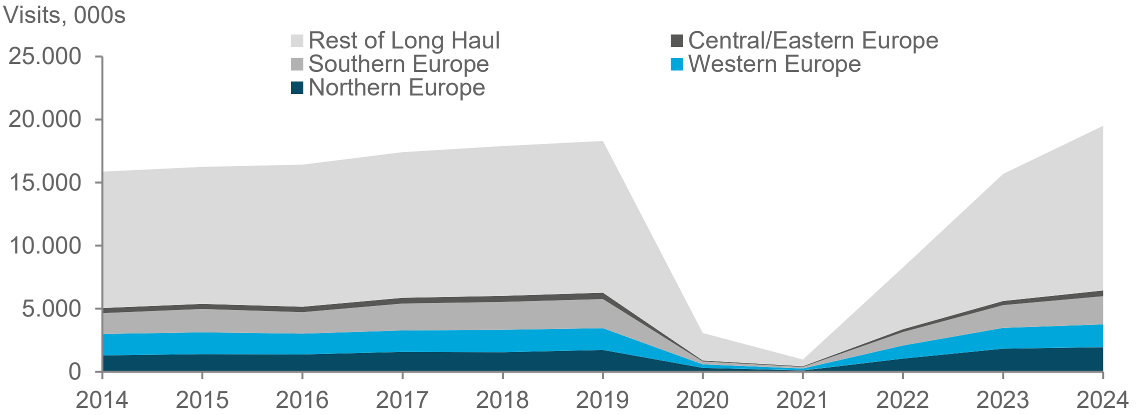
	2023		Growth (2023-28)			Growth (2018-23)	
	000s	Share**	Annual average	Cumulative growth*	Share 2028**	Cumulative growth*	Share 2018**
Total outbound travel	**16,367**	**-**	**11.7%**	**74.1%**	**-**	**-11.7%**	**-**
Long haul	15,678	95.8%	11.6%	73.4%	95.4%	-12.4%	96.6%
Short haul	688	4.2%	13.8%	90.9%	4.6%	9.1%	3.4%
Travel to Europe	**5,626**	**34.4%**	**7.5%**	**43.8%**	**28.4%**	**-6.7%**	**32.5%**
European Union	840	5.1%	50.2%	665.6%	22.6%	-83.2%	26.9%
Northern Europe	1,847	11.3%	3.1%	16.4%	7.5%	18.5%	8.4%
Western Europe	1,633	10.0%	5.5%	30.8%	7.5%	-7.6%	9.5%
Southern Europe	1,795	11.0%	12.3%	78.9%	11.3%	-18.6%	11.9%
Central/Eastern Europe	352	2.1%	11.0%	68.4%	2.1%	-29.3%	2.7%

*Shows cumulative change over the relevant time period indicated. 2018-23 includes COVID-19 pandemic related declines.

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

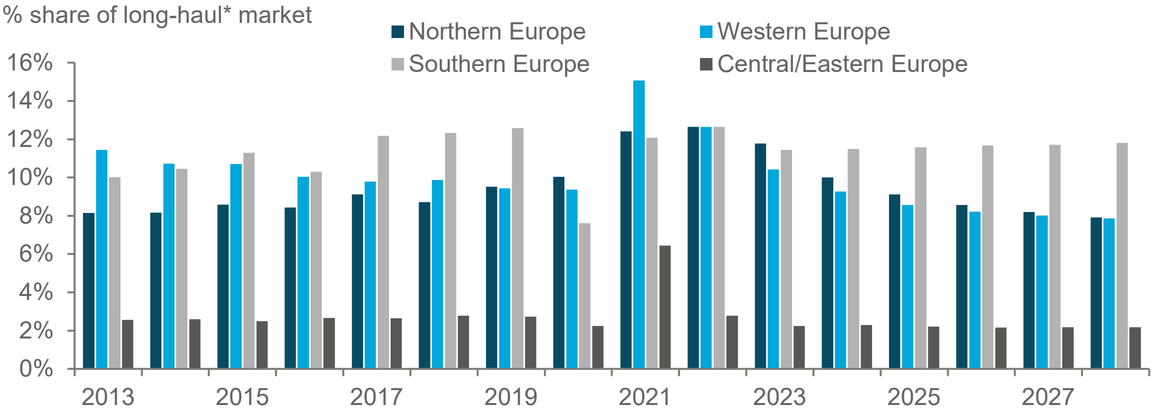
Australia Long-Haul* Outbound Travel



*Long haul defined as tourist arrivals to destinations outside Oceania

Source: Tourism Economics

Europe's Share of Australian Market



*Long haul defined as tourist arrivals to destinations outside Oceania

Source: Tourism Economics

Russia Market Share Summary

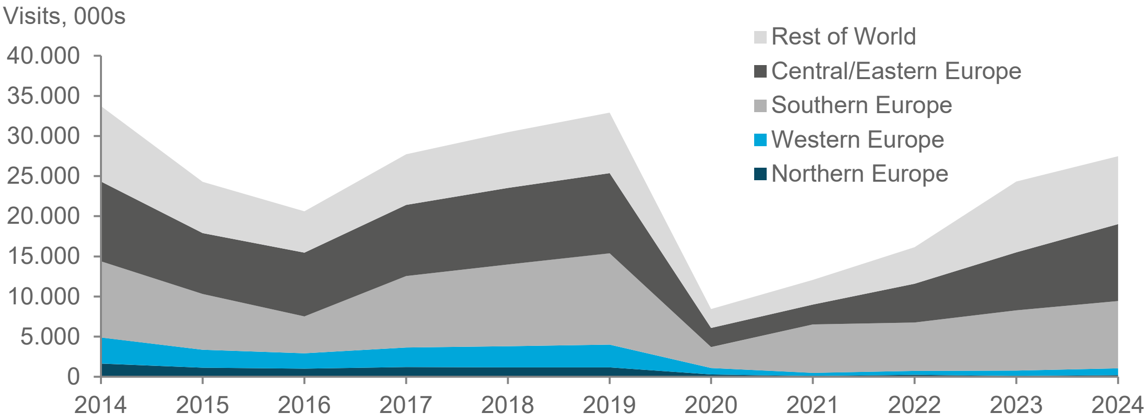
	2023		Growth (2023-28)			Growth (2018-23)	
	000s	Share**	Annual average	Cumulative growth*	Share 2028**	Cumulative growth*	Share 2018**
Total outbound travel	**24,337**	**-**	**11.4%**	**71.6%**	**-**	**-20.1%**	**-**
Long haul	8,832	36.3%	5.6%	31.0%	27.7%	27.5%	22.7%
Short haul	15,506	63.7%	14.3%	94.7%	72.3%	-34.2%	77.3%
Travel to Europe	**15,506**	**63.7%**	**14.3%**	**94.7%**	**72.3%**	**-34.2%**	**77.3%**
European Union	2,240	9.2%	16.0%	109.9%	11.3%	-74.2%	28.4%
Northern Europe	111	0.5%	57.5%	869.1%	2.6%	-90.7%	3.9%
Western Europe	647	2.7%	32.7%	311.2%	6.4%	-75.2%	8.6%
Southern Europe	7,514	30.9%	9.3%	55.7%	28.0%	-26.2%	33.4%
Central/Eastern Europe	7,234	29.7%	15.3%	104.0%	35.3%	-24.4%	31.4%

*Shows cumulative change over the relevant time period indicated. 2018-23 includes COVID-19 pandemic related declines.

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

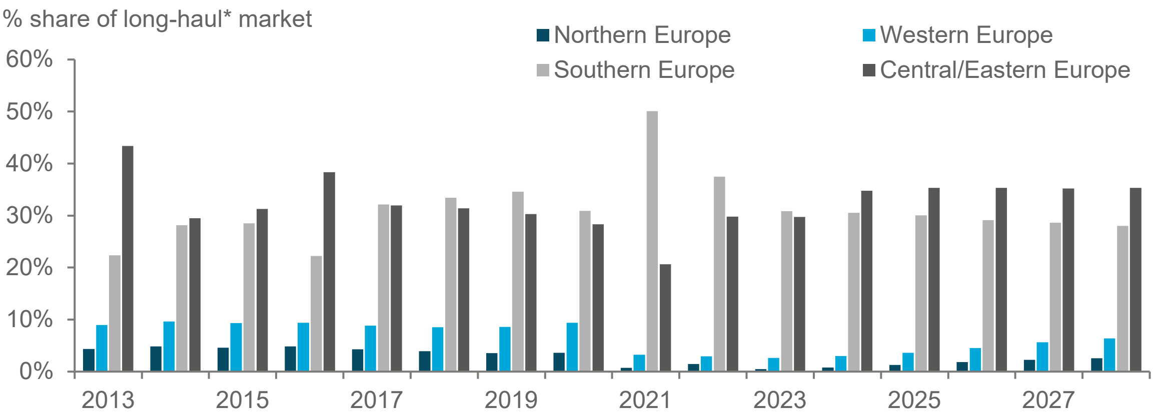
Russia Long-Haul* Outbound Travel



*Long haul defined as tourist arrivals to all destinations

Source: Tourism Economics

Europe's Share of Russian Market



*Long haul defined as tourist arrivals to all destinations

Source: Tourism Economics

United Arab Emirates Market Share Summary

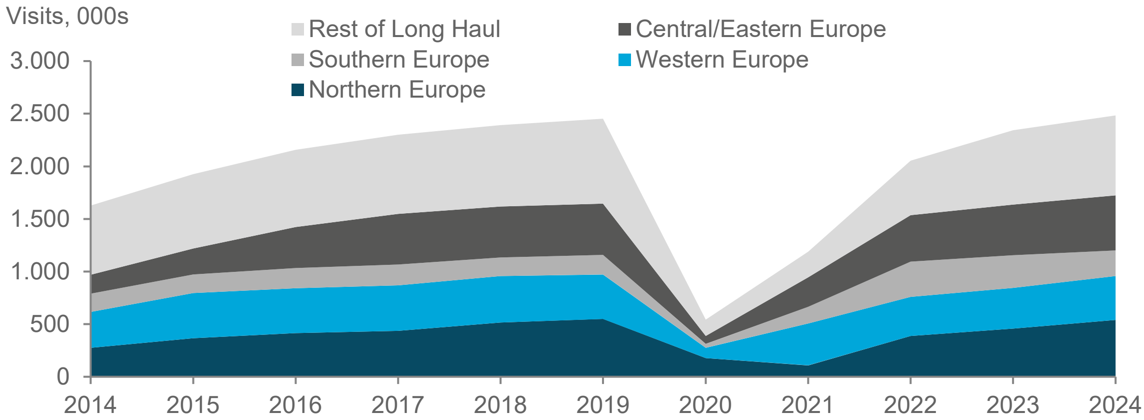
	2023		Growth (2023-28)			Growth (2018-23)	
	000s	Share**	Annual average	Cumulative growth*	Share 2028**	Cumulative growth*	Share 2018**
Total outbound travel	**4,256**	**-**	**7.6%**	**44.1%**	**-**	**15.5%**	**-**
Long haul	2,342	55.0%	4.5%	24.5%	47.5%	-2.1%	64.9%
Short haul	1,913	45.0%	10.9%	68.1%	52.5%	48.1%	35.1%
Travel to Europe	**1,637**	**38.5%**	**3.8%**	**20.8%**	**32.2%**	**1.1%**	**43.9%**
European Union	296	7.0%	30.6%	279.7%	18.4%	-64.1%	22.4%
Northern Europe	457	10.7%	7.1%	41.2%	10.5%	-11.1%	14.0%
Western Europe	386	9.1%	4.6%	25.4%	7.9%	-13.2%	12.1%
Southern Europe	313	7.3%	-2.9%	-13.7%	4.4%	78.7%	4.8%
Central/Eastern Europe	481	11.3%	3.7%	20.0%	9.4%	-0.9%	13.2%

*Shows cumulative change over the relevant time period indicated. 2018-23 includes COVID-19 pandemic related declines.

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

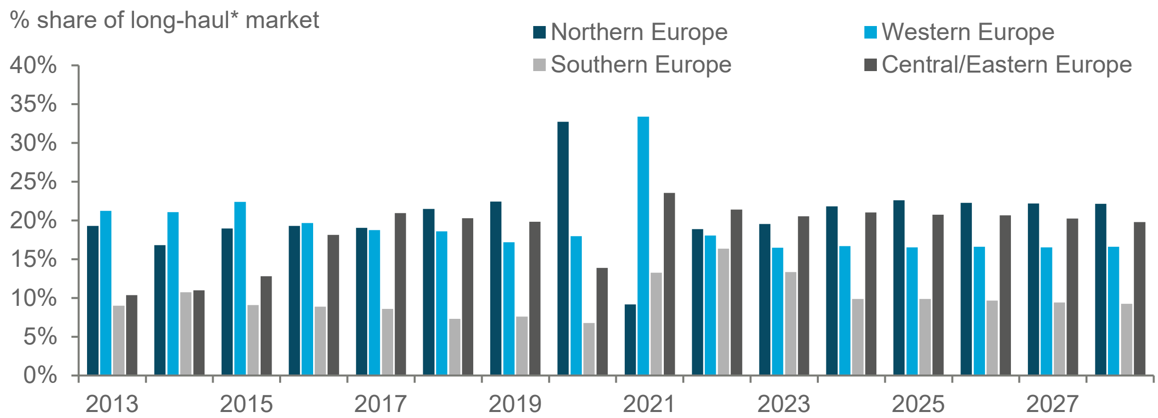
United Arab Emirates Long-Haul* Outbound Travel



*Long haul defined as tourist arrivals to destinations outside Middle East

Source: Tourism Economics

Europe's Share of Emirati Market



*Long haul defined as tourist arrivals to destinations outside Middle East

Source: Tourism Economics

9. ECONOMIC OUTLOOK

Assessing recent tourism data and industry performance is a useful way of directly monitoring the key trends for travel demand across Europe. This can be complemented by looking at key trends and relationships in macroeconomic performance in Europe's key source markets, which can provide further insight into likely tourism developments throughout the year.

The linkages between macroeconomics and tourism performance can be very informative. For example, strong GDP or consumer spending growth is an indication of rising prosperity with people more likely to travel abroad. It is also an indication of rising business activity and therefore stronger business travel. Movements in exchange rates against the Euro can be equally important as it can influence choice of destination. For example, if the Euro appreciated (gained value) against the US dollar, the Eurozone would become a more expensive destination and therefore potentially less attractive for US visitors. Conversely, depreciation (lost value) of the Euro against the US dollar would make the Eurozone a relatively cheaper destination and therefore more attractive to US travellers.

Disclaimer: the opinions expressed in the forthcoming section [Economic Outlook] are those of Oxford Economics ("we, us, our"). They do not purport to reflect the opinions or views of ETC or its members.

OVERVIEW

Recent news still supports Oxford Economics' view that the worst has passed for the global economy. Even so, there remain solid reasons to believe that any pick-up in growth from here will be gradual. Global GDP growth forecast for 2024 has been raised to 2.5%, while the forecast for 2025 is unchanged at 2.8%.

While the outlook for the US has become a little more favourable, forecasts for GDP growth in 2024 in the eurozone and China remain little changed at 0.6% and 4.7%, respectively, which are subdued rates of growth by historical standards. However, easing inflation in the eurozone and fiscal support in China mean that both economies are building a bit of growth momentum on a quarter-by -quarter basis.

CPI inflation should continue to fall back this year, but with services inflation typically slowing less sharply and wage growth remaining relatively high, there remains uncertainty over how quickly inflation will reach target. While there are good reasons to think inflation may be more volatile than in the build up to the pandemic, central banks are likely to keep inflation close to target on average in the medium to long term.

Despite a higher inflation forecast at a global level slightly for this year and next, the revisions are not big enough to warrant any notable adjustment to the path for policy rates. The continued strength of US activity suggests that the Fed will not be in a hurry to lower the policy rate. But policy rates in the US and other advanced economies sit comfortably within restrictive territory, so it is expected that other major central banks will gradually lower rates into less restrictive territory from the middle of this year

The baseline forecast expects three 25bps cuts by the Fed this year, one cut less than the markets are currently pricing in. A slightly faster pace of loosening by the ECB is on the cards due to the weaker economic backdrop and the prospect of below-target headline inflation in H2. Nonetheless, the first rate cut has now been pushed back by one meeting to June.

Summary of Economic Outlook, % change*

	2023					2024				
Country	GDP	Consumer expenditure	Unemploy-ment**	Exchange rate***	Inflation	GDP	Consumer expenditure	Unemploy-ment**	Exchange rate***	Inflation
UK	0.1%	0.3%	4.0%	-2.0%	7.3%	0.5%	0.9%	4.1%	1.6%	2.2%
France	0.9%	0.7%	7.1%	0.0%	4.9%	0.5%	1.0%	7.3%	0.0%	2.6%
Germany	-0.1%	-0.6%	5.7%	0.0%	5.9%	0.0%	1.1%	5.7%	0.0%	1.3%
Netherlands	0.1%	0.4%	3.6%	0.0%	3.8%	1.1%	2.0%	3.6%	0.0%	1.9%
Italy	1.0%	1.2%	7.7%	0.0%	5.6%	0.6%	0.2%	7.8%	0.0%	1.3%
Spain	2.5%	1.7%	12.1%	0.0%	3.5%	2.1%	1.8%	11.5%	0.0%	3.2%
Russia	3.6%	5.6%	3.2%	-21.2%	5.9%	3.0%	1.3%	2.5%	-7.1%	6.9%
US	2.5%	2.2%	3.6%	-2.6%	4.1%	2.4%	2.3%	3.9%	-1.1%	2.8%
Canada	1.1%	1.7%	5.4%	-6.1%	3.9%	-0.3%	0.5%	7.0%	-0.3%	2.5%
Brazil	2.9%	3.1%	8.0%	0.7%	4.6%	0.9%	-0.8%	7.9%	-1.1%	3.9%
China	5.2%	8.1%	3.6%	-7.6%	0.2%	4.7%	5.6%	3.4%	-2.9%	0.6%
Japan	1.9%	0.6%	2.6%	-9.2%	3.3%	0.5%	0.3%	2.4%	-3.3%	1.9%
India	7.7%	3.2%	8.1%	-7.4%	5.7%	6.3%	6.0%	7.9%	-1.4%	4.6%

Source: Tourism Economics based on GEM as of 22.03.2024

* Unless otherwise specified

** Percentage point change

*** Exchange rates measured against the euro. A positive change indicates stronger local currency against the euro and therefore a positive impact on outbound tourism demand. A negative change indicates weaker local currency against the euro and therefore a negative impact on outbound tourism demand.

EUROZONE

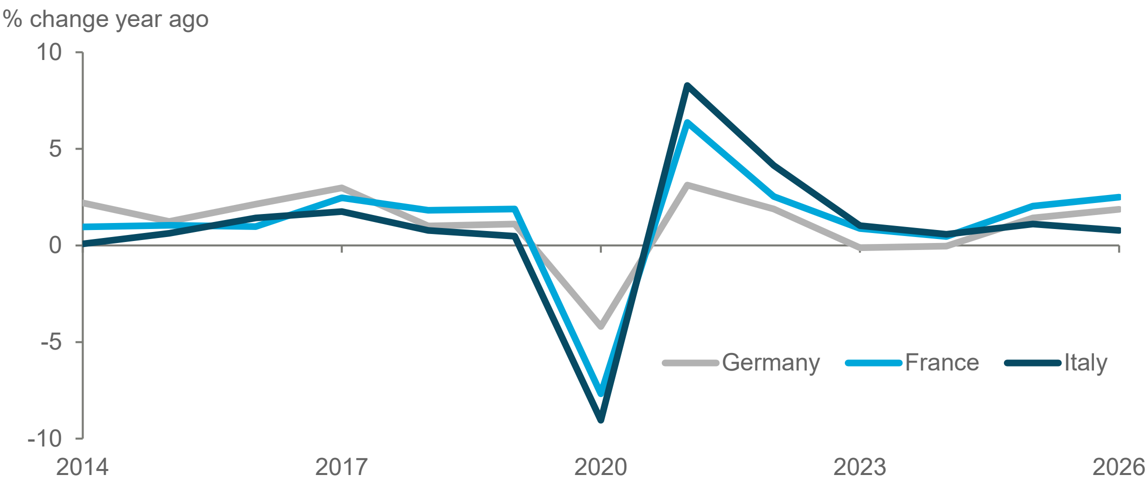
The final eurozone GDP estimate confirmed the economy had stagnated in Q4 2023, barely improving on the 0.1% contraction in Q3. A revision to historical data meant that eurozone GDP grew by 0.4% last year, 0.1ppt lower than previously thought. The positive contribution of government consumption and investment was countered by the drag from stock-building and worsening net exports. The uptick in private consumption had a negligible impact on total growth, although household spending should gradually become more supportive as easing inflation helps real incomes improve.

The eurozone economy has stagnated recently, dragged down by tighter monetary policy, the impact of high inflation on consumers' real incomes, weak external demand, and an industrial recession. Nowcasting models corroborate the tepid near-term expectations and indicate Q1 growth will be slightly positive. Economic activity should improve in H2 as inflation eases and financial conditions improve. As a result, eurozone GDP is set to expand by 0.5% in 2024. Even though incoming hard data on industry is still downbeat, leading indicators suggest a turning point is near. Going forward, a favourable cyclical and structural tailwinds will now take over and industry output should accelerate this year.

Momentum remains sluggish in Q1. Despite an improvement in the PMIs in February, alternative soft indicators show that confidence is rising very gradually. The Economic Sentiment Indicator fell in February, so it is not expected to recover in the near term. Based on this, eurozone GDP will grow by just 0.2% in Q1.

The outcome of the ECB's meeting in March was broadly in line with expectations. The Governing Council used the meeting mostly as a stock-taking exercise ahead of the more crucial April and June meetings, when the policy normalisation process is likely to begin. The meeting outcome supports the recent decision to shift the first rate cut to June, when additional data on wages will be available. However, a significant uptick in services inflation would be required for a delay this even further.

Economic Performance in Key Eurozone Economies, Real GDP



Source: Oxford Economics

UNITED KINGDOM

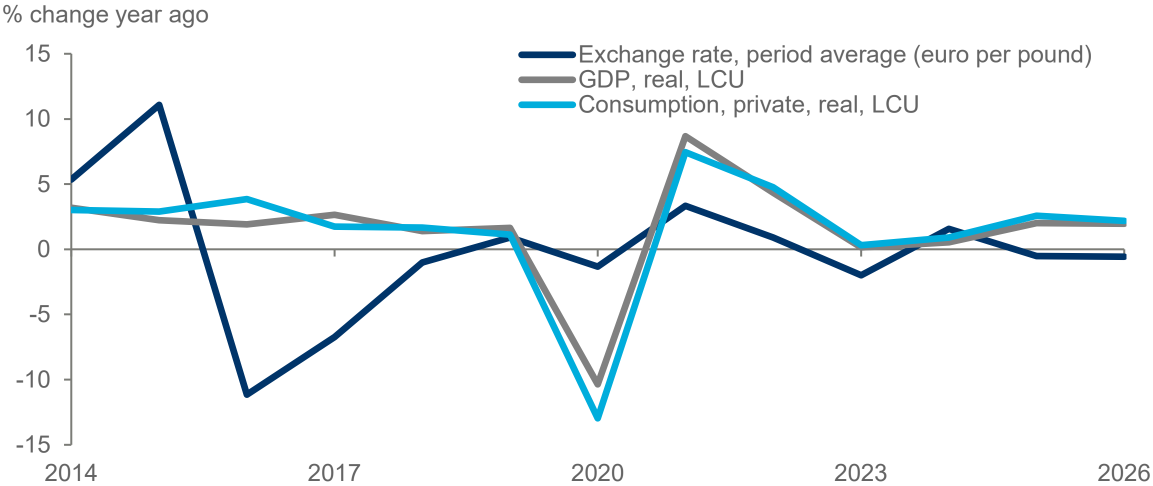
UK GDP growth for 2024 is now set to rise by 0.1%, reflecting carryover effects from weaker-than-expected data for Q4 2023. Along with downward revisions the outturns in September to December, this meant that quarterly output fell by 0.3% in Q4 2023. But this should mark the low point for activity. December's weakness was partly due to a plunge in retail sales, which fully reversed in January.

Business survey data has also strengthened, with the composite PMI reaching a nine-month high in February. The impact of strikes in the health sector likely dampened GDP again in January, but expect momentum will quickly build.

UK inflation will continue to fall sharply in the near term as falling oil and wholesale gas prices will put substantial downward pressure on inflation in the coming months. Food price inflation is drifting downwards, and core goods prices are also softening, this puts inflation on track to return to the BoE's 2% target in April. The loosening of fiscal policy announced in the Budget and a sharp fall in inflation should support real incomes and drive a stronger recovery in activity.

In the Budget, the Chancellor cut the rates of employees' and self-employed national insurance contributions (NICs) by 2p, following a similar cut in November's Autumn Statement. Alongside a sharp fall in inflation, this will offer a short-term boost to household spending power. Still, over the next five years the boost from successive cuts in rates of NICs will only mitigate around half of the drag on household incomes from the long-running freeze on income tax and NICs allowances and thresholds. Furthermore, the Chancellor was forced to announce a series of small-scale tax hikes for 2025 and beyond to remain compliant with his fiscal rules. He also maintained the unfeasibly tight post-election assumptions for government spending. Indeed, by reducing the already-slim margin for error against the main fiscal rule in order to create space for tax cuts and maintaining the very tight spending plans, the Chancellor increased the challenges the next government will face.

United Kingdom Economic Outlook



Source: Oxford Economics

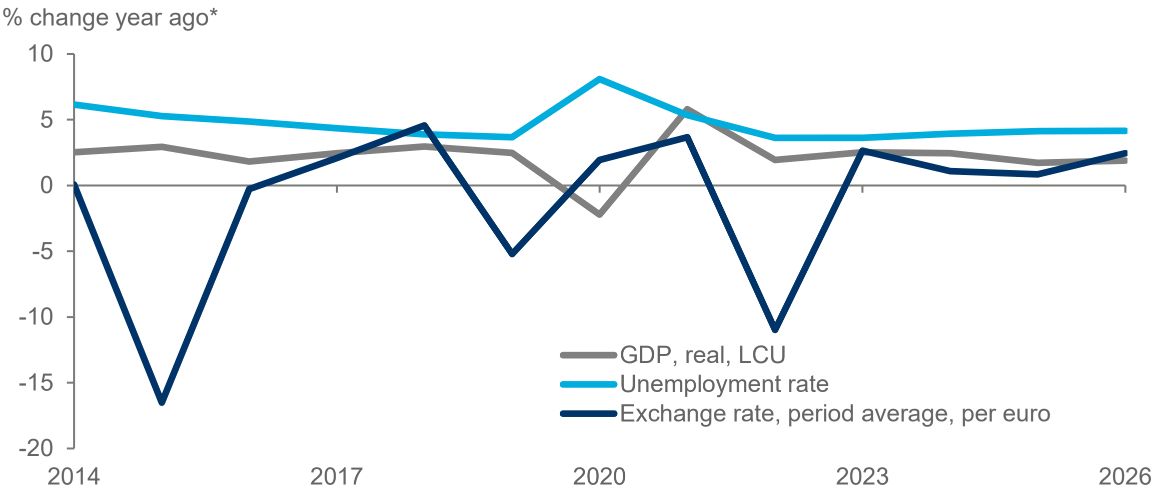
UNITED STATES

The outlook for real GDP growth in the first half of this year has strengthened since last quarter, as consumer spending has shown signs of rebounding after unfavourable weather conditions and a hangover from the holiday shopping season depressed activity in January. Vehicle sales increased in February and tax refunds have jumped recently. The inventory drag also appears to be more modest than previously anticipated. Real GDP is now set to rise 2.4% at an annualised rate in Q1, followed by a 1.5% gain in Q2, resulting in GDP growth of 2.4% for 2024 as a whole.

Inflation was higher than anticipated at the start of this year, but disinflation is still in the pipeline. The rebalancing between labour demand and supply is putting downward pressure on nominal wage growth. This will weigh on core services inflation excluding housing, which is sensitive to the strength of the domestic labour market.

The odds that the Federal Reserve (Fed) will cuts interest rates in May are declining but are not low enough to warrant a change to the forecast. There will be a lot of new data on inflation and the labour market between now and the May meeting of the Federal Open Market Committee. The February consumer price index and PCE deflator will be important for the Fed to assess whether the stronger-than-anticipated gain in inflation recently was a fluke. Pushing the first rate cut from May to June, or even July, would have little implications for the broader economy, including the forecasts for GDP, unemployment, and inflation.

United States Economic Outlook



Source: Oxford Economics *Unemployment rate is absolute

JAPAN

According to the preliminary estimate, GDP shrank by 0.1% on the quarter in Q4 2023, after falling by 0.8% in Q3. Real incomes continued to report a quarterly decline, and consumption dipped by 0.2%. On the other hand, business investment grew by 2%. Exports rose by 2.6%, temporarily driven by services exports.

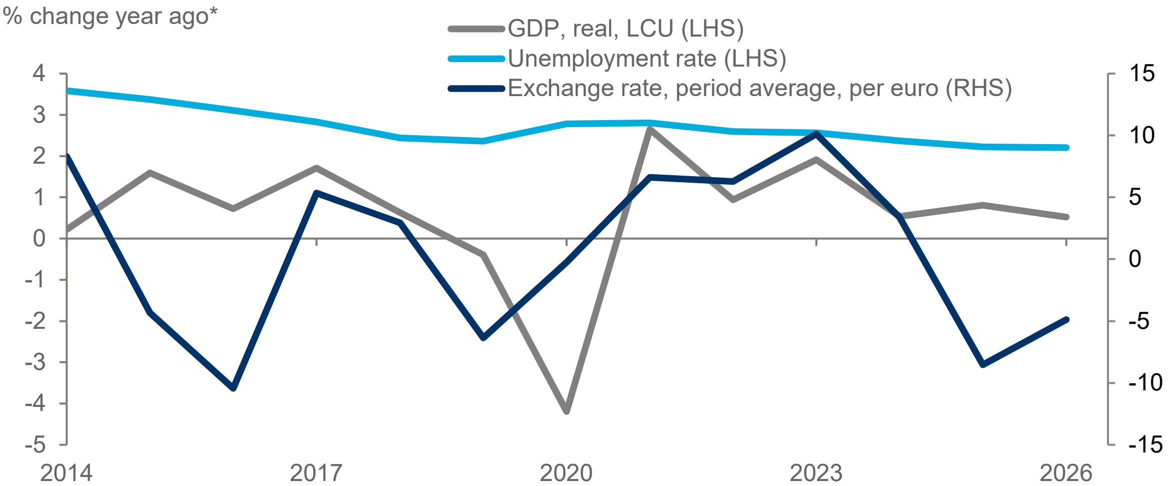
Consumption was weak at the end of 2023 and stayed stagnant in January. Consumption has been increasingly weak as service expenditures have slowed down, suggesting that pent-up demand has faded. But consumption should recover as the strain from cost-push inflation eases, particularly after late Q2, when the spring negotiation pay rise will be reflected in income.

Core CPI (excluding energy and fresh foods) slowed down slightly to 3.5% on the year in January from 3.7% in December. Inflation will continue to recede in the coming quarters as pressures from past supply-driven price rises abate.

The yen trended lower amid declining expectations of an early pivot by the US Federal Reserve. It is expected to stay weak before strengthening gradually from Q2 as the Fed starts to cut rates. The Nikkei 225 reached an all-time high in late February, driven by expectations of robust earnings and improvements in equity returns, particularly among foreign investors.

As a result, GDP to rise by 0.5% this year, a slowdown on last year, reflecting recent weaknesses in domestic demand, particularly in consumption. Although growth momentum will improve gradually, the sluggish external environment and the end of pent-up demand accumulated during the pandemic will constrain the recovery in the coming quarters.

Japan Economic Outlook



Source: Oxford Economics *Unemployment rate is absolute

EMERGING MARKETS

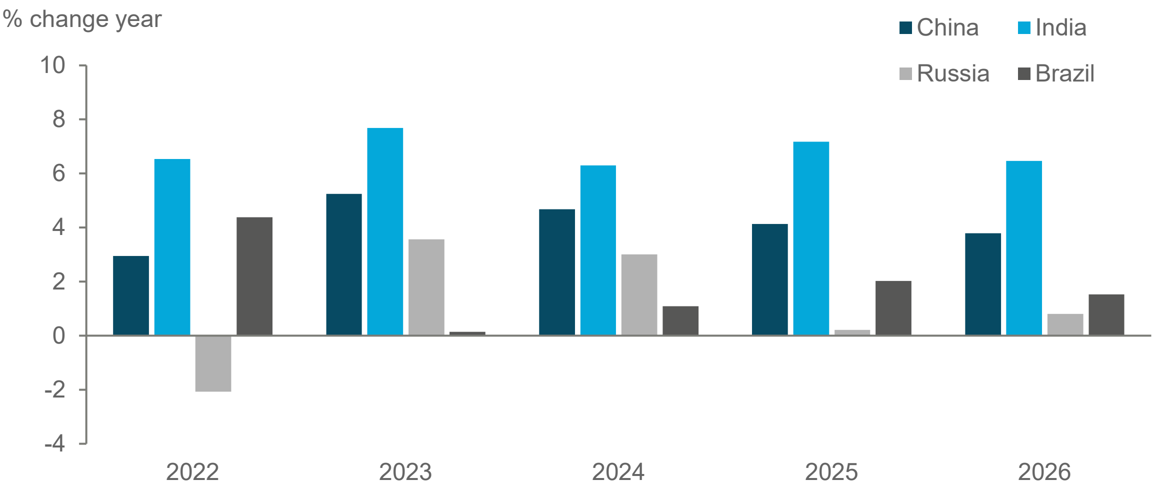
According to the official estimate, the Russian economy expanded by 3.6% last year. It is estimated that annual growth slowed down to 4.7% in Q1 2024 from 5.1% on the year in Q4 2023. Vladimir Putin won the March presidential election with 87% of the votes. There seems no reason to expect major changes to the country's political course or macroeconomic policies under his stewardship during the new six-year presidential term. As a result, 2024 GDP growth is set to rise by 3% on the evidence that growth momentum has remained strong in Q1 despite the stringent monetary policy.

Q4 2023 national accounts showed that the Brazilian economy stalled for two consecutive quarters as the agricultural sector's jump in Q1 normalised after a bumper crop harvest last year. The services and industry sectors cushioned a sharper correction by growing 0.3% and 1.7% respectively on the quarter. GDP growth is set to grow to 0.9% this year, reflecting the January monthly activity release that showed a third consecutive upside surprise driven by the services sector.

Macro activity indicators at the beginning of this year suggest that parts of the Chinese economy continued to stabilise, albeit at varying speeds. Emerging from China’s annual legislative meetings held in early March, authorities pledged to maintain similar economic targets as last year: a fiscal deficit target of 3% of GDP and an inflation target of 3%. GDP growth is set to expand by 4.7%, taking into account more aggressive fiscal and monetary stimulus than previously anticipated.

GDP growth in India is now set to increase by 6.3%, after registering 7.7% growth in 2023. High frequency indicators suggest that consumption picked up some momentum at the start of this year, but labour market conditions remain weak, weighing on household incomes. Investment, the main growth driver in 2023, is set to slow down given the smaller boost from public capital expenditure, while the private investment cycle will likely only revive at a gradual pace.

Economic Growth in Select Emerging Markets, GDP Real



Source: Oxford Economics

APPENDIX 1

GLOSSARY OF COMMONLY USED TERMS AND ABBREVIATIONS

AIRLINE INDUSTRY INDICATORS

ASK – Available Seat Kilometres. Indicator of airline supply, available seats * kilometres flown;
RPK – Revenue Passenger Kilometres. Indicator of airline demand, paying passenger * kilometres flown;
PLF – Passenger Load Factor. Indicator of airline capacity. Equal to revenue passenger kilometres (RPK) / available seat kilometres (ASK);
Xmth mav – X month moving average.

HOTEL INDUSTRY INDICATORS

ADR – Average Daily Rate. Indicator of hotel room pricing, equal to hotel room revenue / rooms sold in a given period;
Occ – Occupancy Rate. Indicator of hotel performance, equal to the number of hotel rooms sold / room supply;
RevPAR – Revenue per Available Room. Indicator of hotel performance, equal to hotel room revenue / rooms available in a given period.

CENTRAL BANKS

BoE – Bank of England;
MPC – Monetary Policy Committee of BoE;
BoJ – Bank of Japan;
ECB – European Central Bank;
Fed – Federal Reserve (US);
RBI – Reserve Bank of India;
OBR – Office for Budget Responsibility;
PBoC – People's Bank of China.

ECONOMIC INDICATORS AND TERMS

BP – Basis Point. A unit equal to one-hundredth of a percentage point;
Broad money – Key indicator of money supply and liquidity including currency holdings as well as bank deposits that can easily be converted to cash;
CPI – Consumer Price Index. Measure of price inflation for consumer goods;
FDI – Foreign Direct Investment. Investment from one country into another, usually by companies rather than governments;
GDP – Gross Domestic Product. The value of goods and services produced in a given economy;
LCU – Local Currency Unit. The national unit of currency of a given country, e.g., pound, euro, etc.;
PMI – Purchasing Managers' Index. Indicator of producers' sentiment and the direction of the economy;
PPI – Purchase Price Index. Measure of inflation of input prices to producers of goods and services;
PPP – Purchasing Power Parity. An implicit exchange rate which equalises the price of identical goods and services in different countries, so they can be expressed with a common price;
QE – Quantitative Easing. Expansionary monetary policy pursued by central banks involving asset purchases to reduce bond yields and increase liquidity in capital markets;
G7 – Group of seven industrialised countries comprising the United States, the United Kingdom, France, Germany, Italy, Canada, and Japan;
SAAR – Seasonally adjusted annual rate.

APPENDIX 2

TRAVELSAT© Sentiment Index & Sentiment Analysis Technology

E-Reputation data is sourced from the TRAVELSAT© Sentiment Index, an advanced social listening-based technique applied to travel and destinations developed by MMGY TCI Research. A proprietary script allows web-crawling posts and social content shared that can influence destination reputation, in direct relation to tourism or from other non-tourism external factors that impact attractiveness for potential visitors (politics, safety, social events, societal, economic context, business, geopolitics...).

The "sentiment" reflects the state of travel brands' online reputation. These are seen through online social conversations at a global level. They are shared by differing media, consumers, companies, citizens, brands and officials on websites, forums, blogs & social networks. While sentiment is not predictive of travellers' planning, a positive e-reputation is essential to generate favourability towards destinations and travel brands, particularly when choosing a destination.

Data are reported as Net Sentiment Scores measuring the balance of sentiment polarity in online social conversations concerning the topic and destinations monitored: % of positive comments - % of negative comments. In this sense, scores range from -100 to +100, where 0 is the middle point balancing an equal number of positive and negative mentions.

The sections on Value for Money and Sustainable Travel are measured through sentiment scores stemming from written reviews from 45 sources (TripAdvisor, Google Reviews, Booking…). In order to calculate the scores MMGY TCI Research uses advanced Sentiment Analysis Technology to detect the positive and negative sentiment towards specific concepts or topics in written reviews. In order to form the concepts, often referred to as "dimensions", keywords or lexicons are detected in the text. The context in which these are used in a review and the polarity of other words in the review are also used in determining the full polarity of the review (Positive, Neutral, or Negative).

Sentiment scores range from 0 to 10, with the lowest score being 0 and the highest being 10. When it comes to sentiment analysis, the score can be seen as the polarity of written reviews that a destination or point of interest has received. In this sense, a score over 5 means that the consolidated polarity of all reviews is more positive than it is negative, with the opposite being the case for scores below 5. A score of 5 will mean an equal proportion of positive and negative polarity.

APPENDIX 3

ETC MEMBER ORGANISATIONS

Austria – Austrian National Tourist Office (ANTO)
Belgium: Flanders – Visit Flanders, Wallonia – Wallonie-Belgique Tourisme
Bulgaria – Bulgarian Ministry of Tourism
Croatia – Croatian National Tourist Board (CNTB)
Cyprus – Deputy Ministry of Tourism, Republic of Cyprus
Czech Republic – CzechTourism
Denmark – VisitDenmark
Estonia – Estonian Tourist Board – Enterprise Estonia
Finland – Business Finland Oy, Visit Finland
France – Atout France
Germany – German National Tourist Board (GNTB)
Greece – Greek National Tourism Organisation (GNTO)
Hungary – Hungarian Tourism Agency Ltd.
Iceland – Icelandic Tourist Board
Ireland – Fáilte Ireland and Tourism Ireland Ltd.
Italy – Agenzia Nazionale del Turismo (ENIT)
Latvia – Investment and Development Agency of Latvia (LIAA)
Lithuania – Ministry of the Economy and Innovation, Tourism Policy Division
Luxembourg – Luxembourg for Tourism (LFT)
Malta – Malta Tourism Authority (MTA)
Monaco – Monaco Government Tourist and Convention Office
Montenegro – National Tourism Organisation of Montenegro
Netherlands – NBTC Holland Marketing
Norway – Innovation Norway
Poland – Polish Tourism Organisation (PTO)
Portugal – Turismo de Portugal, I.P.
Romania – Romanian Ministry of Economy, Entrepreneurship and Tourism
San Marino – State Office for Tourism
Serbia – National Tourism Organisation of Serbia (NTOS)
Slovakia – Slovakia Travel
Slovenia – Slovenian Tourist Board
Spain – Turespaña – Instituto de Turismo de España
Switzerland – Switzerland Tourism
Ukraine – State Agency for Tourism Development of Ukraine (SATD)