Understanding Growth Potential from Long-Haul Travel Markets

A Report for the European Travel Commission

by Tourism Economics (an Oxford Economics Company)

Brussels, August 2016
ETC Market Intelligence Report
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UNDERSTANDING GROWTH POTENTIAL FROM LONG-HAUL TRAVEL MARKETS

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FOREWORD

It is widely acknowledged that tourism is one of the world’s most dynamic economic sectors offering multiple opportunities for growth and development. Europe, as the world’s number 1 tourist destination, has seen growing visitor numbers for the past six years marked by a record figure of more than 600 million tourist arrivals in 2015. While these growth trends have been largely above the region’s forecast long-term trend of +2.7% (2010-2020)\(^1\), new players have entered the global travel market spearheaded by fast-emerging destinations in Asia & the Pacific.

Europe’s market share is therefore expected to decline in the decade to come. European destinations acknowledge the need to remain competitive in a sector that is swiftly adapting to the diverse needs of travellers from both established and emerging markets. A significant measure in this effort is the diversification of the region’s guest mix by targeting potential travellers outside the dominant intra-European markets.

In order to assess investments and to reap the economic benefits of increased volumes and spending from emerging extra-European markets, the European tourism sector is in need of a better understanding of these presumed growth potentials overseas. The European Travel Commission (ETC) commissioned this study in order to investigate the current and future portfolio of extra-European inbound travel and markets’ potential benefits in terms growth, volume and inbound revenue.

ETC Executive Unit

\(^1\) World Tourism Organization (UNWTO)
1. DEMAND FOR EUROPEAN DESTINATIONS

1.1 GROWTH IN GLOBAL TRAVEL DEMAND

European destinations still account for over half of the tourism arrivals in all destinations worldwide, despite strong growth in travel in other regions and to emerging destinations. Global tourist arrivals grew at an average annual rate of 4.2% over the past 20 years while travel to European destinations grew at the slower rate of 3.6% over the same period.

Europe’s share of global arrivals fell from 60% in 1990 to just over 50% in 2015; European destinations are still favoured by today’s travellers. However, this is not surprising as almost half of the global travellers are from Europe, the vast majority of whom are on short-haul trips within the region.

As emerging markets continue to develop, they will account for a larger share of global travel demand, and, following the current patterns of travel, they will primarily favour short-haul non-European destinations. But, even if European destinations maintain their current share of demand from emerging markets, this will drive large increases in visitor volumes, given the large volumes of potential travel from emerging markets.

European destinations should increasingly look to grow demand and market share from key long-haul markets to ensure growth. Demand from short-haul markets will continue to provide the bulk of travel volumes (80% in 2015) and should not be overlooked, but this demand will be less dynamic than that from long-haul markets. This report assesses the growth potential for a range of
different long-haul travel source markets, including both developed and emerging markets.

1.2 EUROPEAN DESTINATIONS

Analysis of source market trends has been carried out for travel to 6 different European geographical regions and sub-regions.

The broadest definition of Europe includes all of the 32 ETC member countries, plus the large non-member countries of France, Netherlands, Sweden and UK. These four countries are all also EU member states and analysis has also been carried out for the EU as a whole.

Travel by source market to four European sub-regions has been analysed. Together, these sub-regions account for all of the countries included in the wider definition of Europe included here.

1.3 LONG-HAUL MARKETS OF INTEREST

Previous analysis of source markets for travel to Europe² looked at all top source markets, including both short-haul and long-haul markets. This study just focuses on the long-haul markets to identify the most important of these in terms of growth potential. Long-haul markets are defined as source markets which are not part of the chosen definitions of Europe as a destination (see above). The likes of Russia and Belarus are therefore counted as long-haul source markets under this definition as they are neither within the EU or ETC members.

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The long-list of markets considered was derived according to current market size; past and expected growth; as well as number of Schengen visa applications to ensure some currently constrained but potentially large markets were included. Key markets considered are listed below. Some, but not all, of the Gulf Cooperation Council (GCC) markets ranked highly in the later analysis, and GCC as a whole was also included since travellers from these six countries have some similar attributes.

<table>
<thead>
<tr>
<th>Algeria</th>
<th>Colombia</th>
<th>Kuwait</th>
<th>Singapore</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>Egypt</td>
<td>Malaysia</td>
<td>South Africa</td>
</tr>
<tr>
<td>Australia</td>
<td>Hong Kong</td>
<td>Mexico</td>
<td>South Korea</td>
</tr>
<tr>
<td>Bahrain</td>
<td>India</td>
<td>Morocco</td>
<td>Taiwan</td>
</tr>
<tr>
<td>Belarus</td>
<td>Indonesia</td>
<td>New Zealand</td>
<td>Thailand</td>
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<td>Brazil</td>
<td>Iran</td>
<td>Oman</td>
<td>Tunisia</td>
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<td>Canada</td>
<td>Israel</td>
<td>Qatar</td>
<td>Ukraine</td>
</tr>
<tr>
<td>Chile</td>
<td>Japan</td>
<td>Russia</td>
<td>UAE</td>
</tr>
<tr>
<td>China</td>
<td>Kazakhstan</td>
<td>Saudi Arabia</td>
<td>USA</td>
</tr>
</tbody>
</table>

1.4 PORTFOLIO ANALYSIS

In subsequent sections, these markets are analysed according to the amount of travel to Europe and also in terms of historic and expected growth. The balance of growth and size is used to identify key source markets. Growth alone is not a sufficient indicator of potential as some more stable but large markets can still provide a large number of visitors and should not be overlooked in any marketing strategy.

The scatter plot below illustrates the framework used for this analysis, comparing market size on the y-axis and growth on the x-axis, with each dot representing a different source market. These plots have been drawn for travel to each of the six European geographies; for visits and overnights; and for trends over the past five years as well as for the coming years. A full set of plots are included in the accompanying annex, while the remainder of this report focuses on the key findings for the different European destinations by market.
Markets to the right of the vertical dashed line in the above chart are growing faster than average. These markets are often eye-catching due to the scale of the growth being seen, but in many cases growth does not translate into any large volumes of additional visitors as the growth is coming from such a low starting point. Such markets are in the lower-right quadrant of the chart. These should be considered as potential markets of interest, but growth needs to be sustained over a number of years to generate significant volumes.

Following a period of sustained growth, markets will move from the lower-right quadrant of the chart to the upper-right quadrant. These larger growth markets provide large numbers of additional visitors, even if some of the growth rates are less striking than for some of the more erratic smaller markets. In recent history, China and India have both graduated from being small growth markets to providing large volumes of additional visitors to Europe.

More mature markets typically lie in the upper-left quadrant as large, but less dynamic, sources of visitors. Such markets should not be overlooked as even modest growth in percentage terms can correspond to large numbers of additional visitors.

Smaller markets in the bottom-left quadrant should not be the focus of any marketing effort for destinations as they will provide few additional visits.
2. EUROPE

Analysis in this section focusses on the broadest definition of Europe in this report including all 32 ETC member countries plus France, UK, the Netherlands and Sweden.

2.1 HISTORIC VISITS GROWTH: 2010-15

The United States was the biggest single long-haul source market for the wider European region with around 25 million arrivals reported in 2015, ahead of Russia and China, which also provided large volumes of visitors. These three markets stand out over the past five years as being very large growth markets and clear outliers in the upper-right quadrant of the scatter chart below. Visitor volumes were well above the average for all markets, while growth was faster than that for total arrivals.

Five other markets also fall into the upper-right quadrant of large growth markets over the past five years: Australia, Israel, Brazil, Ukraine and South Korea. GCC as a whole experienced much faster than average growth, while market size in 2015 was in line with the market average. GCC as a whole is on the brink of falling into the category of being a fast growing large market.

The fastest growing source markets over 2010 to 2015 were the individual GCC markets of Kuwait (28.5% annual average growth), Qatar (25.6%) and Saudi Arabia (21.5%); as well as China (23.6%) and Colombia (22.5%). With the exception of China, these are small markets, providing lower than the average number of visits. Oman was also one of the top-ten growth markets, although the much larger UAE market provided slower growth of around 10%. Annual average growth from Bahrain was also slow (3.8%), hence the relatively slower growth for GCC as a whole. Still GCC as a whole was the ninth fastest growing source market, and the fifth fastest excluding the component GCC markets.
The United States, China and Russia made the largest contributions to growth in visits to Europe over the period 2010 to 2015, accounting for over half of the growth in visitor volumes over this period. This is unsurprising given that these markets are the clear outliers in upper-right quadrant of the scatter plot as very large, fast growing markets. The United States provided the largest contribution, accounting for 22% of the growth in visitors, followed by China (20%) and Russia (12%).

The next largest contributors to growth were the other five large, fast-growing markets (South Korea, Ukraine, Australia, Israel, and Brazil) plus GCC which was on the boundary of that classification. These six markets accounted for over a quarter of visitor arrivals growth over the period.

Canada made a notable contribution to growth (3%), showing the continued importance of large but slower growing markets in the upper-left quadrant. The contribution to growth from Canada was larger than for four of the top five growth markets, and highlights the value of this approach rather than just considering market growth.

Source: Tourism Economics
2.2 HISTORIC OVERNIGHTS GROWTH: 2010-15

Overnights are the preferred measure in the remainder this report as the better indicator of visitor value. Nights are analysed in the same way as visits are above.

As might be expected, the overall pattern is broadly similar to the picture for visits with China an outlier in the upper-right quadrant. But average growth in overnights has been higher than for arrivals over the past five years with some large increases in average length of stay.

Both the United States and Russia have seen stable average length of stay with growth in overnights comparable to that for visits, but at lower average rates than for the market as a whole. As such both markets are in the upper-left quadrant of large, slower growing markets. Trips from Australia to Europe have involved some shorter average length of stay on average and this market is also in the upper-left quadrant of the calculation for overnights.

GCC as a whole is clearly a large, fast-growing market when considering overnights rather than visits due to high average length of stay.

Brazil and Israel are within the upper-right quadrant of large fast growing markets when considering overnights as well as visits. Ukraine and South Korea can be classified in this way for visits, but not for overnights. Low typical length of stay means these markets are in the lower-right quadrant as just fast growing markets.

India is also a large market on the basis of overnights rather than being slightly smaller than average when considering visits. However, arrivals growth from India have been faster than average whereas overnights growth have been moderately slower. Average length of stay by Indian travellers to Europe is high and Indians make a higher contribution to overnights than Chinese tourists, as do total visitors from GCC markets.
Despite US nights growth being slower than average, the largest contribution to European nights growth in the 2010-15 period came from this market. The United States accounted for 22% of all overnights growth from the long haul markets of interest to Europe.

China and Russia made the next largest contributions to growth in European overnights, accounting for 15% and 11% of growth respectively. Combined, these top three markets generated 48% of all growth in tourism overnights over the past five years. This is a lower contribution than they made to visits growth (53%) as other fast growing markets provide longer typical length of stay and make a higher contribution to overnights growth than to visits growth.

The contribution to European overnights growth from GCC and India is much larger than their contribution to visits growth. High average length of stay means that these are larger markets on this definition. As spending and the overall economic contribution of tourism is strongly linked to the number of nights spent in a destination, this is arguably a better definition of the return from markets.

The top 15 long haul source markets accounted for 93% of overnights growth from the 37 long haul markets being considered in this analysis. (Note that this accounts for any double counting of GCC and its member states.)

Brazil and Israel made a significant contribution to growth over the past five years, but some more moderate performance is expected from these markets over the coming years.
2.3 EXPECTED VISITS GROWTH: 2015-20

Over the next five years some moderation in growth is expected from some of the recent outperforming markets. The number of large, fast growing long haul markets should therefore be lower than in the past five years. The United States, Russia, and China remain the outliers in this upper-right quadrant as very large markets, set to experience faster than average growth. Russian trends over the period as a whole hide some volatility, with continued falls and low growth expected in the near-term. This should be followed by recovery as the oil price and the value of the rouble rise, while relationships with European countries are still expected to normalise (the Russian outlook is covered in some more detail in later sections).

Size of top long haul source markets to Europe vs. growth
Number of visits, 2020 (000s)

Australia should also remain a fast-growing, large market over the next five years and should be joined by Japan. Improvement in long-haul travel demand from Japan is anticipated as the yen stabilises and economic growth continues, albeit at a slow rate. European destinations remain popular among Japanese travellers.

Continued economic growth and reform in India will support more rapid travel growth and by 2020 the number of trips to Europe will be almost in line with the market average. With strong longer-term growth prospects India should cement its place as a large, fast growing source market beyond this period.

Travel from Ukraine and Brazil, in general and to Europe in particular, are set to slow, linked to large recessions, albeit for very different reasons. Although these remain large source markets for European destinations, they should not be immediate priority markets. Demand from Israel is also set to slow after several years of very strong growth.

Iran is expected to be among the fastest growing long haul visitor markets in the forecast period, as it emerges from a long period in economic isolation, but it will remain below the long market average in terms of number of visitors

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This relates to average growth for the five years to 2020, including a comparison of expected 2020 performance relative to that in 2015. There is no double counting of 2015 performance in this period.
Europe will welcome by 2020. Visitor growth of almost 6% per annum from Iran are estimated for the five-years to 2020, following falls in the past five years (although nights grew). Iran already has a market of 12 million – mostly domestic – air passengers and there may well be pent up demand for international travel. Tehran’s international airport is being expanded in the biggest ever transport project in the country. There is clear upside potential for Iran as a source market and it may become a large, fast-growing market for European destinations in subsequent years.

**Top long haul source markets to Europe by CAGR, 2015-20**

Growth in visits

The single fastest growing long haul visitor market is expected to be Indonesia, including a continuation of the robust growth trends from the past five years based on solid growth in income and spending, and a clear appetite for travel to Europe. As some of the more recent dynamic markets are set to see more moderate expansion, Indonesia should stand out.

**Top long haul source markets to Europe by contribution to growth, 2015-20**

Source: Tourism Economics

The US is set to be the biggest contributor to visits growth, and should account for almost 40% of additional visits to Europe from all long haul markets of interest.
visits growth, partly due to more moderate growth from some of the more volatile emerging source markets. European arrivals from the US rose from 18.7mn in 2010 to 25mn in 2015: an increase of 6.3mn more visits over the five year period. Over the next five years, US arrivals are expected to rise to over 33mn per year: an increase of 8mn visits.

China and Russia are expected to be the next biggest contributors to visits growth, accounting for 21% and 13% of visits from all long haul markets of interest. The absolute number of additional visitors per annum provided from these markets should be slightly lower than over the past five years in line with some more moderate expansion of income and spending.

In the next five years the top 15 long haul markets will together account for the vast majority of growth in visits to Europe from all long haul markets of interest. Note that this also includes some source markets with a negative contribution to growth – notably Brazil but also Belarus, Kuwait and Egypt.

2.4 EXPECTED NIGHTS GROWTH: 2015-20

The US will be the only major outlier as a large and fast-growing market over the next five years, measured in terms of overnights. Australia, China and India are expected to be the other large, fast-growing source markets in terms of overnights, but do not stand out as much as the US.

Russia is an outlier in terms of market size, with expected growth of just below the market average and still likely to provide a large number of additional overnights to European destinations over the next five years.

China is expected to be the fastest growing long-haul source market of interest, with nights growing by 9.2% on average per year over the period, similar to the expected growth in visits (8.8%) with no real change in average length of stay expected. This is a significant slowdown from more recent trends but still a considerable expansion for a large market.

Size of top long haul source markets to Europe vs. growth

Number of nights, 2020 (000s)

Source: Tourism Economics
Brazil is a notable outlier as demand is falling as a result of the current macroeconomic situation in the country. This is a larger than average market, so this will be a sizable impact on destinations relying on the Brazilian market. This is also a large departure from the recent growth trend.

Outliers have been removed in the next version of the same graph in order to provide a clearer picture for some of the smaller and slower growing markets and the importance of India relative to most other markets is clear in this chart.

**Size of top long haul source markets to Europe vs. growth**

Number of nights, 2020 (000s)

Source: Tourism Economics

Softer growth from GCC markets, related to the current low oil prices, mean that these will fall behind China in the ranking of overnights. However, the large length of stay means that, even with modest growth, GCC markets will make a large contribution to growth over the coming years.

Due to some lower length of stay, Iran is not expected to make as much of a contribution to overnights growth as it is set to make to visits growth. But the clear upside potential remains.

The US is expected to make a very large contribution to European nights growth in the period 2015-20. Over 30% of all overnights growth to the region from the long haul markets of interest is set to come from the US over the next five years.

China, India, Russia, and Australia are all set to make similar, large contributions to growth in overnights of between 8-17% each. These are all larger than average markets, and, with the exception of Russia, are set to grow faster than the average rate as well. Although Russian growth will be only slightly below average this confirms that growth is not the only important metric when assessing potential.

GCC and Canada also show the importance of not discounting large markets even if only tepid growth is expected. These markets are set to make significant contributions to growth in the tourism sector in the coming years, despite some soft anticipated growth.
Top long haul source markets to Europe by contribution to nights growth, 2015-20

- United States
- China
- India
- Russia
- Australia
- GCC
- Saudi Arabia
- Japan
- Canada
- Singapore
- Mexico
- New Zealand
- Colombia
- Chile
- South Korea

Source: Tourism Economics
2.5 RUSSIA OUTLOOK & SCENARIOS

The baseline projections for travel to Europe from Russia represents Tourism Economics’ most likely expected path for travel demand and is based on an assumed recovery in both oil prices and the value of the rouble beginning in 2016. There are emerging signs that the worst of the recession is over with a better-than-expected Q1 performance in Russia. However, 2016 GDP growth is still expected to be negative for the year as a whole and oil prices are still low enough to keep the budget under severe strain, limiting Russia’s policy options. Economic growth is expected to resume in 2017 with anticipated growth in GDP, albeit not by enough to offset the falls in prior years. This baseline outlook is also dependent on the assumptions that European sanctions diminish and are removed in the near-term as relations normalise.

These developments which will ensure international travel becomes more affordable for Russian tourists again, while appetite for travel to European destinations in particular picks up. But improvement in Russian travel to European destinations will be relatively modest at first with only 5.5% growth expected in 2017 rising to an average growth of just around 8.5% per annum in subsequent years. This growth would not be sufficient to regain previous peak levels by 2020; expected 2016 arrivals are 27.5% lower than the 2013 peak levels.

The modest baseline growth outlook can be compared against a counterfactual outlook which was compiled in early 2014 before the ongoing Ukraine crisis and before the falls in the oil price. This shows how far travel has fallen and what has been lost to date from this key markets. Even if travel to Europe recovers the 2013 peak in 2020, this volume of travel is more than 30% lower than the level which would have been expected before recent developments took hold.

Divergence of Russian outbound scenarios

No. of Russian visits to Europe (000s)

Two alternative downside forecasts have also been calculated. These include a downside case and a worst case. Upside risks are evident and growth could of course turn out to be faster than the baseline, but risks are skewed to the downside in the general outlook, and in particular for Russia.
The downside case is based primarily on an alternative set of economic assumptions, and notably the impact of a sharp downturn in global economic activity triggered by a hard landing and collapse in investment activity in China. This would significantly reduce both oil demand and oil prices which would further impact on the value of the rouble and both extend and deepen the current recession in Russia. Some additional losses in market share are also expected for Europe in this scenario as sentiment would remain low under an assumption of continued sanctions beyond the baseline expectation.

**Russian outbound scenarios**

<table>
<thead>
<tr>
<th>% change year ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
</tr>
<tr>
<td>-50%</td>
</tr>
<tr>
<td>-40%</td>
</tr>
<tr>
<td>-30%</td>
</tr>
<tr>
<td>-20%</td>
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<tr>
<td>-10%</td>
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<tr>
<td>0%</td>
</tr>
<tr>
<td>10%</td>
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<tr>
<td>20%</td>
</tr>
</tbody>
</table>

Source: Tourism Economics

Under this downside scenario, Russian outbound travel from Russia will fall further and travel to Europe will drop an additional 18% in 2016 with a further modest fall in 2017 before growth restarts. This follows a recorded fall of 22% in 2015 and compares to an expected 5% drop in 2016 in the baseline outlook.

The worst case outlook assumes a further major deterioration in sentiment between Russia and all European nations if not full conflict. Calculation starts by identifying Turkey as the European destination with largest falls to date from Russia, unsurprising given recent tensions between the two countries following the downing of the Russian jet by Turkish troops. It is assumed that Russian arrivals in Turkey continue on their current trajectory and then remain flat into 2017. The same peak-to-trough fall is then applied to all other European destinations by 2017 by adding additional negative factors over the downside growth rates.

The worst case scenario sees a much larger fall potential fall in arrivals for 2016 of almost 40%, followed by a further 20% drop in 2017. Coming after falls in both 2014 and 2015, this is a cumulative drop in Russian travel volume of over 60% between the peak and trough years.

The region of Europe that would be most impacted by the realisation of the worst case scenario in percentage terms is Central & Eastern Europe, which would stand to lose more than half of the expected number of visitors by 2020 relative to the baseline outlook. In absolute terms Southern & Mediterranean Europe stands to lose the greatest number of arrivals should the worst case come to fruition, with 2020 expected to yield more than 5m fewer visitors per annum compared to the baseline projection.
Understanding Growth Potential from Long Haul Travel Markets

Impact on Russian arrivals in 2020 compared to baseline by region

% of arrivals lost compared to baseline

-60%  -50%  -40%  -30%  -20%  -10%  0%  10%

Europe  EU28  Northern Europe  Western Europe  Southern & Med. Europe  Central & Eastern Europe

Source: Tourism Economics

Total arrivals from Russia by scenario, 2016 vs. 2020 (000s)

<table>
<thead>
<tr>
<th>Region</th>
<th>Baseline</th>
<th>Downside</th>
<th>Worst case</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2016</td>
<td>2016</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>2020</td>
<td>2020</td>
</tr>
<tr>
<td>Europe</td>
<td>13,313</td>
<td>11,477</td>
<td>8,590</td>
</tr>
<tr>
<td></td>
<td></td>
<td>14,694</td>
<td>8,390</td>
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<td>EU28</td>
<td>13,313</td>
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</tr>
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<td></td>
<td></td>
<td>14,694</td>
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<tr>
<td>Northern Europe</td>
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<td>894</td>
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<tr>
<td></td>
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<tr>
<td>Western Europe</td>
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<tr>
<td></td>
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</tr>
<tr>
<td>Southern &amp; Med. Europe</td>
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<td></td>
<td>3,693</td>
<td>2,023</td>
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</table>

Source: Tourism Economics
3. REGIONS OF EUROPE

Analysis in this and subsequent sections includes a focus on expected trends over the next five years for overnights rather than visits as the best indicator of visitor value. Any key differences in results between nights and visits will be mentioned and a full set of charts and tables are available in the accompanying annex.

3.1 EU28

The historic and expected pattern of visits and nights by market is largely comparable for the EU and for wider Europe, and the US remains the stand-out large and fast-growing long-haul source market. However some differences in relative performance have been evident over history with further differences expected over the next five years.

Russia is a notable stand-out market for the EU, as it was for wider Europe, providing a large number of visits and overnights to destinations, and in increasing numbers. Over the next five years, travel to the EU should grow faster than to Europe as a whole; travel to Turkey will lag other European destinations and act as a drag on the region.

China, India, and Australia will also remain large and growing markets. However, lower growth from GCC markets than in the recent past is expected; this is a composite picture balancing strong growth in Saudi Arabia against a weaker picture in Oman and the United Arab Emirates.

Brazil remains a notable outlier on the downside as demand is expected to fall over the next five years. This is a larger than average market, and there will be a sizable impact on destinations relying on that market; a very marked change from recent growth trends.

Slower growth is also anticipated from Israel, after recent rapid growth which was ahead of the trend suggested by economic drivers. Nights growth from Israel is set to be well below average, while the market is slightly smaller than average.
Understanding Growth Potential from Long Haul Travel Markets

New Zealand stands out on the upside as a growth market; as do Saudi Arabia, Chile and Thailand, albeit to a lesser extent. However, these markets will remain relatively small. Iran is also likely to remain a small market for EU, but with some faster than average growth, and long-run potential is evident. Outside the EU, Turkey will remain a popular market for Iranian travellers in the near-term, partly due to easy transport linkages.

India & China remain large growth markets, while GCC is still important.

Russia remains an important market for the EU despite slower growth and some clear risks.

Size of top long haul source markets to EU28 vs. growth
Number of nights, 2020 (000s)

Source: Tourism Economics

The US should make a larger contribution to growth in overnights over the next five years than it did over the past five years, similar to the trend observed for Europe as a whole. The US made the largest contribution to EU growth in the period 2010-15, accounting for 23% of all overnights growth from the long haul markets of interest to the region. Over the next five years the US is forecast to provide over 30% of all overnights growth to the region from the long haul markets of interest.

Top long haul source markets to EU28 by contribution to nights growth, 2015-20

Source: Tourism Economics

China made the second largest contribution to growth over the past five years, accounting for 15% of overnights growth, and it should maintain this position over the next five years, but other markets are making up ground.
3.2 NORTHERN EUROPE

Note that this definition covers Denmark, Finland, Iceland, Ireland, Norway, Sweden and the UK.

The US is out on its own as a long-haul source market for Northern Europe, providing more than twice as many overnights as the second largest long-haul market of Australia. Even though growth from the US is only slightly higher than average in terms of recent trend and expectation, it will provide the greatest contribution to overnights growth.

Australia is also an outliers as a large and fast-growing market for travel to Northern Europe. Accelerating growth from Australia means this market has moved from being in the upper-left quadrant in the past five years to the upper-right for the coming years.

Growth from GCC markets will slow, but they remain large, helped by high typical length of stay on travel to Northern Europe.
Australia stands out more clearly as a source market in terms of nights compared to visits due to high average length of stay on trips to Northern European destinations. It should make the second largest contribution to growth in overnights in coming years. Australia should also make the second largest contribution to visits growth, but accounting for a smaller proportion of growth.

India, China, and Canada should be the remaining large, fast-growing markets for overnights to Northern Europe. India is the largest of these markets and with continued robust economic growth which should drive a pick-up in travel growth. Indian growth is not anticipated to be as strong as for China, despite the slowdown from that market. But relative size means that India will overtake China in terms of contribution to growth in overnights, also helped by high average length of stay.

Travel from GCC is also slowing, related to economic slowdown and the lower oil price, but this remains a large market for travel to Northern European markets, helped by some high length of stay. GCC made the third largest contribution to growth over the past five years and will still make a significant, albeit diminished, impact in coming years.

A number of markets still reside in the smaller but faster growing quadrant, including South Korea, Japan, Saudi Arabia, and Iran. Growth in all of these markets, with the exception of Iran, will be sufficient for these markets to be among the top contributors to overnights growth. Iran and Japan are expected to grow at a similar rate per annum, but the relative size difference means that they make a different contribution to overall growth, again showing the importance of assessing market size as well as growth.
3.3 CENTRAL & EASTERN EUROPE

*Note that this definition covers Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, and Slovakia only.*

Russia remains on its own as the clear largest market for travel to Central & Eastern Europe accounting for more than double the number of overnights as the US, which is the second largest market. Russian visits to Central & Eastern Europe are only slightly higher than visits from the US; higher average length of stay by Russian travellers helps the overall impact in these markets.

The United States is also a notable outlier as a large and fast-growing market. Together, Russia and the US will account for the bulk of growth in arrivals and overnights over the coming years.

China is the final large and fast growing market looking ahead over the next five years but will account for less than 10% of the growth.

Significant growth in travel to Central & Eastern European markets in recent years came from the large source markets of Ukraine and Israel. Both markets remain large but growth has diminished more recently. Travel from Israel performed faster than suggested by economic drivers in recent years and slower growth is a reversion to more normal trends. Travel from Ukraine is falling in response to recession, and a weaker currency as well as the political situation.

Travel to Central & Eastern European destinations from other source markets, such as Belarus, South Korea and Egypt are also falling having grown in recent years. These falls accentuate the positive contributions from the large growth markets.

Japan should remain a slower than average growth market for these destinations. But as a larger than average market it is estimated that it will make the fifth largest contribution to growth in coming years.
Only a small number of markets sit within the smaller but faster growing quadrant, and notably including Indonesia which is expected to grow at an annual average rate of 10% in coming years.

Top long haul source markets to Central & Eastern Europe by CAGR, 2015-20

Growth in nights

Other small but fast growing markets include India, South Africa, Chile, Hong Kong and Iran. However, growth of these markets will lag that for the much larger markets of Russia and the United States. These smaller markets will only make small contributions to overall growth for Central & Eastern European destinations.
Understanding Growth Potential from Long Haul Travel Markets

3.4 WESTERN EUROPE

*Note that this definition only includes Austria, Belgium, France, Germany, Luxembourg, the Netherlands, Monaco and Switzerland.*

The US, India, China and the aggregated GCC source markets are the clear outliers for Western European destinations as large and fast-growing source markets. These markets will provide a large proportion of growth to Western European destinations.

**Size of top long haul source markets to Western Europe vs. growth**

Number of nights, 2020 (000s)

Source: Tourism Economics

Saudi Arabia can also be seen as a large and fast-growing market in its own right and will provide a large proportion of the GCC growth. UAE is also a large market for travel to Western Europe, involving high average length of stay, but is not as dynamic as Saudi Arabia.
Japan completes the set of large and fast-growing markets for Western Europe, but it is only just above average size while other markets are set for faster growth. For example, Singapore is a slightly smaller than average market, but is typically faster growing, with a more stable economic background.

Brazil is an outlier on the downside, with some large falls in travel demand, having made the fourth largest contribution to overnights growth in the past five years.

Israel and Russia will also make less of a contribution to overall growth in coming years, with some falls in travel, and set for more moderate growth on average in coming years.

**Size of top long haul source markets to Western Europe vs. growth**

Number of nights, 2020 (000s)

![Chart showing size and growth of top long haul source markets to Western Europe](chart)

Source: Tourism Economics

Indonesia is expected to be the second fastest growth market after Saudi Arabia, but is much smaller than average and overall contribution will be low. Singapore is in the same quadrant, but is a larger market, with slower growth and will make a larger contribution to growth than Indonesia. Colombia and Mexico are also fast growing small markets which will make some notable contribution to Western European growth in coming years; these markets will make more of a contribution to overall performance in coming years than in recent past following some sustained growth. But further growth is required into the longer-run for these markets to make more significant impacts.
China was the largest contributor to Western European nights growth over the past five years, followed by the US, India, and Brazil. These top four markets accounted for over half of the growth in overnights from the long-haul markets. China should still make the largest contribution in the coming years, but other top markets will change; with GCC set to overtake Brazil. The contribution to growth from the combined GCC markets will rise as sustained growth is increasing the importance of this market, while other markets will slow. Falling demand from Brazil means this market will drop out of the ranking off top markets.

Indonesia is the fastest growing source market, but remains very small and further growth into the long-run is required for significant impacts on travel demand.
3.5 SOUTHERN & MEDITERRANEAN EUROPE

Note that this definition refers to Croatia, Cyprus, Greece, Italy, Malta, Montenegro, Portugal, San Marino, Serbia, Slovenia, Spain and Turkey.

Russia was the largest contributor to Southern & Mediterranean nights growth over the past five years. Falling travel to some destinations in this sub-region, and notably Turkey, with only modest growth prospects, means that Russia is of some lower importance than in previous years. But it remains the largest source market in terms of both overnights and arrivals, and with some higher average length of stay than the US as the second largest market. Even with modest annual average growth in the next five years, Russia will provide a large contribution to growth in the sub-region.

The United States and China also stand out as high-growth large markets for travel to Southern & Mediterranean Europe. Over the past five years these were the second and third largest contributors to growth in visits and overnights for Southern & Mediterranean European countries. The US is expected to be the largest contributor to nights growth in the region in the coming years.

Mexico, GCC, Australia and Japan are some other large markets for travel to Southern & Mediterranean Europe which will only see modest growth in coming years. All of these markets will make some significant contribution to growth due to their market size.

Ukraine and Singapore are also just above the average market size and will make some positive contribution to growth, despite some modest growth in travel to Southern & Mediterranean Europe.

By contrast, travel from Brazil is falling significantly to this sub-region, while it has traditionally been a smaller than average market. Brazil is therefore an outlier on the downside, similar to Argentina with little benefit expected in the near-term.
Bahrain and Chile are amongst the fastest growing markets for Southern & Mediterranean European destinations and will make a notable contribution to the sub-region’s growth performance. Chile will make the largest contribution out of the two due to its relative size.

Iran is another small growth market which will make some notable impact on overall growth, as Turkey remains a preferred market for Iranian travellers as the market opens up after years of relative isolation. However, average length of stay for Iranian travellers is low and the impact on arrivals will be higher than for overnights; Iran is set to make the third largest contribution to arrivals growth in this sub-region.
US and Russia are the most important source markets for Southern & Mediterranean Europe.
4. KEY SOURCE MARKETS

15 key markets have been selected as offering the best prospects for travel to Europe in the next five years, based on both recent and expected performance, with greater weight placed on the emerging trends.

Key source markets fall into one of three categories:

1. Established markets
2. Other large markets
3. Growth markets

In addition to these groups, some underperformers are also highlighted as being previously identified as potential growth markets, but which are expected to disappoint in coming years.

To aid in the selection of top source markets they have been ranked according to the contribution to growth for each European geography, indicator and time period. A weighted average was calculated which included equal weight on visits and overnights; a higher weight on the coming years than on past trends; higher weight on the wider European geographies.

4.1 ESTABLISHED MARKETS

The top seven markets in the combined ranking of contribution have been identified as established markets. These all scored highly in rankings for recent years and for the coming years. They are all typically large, growth markets, and for more than one of the European geographies considered.

Recommended Markets for Study

<table>
<thead>
<tr>
<th></th>
<th>Combination Rank</th>
<th>Historical Rank, 2010-15</th>
<th>Forecast Rank, 2015-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>China</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Russia</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>India</td>
<td>4</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Australia</td>
<td>5</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>GCC</td>
<td>6</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Japan</td>
<td>7</td>
<td>24</td>
<td>5</td>
</tr>
</tbody>
</table>

This list was checked against the rankings for each European sub-region to ensure that all of the top markets for these are included in the rankings.

Japan is an especially important market for Central & Eastern Europe, despite not being the largest market for Europe as a whole, while growth prospects are much stronger than the recent growth experience. The GCC area was identified as a market of particular importance for the Western European sub-
region. Note here that Saudi Arabia would have made it onto this shortlist had the GCC not been identified anyway.

The inclusion of Russia on this priority list is subject to the baseline assumptions that growth will resume as the oil price and the rouble recover, while European sanctions end and relations normalise. The next section includes some alternative scenarios for Russia travel to European destinations.

4.2 OTHER LARGE MARKETS

Three other large markets have been identified, which do not rank as highly on the combined index of contributions, but remain important. Note here that Saudi Arabia and UAE could be included on this basis but have already been included in the list as part of the GCC.

- Singapore
- South Korea
- Mexico
- Canada

South Korea is also a significant source market for the sub-regions of Southern & Mediterranean Europe and Northern Europe. This importance will remain in spite of the fact that its contribution to growth across the wider European region is expected to more than halve from the historic period. Singapore is not as dynamic as some other emerging source markets, but it is wealthy with high spending and length of stay. Due to the current market size, and apparently favourable view of European destinations, it will remain important.

Canada is not universally important across Europe, but is an important source market for Northern Europe (which includes both the UK and Ireland).

4.3 GROWTH MARKETS

The fastest growing markets which have not already been identified in rankings were analysed to create a long-list for this category. In addition to the overall growth in recent and coming years, market size was a consideration, as well as how widespread growth will be across European destinations.

New Zealand, Iran and Thailand are currently the fastest growing markets for travel to Europe, apart from those mentioned above. New Zealand is expected to remain an important market for Northern Europe, but benefits are not widespread and it has not been selected as a key market for further analysis. Thailand has also not been selected, despite some strong growth as it will remain a small market. However, it should be monitored by destinations and will only grow in importance as current trends continue.

Iran is expected to play more of a role in international tourism following the ending of sanctions and improved international relations.

Travel from Morocco and Algeria is faster than average for several countries across European sub-regions, with some high average length of stay. Further analysis suggests some very low spending and a high incidence of visits to
friends and relatives. While these are markets which should be monitored for future developments, other markets will provide higher value to destinations.

Indonesia has been a high growth market for travel to all three sub-regions of Southern & Mediterranean Europe, Western Europe and Central & Eastern Europe. Growth will continue thanks to long-term continued population growth, economic growth and an expansion of wealthier consumers in Indonesia. Indonesia currently has the fourth largest population globally and should become an important market of the future.

South Africa and Chile rank relatively low on the combined index, but provide high growth potential and offer good value with high average length of stay and higher average spending than some other potential growth markets. South Africa is notably an important market for the Central & Eastern European sub-region.

The following growth markets were selected:

- Iran
- South Africa
- Chile
- Indonesia

4.4 UNDERPERFORMING MARKETS

A few source markets are notable for their very marked change of influence from the 2010-15 historic period to the 2015-20 forecast period, including

- Brazil
- Ukraine
- Israel

Foremost amongst these is Brazil, a large source market from which negative trends will have a significant impact for a number of European destinations.

Brazil is only expected to make a positive contribution to growth in the Northern European region, and even there growth contribution will be much lower than in recent years. Overall, travel from Brazil is falling sharply, having been a promising growth market in recent years. Falling demand is driven by the current economic situation in Brazil with the economy in the worst recession for 100 years, coupled with high inflation and unemployment and a very weak currency which is further affecting international spending power.

Ukraine has also gone from being a growing source market to a source of falling demand. Ukrainian GDP fell by 6.8% in 2014 and may have contracted by nearly twice that in 2015.

Israeli travel demand has been particularly strong in recent years, and well above growth in economic drivers. However, travel flows from Israel can be volatile and a period of much softer growth is likely on average. Israel remains a large market for some destinations and notably for the Central & Eastern European sub-region. Large travel volumes are still likely, but some negative contribution to growth is anticipated.
ANNEX 1

METHODOLOGY

The purpose of this Portfolio Analysis is to compare observed and expected market growth against the volume of visitors to Europe from a selection of long-haul markets. This allows comparison of potential between large but static markets and small but rapidly growing markets.

The report and analysis will rely heavily on extracts from Tourism Economics’ forecast databases of global travel flows.

The majority of historical data are sourced from UNWTO in the first instance but augmented by regional and national data sources to ensure that the most recent and reliable data are used. Historic data processing is conducted by Tourism Economics to ensure that all data used are as consistent as possible and any gaps in time series are filled. In some instances, particularly nights, it is necessary to estimate some missing data points. Year-to-date data are also used as inputs to estimates for the current year to ensure the database is as complete as possible and that forecasts are from a solid basis.

Forecasts are produced using the Tourism Economics Global Travel (TDM) model, which forecasts over a ten-year horizon. The model is unique in its ability to reconcile demand (origin trips) and competitiveness-based supply (destination visits) for almost 190 global markets and 18 regional groupings.

The process by which forecasts are derived is outlined below:

- Tourism demand is modelled as a function of economic activity in each origin market. Outbound spending is calculated for each origin market, summing to total global tourism demand.
- Inbound travel spending is calculated for each market as each destination takes a share of outbound spending according to competitiveness and supply factors.
- Price competitiveness is included as a destination’s exchange rate is considered: inbound spending is inversely correlated with the strength of that destination’s currency.
- Destination attractiveness is included as an index developed in conjunction with the World Competitiveness Forum which tracks a series of factors relating to attractiveness over time.
- Bilateral tourism flows are calculated according to developments in both origin and destination markets.

This dataset forms the basis of the Portfolio Analysis, informing it in a number of ways.

Firstly, the size of a select group of long-haul markets visiting Europe was quantified. As well as size in terms of arrivals numbers, the number of overnights spent in Europe by these same markets was also quantified. This was done for a period spanning ten years from 2010 to 2020 and compound annual growth rates (CAGR) were derived for both a historical 5-year period (2010-15), and for a forward looking period (2015-20).

Secondly, and most crucially, with a knowledge of the current size of each market as well as its size in future years, it is possible to derive that particular long-haul market’s contribution to
arrivals or overnights growth to Europe over that period. For example, if in 2020 arrivals to Europe from this select group of long-haul markets are 100,000 higher than arrivals from the same markets in 2015 and 20,000 of these additional arrivals came from China its contribution to growth over the period 2015-20 was 20%.

By calculating each individual market’s contribution to past and future growth, the relative importance of each market becomes apparent. This type of analysis is particularly useful at the regional level since it can highlight in which regions a particular market is significant and perhaps those where it is less significant. This is true not least in the case of New Zealand which made significant contributions to growth in Northern Europe but contributed very little elsewhere.
ANNEX 2

COMPLETE CHARTS

All charts drawn to aid the production of the Portfolio Analysis have been included in the Annex below. These are presented by region and include charts on both a visits and overnights basis.
Europe
Includes all ETC members plus France, Netherlands, Sweden, and the United Kingdom.

Top European source markets by contribution

Top long haul source markets to Europe by contribution to nights growth, 2010-15

United States
China
Russia
GCC
India
Brazil
Israel
Saudi Arabia
Singapore
Australia
South Korea
Mexico
Ukraine
Canada
Colombia

Source: Tourism Economics
Understanding Growth Potential from Long Haul Travel Markets

Top European source markets by contribution

Top long haul source markets to Europe by contribution to nights growth, 2015-20

Source: Tourism Economics

Top European source markets by CAGR

Top long haul source markets to Europe by CAGR, 2010-15

Source: Tourism Economics
Top European source markets by CAGR

Top long haul source markets to Europe by CAGR, 2015-20

Growth in nights

Top European source markets, size vs. growth

Size of top long haul source markets to Europe vs. growth

Number of nights, 2015 (000s)

Source: Tourism Economics
Top European source markets, size vs. growth

Size of top long haul source markets to Europe vs. growth
Number of nights, 2015 (000s)

Source: Tourism Economics

CAGR, 2010-15

Top European source markets, size vs. growth

Size of top long haul source markets to Europe vs. growth
Number of nights, 2020 (000s)

Source: Tourism Economics

CAGR, 2015-20
Understanding Growth Potential from Long Haul Travel Markets

Top European source markets, size vs. growth

Size of top long haul source markets to Europe vs. growth
Number of nights, 2020 (000s)

Source: Tourism Economics

CAGR, 2015-20

Top European source markets by contribution

Top long haul source markets to Europe by contribution to growth, 2010-15

Source: Tourism Economics
Understanding Growth Potential from Long Haul Travel Markets

Top European source markets by contribution

Top long haul source markets to Europe by contribution to growth, 2015-20

Source: Tourism Economics

Top European source markets by CAGR

Top long haul source markets to Europe by CAGR, 2010-15

Source: Tourism Economics
Understanding Growth Potential from Long Haul Travel Markets

Top European source markets by CAGR

Top long haul source markets to Europe by CAGR, 2015-20

Growth in visits

Source: Tourism Economics

Top European source markets, size vs. growth

Size of top long haul source markets to Europe vs. growth

Number of visits, 2015 (000s)

Source: Tourism Economics

CAGR, 2010-15
Understanding Growth Potential from Long Haul Travel Markets

Top European source markets, size vs. growth

Size of top long haul source markets to Europe vs. growth
Number of visits, 2015 (000s)

Source: Tourism Economics

CAGR, 2010-15

Top European source markets, size vs. growth

Size of top long haul source markets to Europe vs. growth
Number of visits, 2020 (000s)

Source: Tourism Economics

CAGR, 2015-20
Top European source markets, size vs. growth

Size of top long haul source markets to Europe vs. growth
Number of visits, 2020 (000s)

Source: Tourism Economics
EU 28

Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Monaco, Montenegro, Norway, Poland, Portugal, Romania, San Marino, Serbia, Slovakia, Slovenia, Spain, Switzerland, and Turkey.

Top EU28 source markets by contribution

Top long haul source markets to EU28 by contribution to nights growth, 2010-15

Source: Tourism Economics
Understanding Growth Potential from Long Haul Travel Markets

**Top EU28 source markets by contribution**

**Top long haul source markets to EU28 by contribution to nights growth, 2015-20**

**Top EU28 source markets by CAGR**

**Top long haul source markets to EU28 by CAGR, 2010-15**

Source: Tourism Economics
Understanding Growth Potential from Long Haul Travel Markets

Top EU28 source markets by CAGR

Top long haul source markets to EU28 by CAGR, 2015-20

Growth in nights

Source: Tourism Economics

Top EU28 source markets, size vs. growth

Size of top long haul source markets to EU28 vs. growth

Number of nights, 2015 (000s)

Source: Tourism Economics
Understanding Growth Potential from Long Haul Travel Markets

Top EU28 source markets, size vs. growth

Size of top long haul source markets to EU28 vs. growth
Number of nights, 2015 (000s)
Source: Tourism Economics

CAGR, 2010-15

Top EU28 source markets, size vs. growth

Size of top long haul source markets to EU28 vs. growth
Number of nights, 2020 (000s)
Source: Tourism Economics

CAGR, 2015-20
Understanding Growth Potential from Long Haul Travel Markets

Top EU28 source markets, size vs. growth

Size of top long haul source markets to EU28 vs. growth

Number of nights, 2020 (000s)

Source: Tourism Economics

CAGR, 2015-20

Top EU28 source markets by contribution

Top long haul source markets to EU28 by contribution to growth, 2010-15

Source: Tourism Economics
Understanding Growth Potential from Long Haul Travel Markets

Top EU28 source markets by contribution

Top long haul source markets to EU28 by contribution to growth, 2015-20

Source: Tourism Economics

Top EU28 source markets by CAGR

Top long haul source markets to EU28 by CAGR, 2010-15

Source: Tourism Economics
Top EU28 source markets by CAGR

Top long haul source markets to EU28 by CAGR, 2015-20

Growth in visits

Source: Tourism Economics

Size of top long haul source markets to EU28 vs. growth

Number of visits, 2015 (000s)

Source: Tourism Economics
Understanding Growth Potential from Long Haul Travel Markets

Top EU28 source markets, size vs. growth

Size of top long haul source markets to EU28 vs. growth
Number of visits, 2015 (000s)

Source: Tourism Economics

CAGR, 2010-15

Top EU28 source markets, size vs. growth

Size of top long haul source markets to EU28 vs. growth
Number of visits, 2020 (000s)

Source: Tourism Economics

CAGR, 2015-20
Understanding Growth Potential from Long Haul Travel Markets

Top EU28 source markets, size vs. growth

Size of top long haul source markets to EU28 vs. growth
Number of visits, 2020 (000s)
Source: Tourism Economics

CAGR, 2015-20
Understanding Growth Potential from Long Haul Travel Markets

Northern Europe

Danmark, Finland, Iceland, Ireland, Norway, Sweden, and the United Kingdom.

Top Northern European source markets by contribution

Top long haul source markets to Northern Europe by contribution to nights growth, 2010-15

Source: Tourism Economics
Top Northern European source markets by contribution

Top long haul source markets to Northern Europe by contribution to nights growth, 2015-20

Top Northern European source markets by CAGR

Top long haul source markets to Northern Europe by CAGR, 2010-15

Source: Tourism Economics
Top Northern European source markets by CAGR

Top long haul source markets to Northern Europe by CAGR, 2015-20
Growth in nights

Source: Tourism Economics

Top Northern European source markets, size vs. growth

Size of top long haul source markets to Northern Europe vs. growth
Number of nights, 2015 (000s)

Source: Tourism Economics
Top Northern European source markets, size vs. growth

Size of top long haul source markets to Northern Europe vs. growth
Number of nights, 2015 (000s)
Source: Tourism Economics

Average size
Average growth

CAGR, 2015-20

Top Northern European source markets, size vs. growth

Size of top long haul source markets to Northern Europe vs. growth
Number of nights, 2020 (000s)
Source: Tourism Economics

Average size
Average growth

CAGR, 2015-20
Understanding Growth Potential from Long Haul Travel Markets

Top Northern European source markets, size vs. growth

Size of top long haul source markets to Northern Europe vs. growth
Number of nights, 2020 (000s)

Source: Tourism Economics

Top Northern European source markets by contribution

Top long haul source markets to Northern Europe by contribution to growth, 2010-15

Source: Tourism Economics
Top Northern European source markets by contribution

Top long haul source markets to Northern Europe by contribution to growth, 2015-20

Top Northern European source markets by CAGR

Top long haul source markets to Northern Europe by CAGR, 2010-15

Source: Tourism Economics
Understanding Growth Potential from Long Haul Travel Markets

Top Northern European source markets by CAGR

Top long haul source markets to Northern Europe by CAGR, 2015-20

Growth in visits

Source: Tourism Economics

Top Northern European source markets, size vs. growth

Size of top long haul source markets to Northern Europe vs. growth

Number of visits, 2015 (000s)

Source: Tourism Economics
Top Northern European source markets, size vs. growth

Size of top long haul source markets to Northern Europe vs. growth
Number of visits, 2015 (000s)

Source: Tourism Economics

CAGR, 2010-15

Top Northern European source markets, size vs. growth

Size of top long haul source markets to Northern Europe vs. growth
Number of visits, 2020 (000s)

Source: Tourism Economics

CAGR, 2015-20
Top Northern European source markets, size vs. growth

Size of top long haul source markets to Northern Europe vs. growth
Number of visits, 2020 (000s)

Source: Tourism Economics
Central & Eastern Europe

Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, and Slovakia.

Top Central & Eastern European source markets by contribution

Top long haul source markets to Central & Eastern Europe by contribution to nights growth, 2010-15

Source: Tourism Economics
Top Central & Eastern European source markets by contribution

Top long haul source markets to Central & Eastern Europe by contribution to nights growth, 2015-20

Russia
United States
China
Israel
Japan
India
Australia
Mexico
South Africa
Iran
Indonesia
Kazakhstan
New Zealand
Hong Kong
Source: Tourism Economics

Top Central & Eastern European source markets by CAGR

Top long haul source markets to Central & Eastern Europe by CAGR, 2010-15

Growth in nights

Kazakhstan
Kuwait
Taiwan
China
Indonesia
Saudi Arabia
United Arab Emirates
GCC
South Korea
Mexico
Turkey
Chile
South Africa
Ukraine
Uzbekistan
Source: Tourism Economics
Understanding Growth Potential from Long Haul Travel Markets

**Top Central & Eastern European source markets by CAGR**

<table>
<thead>
<tr>
<th>Country</th>
<th>CAGR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>12%</td>
</tr>
<tr>
<td>Russia</td>
<td>10%</td>
</tr>
<tr>
<td>China</td>
<td>8%</td>
</tr>
<tr>
<td>United States</td>
<td>6%</td>
</tr>
<tr>
<td>India</td>
<td>4%</td>
</tr>
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<td>South Africa</td>
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<td>2%</td>
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<tr>
<td>Chile</td>
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<td>Colombia</td>
<td>2%</td>
</tr>
<tr>
<td>Japan</td>
<td>2%</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>2%</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>2%</td>
</tr>
<tr>
<td>Thailand</td>
<td>2%</td>
</tr>
<tr>
<td>Morocco</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: Tourism Economics

**Top long haul source markets to Central & Eastern Europe by CAGR, 2015-20**

Growth in nights

**Top Central & Eastern European source markets, size vs. growth**

<table>
<thead>
<tr>
<th>Country</th>
<th>Size (000s)</th>
<th>Growth (CAGR, 2010-15)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>8,000</td>
<td>5%</td>
</tr>
<tr>
<td>Russia</td>
<td>6,000</td>
<td>3%</td>
</tr>
<tr>
<td>China</td>
<td>4,000</td>
<td>1%</td>
</tr>
<tr>
<td>United States</td>
<td>2,000</td>
<td>-1%</td>
</tr>
<tr>
<td>India</td>
<td>1,000</td>
<td>-3%</td>
</tr>
<tr>
<td>South Africa</td>
<td>500</td>
<td>-5%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>500</td>
<td>-7%</td>
</tr>
<tr>
<td>Iran</td>
<td>500</td>
<td>-9%</td>
</tr>
<tr>
<td>Chile</td>
<td>500</td>
<td>-11%</td>
</tr>
<tr>
<td>Colombia</td>
<td>500</td>
<td>-13%</td>
</tr>
<tr>
<td>Japan</td>
<td>500</td>
<td>-15%</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>500</td>
<td>-17%</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>500</td>
<td>-19%</td>
</tr>
<tr>
<td>Thailand</td>
<td>500</td>
<td>-21%</td>
</tr>
<tr>
<td>Morocco</td>
<td>500</td>
<td>-23%</td>
</tr>
</tbody>
</table>

Source: Tourism Economics

**Size of top long haul source markets to Central & Eastern Europe vs. growth**

Number of nights, 2015 (000s)

Source: Tourism Economics
Understanding Growth Potential from Long Haul Travel Markets

Top Central & Eastern European source markets, size vs. growth

Size of top long haul source markets to Central & Eastern Europe vs. growth

Number of nights, 2015 (000s)

Source: Tourism Economics

CAGR, 2010-15

Top Central & Eastern European source markets, size vs. growth

Size of top long haul source markets to Central & Eastern Europe vs. growth

Number of nights, 2020 (000s)

Source: Tourism Economics

CAGR, 2015-20
Understanding Growth Potential from Long Haul Travel Markets

**Top Central & Eastern European source markets, size vs. growth**

Size of top long haul source markets to Central & Eastern Europe vs. growth

Number of nights, 2020 (000s)

Source: Tourism Economics

CAGR, 2015-20

**Top Central & Eastern European source markets by contribution**

Top long haul source markets to Central & Eastern Europe by contribution to growth, 2010-15

Source: Tourism Economics
Top Central & Eastern European source markets by contribution

Top long haul source markets to Central & Eastern Europe by contribution to growth, 2015-20

Source: Tourism Economics

Top Central & Eastern European source markets by CAGR

Top long haul source markets to Central & Eastern Europe by CAGR, 2010-15

Source: Tourism Economics
Understanding Growth Potential from Long Haul Travel Markets

Top Central & Eastern European source markets, size vs. growth

Size of top long haul source markets to Central & Eastern Europe vs. growth
Number of visits, 2015 (000s)
Source: Tourism Economics
CAGR, 2010-15

Average size
Average growth

Top Central & Eastern European source markets, size vs. growth

Size of top long haul source markets to Central & Eastern Europe vs. growth
Number of visits, 2020 (000s)
Source: Tourism Economics
CAGR, 2015-20
Understanding Growth Potential from Long Haul Travel Markets

Top Central & Eastern European source markets, size vs. growth

Size of top long haul source markets to Central & Eastern Europe vs. growth

Number of visits, 2020 (000s)

Source: Tourism Economics

CAGR, 2015-20
Understanding Growth Potential from Long Haul Travel Markets

Western Europe
Austria, Belgium, France, Germany, Luxembourg, Netherlands, Monaco, and Switzerland.

Top Western European source markets by contribution

Top long haul source markets to Western Europe by contribution to nights growth, 2010-15

Source: Tourism Economics
Understanding Growth Potential from Long Haul Travel Markets

Top Western European source markets by contribution

Top long haul source markets to Western Europe by contribution to nights growth, 2015-20

Source: Tourism Economics

Top Western European source markets by CAGR

Top long haul source markets to Western Europe by CAGR, 2010-15

Growth in nights

Source: Tourism Economics
Understanding Growth Potential from Long Haul Travel Markets

Top Western European source markets by CAGR

Top long haul source markets to Western Europe by CAGR, 2015-20

Growth in nights

Source: Tourism Economics

Top Western European source markets, size vs. growth

Size of top long haul source markets to Western Europe vs. growth

Number of nights, 2015 (000s)

Source: Tourism Economics
Top Western European source markets, size vs. growth

Size of top long haul source markets to Western Europe vs. growth
Number of nights, 2015 (000s)
Source: Tourism Economics

CAGR, 2010-15

Top Western European source markets, size vs. growth

Size of top long haul source markets to Western Europe vs. growth
Number of nights, 2020 (000s)
Source: Tourism Economics

CAGR, 2015-20
Understanding Growth Potential from Long Haul Travel Markets

Top Western European source markets, size vs. growth

Size of top long haul source markets to Western Europe vs. growth
Number of nights, 2020 (000s)
Source: Tourism Economics
CAGR, 2015-20

Top Western European source markets by contribution

Top long haul source markets to Western Europe by contribution to growth, 2010-15
Source: Tourism Economics
Understanding Growth Potential from Long Haul Travel Markets

Top Western European source markets by contribution

Top long haul source markets to Western Europe by contribution to growth, 2015-20

Source: Tourism Economics

Top Western European source markets by CAGR

Top long haul source markets to Western Europe by CAGR, 2010-15

Source: Tourism Economics
Top Western European source markets by CAGR

Top long haul source markets to Western Europe by CAGR, 2015-20

Growth in visits

Source: Tourism Economics

Top Western European source markets, size vs. growth

Size of top long haul source markets to Western Europe vs. growth

Number of visits, 2015 (000s)

Source: Tourism Economics
Top Western European source markets, size vs. growth

Size of top long haul source markets to Western Europe vs. growth
Number of visits, 2015 (000s)
Source: Tourism Economics

CAGR, 2010-15

Top Western European source markets, size vs. growth

Size of top long haul source markets to Western Europe vs. growth
Number of visits, 2020 (000s)
Source: Tourism Economics

CAGR, 2015-20
Top Western European source markets, size vs. growth

Size of top long haul source markets to Western Europe vs. growth

Number of visits, 2020 (000s)

Source: Tourism Economics

CAGR, 2015-20
Understanding Growth Potential from Long Haul Travel Markets

Southern & Mediterranean Europe

Croatia, Cyprus, Greece, Italy, Malta, Montenegro, Portugal, San Marino, Serbia, Slovenia, Spain, and Turkey.

Top Southern & Mediterranean European source markets by contribution

Source: Tourism Economics

Top long haul source markets to Southern & Med. Europe by contribution to nights growth, 2010-15

Russia
United States
China
GCC
Mexico
Singapore
Colombia
Ukraine
Saudi Arabia
Australia
South Korea
Argentina
China
Iran
Israel

Source: Tourism Economics
Understanding Growth Potential from Long Haul Travel Markets

Top Southern & Mediterranean European source markets by contribution

Top long haul source markets to Southern & Med. Europe by contribution to nights growth, 2015-20

United States
Russia
China
Australia
Japan
Chile
Ukraine
GCC
Singapore
Iran
Colombia
Mexico
Israel
Saudi Arabia
India

Source: Tourism Economics

Top Southern & Mediterranean European source markets by CAGR

Top long haul source markets to Southern & Med. Europe by CAGR, 2010-15

Growth in nights

Colombia
Qatar
Kuwait
Bahrain
Singapore
Saudi Arabia
China
South Korea
Belarus
Algeria
Chile
Indonesia
Oman
Iran
GCC

Source: Tourism Economics
Top Southern & Mediterranean European source markets by CAGR

Top long haul source markets to Southern & Med. Europe by CAGR, 2015-20

Growth in nights

Source: Tourism Economics

Top Southern & Mediterranean European source markets, size vs. growth

Size of top long haul source markets to Southern & Med. Europe vs. growth

Number of nights, 2015 (000s)

Source: Tourism Economics
Understanding Growth Potential from Long Haul Travel Markets

Top Southern & Mediterranean European source markets, size vs. growth

Size of top long haul source markets to Southern & Med. Europe vs. growth
Number of nights, 2015 (000s)
Source: Tourism Economics
CAGR, 2010-15

Top Southern & Mediterranean European source markets, size vs. growth

Size of top long haul source markets to Southern & Med. Europe vs. growth
Number of nights, 2020 (000s)
Source: Tourism Economics
CAGR, 2015-20
Top Southern & Mediterranean European source markets, size vs. growth

Size of top long haul source markets to Southern & Med. Europe vs. growth

Number of nights, 2020 (000s)

Source: Tourism Economics

Top Southern & Mediterranean European source markets by contribution

Top long haul source markets to Southern & Med. Europe by contribution to growth, 2010-15

Source: Tourism Economics
Understanding Growth Potential from Long Haul Travel Markets

Top Southern & Mediterranean European source markets by contribution

Top long haul source markets to Southern & Med. Europe by contribution to growth, 2015-20

Source: Tourism Economics

Top Southern & Mediterranean European source markets by CAGR

Top long haul source markets to Southern & Med. Europe by CAGR, 2010-15

Source: Tourism Economics
Top Southern & Mediterranean European source markets by CAGR

Top long haul source markets to Southern & Med. Europe by CAGR, 2015-20

Growth in visits

Source: Tourism Economics

Top Southern & Mediterranean European source markets, size vs. growth

Size of top long haul source markets to Southern & Med. Europe vs. growth

Number of visits, 2015 (000s)

Source: Tourism Economics
Understanding Growth Potential from Long Haul Travel Markets

Top Southern & Mediterranean European source markets, size vs. growth

Size of top long haul source markets to Southern & Med. Europe vs. growth
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