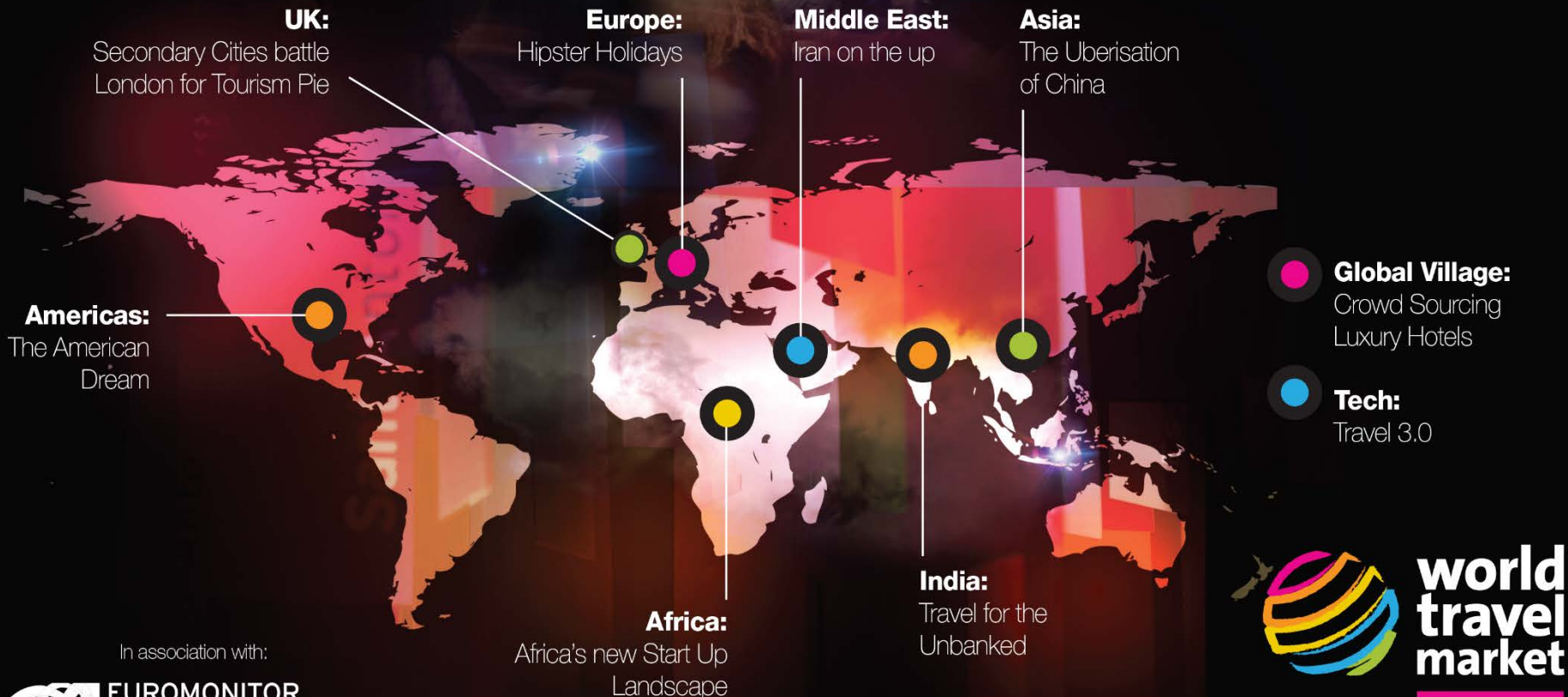


# WTM<sup>®</sup> Global Trends Report

In association with Euromonitor International

*Special* WTM Global Trends  
10<sup>th</sup> year anniversary report



In association with:



2 - 5 Nov 2015

London

*Special* **WTM Global Trends**  
**10<sup>th</sup> year anniversary report**



# World Travel Market Global Trends Report 2015

## Global Trends Report - Key Findings

Americas: American Dream Part 2: A small but growing number of American companies are offering employees unlimited paid holidays.

Work Less, Play Hard

UK: Digitalisation Drives Travel to Secondary Cities

UK towns outside London are increasingly looking at hi-tech strategies to attract visitors.

Europe: Hipster Holidays

Visitors to European destinations are looking beyond the mainstream, exploring alternative districts popular with local hipsters.

Technology: Travel 3.0 – the Advent of Smart Travel

Using big data and mobile technology, travel is being transformed by the introduction of personalisation.

Middle East: Iran – Branding Ancient Persia

As global relations improve with Iran, foreign travel companies are poised to enter the closed country.

## Global Trends Report - Key Findings (2)

Africa: Discovering the  
New Start-Up Landscape

Technology start-ups are flourishing across Africa, boosting business travel.

Global Village:  
Crowdsourcing Luxury Hotels

New hotels are using crowdsourcing and crowdfunding to open boutique properties.

Asia: The Uberisation of China

The sharing economy takes off in China with home-grown ride-sharing and private rental companies.

India: Travel for the Unbanked

Travel for India's unbanked population is being helped by travel companies introducing alternative payment schemes.



## World Travel Market

The WTM Global Trends Report 2015, in association with Euromonitor International, highlights the emerging trends in the global travel and tourism industry, and has been doing so for an impressive 10 years. The GTR has been at the forefront of predicting major trends in the travel and tourism industry since its launch in 2006. The 2015 report is no different forecasting a number of trends I'm sure will bear fruit over the coming years. I would like to thank Euromonitor International for compiling the WTM Global Trends Report 2015. I hope you find the report useful and interesting and wish you a thought-provoking and productive WTM 2015.



**Simon Press**

**Senior Exhibition Director**

## Euromonitor International

Travel continues to be seen through a hi-tech lens, and Euromonitor International's Travel team has selected the top trends with the biggest impact.

In the UK, smart cities aim to offer a seamless travel experience, travel technology brands push for ever greater personalisation globally and Africa's tech hubs boost business travel.

Luxury hotels are even turning to crowdsourcing and crowdfunding, building "cotels".

In China, the sharing economy is being driven by local brands, while some US employers are offering unlimited holiday time to boost productivity and Indian travel companies target the unbanked with alternative payment options. Iran offers scope for great adventure and European cities battle it out for the title of "Hipster capital" of the year.



**Caroline Bremner**  
Head of Travel



**Nadejda Popova**  
Senior Analyst



**Angelo Rossini**  
Analyst



**Wouter Geerts**  
Analyst



# GLOBAL OVERVIEW

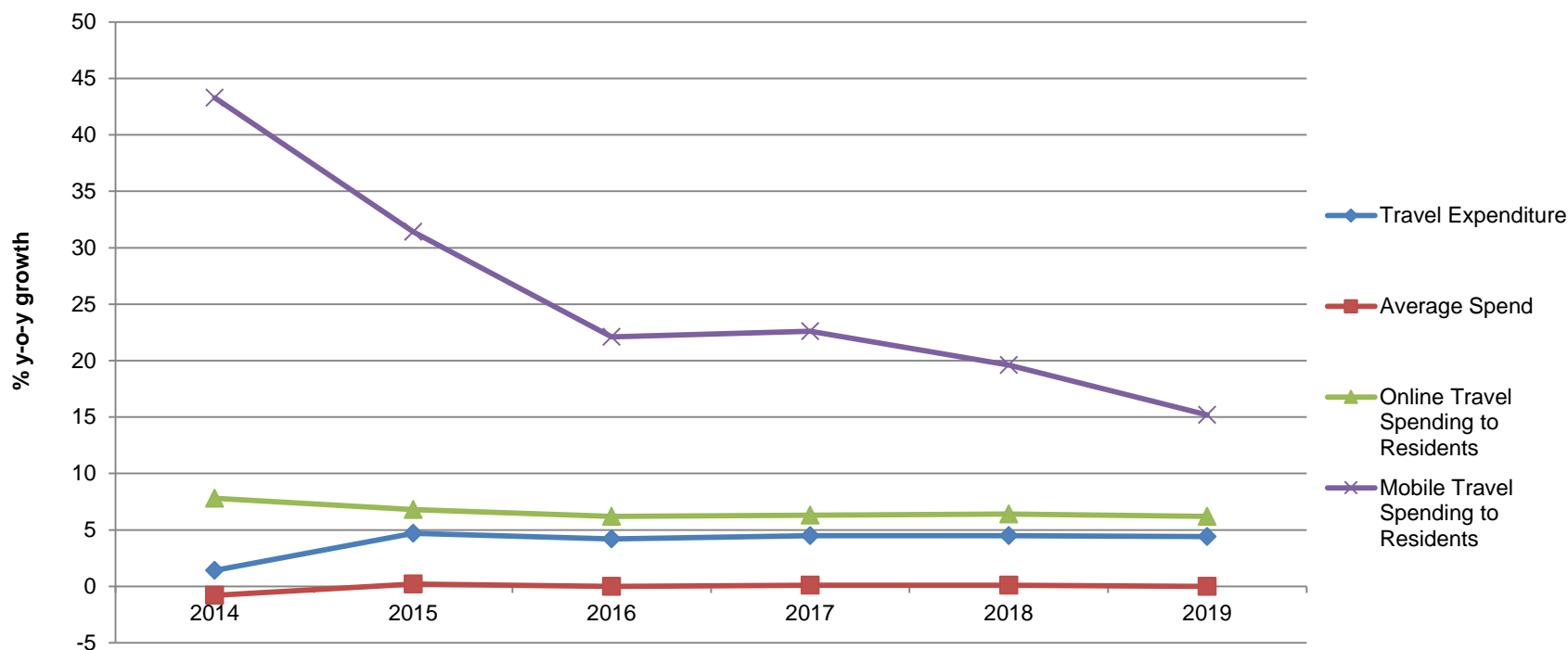


## Global Overview - Uncertain Times

- Economic growth across the globe continues to be uncertain, with rising geopolitical unrest, a potential US interest rate rise, oil price volatility and the Eurozone crisis all cause for concern.
- The International Monetary Fund predicts global GDP growth of 3.2% for 2015, with advanced economies showing an improved outlook with growth slowing in emerging markets.
- The normally strong Chinese economy has also struggled recently, facing sharp stock market falls in late summer 2015, giving rise to concerns about a hard landing.
- Geopolitical events are further impacting economic performance, with conflicts affecting certain destinations in the Middle East and North Africa, Russia and Ukraine.
- Nonetheless, travel continues to shine globally, with arrivals reaching over 1.1 billion in 2014, up by 4.3%. 2015 is forecast to see slightly slower growth, estimated at 3.7%.
- Expenditure is also rising, with the Asia Pacific region predicted to see the fastest growth in inbound expenditure over the next five years.
- The mobile booking channel has finally reached the mainstream, accounting for some US\$96 billion of travel sales globally in 2014.
- Despite a recent slowdown, outbound Chinese travellers are still on the rise, reaching over 84 million in 2014, with increasing disposable incomes favouring overseas trips.



## Global Travel Industry Performance % Value Growth 2014-2019



Source: Euromonitor International, UNWTO

Note: Data is based on US\$ at constant 2014 prices; Travel Expenditure data refers to the sum of outbound and domestic expenditure; Total Travel Expenditure data is based on 210 researched markets; Online and Mobile Travel Spending data is based on 57 major markets.

# AMERICAS - THE AMERICAN DREAM PART 2: WORK LESS, PLAY HARD



## Americas - Overview

### Americas: Key Performance Indicators 2013-2015

% growth	2013	2014	2015
Real GDP Growth	2.4	2.0	1.8
Arrivals (Trips)	3.4	8.0	3.7
Inbound Receipts (US\$)	5.0	2.6	3.4
Airlines Value (US\$)	6.6	18.3	4.8
Hotels Value (US\$)	4.8	6.1	4.8
Intermediaries Value (US\$)	4.0	8.4	3.5

Source: Euromonitor International, UNWTO

- Arrivals are outperforming economic growth in the Americas, with impressive 8% growth in 2014, in part due to the FIFA World Cup in Brazil. Moderate growth of 3.7% is expected for 2015.
- Bookings also saw a strong 2014, with value growth of 8.4% as US consumers opted for using the internet for all aspects of the travel cycle, from inspiration to booking and feedback.
- Hotels performed well, boosted by domestic as well as international guests.



## Americas - The American Dream Part 2: Work Less, Play Hard

- The American Dream, the opportunity for everyone to prosper and climb up the social ladder, often translates as long working hours and few holidays.
- Americans have notoriously limited holiday entitlement compared to their European counterparts with no legal minimum of paid holidays.
- A survey by the US Travel Association in 2014 showed that 40% of Americans will not use all of their holiday time. An astounding 13% of employees will take no paid holidays at all.
- An annual survey by Expedia in 2014 shows that 54% of Americans feel “vacation-deprived”.

### Unlimited paid holidays

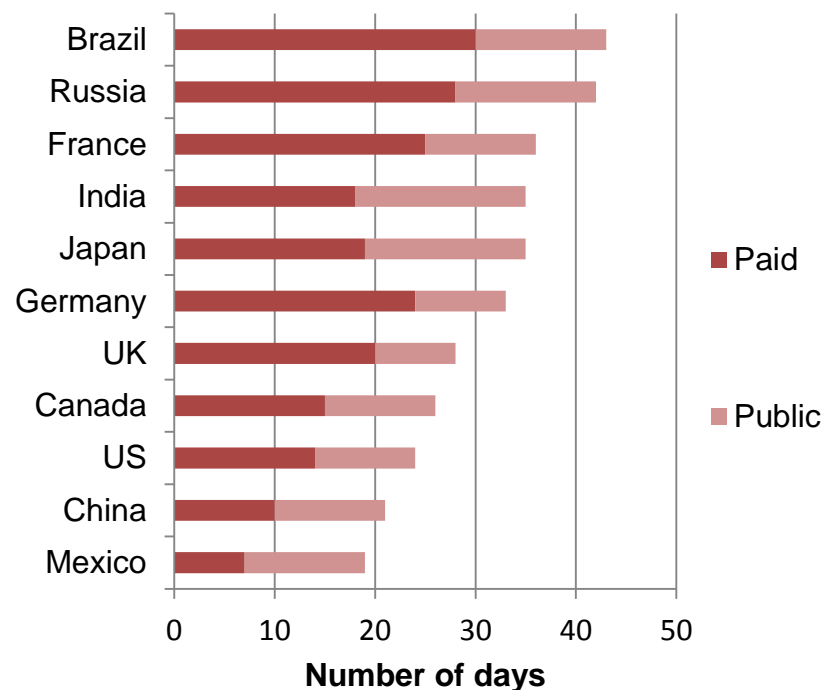
- However, some leading companies are changing this attitude by offering employees unmonitored or even “unlimited” holidays.
- Companies that have implemented this policy include Netflix, Evernote, Gravity Payments, and Virgin Group in its offices in London, Geneva and New York.
- Around 1% of American companies operate this policy, with employees taking as much time off as they want.
- However, in reality employees seldom abuse the policy if there is a good trust relationship in the workplace and a sense of only taking time off when it will not impact the business.
- More holidays would be a win-win for the travel industry and employers, with benefits for both being seen, coupled with an improved work/life balance for employees.

**“Somewhere between 80% and 90% of people worldwide say that vacations make them feel happier, better rested, closer to their family, less stressed and more relaxed.**

**These are all emotions that correlate to a productive employee. So it’s almost paradoxical: spend more time away from work, and you might just be a better performing employee.”**

*John Morrey, Vice President and General Manager, Expedia.com*

### Average Holiday Entitlement 2014



Source: Euromonitor International





## Americas – Unlimited Holidays Improve Productivity

- Last-minute bookings and package holidays will benefit, as employees are more likely to take organised trips rather than opting for travel that requires more lengthy planning.
- Millennials, many of whom work in hi-tech industries where the policy applies, typically prefer authentic experiences and will be keen to take unique trips.
- Trips are also likely to be spread out over the year, rather than everyone struggling to take time off around public holidays when prices tend to be higher.
- While the US ranks third globally for package holiday value sales at US\$23 billion, its per capita ranking is 27th, illustrating the room for expansion with extra holiday allowances.

### Flexibility is key

- Some companies have taken the further step of providing holiday spending money, or ensuring employees have a holiday before their work starts, a “pre-cation”.
- Fullcontact, a cloud-based contact management company, has taken this even further, offering its 18 staff members US\$7,500 to take with them to ensure they have a proper break.
- Despite the already generous European holiday allowances, this trend has reached the UK, with EST, an accountancy firm in Wales, offering unlimited holidays to staff.
- Companies in South Korea and Japan also offer very limited holidays and, as such, are possible countries for future holiday allowance changes.





# **UK: DIGITALISATION DRIVES TRAVEL TO SECONDARY CITIES**

## UK - Overview

### UK: Key Performance Indicators 2013-2015

% growth	2013	2014	2015
Real GDP Growth	1.7	2.8	2.4
Arrivals (Trips)	6.4	4.6	2.5
Inbound Receipts (US\$)	11.7	4.4	2.5
Airlines Value (US\$)	0.4	1.3	0.7
Hotels Value (US\$)	-1.1	0.5	0.1
Intermediaries Value (US\$)	1.2	2.1	0.2

Source: Euromonitor International, UNWTO

- The UK economy remains on the right track, with slow but constant growth over the last couple of years.
- Arrivals continue to grow, but rates are slowing after the buoyant effect seen in 2013 following the 2012 Olympics and Paralympic Games in London.
- A strong pound against the euro continues to make the UK expensive for European visitors.
- Hotels and airlines are struggling to show value sales increases, while sharing economy options such as private rentals are witnessing good growth.

## UK - Digitalisation Drives Travel to Secondary Cities

- London is undeniably the jewel in the crown of UK tourism with over 15 million overseas visitors in 2014, with the Office of National Statistics stating that only 9% of these visitors go to northern England.
- However, other UK urban centres are redefining their tourist offerings, with many turning to digitalisation and hi-tech solutions to attract visitors.
- This can range from simple smartphone applications and online games to smart cities that use big data to transform the urban experience for residents and tourists alike.

### Technology initiatives

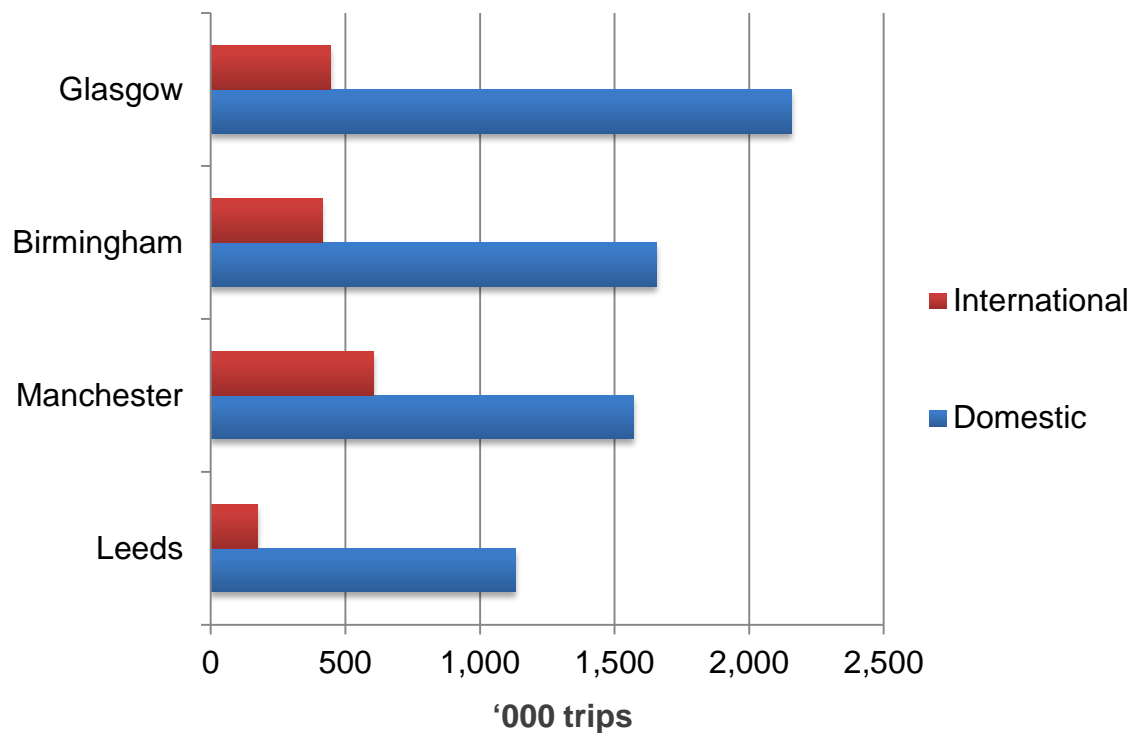
- Realtimetravelguide is an initiative that provides tourist information via Twitter from local experts and tourism professionals, such as offers, updates and reasons to visit destinations.
- Bristol installed over 200 beacons in 2014 as part of a trial to promote and enhance visitor experiences around the city, with further installations seen at the city's museum in 2015.
- Beacon technology, increasingly used by the retail industry, detects nearby smartphones and sends visitors information relevant to where they are.
- Beacons use Bluetooth connectivity to send and receive data from nearby smartphones.
- The UK Smart City initiative, where digital technology is embedded in a city to make urban living more efficient, can also impact tourism by improving transport, accessibility and facilities.

**“The Smart City initiatives have already increased visitors to Milton Keynes, notably business and government tourists who wish to learn about deploying technology in practice.**

**Domestic and international leisure visits are also likely to grow in the future due to the city’s enhanced profile for technology attractions such as driverless cars.”**

*Geoff Snelson, Head of Strategy,  
Milton Keynes Council*

### UK Tourist City Arrivals 2014



Source: Euromonitor International

Note: International arrivals to London according to London & Partners were 17.3 million in 2014, while domestic arrivals to the city for the same year were 11.4 million according to Visit England.

## UK - Smart City Initiatives Boost Tourism

- The UK's Smart City initiative has been rolled out in Bristol, Cambridge, Glasgow and Milton Keynes, developing Internet of Things (IoT) projects to create efficient urban services.
- Smart City projects can help cities differentiate themselves from competitors by offering cutting-edge technology applications to help visitors make the most of their stay.
- Sustainability is a key component of these projects, particularly in terms of reusable energy sources and minimising waste, and by helping promote urban ecotourism.

### Real benefits

- For tourists the IoT could bring real-time information on traffic and public transport, platforms to gather and distribute information about cities as well as efficient allocation of resources.
- Some tourists seek out opportunities to explore haphazardly and, as such, applications are also being created that inspire rather than provide an exact match to preferences.
- Driverless cars are being introduced on a trial basis in Milton Keynes, with the self-driving pods located in pedestrianised areas. A smartphone app will enable people to hail the vehicle.
- The cost of many digitalisation and technology projects could prove to be a barrier to their implementation in smaller cities, but joint ventures between nearby destinations could help.



# EUROPE: HIPSTER HOLIDAYS





## Europe - Overview

### Europe: Key Performance Indicators 2013-2015

% growth	2013	2014	2015
Real GDP Growth	0.6	1.3	1.1
Arrivals (Trips)	5.0	2.8	2.6
Inbound Receipts Value (US\$)	4.3	4.5	2.5
Airlines (US\$)	1.1	1.9	1.2
Hotels Value (US\$)	0.3	1.1	0.3
Intermediaries Value (US\$)	1.4	0.3	0.3

Source: Euromonitor International, UNWTO

- Europe continues to struggle as the euro crisis lingers on, with the uncertainty surrounding economic growth in many European countries affecting prospects for 2015.
- Arrivals have also seen a drop in growth, although trips are predicted to reach 593 million for 2015, with inbound receipts topping US\$498 billion, thus remaining the world's top region.
- Intermediary bookings witnessed limited increases in sales as consumers carry on seeking value-for-money options where possible, and embrace direct online purchases.

## Europe - Hipster Holidays

- Travellers around European cities have long visited traditional tourist areas and attractions. However, there has been a recent move to exploring areas outside the mainstream.
- Hipster neighbourhoods have been expanding throughout global cities, with young professionals seeking to live in areas that were once undesirable but are now trendy.
- The “hipster” can be defined as a person who follows the latest trends and fashions, especially those regarded as being outside the cultural mainstream.
- Visitors are now embracing these districts, seeking to experience the hipster culture which typically involves pop-up restaurants, vegan cafés, independent shops and craft galleries.

### Vibrant alternative scene

- Airbnb and its peers have played a central role in opening up these areas to tourists, as many lack hotels, with private rentals often being the only option for staying locally.
- Millennials are the main visitors to hipster areas, experiencing foodie favourites, exploring artistic and creative hang-outs and shopping, rather than visiting museums and historical sites.
- Although many places call themselves the European “hipster capital”, some of the leading areas include Kreuzberg in Berlin, District VII in Budapest and Miera iela in Riga.

**“The trend is to be where it’s at.  
So instead of concentrating all their  
activities around the historical centres  
of cities, young and hip travellers are  
now checking out what are the best  
areas for foodies and where the  
creative people hang out,  
with participation being a huge part of  
their visit.”**

*Ülane Vilumets,  
Founder & Community Manager,  
Like A Local*

## Key Hipster Destinations in Europe 2015

District	City
Dalston	London
Kreuzberg	Berlin
District VII	Budapest
Sodermalm	Stockholm
Norrebro	Copenhagen
Gracia	Barcelona
Malasana	Madrid
Amsterdam Noord	Amsterdam
Miera iela	Riga
Kalamaja	Tallinn

Source: Euromonitor International from trade press

## Europe - Avoiding the Mainstream Crush

- As many city destinations across the globe struggle with the effects of excessive tourism, the opening up of these alternative areas has helped diversify European urban attractions.
- In an effort to avoid overcrowding in the city centre, Amsterdam city officials have encouraged hotels to open outside mainstream areas and made local and regional transport cheaper.
- Tour guides and sites such as Vayable have already jumped on the bandwagon offering hipster tours of specific city districts, often delivered by local residents to provide authenticity.
- Online travel guides including Likealocal and Travelsofadam have also developed guides to many of these destinations, listing up-to-date reviews of the ever-changing hipster scene.

### Districts constantly changing

- By its very nature, the hipster trend will evolve as destinations become more popular and mainstream, resulting in other edgier locations becoming the new alternative haunts.
- Boutique hotels have started opening up in hipster areas, but hotel chains are likely to struggle due to the independent nature of consumers.
- The exception is for budget hotel brands and those providing a trendy alternative edge such as the Hotel Rival in Sodermalm in Stockholm, which is located in a former cinema.

# TRAVEL TECHNOLOGY: TRAVEL 3.0 - THE ADVENT OF SMART TRAVEL





## Travel Technology - Overview

### Travel Technology: World Key Performance Indicators 2013-2015

Internet value % growth (US\$)	2013	2014	2015
Car Rental	7.6	6.4	6.9
Airlines	8.2	8.6	6.8
Other Travel Modes	7.4	5.7	5.8
Hotels	11.7	12.4	10.3
Intermediaries	7.3	6.8	6.8

Source: Euromonitor International

- The online channel continues to show dynamic performance across the board, registering positive increases in all travel sectors.
- Hotels are recording the highest growth for online travel sales worldwide, driven by strong performance by both direct and intermediaries sales as customers opt for internet booking.
- The mobile channel has now reached significant levels of sales, with global mobile sales to residents, accounting for 12.5% of all online travel sales.



## Travel Technology: Travel 3.0 - The Advent of Smart Travel

- Technology is about to transform the travel experience to make it richer and more enjoyable on the basis of travellers' personal preferences.
- Thanks to mobile technology and big data analytics, travel companies and technology players will be able to suggest interesting things for travellers to do at their location.
- Suggestions will be personalised, cross-checking data on consumers' preferences and current location with online inventories of local travel services and activities.

### **What travellers want, before they know they want it**

- The TripAdvisor Apple Watch app can send a push notification at lunchtime of the highest-rated restaurant nearby. The next step will be tailoring that to travellers' personal tastes.
- Google Now is aiming to proactively bring consumers information before they ask, based on their past behaviour, with geo-localisation keeping suggestions locally relevant.
- According to Nathalie Huth, at Google Germany GmbH, companies need to know their customer and connect the right data at the right moment to deliver the right service.

**“Customers expect companies to know them better than their neighbours and engage with them in a very personalised fashion.**

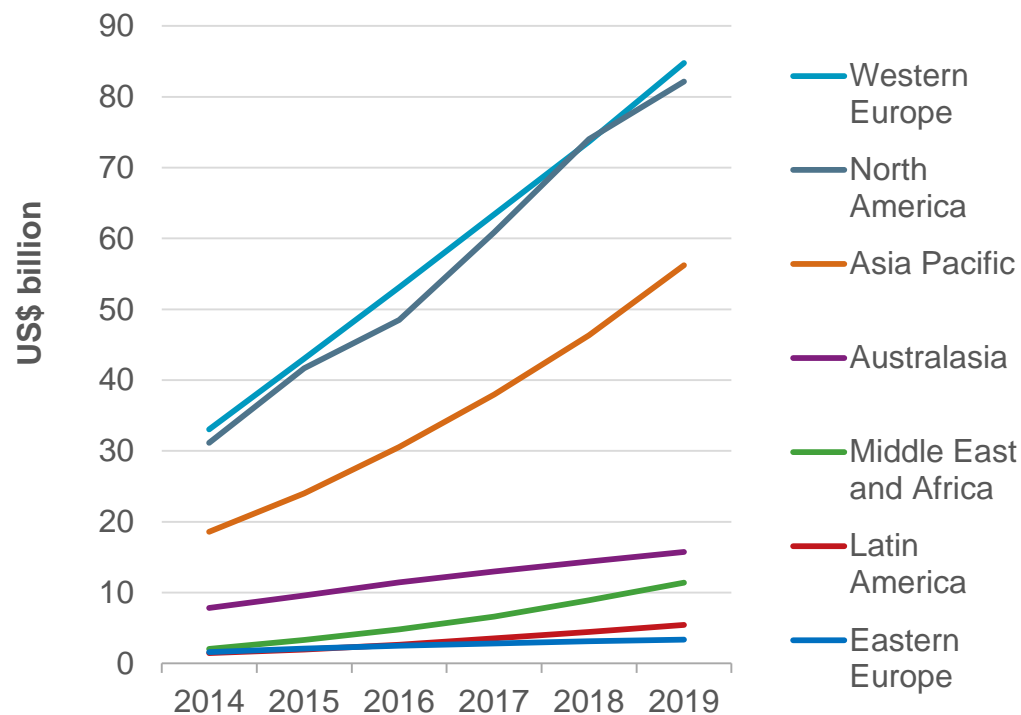
**The good news is that digital technology allows companies to individualise each customer connection at scale.**

**Google Now is a great example of a service that provides context- aware information in the moment that matters.”**

*Bernd Fauser,*

*UK Sales Director, Google UK Ltd*

## Mobile Travel Sales to Residents by Region 2014-2019



Source: Euromonitor International

## Travel Technology - Personalisation to the Fore

- Mobile travel sales reached US\$96 billion in 2014, accounting for 12.5% of global online travel sales. They are forecast to record a strong 22% compound annual growth rate (CAGAR) over 2014-2019.
- Today, companies can collect a wealth of information about consumers that was previously unavailable to them, usually referred to as big data.
- Beacon technology is expected to take off in the next few years as a powerful tool to provide personalised experiences to consumers on the go.
- A gradual shift to one-to-one marketing in travel will be evident, with each consumer treated in a different way in terms of the overall marketing mix including pricing.

### **Tech giants and online travel agents (OTAs) lead the way**

- In future all large travel companies are expected to provide personalised mobile services.
- OTAs, such as Booking.com and Expedia, are currently working on customers' preferences to increase booking conversions, and they will move to personalised mobile services next.
- Other companies well-positioned to offer this service in the future, thanks to their vast knowledge of consumers, include Google, TripAdvisor, Apple and Facebook.





**MIDDLE EAST:  
IRAN - BRANDING  
ANCIENT PERSIA**

## Middle East - Overview

### Middle East: Key Performance Indicators 2013-2015

% growth	2013	2014	2015
Real GDP Growth	1.8	2.1	2.4
Arrivals (Trips)	-0.6	5.4	3.4
Inbound Receipts Value (US\$)	-5.0	4.8	3.1
Airlines Value (US\$)	2.0	5.0	6.2
Hotels Value (US\$)	4.0	3.3	4.5
Intermediaries Value (US\$)	2.6	2.5	4.3

Source: Euromonitor International, UNWTO

- The Middle East economic performance will accelerate slightly, with real GDP growth of 2.4% estimated for 2015, although certain countries such as Qatar will see growth exceed 6%.
- The region is still suffering from issues of security and safety, but arrivals bounced back in 2014, with 2015 predicted to see 3.4% growth.
- Air transport, hotels and bookings continue to see steady growth in value with business travel recovering well after a significant slide in 2013.

## Middle East: Iran - Branding Ancient Persia

- With the evolving international situation concerning Iran, it is likely that the country will soon open up to more involvement with the rest of the world.
- This will be a major development for Middle East tourism in the coming years with Iran having the potential to be a key player due to its unique culture and heritage.
- The Iranian government has already taken steps to boost tourism by enabling many nationalities, such as French, German and Russian citizens, to obtain a visa upon arrival.
- The UK Foreign and Commonwealth Office has removed its 'all but essential travel' advice to most of the country

### Hot adventure potential

- Iran has significant historic and cultural attractions, including many religious sites such as the Shia shrine of Imam Reza in Mashhad, which does not require a visa for pilgrims.
- Tourists on religious, historical or natural visits accounted for an estimated 90% of the annual 5 million international arrivals to the country in 2014, according to Vice President Masoud Soltanifar.
- Iran is centrally located with good air links to Africa, Europe and Asia via local airlines such as Mahan Air as well as regional connections provided by international airlines.
- Adventure tourism and skiing are some of the more unlikely attractions of Iran, which boasts 19 ski resorts as well as hiking, mountain climbing and bird-watching.



**“With the lifting of sanctions, we are sure that all developers and operators will be racing to secure their position in one of the world’s largest untapped markets.”**

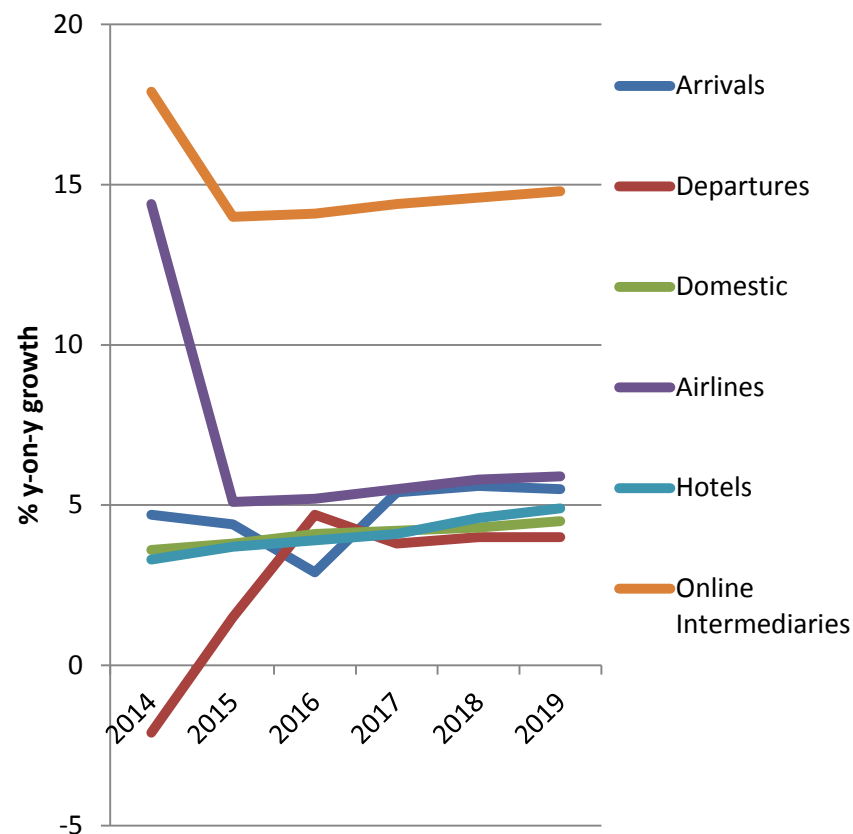
*Omer Kaddouri, President and CEO,  
Rotana Hotel Group*

**Top Five Inbound Source Markets for Iran 2014  
(No. of trips)**

Iraq	1.65 million
Azerbaijan	1.14 million
Afghanistan	410,000
Turkey	407,000
Turkmenistan	189,000

Source: Euromonitor International

**Iran Tourism Parameters 2014-2019**



Source: Euromonitor International

## Middle East - Iran Opening Up to Global Tourism

- No foreign brands officially operate in the Iranian market. However, many regionally strong brands such as United Arab Emirates-based Rotana are already preparing for entry.
- Rotana's Rayhaan Hotel and Resorts brand is aimed at Muslim travellers, and the company is preparing for four properties to open in Tehran and Mashhad by 2018.
- The sharing economy has already arrived, with an estimated 50,000 Iranian hosts registered on Couchsurfing.com, despite a lack of government enthusiasm for the service.
- The majority of Iran's 77 million population do not currently have huge purchasing power but if sanctions are lifted and the economy improves, an increase in consumer expenditure is likely.

### Barriers to overcome

- The years of international isolation have left the tourism infrastructure in need of major investment, particularly hotels, facilities and transportation.
- Banking processes are a key area of reform as online or credit card payments are virtually impossible inside Iran, as well as payments from overseas to local travel companies.
- There is a lingering threat of violence and instability in the country, and safety and security will need to be a priority if international tourism is to grow in Iran.

# **AFRICA: DISCOVERING THE NEW START-UP LANDSCAPE**



## Africa - Overview

### Africa: Key Performance Indicators 2013-2015

% growth	2013	2014	2015
Real GDP Growth	5.1	5.0	4.5
Arrivals (Trips)	3.9	3.3	6.0
Inbound Receipts Value (US\$)	4.8	3.6	5.4
Airlines Value (US\$)	0.3	-0.1	2.9
Hotels Value (US\$)	2.9	1.4	6.0
Intermediaries Value (US\$)	0.7	-0.1	5.9

Source: Euromonitor International, UNWTO

- Solid economic growth with real GDP growth of 5% for the continent has been matched by arrivals and receipts increasing, with both leisure and business travel prospering.
- Airlines saw a decline in value growth in 2014, highlighting the lingering effects of the Ebola epidemic in West Africa. However, a rebound is expected in 2015, with hotels also benefiting.
- 2015 is expected to be a much more positive year for intermediary bookings, with online purchases taking off as consumer confidence grows.

## Africa: Discovering the New Start-Up Landscape

- Technology start-ups are flourishing across Africa, which is entering a new era of innovation, boosting economies and offering a fresh image to international tourists.
- In July 2015, US President, Barack Obama, visited the Start-Up conference in Kenya, aimed at supporting Africa's inventors, entrepreneurs and future business leaders.
- According to the World Bank, over half of the countries in Africa have at least one tech hub and investments via the tech hub model doubled in 2014, reaching US\$27 million.
- The travel industry is well placed to benefit in terms of increased domestic, regional and international business travel to many different countries in Africa.

## Aspiring Silicon Valleys

- Hope City is a technology park planned in Ghana, standing for Home, Office, People and Environment. An estimated 50,000 employees will work in software design and manufacturing.
- In Kenya, the Konza Technology City development situated 60km from Nairobi is a planned hub for Business Process Outsourcing (BPO), software development and other IT companies.
- Investment in infrastructure, including transportation and education will be required for these hubs to be successful, as well as good regulatory environments for foreign investors.
- All of these new technology cities feature plans for hotel developments, with potential for both local and international properties.

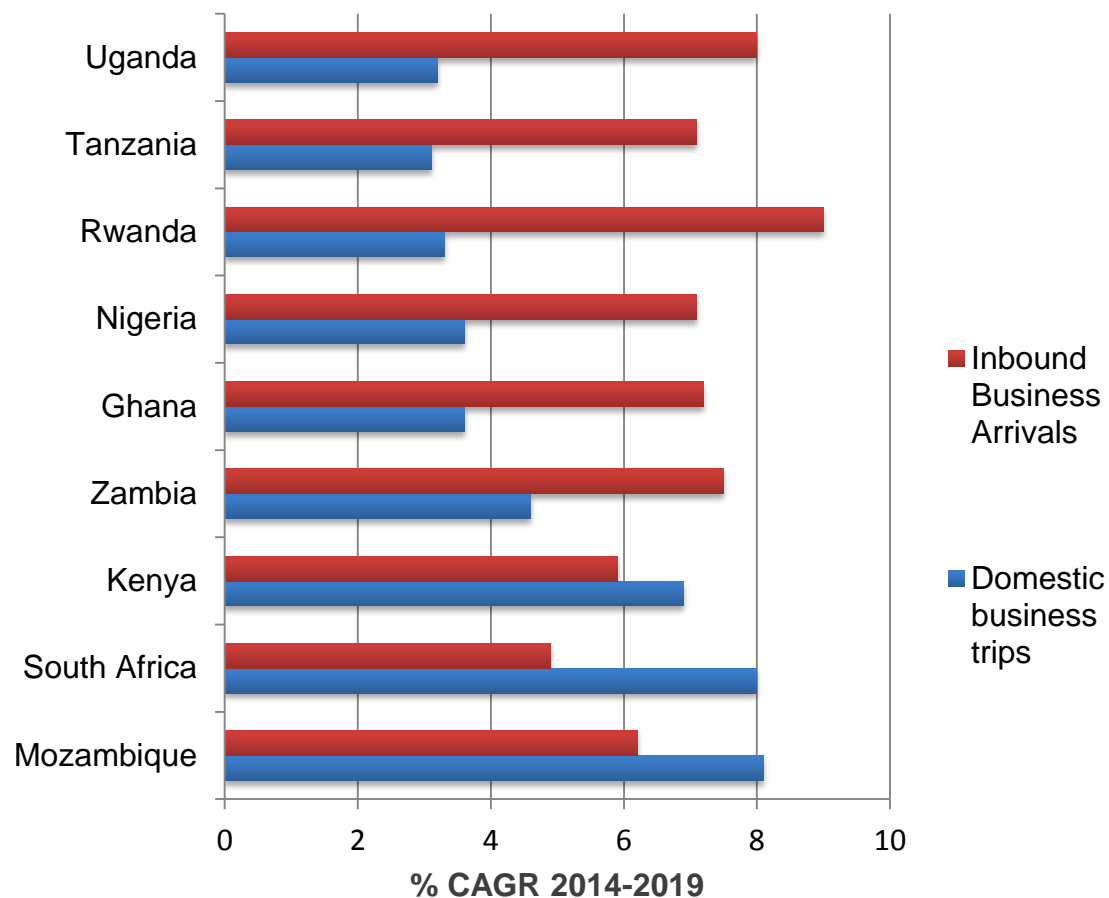


**"The growing technology sector in Africa is helping to expand the travel industry.**

**Easier online discovery combined with growing consumer confidence in online bookings has made it extremely straightforward for us to cater directly to travellers' needs."**

*Mark Essien,  
CEO, Hotels.ng*

### Business Travel % CAGR 2014-2019



Source: Euromonitor International

## Africa - Technology Helps Change Perceptions

- While the current focus for tourism in the tech hub community is largely concentrated on facilitating business trips and app development, there is a growing number of travel start-ups.
- Hotels.ng, Nigeria's largest online hotel booking site created in 2013, now listing over 7,000 hotels across the country and with plans to expand to Ghana and West Africa.
- AwesomeSouthAfrica.com has developed an app that caters specifically to tourists and locals by using location-based data to find restaurants, hotels and activities in their vicinity.
- Projects such as Ampion Venture Bus, where entrepreneurs travel around an African region aiding local developers, have already seen the creation of over 30 local start-ups.

### Business tourism boost

- With many of the technology start-ups aiming for regional operations, air travel and lodging are likely to reap the most benefit.
- It is hoped that with increased business visitors to the continent as a result of the hi-tech hubs, this will also encourage more leisure tourists as facilities are upgraded and improved.
- Business air arrivals are expected to post CAGRs of 5% and 6% for South Africa and Kenya, respectively, over 2014-2019.





# **GLOBAL VILLAGE: CROWDSOURCING LUXURY HOTELS**

## Global Village - Overview

### Global Village: World Key Performance Indicators 2013-2015

Value % growth (US\$)	2013	2014	2015
Car Rental	4.0	3.9	4.1
Hotels	3.7	4.5	3.8
Other Lodging	1.9	2.7	2.9

Source: Euromonitor International

- Global hotel sales continue to see strong value growth, up by 4.5% for 2014.
- Other lodging has seen less dynamic advances, but is aiming to see an increase of nearly 3% for 2015, with private rentals and homestays shaking up the market.
- Car rental remains steady, with growth in value of around 4% for the last couple of years after some market consolidation and increased business travel.
- The global hotels industry is polarised, with luxury and budget properties performing well, but mid-priced outlets squeezed as they search to compete against private rentals.



## Global Village - Crowdsourcing Hotels

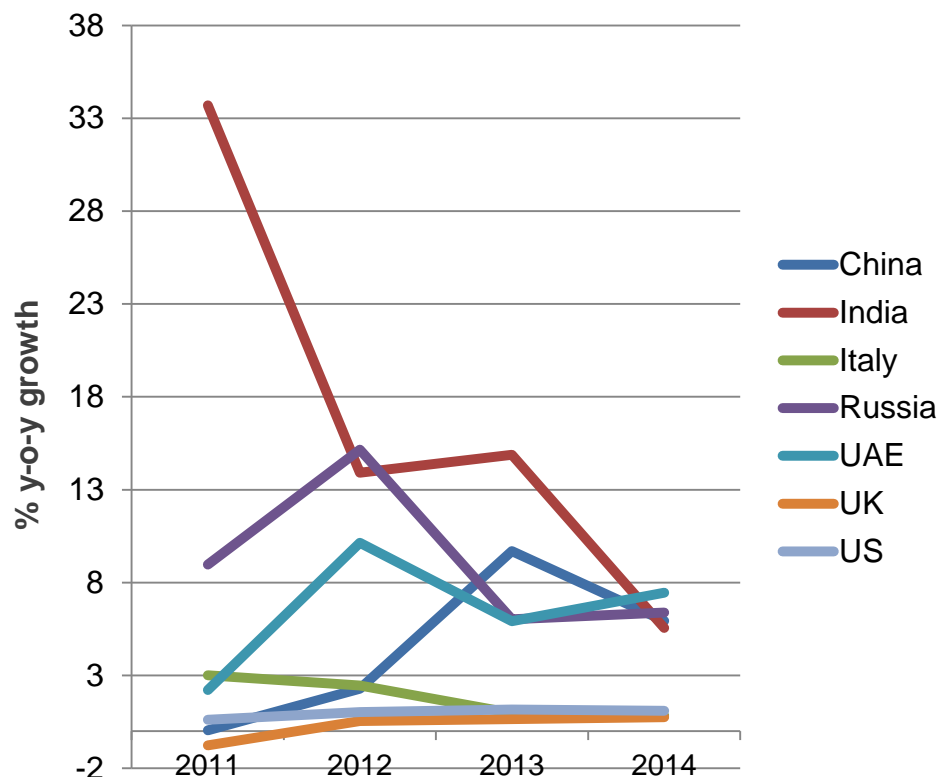
- Luxury hotels are turning to crowdsourcing and crowdfunding to get their properties financed, rather than relying on traditional sources of investment such as banks.
- While crowdsourcing relies on online gathering of knowledge and ideas to develop a product, crowdfunding involves people raising or investing money, usually through an online campaign.
- Would-be hoteliers are asking consumers through social media to pitch their ideas for new lodging opportunities, with feedback crucial for hotel design and development phases.
- Following this step, individual investors are sought to raise the capital through crowdfunding, with contributors receiving benefits or free stays when visiting the hotel in the future.

### Outlets open across globe

- Examples include the recent start-up Amberlair which hopes to open a crowdsourced luxury boutique hotel. Investors will help chose the hotel's location and influence the design.
- Prodigy Network, a real estate crowdfunding firm, has plans to create a 194-unit space for short and long-term hotel rooms, known as "cotels", in downtown New York.
- The luxury segment will be the main player in this new trend, as there is a potentially long lead time for crowdfunding and the concept is best suited to individual hotels with unique features.



## Luxury Hotel Outlets Growth 2011-2014



Source: Euromonitor International

**“To involve guests from day one seems a good idea. For many hotels, people stay there only once after finding rooms online and they do not have a relationship with the brand. Through our crowdsourcing and social media, people can get more involved to the idea and the brand from day one, and put their heart in the project.”**

*Marcus Orbé, Co-Founder, Amberlair*

## Global Village – Guests add personal touch

- Crowdsourcing has the potential to significantly change future hotel design and creation, and is not restricted to new properties.
- Marriott International used digital crowdsourcing to create brand innovations such as towel design and vending machines, with the best ideas implemented at certain US Marriott outlets.
- According to Crowdsourcing.org, total funds raised worldwide grew from US\$2.7 billion in 2012, to US\$5.1 billion in 2013, and will be an estimated US\$10 billion for 2015.
- Crowdfunding has its roots in the US and Europe, but with global internet access at 40% and growing, Asia is likely to see development, particularly as hotel demand continues to expand.

## Created and designed by you

- Another potential next step is the creation of themed hotels, funded by small-time investors who share a passion, resulting in almost guaranteed demand from consumers.
- Content from hobbies, books, TV shows and films could easily lend itself to the creation of crowdsourced themed hotels, with Game of Thrones a potential winner.
- With personalisation a growing aspect for many travel companies, the concept of a hotel “created by you, designed by you, funded by you” is likely to appeal to many consumers.
- However, crowdsourced hotels will need to be careful to maintain a unique element to their offer, otherwise consumers will no longer choose to be involved in either ideas or funding.

# **ASIA: THE SHARING ECONOMY HEADS TO CHINA**



## Asia - Overview

### Asia: Key Performance Indicators 2013-2015

% growth	2013	2014	2015
Real GDP Growth	5.9	5.7	5.5
Arrivals (Trips)	6.9	5.0	5.7
Inbound Receipts Value (US\$)	7.7	2.3	5.9
Airlines Value (US\$)	5.2	4.1	6.7
Hotels Value (US\$)	6.5	6.6	6.4
Intermediaries Value (US\$)	4.7	4.8	5.3

Source: Euromonitor International, UNWTO

- Asia is experiencing robust growth across the board, with both the economy and travel seeing large increases in value.
- The growing middle classes with rising disposable income are driving a large part of the demand for travel services throughout the region.
- Booming outbound tourism from China is helping air transport, with hotels seeing a similar effect with values showing consistent growth.
- Regional destinations remain popular with Chinese tourists, particularly Hong Kong and Macau, which offer low-cost connections and good shopping attractions.

## Asia: The Sharing Economy Heads to China

- The sharing economy struggled to take off in China, with ownership of goods a key goal for many Chinese consumers, as well as a lack of trust in the concept of sharing with strangers.
- In 2014, Chinese sharing economy firms have now expanded, styling themselves after Western counterparts such as Airbnb and Uber, familiar to consumers after travelling abroad.
- Smartphones have aided this expansion, providing users with immediate internet access and data on demand, with many millennials (digital natives) constantly connected.
- The sharing economy largely benefits urban populations where pressure on infrastructure and resources makes sharing a sustainable approach for city living.

### Local focus

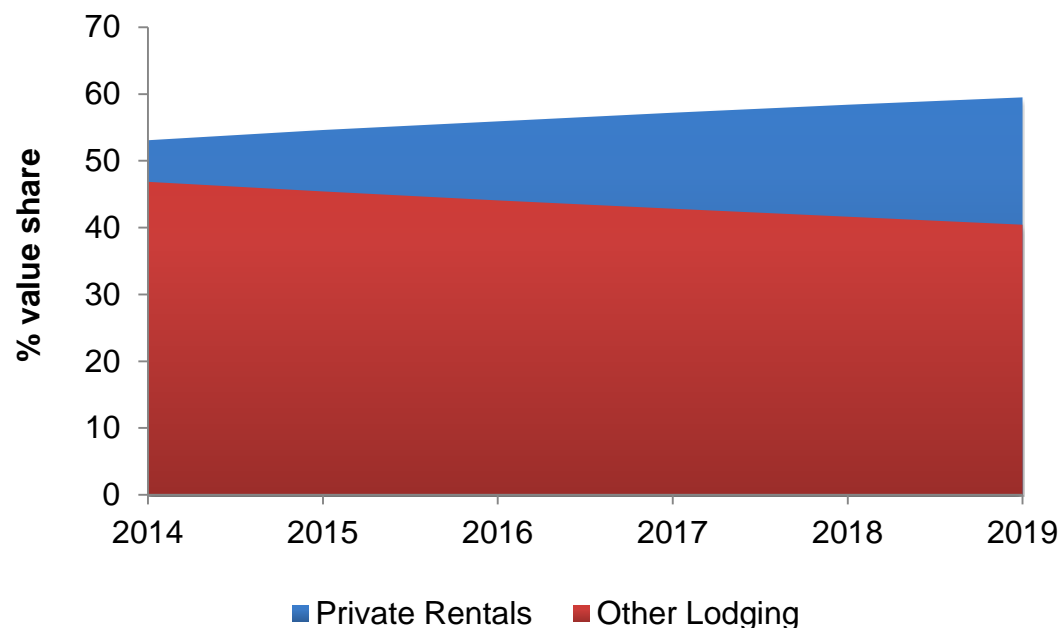
- Car sharing and private rentals are the most popular travel sharing sites, with local social media sites such as Weibo and WeChat used for reviews and feedback.
- Tujia focuses on short-term rentals of luxury apartments, and has its listings on C-trip as well as having a partnership with HomeAway, focusing on overseas rentals for Chinese travellers.
- Mayi and Xiaozhu offer a more comprehensive service in terms of price platforms, but only operate domestically. Dorm rooms are available as well as entire apartments.
- Taxi and car sharing are dominated by Didi/Kuaidi, taxi-hailing apps, which recently merged, and Yongche, an Uber-style rival with operations overseas as well as domestically in China.



**“There is so much growth and competition in China’s short-term rental market that we have made the strategic decision to invest in a strong, local partner who can quickly react to the changing local market.”**

*Carl Shepherd, Co-Founder and Member of the Board of Directors, HomeAway*

### Chinese Private Rentals and Other Lodging % Value Share 2014 -2019



Source: Euromonitor International. Other lodging does not include hotels

## Asia - Local and Global Sharing Brands

- Uber has struggled to comply with Chinese regulations, having to lease cars from local car rental companies, and according to Analysys International, has only 11% of the ride-booking market.
- Uber started in Shanghai in February 2014 with a 90% expatriate user base but has stated that it is now only 40%, illustrating locals' gradual adoption of the Uber service.
- Airbnb has also taken its time to grow in China, with the majority of hosts being young urban professionals who have travelled abroad and have experience of the sharing concept.
- Rural listings are virtually non-existent for private rentals, but could represent a potential new niche for inbound travellers seeking to experience an authentic, Chinese countryside stay.

## Future is bright

- Trust is potentially the biggest hurdle to overcome in China for the sharing economy to expand, but younger consumers who are constantly connected are helping to alter perceptions.
- Hong Kong has seen the launch of some more unusual sharing economy travel options, such as rent-a-suitcase and hi-tech camera hire, which could transfer to mainland China.
- Other countries in Asia, such as the Philippines and Thailand, are also dipping into the sharing economy with grassroots operations such as Tripod (carpooling) and Local Alike (experiences).

# INDIA: TRAVEL FOR THE UNBANKED



## India - Overview

### India: Key Performance Indicators 2013-2015

% growth	2013	2014	2015
Real GDP Growth	6.9	7.3	5.5
Arrivals (Trips)	5.9	10.6	7.3
Inbound Receipts Value (US\$)	1.2	10.0	6.2
Airlines Value (US\$)	8.2	12.1	12.5
Hotels Value (US\$)	0.1	5.1	7.1
Intermediaries Value (US\$)	3.8	8.2	7.8

Source: Euromonitor International, UNWTO

- After impressive growth across the board in 2014, 2015 looks set to see a slight slowdown but solid increases are still expected in GDP growth, arrivals and receipts.
- Airlines are seeing spectacular growth in value, with Low Cost Carriers (LCCs) and online booking driving these increases.
- Hotels are recovering from a poor year in 2013, with budget brands enjoying significant popularity among travellers, both international and domestic.





## India: Travel for the Unbanked

- India remains a predominantly rural country with over 66% of the population living in rural areas, with cash purchases the only option for payments.
- As only 7% of India's villages possess a bank, these rural consumers make up the majority of India's unbanked, an estimated 500 million people in 2015, according to the Bank of India.
- For many of these consumers, travel and online booking of tickets may appear an unrealistic dream, but the situation is slowly changing as travel companies reach out to the unbanked.

### Cash on Delivery (CoD) popular

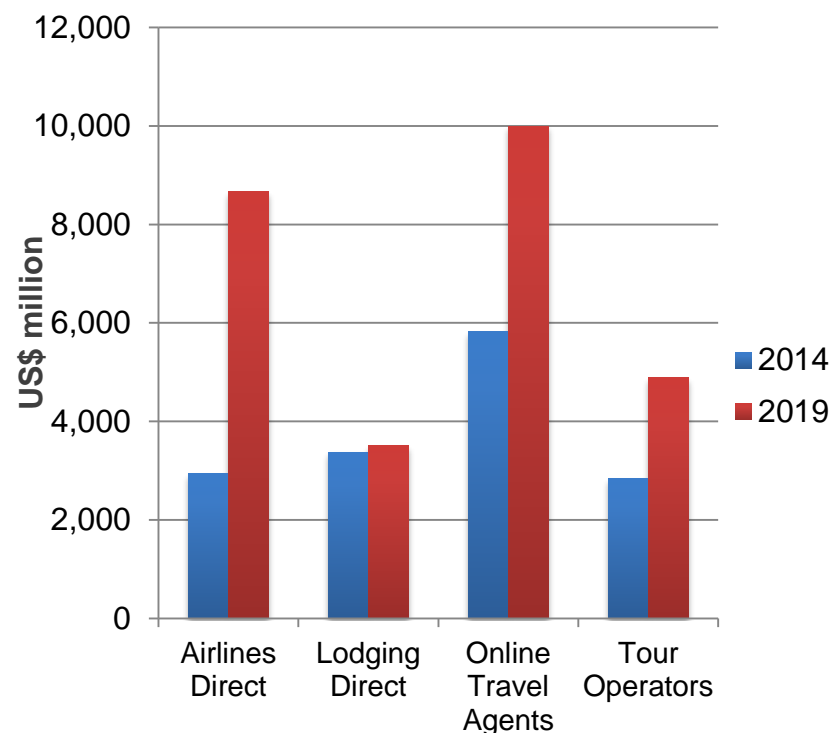
- The Cash on Delivery (CoD) payment model has seen great success with online retailing, and a number of travel companies have recently established a service for ticketing.
- Consumers book a ticket online, often using a travel agent or internet café, and a cash payment is collected after which the ticket can be downloaded or delivered.
- Jet Airways has signed up with GharPay, which specialises in CoD payments, enabling customers to book their tickets online, and tickets are emailed after the payment is collected.
- Indian Railway Catering and Tourism Corporation (IRCTC) has launched a similar system for tickets. Passengers book a ticket online to be delivered at home where the payment is made.



**“The idea to start BookMyTrain.com was conceived by the fact that many people who have access to the internet through mobiles or PCs are still not able to transact online, despite the convenience that it offers, simply because they are uncomfortable with using their debit or credit card online, or they do not have net-banking access.”**

*Anurag Bajpai,  
Co-Founder, BookMyTrain.com (IRCTC  
online booking site)*

**Online Travel Sales to Indian Residents 2014/2019**



Source: Euromonitor International

## India - New Payment Opportunities

- Internet access for India's rural population and smaller cities looks set to expand dramatically, leading to over 320 million internet users by 2019.
- This improved internet access, combined with a growing availability of mobile phones, is likely to result in increased mobile payments and applications for unbanked consumers.
- In August 2015 11 companies - including Airtel and Vodafone - were granted licences for banking transactions such as deposits and payments, but not loans.
- This move aims to bring mobile banking to India's unbanked, similar to Kenya's M-Pesa m-commerce, used by two thirds of adults in Kenya to make purchases, including travel.

### More inclusive options

- Cash on delivery is not restricted to transportation ticketing; Travelguru, the hotel booking site, also offers this service, provided by the doorstep, cash payment brand, Delhivery.
- Cleartrip, one of India's leading OTAs, reported that 26% of online users and 18% of mobile users prefer to pay for all their travel bookings by the cash on delivery method in 2015.
- For many emerging markets, these types of purchases can be seen as a way of creating trust in online bookings as payment and ticket delivery are carried out at the same time.

## The Global Trends Report was created exclusively for World Travel Market by Euromonitor International's Travel research team



Caroline Bremner, Head of Travel

Caroline Bremner manages the global research programme for the travel industry at Euromonitor International. Caroline leads a team of travel experts and has played an integral role in creating the most extensive travel intelligence system globally. Caroline has a Master degree in French (University of Edinburgh) and a postgraduate diploma in European marketing and languages (PG Dip, University of Napier, Edinburgh).



Nadejda Popova, Senior Travel Analyst

*Lead Editor – Global Trends Report*

As Senior Research Analyst, Nadejda Popova is responsible for the content and quality of Euromonitor International's travel research, providing strategic analysis and in-depth coverage of the travel industry with a special focus on Airlines. Nadejda has a degree in Finance (UNWE Sofia) and a PhD in Management (University of London).



Angelo Rossini, Travel Analyst

*Editor – Global Trends Report*

Angelo Rossini is responsible for Online Travel research at Euromonitor International. Angelo has a degree in political sciences (University of Salerno) and a Master in Marketing Communications (University of Venice).



Wouter Geerts, Travel Analyst

As Travel Analyst, Wouter Geerts is responsible for Euromonitor's Hotels research, which provides analysis and in-depth coverage of the hotel industry worldwide. He holds a PhD on sustainability in the hospitality industry at Royal Holloway, University of London and a Bachelor in International Hospitality Management.

For more information:

Caroline Bremner

Head of Travel

Euromonitor International

[caroline.bremner@euromonitor.com](mailto:caroline.bremner@euromonitor.com)

[@CarolineBremner](https://twitter.com/CarolineBremner)

[www.euromonitor.com/travel-and-tourism](http://www.euromonitor.com/travel-and-tourism)

[www.linkedin.com/groups?about=&gid=4316858](https://www.linkedin.com/groups?about=&gid=4316858)

Paul Nelson

Press & PR Manager

World Travel Market

[paul.nelson@reedexpo.co.uk](mailto:paul.nelson@reedexpo.co.uk)

[www.wtmlondon.com](http://www.wtmlondon.com)

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