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travel
market**[®]

7 - 9 Nov 2016

London



World Travel Market

2016 Industry Report

Discover key findings from the
WTM London Exhibition Floor



Findings from
1,000
UK holidaymakers



Opinions from the
**travel
industry**



All the latest
**travel
trends**



World Travel Market 2016 Industry Report

FOREWORD

World Travel Market London, the leading global event for the travel industry, will – as it has done since its launch event in 1980 – host the global travel and tourism industry as it looks to agree business deals and discuss the current issues facing the sector.

WTM London 2016 will facilitate deals worth more than £2.5 billion in travel industry contracts from more than 865,500 on-stand meetings between exhibitors and buyers from the WTM Buyers' Club. The WTM Portfolio – which also includes Arabian Travel Market, WTM Latin America and WTM Africa – is the catalyst for deals worth more than £4 billion.

Despite this clear desire to conduct business, the industry faces many hurdles, but I am pleased to see the report finds a high level of industry optimism for 2017.

WTM London has surveyed its key stakeholder – exhibitors, senior WTM Buyers' Club members and visitors – to discover the central issues for the industry and the topics of conversations on the exhibition floor across the three days of WTM London 2016 (Monday 7 – Wednesday 9 November).

The findings form the backbone for the World Travel Market 2016 Industry Report. It covers a range of issues from industry optimism, the impact of Brexit, aviation, responsible tourism and the US Election.

These results are put into context by comparison with a survey of more than 1,000 UK 2016 holidaymakers (all of whom took a minimum seven-day summer holiday overseas or in the UK in 2016) revealing their booking and holidaying habits.



Paul Nelson
Portfolio Press & PR Manager
World Travel Market





World Travel Market 2016 Industry Report

Report Research Background

The World Travel Market 2016 Industry Report is based on the findings of two independently conducted surveys in September 2016.

The first is a poll of 2,044 World Travel Market London stakeholders comprised of exhibitors (tourist boards and private sector travel industry organisations), the industry's senior buyers from the WTM Buyers' Club and travel trade visitors.

The second piece of research is a survey of 1,145 British holidaymakers (all of whom took a minimum seven-day summer holiday overseas or in the UK in 2015). A full cross section of the UK public in all regions and income brackets was surveyed according to Market Research Society's guidelines.



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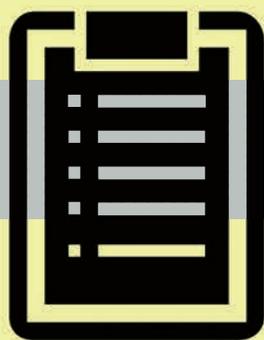
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1. Industry Optimism

2/3

OF BRITS

HOLIDAYED IN 2016



67%

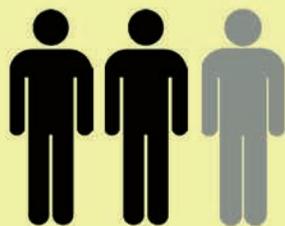
OF WTM PARTICIPANTS
SAY TRAVEL INDUSTRY
WILL GROW IN 2017, 15%
SIGNIFICANTLY

CHINA



TO BENEFIT
FROM
TOURISM
INCREASE

MORE THAN
TWO IN THREE
EXPECT
THEIR



BUSINESS TO GROW,
21% SIGNIFICANTLY



World Travel Market 2016 Industry Report

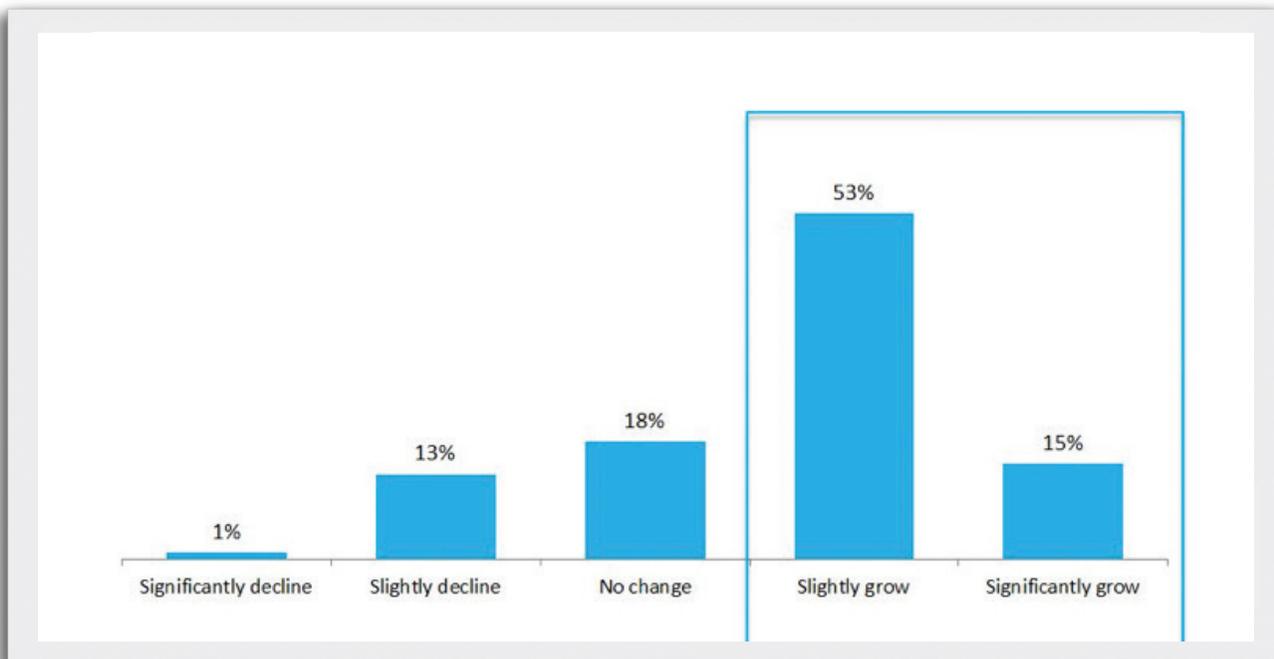
1. Industry Optimism

Industry optimism at World Travel Market London 2016 is high. Around 50,000 senior industry professionals will pass through the doors of ExCeL – London over the next three days (Monday 7 – Wednesday 9 November) to negotiate and sign business contracts. WTM London will host more than 865,000 on-stand meetings with deals worth more than £2.5 billion agreed and signed.

Furthermore, more than two thirds (68%) of industry respondents say travel and tourism will grow in 2017, including 15% believing there will be a significant increase in the global travel and tourism industry. A further 53% see the industry increasing next year. Almost seven out ten (67%) expect their business to increase bookings next year, including more than a fifth (21%) that feel business will significantly increase.

Q. To what extent do you expect the tourism industry to grow or decline in 2017?

(Industry Survey)



This optimism appears to be supported by an increase in Brits holidaying in 2016. Almost two-thirds went on holiday in 2016 compared to only 61% in 2015. However, in 2014 a massive 70% of Brits took a holiday.

The World Travel Market 2016 Industry Report had to ask 1,775 people to reach 1,145 holidaymakers. Last year it took 1,700 people to reach 1,036 holidaymakers, while in 2014 the researchers only had to ask 1,410 people to get 1,011 holidaymakers.

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China is poised to be the main beneficiary of this optimism and increasing in holidaying with 54% of travel firms anticipating an increase in bookings to the country. Other countries which will benefit include; India and Cuba (see more in emerging destinations chapter).



The tourism industries in Greece, Egypt and Turkey could be getting back on track with half the global sample saying they are planning to have conversations with suppliers from Egypt, Greece or Turkey.

The three destinations' tourism industries have been hit hard by a combination of political uncertainty and terrorist attacks over the past few years, prompting many travel companies to withdraw from or severely limit their presence. However, this could be about to change, with 37% of the total sample looking to talk to Greek businesses, 29% looking to talk to Turkish suppliers and 17% heading toward the Egypt stands.

Q. Are you planning to sign contracts with any companies from the following countries / destinations?

(Industry Survey)

Country	Planning to sign contracts
Greece (n: 748)	80%
Turkey (n: 592)	80%
Egypt (n: 347)	78%
Tunisia (n: 155)	72%

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And it appears as if many buyers have already decided that they are willing to sign on the dotted line, with eight out of ten expecting to confirm deals. Eight out of ten buyers having talks with Turkish, Greek and Egyptian exhibitors plan on signing contracts (80%, 80% and 78% respectively).

Tunisia is another destination whose tourism industry has been hit, and its recovery is taking longer to materialise but there are early signs of a shift in sentiment. While only 8% of the sample are looking to talk to representatives, more than 70% of those are expecting to sign a deal.







2. Brexit

47% OF INDUSTRY SAY BREXIT WILL HAVE A NEGATIVE IMPACT ON THEIR COMPANY, 30% SAY IT WILL INCREASE PRICES

44% OF HOLIDAYMAKERS WORRIED ABOUT STERLING EURO EXCHANGE RATE

&

43% ABOUT OVERALL HOLIDAY COST RISING

£££ > €€€

65% OF BRITS CONCERNED ABOUT THE IMPACT OF BREXIT ON THEIR HOLIDAYS



42%

OF FIRMS SAY BREXIT WILL MAKE IT HARDER TO RECRUIT STAFF



2. Brexit

The UK's decision to leave the European Union (commonly known as Brexit) and its impact on not only the British but the European and global travel industry, will be one of the most hotly discussed topics on the exhibition floor of WTM London.

Outbound from the UK

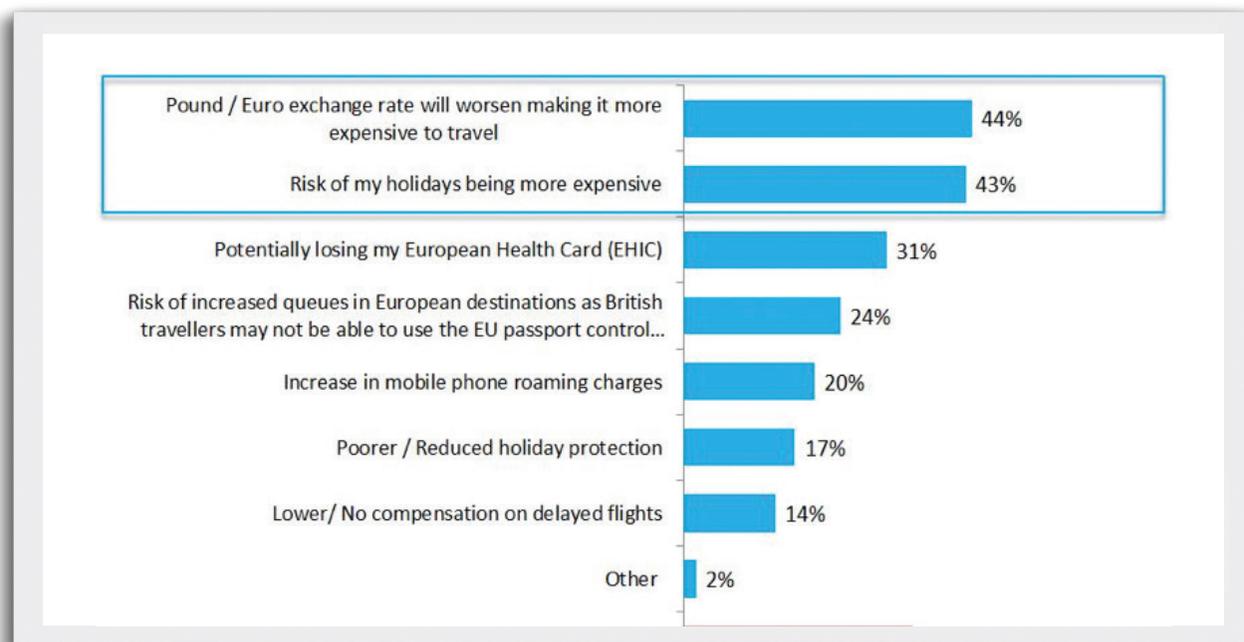
The World Travel Market Industry Report has found the majority of Brits fear their holidays will cost more next year because of Brexit – and almost a third of travel firms expect to raise prices as a result of the vote to leave the European Union.

Two thirds (65%) of British Holidaymakers expressed concerns about Brexit, mostly because of the plunging value of sterling and the impact on overall costs.

However, a resilient 70% said the result of June's referendum will have no impact on their holiday choice next year.

Q. What concerns, if any, do you have about Brexit?

(UK holidaymakers survey)



World Travel Market 2016 Industry Report

When asked about Brexit, the top worry - cited by 44% - was the sterling-euro exchange rate and how that will make holidays in EU destinations more expensive.

The second concern - cited by 43% - was a more general worry about overall holiday costs rising.

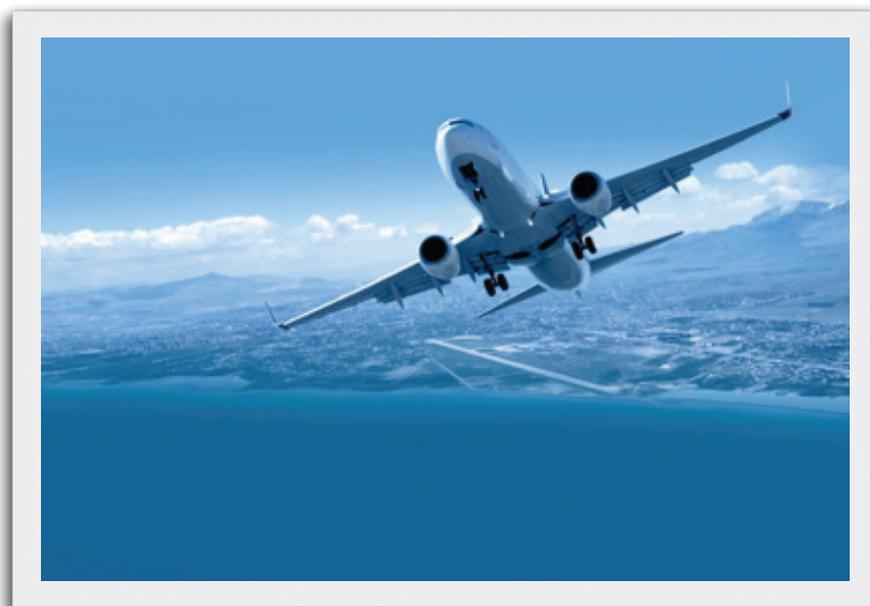
A third mentioned the potential loss of European Health Insurance Cards (EHICs), and a quarter said they were concerned about longer passport queues at airports.

However, just over a third (35%) had no concerns surrounding Brexit, while almost half (43%) said they would like to see a return to the traditional blue UK passport when Britain does leave the EU.

The findings reflect trends seen in the market, with travel agents reporting a slowdown in foreign exchange sales, and the share prices of leading travel groups falling in the wake of sterling's slumps in June and October.

John Strickland, Director at aviation consultancy JLS Consulting, said the fall in sterling generated immediate cost increases for UK airlines, as important expenditure items such as jet fuel and aircraft leases are denominated in dollars.

He said the UK outbound market to Europe and the US is one of the largest, and Brexit uncertainties could see airlines trimming capacity to and from the UK.



Caroline Bremner, Head of Travel and Tourism Research at Euromonitor International, commented: "The depreciation in the pound will help to entice visitors to the UK in the immediate short term as international visitors will benefit from the favourable exchange rate for spending in-destination.

"Yet it has yet to be seen whether capacity will remain at its previous pre-Brexit levels with some airlines already reducing their exposure to the UK market.

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"In terms of UK outbound, the drop in the pound and the economic uncertainty will be a big drag on UK residents travelling abroad, which will be a boon for domestic tourism."

Inbound travel to the UK

The immediate effect of June's Brexit vote meant the value of the pound plunged, making the UK better value for foreign holidaymakers – and July was the highest month ever for inbound tourism, with 3.8 million visits, up 2% on July last year.



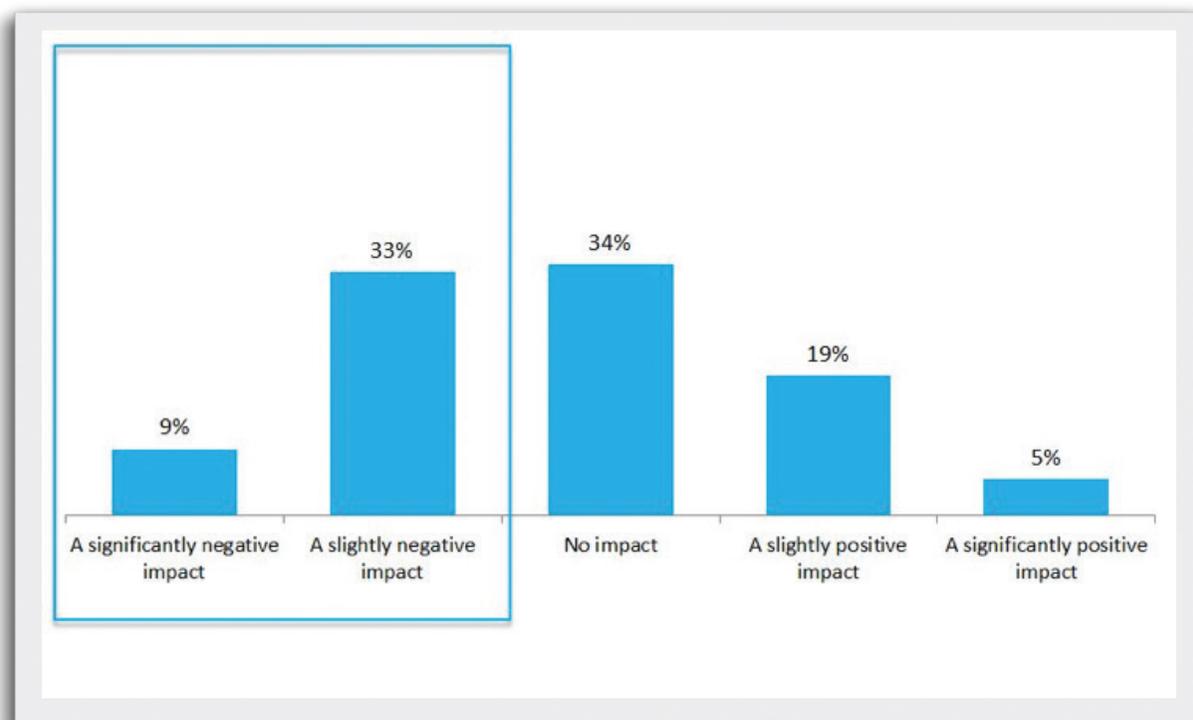
However, fears of a staffing crisis loom with almost half of travel and tourism companies employing overseas workers believe Brexit will make it difficult to recruit foreign workers. When asked if Brexit will affect the ability to recruit staff from overseas, 42% of firms which recruit migrant workers said they would face a struggle.

And their fears have since been compounded by the Home Secretary Amber Rudd discussing controversial plans to make firms list all the foreign workers they employ.

The UK tourism and hospitality industry is already tackling a growing staffing crisis but if the government cracks down on European Union workers, they would face an exodus of employees – which many firms and trade bodies fear would stifle growth in the sector.

Overall, to what extent has Brexit impacted the UK's reputation as a holiday destination?

(Industry survey)



World Travel Market 2016 Industry Report

42% believe the referendum vote has had a negative impact on the UK's reputation as a holiday destination. Almost half (47%) predict Brexit will have a negative impact on their organisation and 30% will seek to increase prices.

The findings mirror those of other trade bodies, such as UKinbound, which represents 370 inbound firms. About 30% of their workers are EU nationals.

UKinbound campaigned vociferously for the 'remain' campaign in the run-up to the referendum and is now lobbying MPs for continued access to the single market to ensure the free movement of people.

It warned: "The success of the tourism industry is heavily reliant on securing high-quality staff and the sector persistently struggles to fill vacancies. If employers are no longer able to draw on a pool of highly motivated and engaged workers across the EU there could be serious implications for the industry's potential for growth."

The British Hospitality Association also warned the sector's longer-term future is under serious threat if there is a clampdown on migrant workers.

Ufi Ibrahim, BHA Chief Executive, said: "We're asking the government not to push our businesses to a cliff edge on immigration.

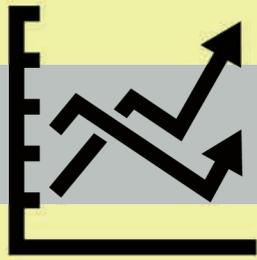
"Our industry is extremely labour-intensive, employing 4.5 million people, so we want to see the Prime Minister as soon as possible – giving a message that people who are here and working and have jobs can stay."

The long-term impact of Brexit is uncertain, as Britain's reputation overseas is affected and there is a tightening of immigration policy for EU nationals.

And the uncertainty only increased after the Home Secretary's announcement in October of further controls on migration.



London Mayor Sadiq Khan – who launched the #LondonIsOpen initiative to allay concerns after the referendum – commented: "This sends a deeply worrying message to the millions of people from around the world living and contributing in our country."



3. Emerging Destinations

CHICS



CHINA

INDIA



ICELAND

CUBA

ARE TRAVEL HOTSPOTS FOR 2017

55%

OF FIRMS TO DO MORE BUSINESS WITH CHINA IN 2017



49% INDIA, 40% CUBA, 37% ICELAND



UK HOLIDAYMAKERS INTERESTED IN VISITING

39%

ICELAND

24%

CUBA

21%

CHINA

20%

INDIA



3. Emerging Destinations – The ChIICs

China, India, Iceland and Cuba are tipped as hot spots for travel in 2017 – and have been dubbed the 'ChIIC' new destinations. The report highlights how these disparate destinations are rapidly rising in popularity, thanks to new airline services, publicity and geopolitical changes.

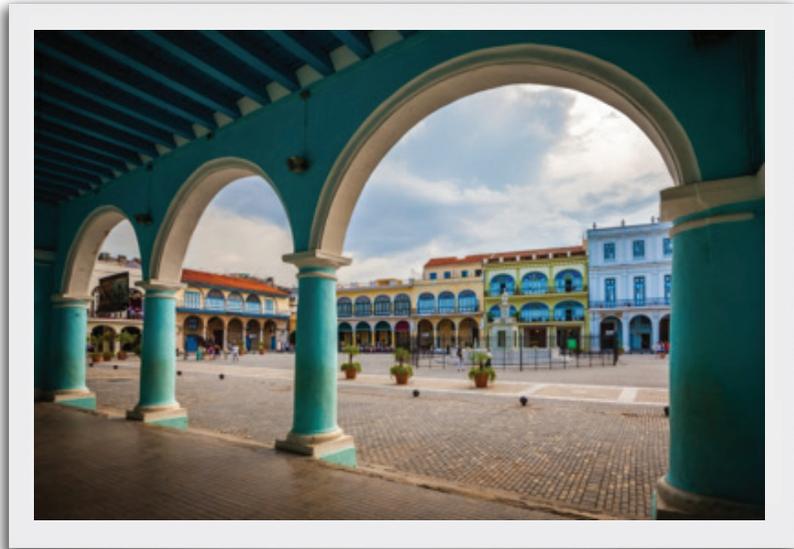
More than half (55%) of travel firms expect to do more business in China next year, and 49% expect to conduct more business in India.

Meanwhile, 40% said they hoped to conduct more business in Cuba and 37% expect to see levels of business rise in Iceland.

The 'ChIIC' countries were also among the most popular when UK holidaymakers were asked which destinations they are interested in visiting.

Almost two fifths (39%) said Iceland, followed by Cuba (24%), China (21%) and India (20%).

The market to China was buoyed by an agreement signed in October between the UK and Chinese governments, allowing more than double the number of flights to operate between the two countries.



Links between the countries had already been boosted this year with new services from Manchester and Gatwick.

Also, from 1 October, 2016, foreign tourists arriving in Shanghai on a cruise are allowed up to 15 days of visa-free stays.

Passengers may remain in Shanghai or travel to Beijing, the north eastern port city of Tianjin, and coastal provinces where ships often berth.

India – WTM London 2016's Premier Partner – has spent more than US\$300m developing its tourism

infrastructure as it aims for more than 13 million visitors a year by 2020.

There were 870,000 UK visitors to India last year and the UK market is seeing strong growth – numbers over the past three years have risen by almost 100,000.

Its most popular destinations are the Golden Triangle (Delhi, Agra and Jaipur); Rajasthan; Goa;

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Kerala; Kashmir and the North East, but other “hidden gems” and sectors are also being developed. These include coastal and beach tourism, luxury, cruise and eco-tourism.

Next year, India expects more success with its e-Tourist Visa (eTV), which was introduced to 113 countries in August 2015.

The country will also mark the 70th anniversary of independence in 2017 and plans for celebrations will be revealed at WTM London.



Also helping promote India during WTM London will be Harry Potter movie and TV actor Miriam Margolyes, of hit BBC series *The Real Marigold Hotel*.

Iceland is forecast to welcome two million tourists in 2017 – about five times the number it received in 2010.

It has seen its profile in the UK rise thanks to the outstanding performances of its football team and fans during the Euro 2016 tournament – and increased sightings of the Northern Lights, during a peak in solar activity.



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In October, Scotland's First Minister Nicola Sturgeon announced an historic formal agreement between VisitScotland and the Icelandic Tourist Board, which will see the two organisations sharing information and best practice.

The agreement follows the launch of new air routes between Iceland and Scotland.

The Icelandic Tourist Board works with Promote Iceland, a public-private partnership which will be exhibiting at WTM London with 23 other companies including Icelandair and WOW Air.

One of the key themes for 2017 will be balancing responsible tourism and its fragile environment in the wake of a huge increase in demand from tourists worldwide.

Meanwhile, Cuba is on the cusp of a tourism boom as President Obama has eased restrictions on US travellers heading to the Caribbean destination.

Eight US airlines won the green light to start scheduled flights to Cuba this autumn.

Cuba is already popular with British holidaymakers, especially those seeking all-inclusive resorts, and is featured by mainstream tour operators such as Thomas Cook, Saga and Thomson.

Thomson parent TUI Group is adding new Boeing 787-9 Dreamliner aircraft to its Cuba route, while Thomas Cook Group has reported strong growth in summer 2017 bookings to Cuba.

Figures from the Caribbean Tourism Organisation show Cuba received 14% of the region's UK visitors (199,000), and Gold Medal said its bookings to Cuba have risen 71% year-on-year in 2017.

The island is also in Condé Nast Traveller Top 10 'destinations to watch' in 2016.

However, agents report that Brits are keen to go soon, before the influx of American tourists mean that Cuba opens up too much and changes its character.

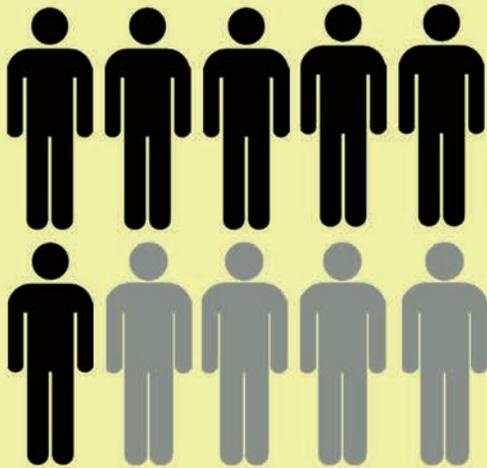






4. Aviation

MORE THAN
SIX IN TEN



EXECUTIVES SEE
SUPERSONIC FLYING
AS MAINSTREAM IN
THE FUTURE

73%



AGREED WITH
JET2.COM TO BAN
ALCOHOL SALES
BEFORE 8AM
AT HEATHROW

27%

OF UK
HOLIDAYMAKERS
HAVE
EXPERIENCED
A DISRUPTIVE
PASSENGER ON
A FLIGHT



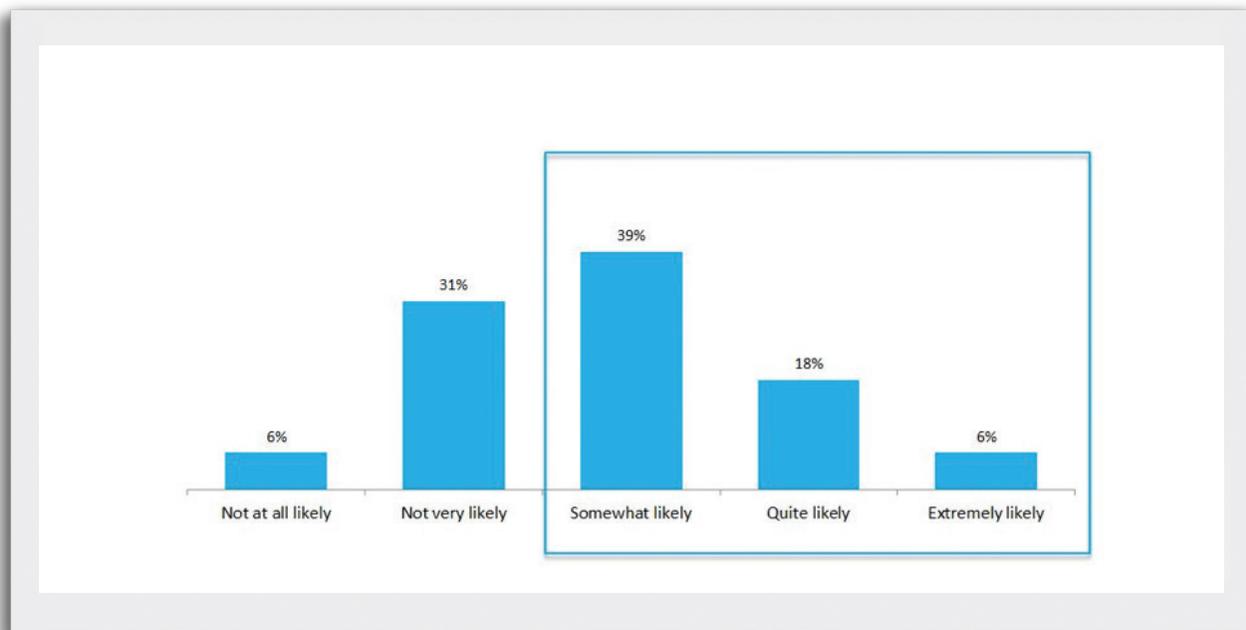


4. Aviation

The travel industry feels the need for speed – and expects supersonic flights to return to the skies. Almost two-thirds (63%) of senior industry executives believe supersonic flying is likely to become a mainstream form of transport for holidaymakers.

Q. How likely is it that supersonic flying will become a viable and mainstream form of transport for consumers / travellers?

(Industry Survey)



The survey's findings are reflected in the WTM Global Trends Report 2016, in association with Euromonitor International, which also tips supersonic flights to 'take off' again soon.

Concorde, the first supersonic passenger jet, retired from service in 2003, following the tragedies of the Paris crash in 2000 and the September 11 attacks in 2001.

Now, several aeronautics firms are working on supersonic technology which could halve flight times and open up new long-haul destinations.



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NASA and the US Defense Advanced Research Projects Agency (DARPA) are developing aircraft under the joint 'Quiet Supersonic Technology' or QueSST project.

They aim to build jets that fly more quietly than Concorde, which was famed for its loud sonic 'boom' as it broke the sound barrier.

The new planes could take to the skies as early as 2020 if the project receives funding as planned.

Meanwhile, Sir Richard Branson's Virgin Group is one of the companies investing in US firm Boom, which is also developing supersonic aircraft.

Boom flights from London to New York could take three hours, with return tickets costing an estimated US\$5,000 per person.

Blake Scholl, Founder and Chief Executive at Boom, claimed it would make commuting across the Atlantic a reality.

A prototype plane is expected by the end of 2017 and commercial flights could begin within a few years.

Other US companies are developing supersonic aircraft for business travellers, such as Spike Aerospace, and Aerion Corporation, which is working with Airbus.

Aerion hopes its jets will come into service by 2023.



Euromonitor International, Head of Travel, Caroline Bremner said: "The return of supersonic flights would be transformative, opening up far-flung destinations to holidaymakers and business travellers from the UK.

"Supersonic travel won't publicly be available for a couple of years at least, with prototypes not aiming to fly before 2017, but it's very exciting that so many players are vying to get into the sky – and with fares that are not sky-high."

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However, John Strickland, Director at aviation consultancy JLS Consulting – and WTM London’s aviation expert – commented: “Supersonic flights are unlikely in the short to medium term because investment and development costs are high.

“Airlines are not willing to pay those costs unless they are confident that passengers will be prepared to pay more.

“Concorde only worked on the London-New York route as there were many well-heeled passengers able to pay for the convenience but this is not true on most routes.”



Air Rage

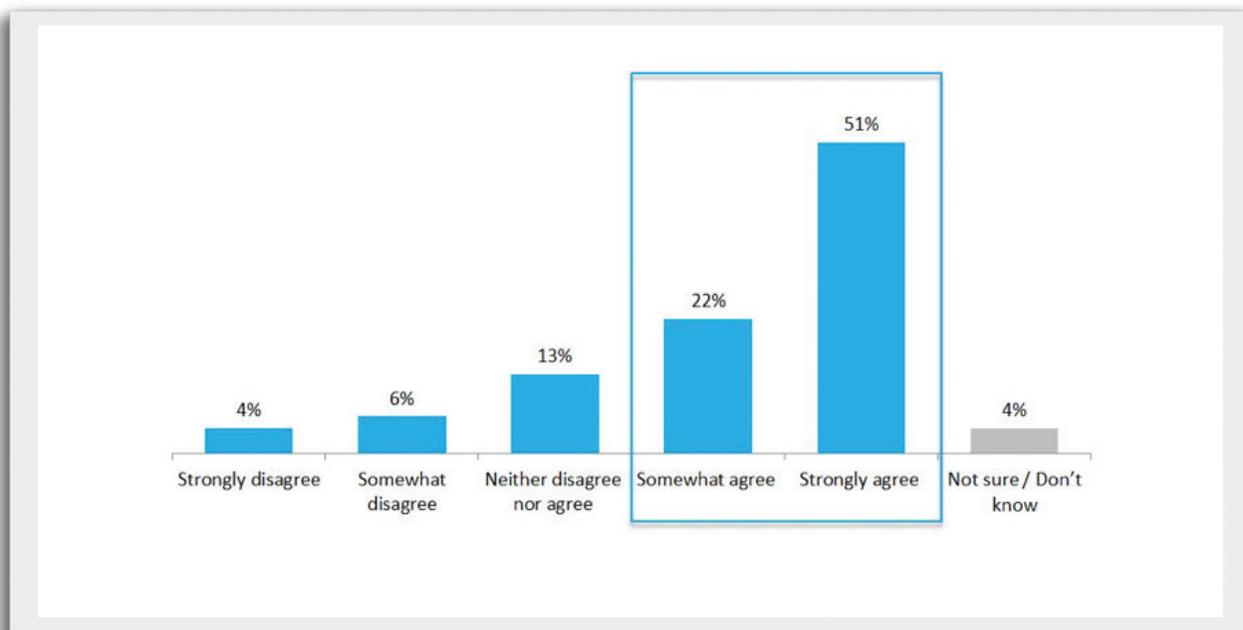
The majority of UK holidaymakers back plans to clamp down on passengers drinking alcohol before and during early morning flights in a bid to curb air rage.

More than a quarter of holidaymakers (27%) have experienced a disruptive passenger on a flight and almost three quarters (73%) agreed with the recent decision by airline Jet2.com to ban the sale of alcohol on board in the mornings.

Only one in ten said they disagreed with Jet2.com’s policy on not selling alcohol before 8am.

Q. Jet2 has banned the sale of alcohol before 8am on its flights, with some airports looking to introduce a similar policy. To what extent do you agree or disagree that such a policy is necessary?

(UK holidaymakers survey)



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The issue of alcohol on flights and air rage is becoming increasingly concerning, with the number of 'dangerous' in-flight incidents on UK airlines rising fourfold in three years, according to the Civil Aviation Authority. The CAA says UK airlines reported 85 air rage incidents in 2013, but the figure soared to 386 last year.

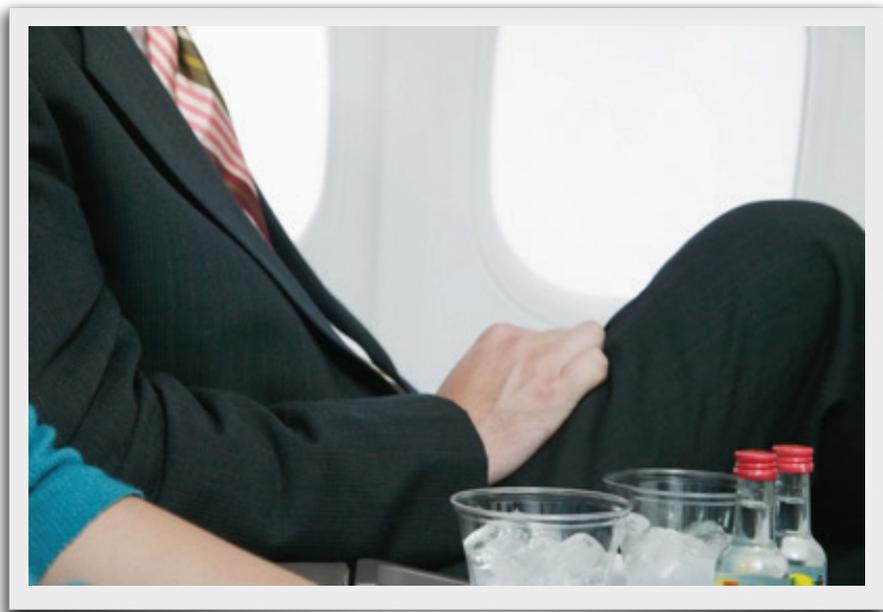
Figures from the International Air Transport Association (IATA) also show air rage is a global problem. Last year there were more than 10,854 incidents worldwide, equating to one incident for every 1,205 flights. The previous year, there were 9,316 incidents.

A significant proportion (11%) involved physical aggression towards passengers or crew or damage to the aircraft. Alcohol or drug intoxication was identified as a factor in 23% of cases, though in the vast majority of instances these were consumed prior to boarding or from personal supply without knowledge of the crew, said IATA.

IATA director general Alexandre de Juniac has described air rage as:

"simply not acceptable". "The increase in reported incidents tells us that more effective deterrents are needed. But we cannot do it alone," he said.

IATA's concern is echoed by Jet2.com Managing Director Phil Ward, who says 'pre-loading' is the issue and wants airports and retailers to clamp down on pre-flight alcohol sales. Jet2.com is calling for fully-sealed bags for alcohol purchased in airports, which it has been trialling at Manchester and Glasgow airports.



As part of Jet2.com's clampdown on bad behaviour, over 500 passengers have been refused travel since 2015, with over 50 of these given lifetime bans.

Cabin crew have also had enough. In an article in *The Independent* in September, UK travel journalist Simon Calder said cabin crew now add 'night club bouncer' to the list of roles they are expected to carry out in the skies.



5. Responsible Tourism



59%

OF HOLIDAYMAKERS SAY RESPONSIBLE TOURISM IS THE INDUSTRY'S RESPONSIBILITY, 25% SAY IT IS THE GOVERNMENT'S

ONLY

4%



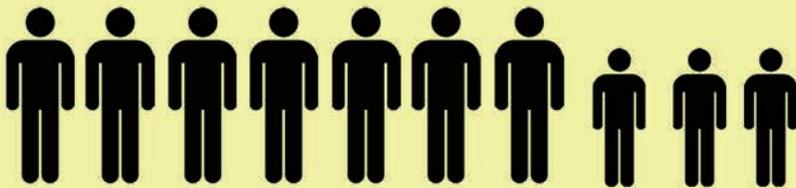
OFFSET FLIGHTS

3/4



OF HOLIDAYMAKERS SAY SUSTAINABILITY IS IMPORTANT TO THEIR HOLIDAY DECISION

7 OUT OF 10 SAY



THE INDUSTRY HAS BECOME MORE SUSTAINABLE OVER THE LAST 10 YEARS

THREE QUARTERS

OF INDUSTRY EXECS SAY TOURISM CAPS A PRACTICAL SOLUTION FOR OVERCROWDING



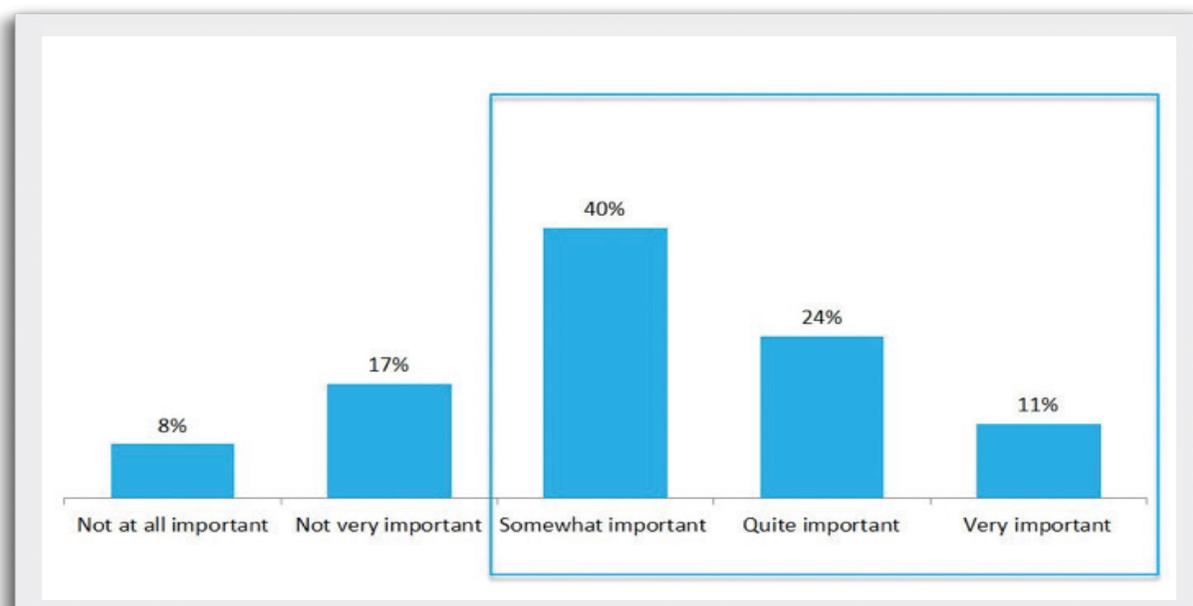
5. Responsible Tourism

UK holidaymakers think that the travel industry rather than the government should take the lead in responsible tourism. Nearly six out of ten (59%) of UK holidaymakers polled said it is the industry's duty to make tourism sustainable, compared with one in four (25%) who believe that the government should be in driving seat. The majority (55%) of industry respondents agree that the trade has the greatest responsibility to climate change, while 70% believe the tourism industry has become more sustainable over the last 10 years.



Q. How important is the environment and sustainability in your choice of holiday(s) and destination(s)?

(UK holidaymakers survey)



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Brits are also taking the initiative themselves, with 75% saying that the environment and sustainability is an important consideration in their choice of holiday destination.

This represents a significant increase over the past twelve months. Last year's World Travel Market Industry Report found that 61% of respondents thought that these issues were important.

Having said that, when asked specifically about carbon offsetting for flights, only 4% of this year's sample said they offset every flight they take, the same percentage as last year. The number of people who never offset their flights shows the slightest of improvements - 73% of the latest sample never bother compared with 74% last time.



World Travel Market London, the leading global event for the travel industry, has always argued that responsible tourism is about more than carbon footprints and climate change. Protection of the natural environment, engaging with communities, sharing economic benefits and animal welfare are among the other factors which contribute to a sustainable and responsible approach to tourism.

In this context, Brits appear to have become slightly less aware of the issues while away - 79% said they consider environmental issues during their holiday compared with 81% last time.

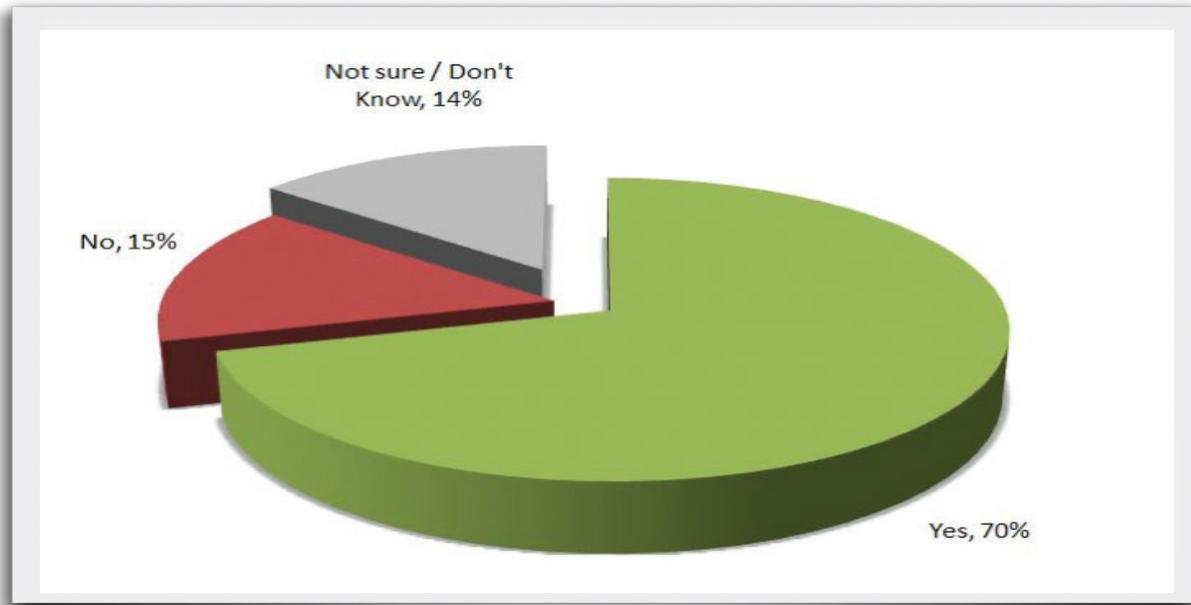
The British holidaymakers' overall perception of the industry's attempts to address its environmental impact is that more needs to be done. While one-in-three (35%) said travel had become more sustainable, 17% thought not with 48% unsure.

Nine out of ten industry executives say sustainability is important to their organisation - up from 80% last year. While only 28% of organisations have a carbon emission reduction policy. However, 38% consider the travel industry's greenhouse gas emissions reduction performance to be better than other industries.

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Q. Do you think the tourism industry has become more sustainable over the last 10 years?

(UK holidaymakers survey)



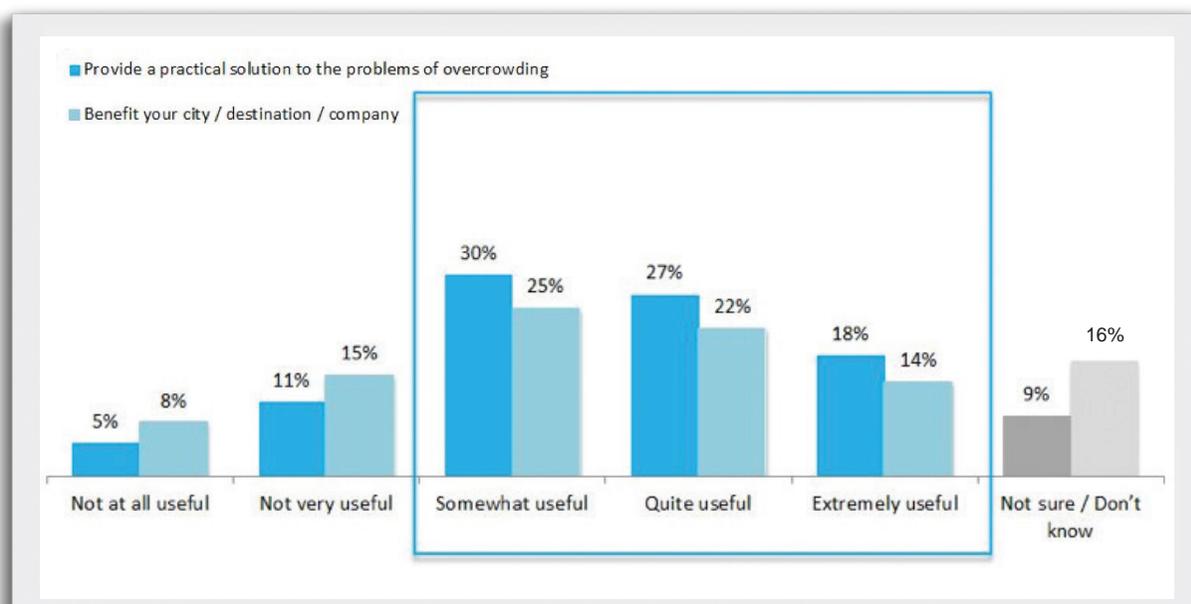
Tourism Caps

The number of senior industry professionals who think tourism caps are a good way to curb overcrowding at key attractions has increased year-on-year.

Three-quarters of the senior industry professionals surveyed agreed with the statement that 'tourism caps are a practical solution to the problems of overcrowding'. Last year, when the same statement was put to respondents, 65% agreed.

Q. Popular destinations such as the Disney resorts, Barcelona, Venice, and Machu Picchu have tried introducing measures to manage visitor numbers. How useful do you think tourism caps are to...?

(Industry survey)



World Travel Market 2016 Industry Report

The increase highlights a growing problem faced by destinations and attractions that are becoming a victim of their own success and are finding themselves having to cope with overcrowding.

Of the 75% of respondents who agree with the measures, 30% said tourism caps are 'somewhat useful'; 27% think they are 'quite useful' and 18% find caps to be 'extremely useful' in dealing with the problem. Only 5% said tourism caps are 'not at all' a practical solution to overcrowding and 11% said caps are 'not very' useful.



The 2015 report highlighted a marked difference between the number of industry professionals that thought tourism caps were a good idea in theory, and those who approved the measure in practice. However, this year's results show this gap is narrowing.

When asked whether caps would be a good thing for their own city, company or destination, 61% of those who took

part in the 2016 research agreed. Only 8% said caps had no benefit to their own city/company/destination and 15% said a cap was 'not very' useful. Last year only 36% agreed that a cap would be a good thing for their own city, company or destination, with 34% disagreeing.

A number of hot spots and protected areas have recently announced plans to cap visitors, showing the situation is becoming more concerning.

For example, Thailand has banned visitors from four islands: Koh Khai Nok, Koh Khai Nui, Koh Khai Nai and Koh Tachai in a bid to save coral reef from permanent damage. Before the ban, at least 60 speedboats visited the sites each day. Shops and cafes have been closed down, meaning local traders have no income from tourists.

Italian officials have announced a cap on tourists to Cinque Terre, a picturesque group of five villages along the Ligurian Sea, which wants to see numbers down from 2.5 million to 1.5 million each year.

The Seychelles is looking at curbing its annual visitor numbers. Its Minister of Tourism and Culture, Alain St. Ange, has said in the past: "We don't want to demean the value of the Seychelles. We're reaching 250,000 people, six times the number of people who live there."



World Travel Market 2016 Industry Report



Iceland has said it can't keep pace with the huge increase in visitors in recent years. The destination has a population of 335,000, yet expects to welcome 1.6 million visitors in 2016, a 29% increase on 2015.

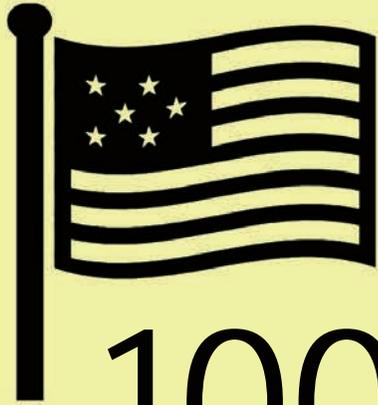
Iceland Tourist Board Director General Ólöf Ýrr Atladóttir has said: "We can't just endlessly receive more and more people at any particular tourist site and live under the assumption that we are offering the type of experience that people have paid for."

Iceland is also becoming choosier about those who do visit and is asking people to be more environmentally and socially aware, going so far as to launch an etiquette guide. Its plan to target the 'enlightened tourist' is a key theme at WTM London.





6. US Election



BRAND USA
AIMS FOR



100 MILLION

TOURISTS TO US FOR 2021

US PRESIDENTIAL ELECTION,
INDUSTRY PROFESSIONALS BELIEVE:



CLINTON BETTER FOR INDUSTRY = 60%

TRUMP BETTER FOR INDUSTRY = 7%



3% OF UK HOLIDAYMAKERS WOULD
LIKE TO SIT NEXT TO TRUMP ON A
PLANE, CLINTON 17%





6. US ELECTION

Alongside Brexit, the other key discussion topic on the World Travel Market London exhibition floor this week will be the US election. Taking place on the Tuesday of the event the result should be known the following day. Just like with Brexit the potential impact on the travel industry are massive wide reaching.

Despite Donald Trump's experience as an hotelier and businessman he has not convinced the global travel industry that he would be a better President for business than serial politician Hillary Clinton.

Six out of ten senior industry professionals believe Clinton would be better than the global businessman Trump, who registered a mere 7%. The balance - almost one in three - feel neither candidate would be good for business.

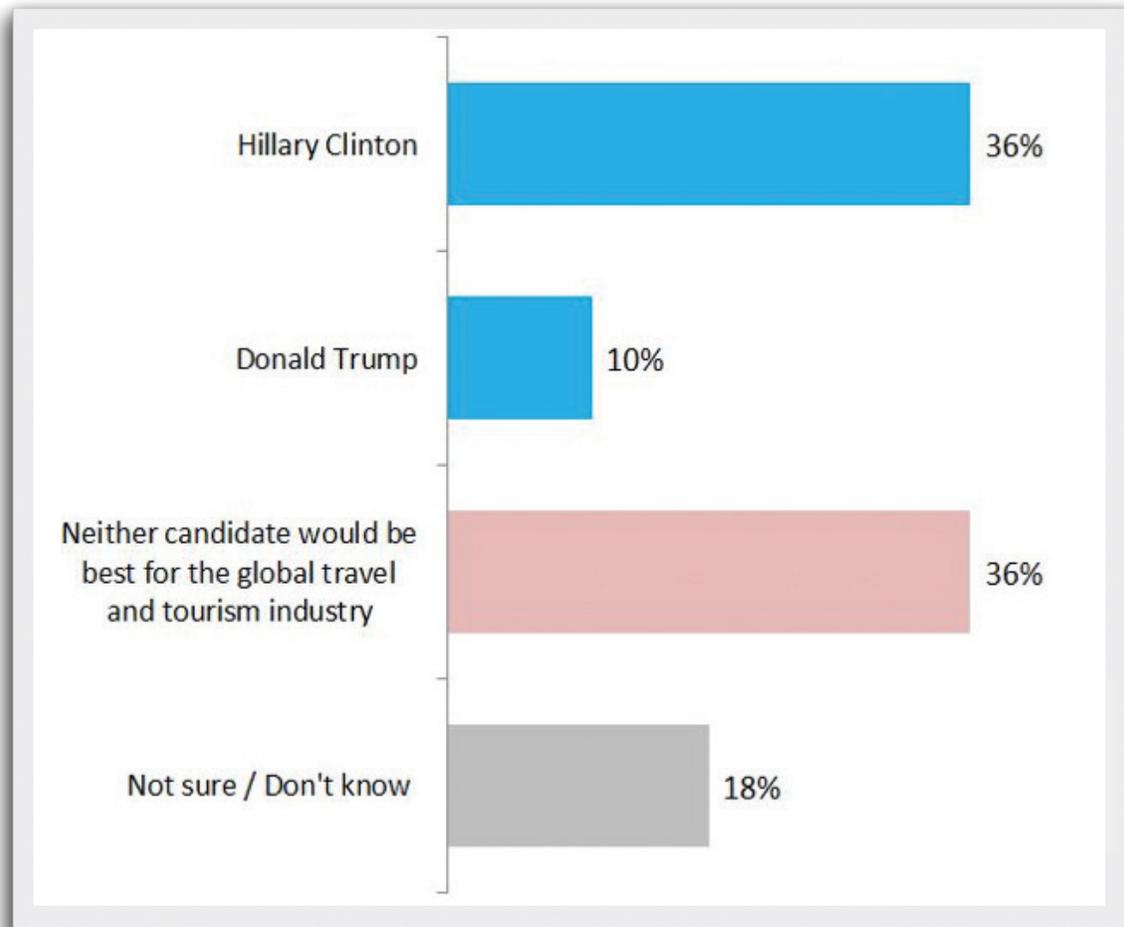
Trump's low approval rating comes despite his owning of a number of leisure and hospitality businesses around the world, including 15 Trump Hotels, spas, luxury lodges and golf courses.



However, many of his proposed policies - building a wall between the US and Mexico, banning Muslims from entering the US - are a sign that travel to the US might become problematic for many were he to win tomorrow's election.

World Travel Market 2016 Industry Report

Q. Which of the following US Presidential candidates would be best for the global travel and tourism industry? (Industry survey)



Brand USA's president and chief executive Chris Thompson has moved to reassure visitors and trade partners to the US that the upcoming election will not derail the success that the marketing agency is having in increasing visitor numbers to the US. He has been talking to both candidates' team and is confident of a "supportive relationship" whoever wins.

However, Trump's approach differs greatly to outgoing President Barack Obama, who oversaw a number of initiatives during his tenure which encouraged visits to the US. He paved the way for Brand USA, the public-private partnership promoting inbound travel to the US, which was launched at WTM London in 2011.

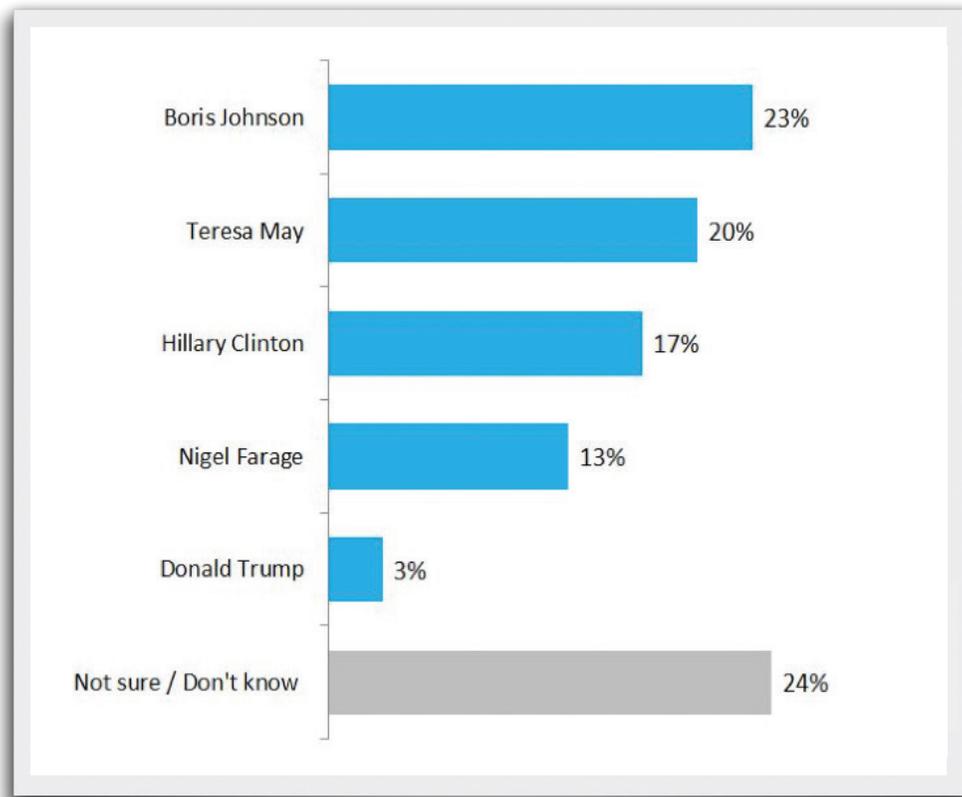
Trump's policies sit uneasily with Brand USA's efforts to welcome 100 million international visitors to the US by 2021, up from 70 million in 2013.

More recently Obama was in Beijing with China's President Xi to sign an agreement declaring 2016 as the US-China Tourism Year and launching a number of tourism-related initiatives between the two countries.

World Travel Market 2016 Industry Report

Q. Who would you rather sit next to on a plane?

(UK holidaymakers Survey)



British Politicians More Popular than US Presidential Hopefuls



British holidaymakers would rather sit next to Boris Johnson than Theresa May on a flight.

Boris Johnson, or BoJo to his friends, was one of the key protagonists for the Leave campaign during the EU membership referendum campaign and is now the UK Foreign Secretary. He has proved a controversial figure, hitting the headlines for an alleged u-turn on his thoughts about Brexit.

In comparison, Theresa May, who became Prime Minister after David Cameron resigned this September, is seen as "a safe pair of hands".

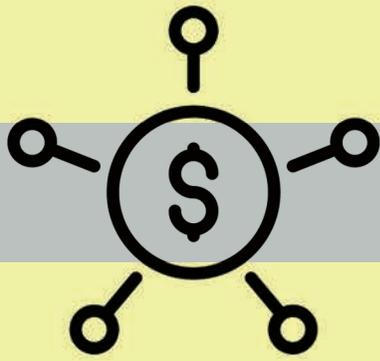
So perhaps it is purely on entertainment value terms that BoJo gets the nod from 23% of respondents compared with the PM who gets 20%.

In US election week, Hillary Clinton fares relatively well, chosen by 17% of the sample as the person with whom they would like to make small talk at 30,000 feet. Nigel Farage will be disappointed that a foreign female is more popular than he is, with the on-off-on leader of UKIP only polling 13%.



The fifth choice was businessman, reality TV star and presidential candidate Donald Trump, who barely registers any interest from Brits with only 3% choosing him as their travelling companion.





7. The Sharing economy

AIRBNB

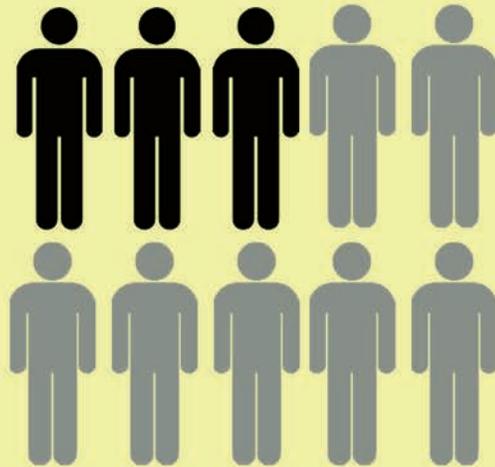
47%

OF TRADE SAY
THEIR
BUSINESS
HAS BEEN
UNAFFECTED
BY AIRBNB



32% SAY IT HAS BEEN A
NEGATIVE IMPACT AND
21% POSITIVE

THREE IN TEN



OF PEOPLE WHO
HAVE NOT USED IT
HAVE NO INTENTION
OF DOING SO

OF UK
HOLIDAYMAKERS
HAVE USED AIRBNB

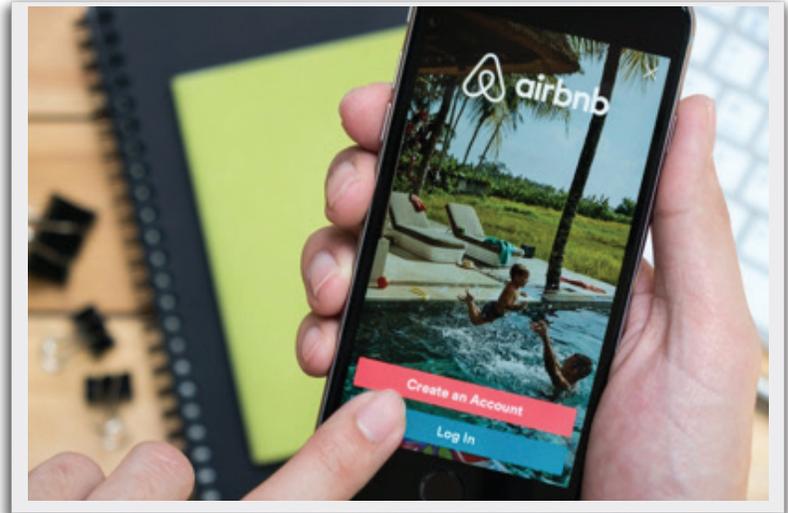
60% OF THOSE
SAY THEY
WOULD DO
SO AGAIN



7. Sharing Economy

The sharing economy has received a lot of press in recent years, led by its poster child Airbnb, however British holidaymakers are not as engaged with Airbnb as the hype suggests while the global travel industry is split on the impact the sharing economy is having on its businesses.

When asked about their use of Airbnb, only 12% of British holidaymakers said that they had used it. Airbnb, the global platform which allows individuals around the globe to rent homes or rooms to travellers, is worth an estimated \$30 billion. In September it raised \$555 million dollars, with Google's dedicated investment arm taking a stake.



It is widely seen as a disruptor, prompting not only global hotel chains to rethink their business model but also driving a change in the how online travel agencies market their accommodation inventory.

The relatively low take-up by Brits comes as a surprise in light of the brand's profile, although last year's World Travel Market Industry Report found that only 3% of Brits used Airbnb.

This suggests that Airbnb's marketing initiatives in the UK are starting to raise awareness.

Looking ahead, the report found that less than one-in-five of those who haven't yet used Airbnb would consider doing so in the future, with three-in-ten saying they had no intention of using the platform. Nearly half (48%) were undecided.

Repeat use might also be a concern - of the 12% who did use Airbnb only 60% said they would do so again.

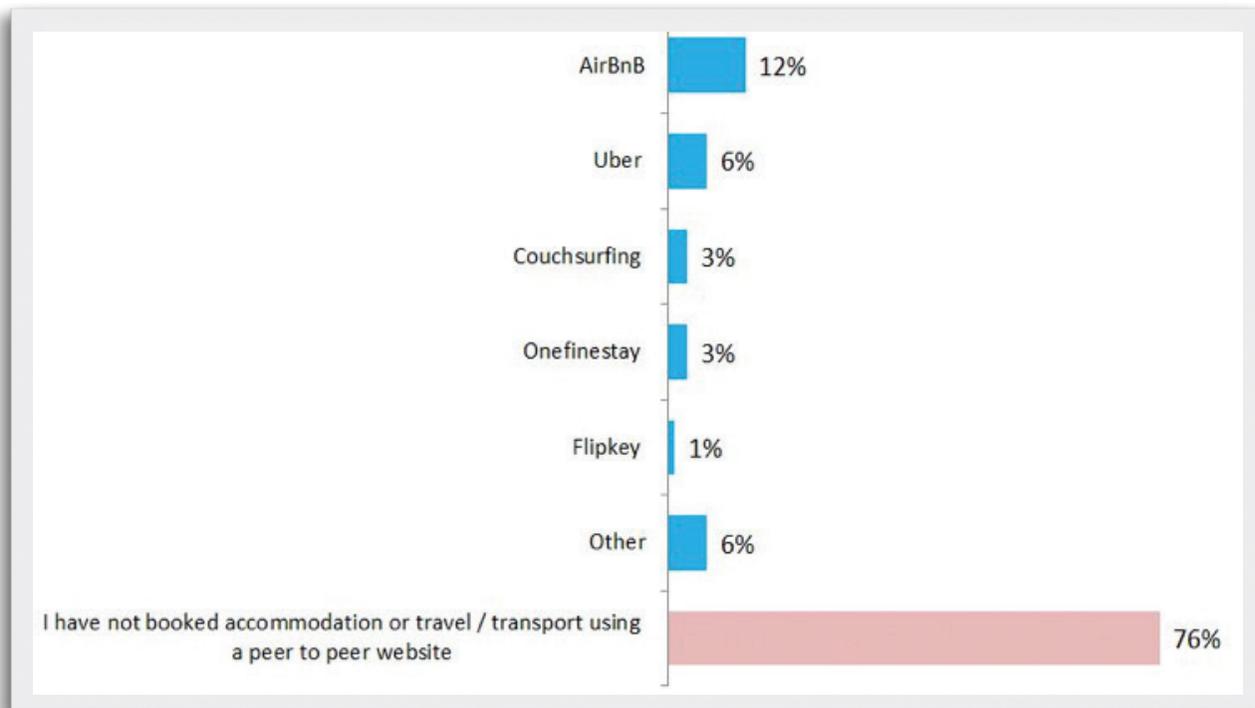
The global travel industry is divided on whether the wider sharing economy is having an effect on its business, with 47% of trade respondents saying their business was unaffected by the trend. Of those who were seeing an impact, 32% said it was negative, 21% positive.

Compared with 2015, the sharing economy is growing in influence. Last year the percentage of industry respondents unaffected was 58%. However, last year's sample was less enthusiastic with only 16% talking in terms of a positive impact, while the negative impact was felt by 26%.

World Travel Market 2016 Industry Report

Q. Which of the following peer to peer websites have you used to book accommodation or travel / transport in the past 12 months?

(UK holidaymakers Survey)





8. Terrorism

#1

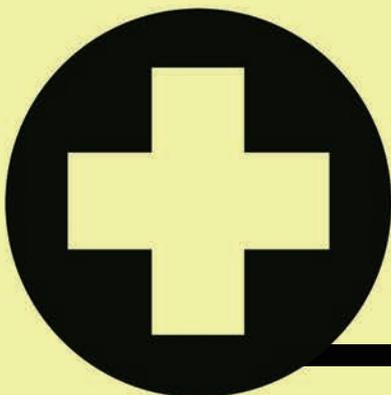
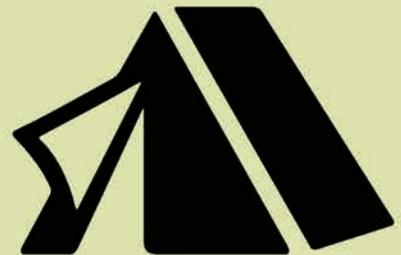
CONCERN FOR BOTH HOLIDAYMAKERS AND INDUSTRY WITH 47% OF HOLIDAYMAKERS SAYING TERRORISM IS A CONCERN



75% OF EXECUTIVES SAY TERRORISM HAS IMPACTED THEIR BUSINESS

REFUGEE CRISIS

IMPACTED 44% OF BUSINESSES AND 28% OF HOLIDAY CHOICES



HEALTH SCARES

IMPACTED 37% OF BUSINESSES AND 22% OF HOLIDAY CHOICES



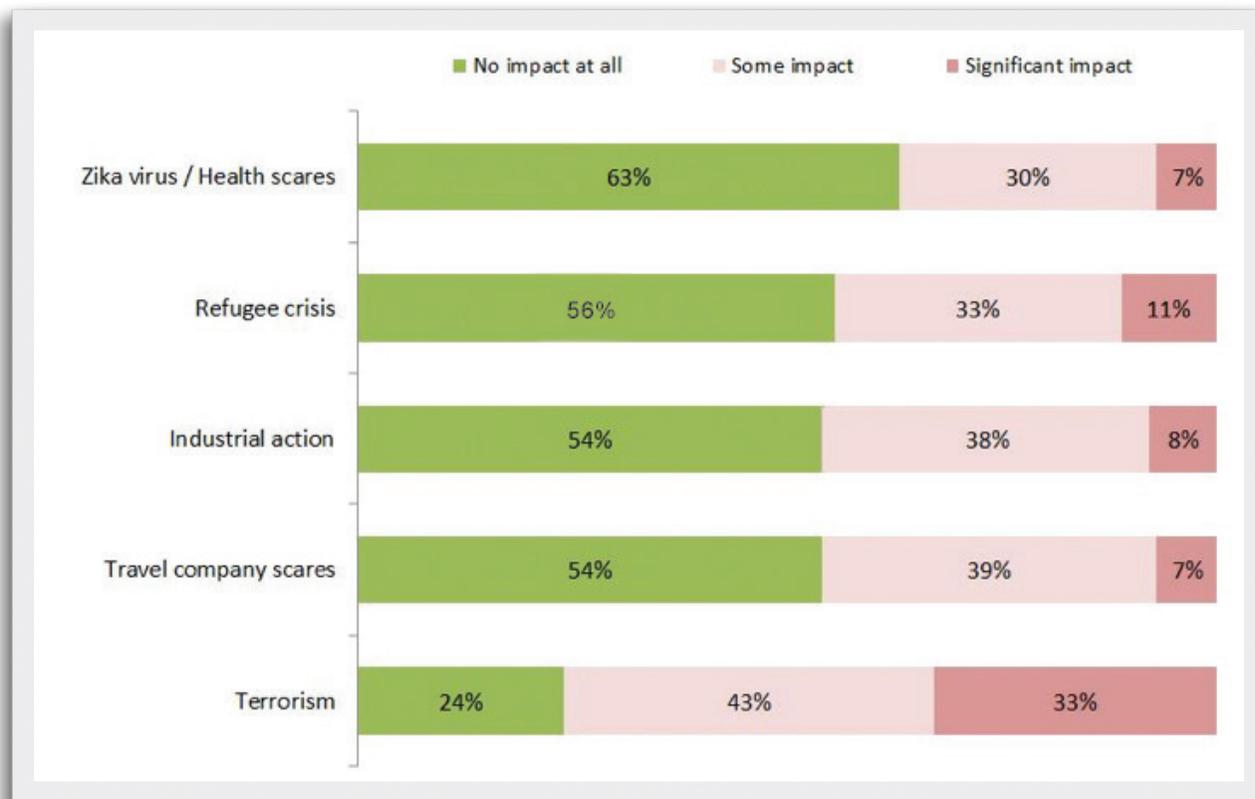
8. Terrorism

Terrorism is the number-one concern for British holidaymakers, while travel industry bosses say terror attacks have had the greatest impact on their business in the past year.

Of the British holidaymakers who went abroad this year, 38% said the threat of terrorism was a concern, with 9% admitting to being 'extremely concerned'. On the plus side, 40% said they were not concerned at all – despite several high-profile terror attacks in the past year.

Q. To what extent have the following impacted your company / organisation?

(Industry Survey)



However, there is clear evidence global terror incidents, such as the Nice Bastille Day massacre, the Istanbul Ataturk Airport attack and terror campaigns in Tunisia, have affected tourism. More than three quarters (76%) of key industry executives said terrorism has impacted their business in the past year.

Of these, one in three said terrorism had a 'significant' impact, while 43% said it had 'some' impact. Only 24% said terrorism had no impact at all.

Tunisia have seen tourism fall dramatically, while in Egypt, the current flight ban on British aircraft into winter-sun favourite Sharm el Sheikh, following the bombing of a Russian airliner, is affecting travel businesses as we move into the crucial winter 2016/17 season.

World Travel Market 2016 Industry Report

Leading executives say terrorism is having a far more negative impact on business than travel industry scares (such as company failures), with just 7% of industry execs saying company scares had a 'significant' impact, while 39% said they had 'some' impact on their business.

Despite high-profile cases of industrial action by air transport workers, service personnel in Greece, blockades at Calais and train strikes, fewer than half of industry executives (46%) said industrial action had impacted their business.

The refugee crisis has impacted 44% of travel businesses – with 11% saying it has had a significant impact; 37% say health scares such as the Zika virus has impacted their business.

Just over a quarter (28%) of consumers said the refugee crisis affected their decision on where to go on holiday; 23% were concerned about political instability; 22% were concerned about the Zika virus and other health scares; 20% were concerned about industrial action and 18% were concerned about natural disasters.

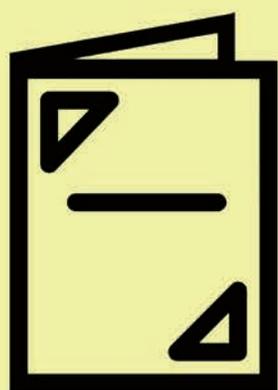




9. UK trends



MORE THAN HALF
OF PARENTS **WILL NOW TAKE**
THEIR **CHILDREN OUT OF**
SCHOOL DURING TERM TIME



34%

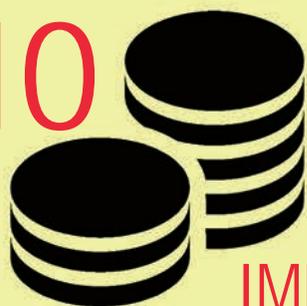
OF HOLIDAYMAKERS
USED A BROCHURE
IN THE PAST YEAR

70%



LOOK FOR
ABTA &
ATOL
LOGOS

9 IN 10



OF BRITS **SAY** IT IS
IMPORTANT THEIR **HOLIDAY IS**
FINANCIALLY PROTECTED



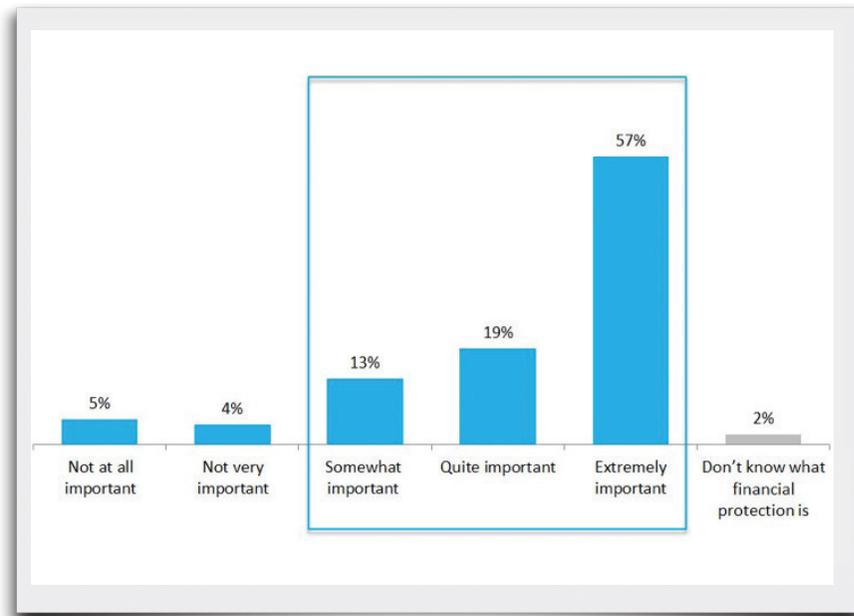
9. UK Trends

Financial Protection

Nine out of ten Brits say it is important that their holiday is financially protected, with only 5% of holidaymakers unaware of the ABTA and ATOL logos, while 70% actively look for the symbols for reassurance when booking a break.

Q. In light of the number of travel company failures this year (e.g. lowcostholidays), how important is it that your holiday is financially protected?

(UK Holidaymakers Survey)



The vote of confidence follows a spate of high-profile collapses and terrorist incidents overseas, which raised awareness of financial protection – and the perils of not being protected.

The failure of Lowcostholidays in July hit the national headlines, as more than 100,000 customers were left out of pocket – including 27,000 people who were abroad when administrators were called in.

Lowcostholidays did not have an Air Travel Organiser's Licence (ATOL) – the Civil Aviation Authority scheme which protects UK package holidaymakers when firms go bust – because the firm moved its business to Spain in 2013.

Several Turkey specialists have gone out of business in the past year, as the market was hit by terrorism attacks and the attempted coup.



World Travel Market 2016 Industry Report

And speculation about the extension of Monarch's ATOL also hit the headlines in September.

The research echoes findings from ABTA about the increased awareness of protection among consumers after the flurry of failures.

The travel association said in September that 73% of people recognise the ABTA logo, representing an increase of 2% from 2015.

Victoria Bacon, ABTA Director of Brand and Business Development, said: "During a period when online holiday fraud has increased, and when high-profile global events have thrown a spotlight on the industry, it is clear that the confidence that the ABTA badge brings, and the consumer advice and support that we are able to provide on behalf of our members are more important than ever."

The CAA reported that the number of ATOL protected bookings rose for the fourth consecutive year in the 2015-16 financial year, with 25.2 million holidaymakers protected by the ATOL scheme, up from 23.8 million the year before.

The association runs a nationwide 'Pack Peace of Mind' campaign during peak booking periods, to raise awareness of the benefits of ATOL.

Paul Richer, Senior Partner of technology firm Genesys, warned that consumers did not realise the implications of Lowcostholidays being headquartered in Spain – and urges more action by the travel trade to highlight the problems.

"These are passengers that could have travelled with UK companies that had taken the trouble and gone to the expense to be ATOL, ABTA or TTA (Travel Trust Association) bonded," he said.

"Why didn't these holidaymakers book with properly protected companies? Why are our customers conned by a good-looking website with a few weasel words?"



Holiday Brochures

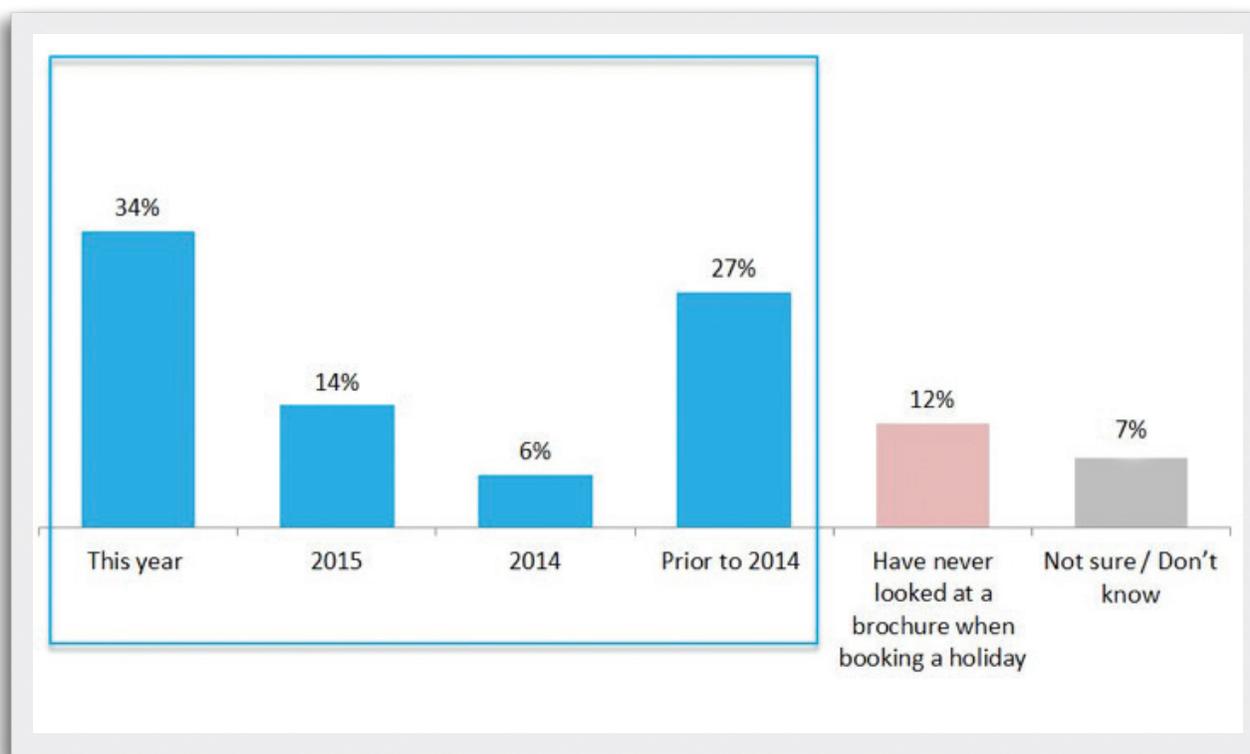
The use of the traditional holiday brochure as part of the booking process appears to be making a comeback, with a third of holidaymakers saying they relied on brochures this year.

More than one third (34%) of those who booked a holiday in the past year used a brochure as part of the process and comparative figures from 2015 and 2014 show that – far from dying out – the holiday brochure is enjoying resurgence.



Q. When was the last time you looked at a brochure when booking a holiday?

(UK Holidaymakers Survey)



World Travel Market 2016 Industry Report

The figure is more than double the number in 2015, when 14% said they had done so and over five times higher than in 2014, when 6% said they had used a brochure.

The first brochure was produced in 1953 for Skytours, now part of Thomson and, although brochure use has declined since the advent of more sophisticated research opportunities (the 34% figure compares to 80% of respondents saying they had used a brochure in previous years), the results suggests that those operators that are looking to ditch the brochure for good could be missing out on potential business.

Thomson and sister company First Choice plan to ditch brochures entirely by 2020, with MD Nick Longman saying things have moved on since the days when people used to “spend hours flicking through the brochure and decide where they wanted to go”.

Instead, owner TUI is investing in video content and technology for its online channels, personalising content to suit individual likes and budget. Its new concept stores, Holiday Design Stores, have replaced brochure racks with interactive maps, video walls, booking booths with screens to bring holidays to life and an ‘advice bar’ with staff on hand to offer a personalised holiday planning service, with the use of technology.



Gemma Antrobus, chair of the Association of Independent Tour Operators’ Specialist Travel Agents group, believes the decision by her agency, Haslemere Travel, to take brochures off shelves led to the company increasing its reputation as having knowledgeable staff, who sell holidays on experience and expertise, rather than relying on “pretty pictures in a brochure”.

She does admit to relying on brochures from specialist tour operators and says customers like to take something home after the booking is made.

Some operators are not ready to ditch the brochure just yet and are in fact launching brand-new first-time brochures for new product, such as Travel 2, which will bring out its first standalone cruise brochure later this year.



Another is over-50s coach specialist Grand UK Holidays. The company’s Sales Director, Harold Burke, said: “Some operators are phasing them out but we still regard the brochure as a worthwhile sales tool, especially for mature holidaymakers.”

Confusion reigns on taking children out of school during term time

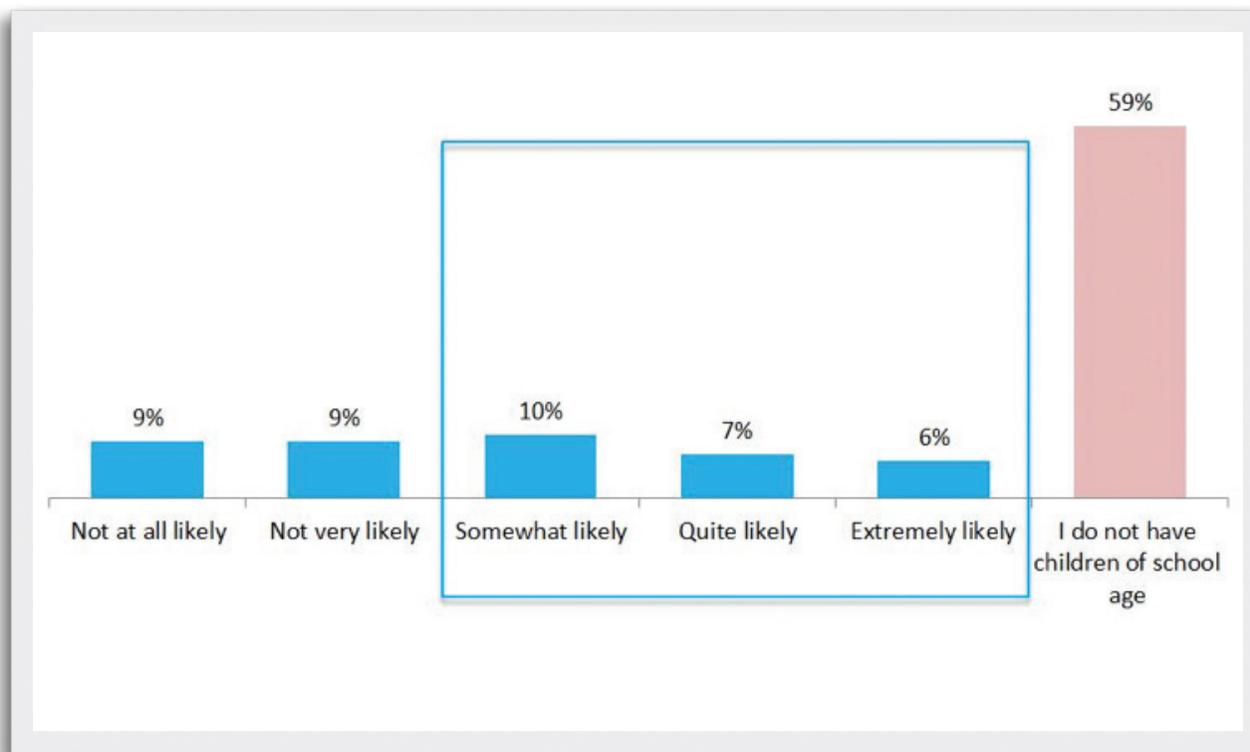
The majority of parents have no qualms about taking their children on holiday during term time, as confusion reigns about the legality of term-time fines.

When asked how likely respondents were to take children on holiday during school time following a High Court ruling that a father should not have been fined for doing so, 56% of respondents with children of school age



Q. The High Court has recently ruled in favour against fining parents for taking their children out of school during term time. How likely are you to take your children on holiday during school time?

(UK holidaymarkers survey)



World Travel Market 2016 Industry Report



said they would take their child away during term time.

The rest were split equally between being 'not at all likely' and 'not very likely' to take their kids out of school for a family holiday.

In 2013, the UK Government introduced fines of £60 per pupil – doubling to £120 if not paid within three weeks – for parents of state schools in England who take their children out of school for anything other than 'exceptional circumstances'.

The Government argues that taking children out for significant periods of time affects their ability to learn and is disruptive both to them and their classmates.

According to the most recent figures, 50,414 fines were issued to parents in the academic year 2014/15, generating a massive £3 million.

One dad, Jon Platt, refused to pay a fine issued by the Isle of Wight education authority and was taken to court. After the judge found in Mr Platt's favour, the Isle of Wight council then took the case to the High Court, which upheld the original ruling, saying a parent could take a child out of school for a holiday if they had a good attendance record.

Immediately after, there was a surge in bookings and searches for term-time family holidays.

Online travel agency Sunshine.co.uk saw bookings for family holidays during school term dates increase 88% straight after the High Court victory, with searches for holidays during school term up 92%. Most of the confirmed bookings were for the first week of July or last week of September. Bookings and searches for holidays during the school summer break fell by 32% and 45% respectively.



Cheapflights reported searches for term-time travel to family destinations such as Lanzarote, Malaga, Gran Canaria and Florida leapt by 50% after the ruling, while searches to the same destinations during the traditional holiday periods dropped by 20%.

According to Cheapflights, families can save up to 45% travelling during term-time. For example, flights to Lanzarote in September 2016 were listed on the website at £204 compared to £374 in August.

The battle is not over yet, as the Isle of Wight education authority, backed by the Department for Education, has been given leave to appeal Jon Platt's case at the Supreme Court.

In the meantime, several councils in England – including Trafford, Dudley, Wakefield, Portsmouth, Devon, Warwickshire, Sandwell, Derby and South Gloucestershire – have dropped legal



proceedings against parents, while others – including Bury, Derby, Southwark, Oldham, Cornwall, Dorset and Lambeth – have decided not to issue fines until the legal situation is clarified once and for all.

Another 40 or so councils haven't changed their procedures, meaning parents in those areas will still be issued with a penalty notice.

Parents who refuse to pay face prosecution and a maximum £2,500 fine or up to three months in prison.

Meanwhile, in October, Stephen Gorard, Professor of Education at Durham University said there was too little detailed evidence to prove the Government's assertion that taking children out for the occasional family holiday damages their school work.

