

# Pivot to Purpose: Building Sustainable Tourism for Success

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Euromonitor International

CTO – October 2020

# OVERVIEW

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COVID-19 world impact

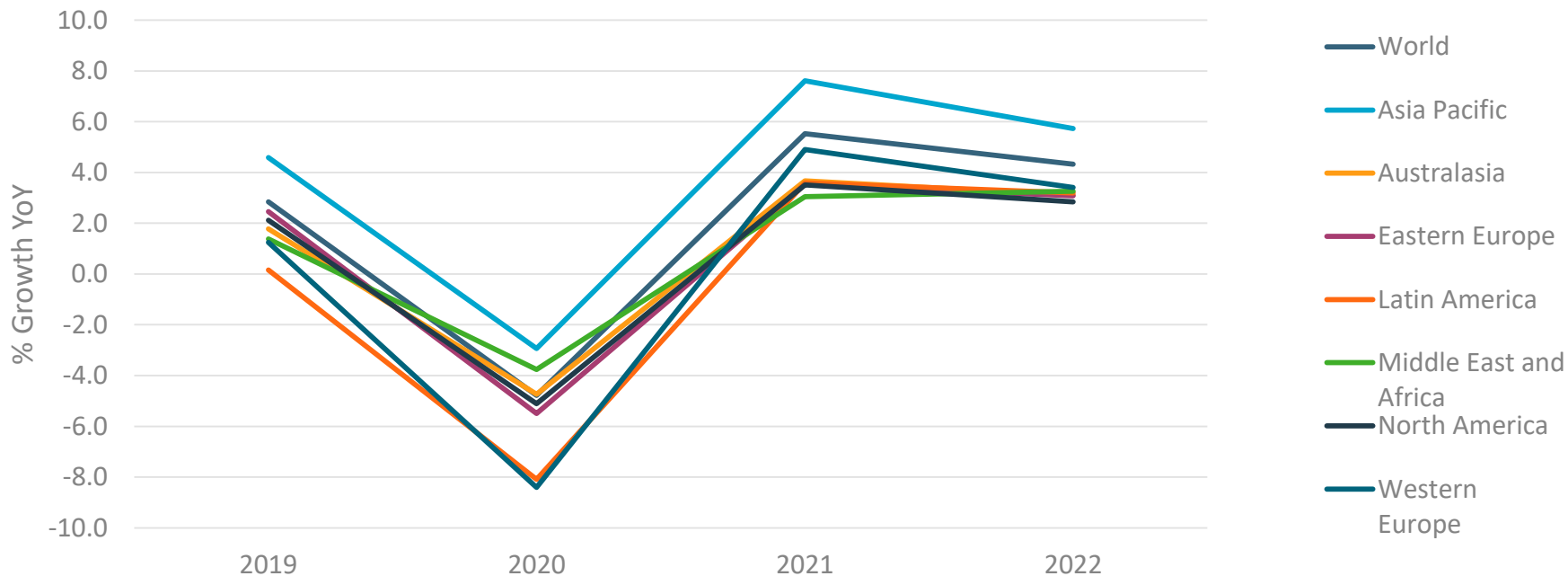
Destinations and source markets

Consumer shifts

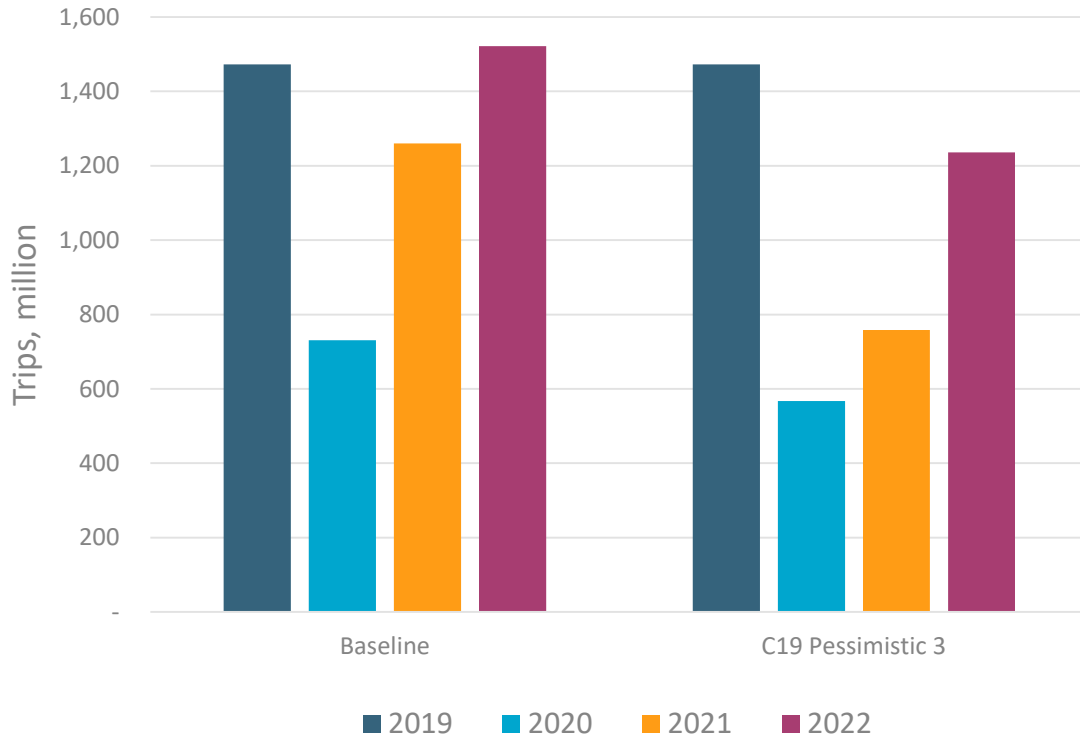
Transition to purpose

# World economy -4.8% growth in 2020 in a best case scenario

Global Real GDP % Growth by Region 2019-2022



## World Inbound Arrivals Baseline and COVID-19 Scenario3 2019-2022



# -50%

Best case – world arrivals

% growth 2020

# -61%

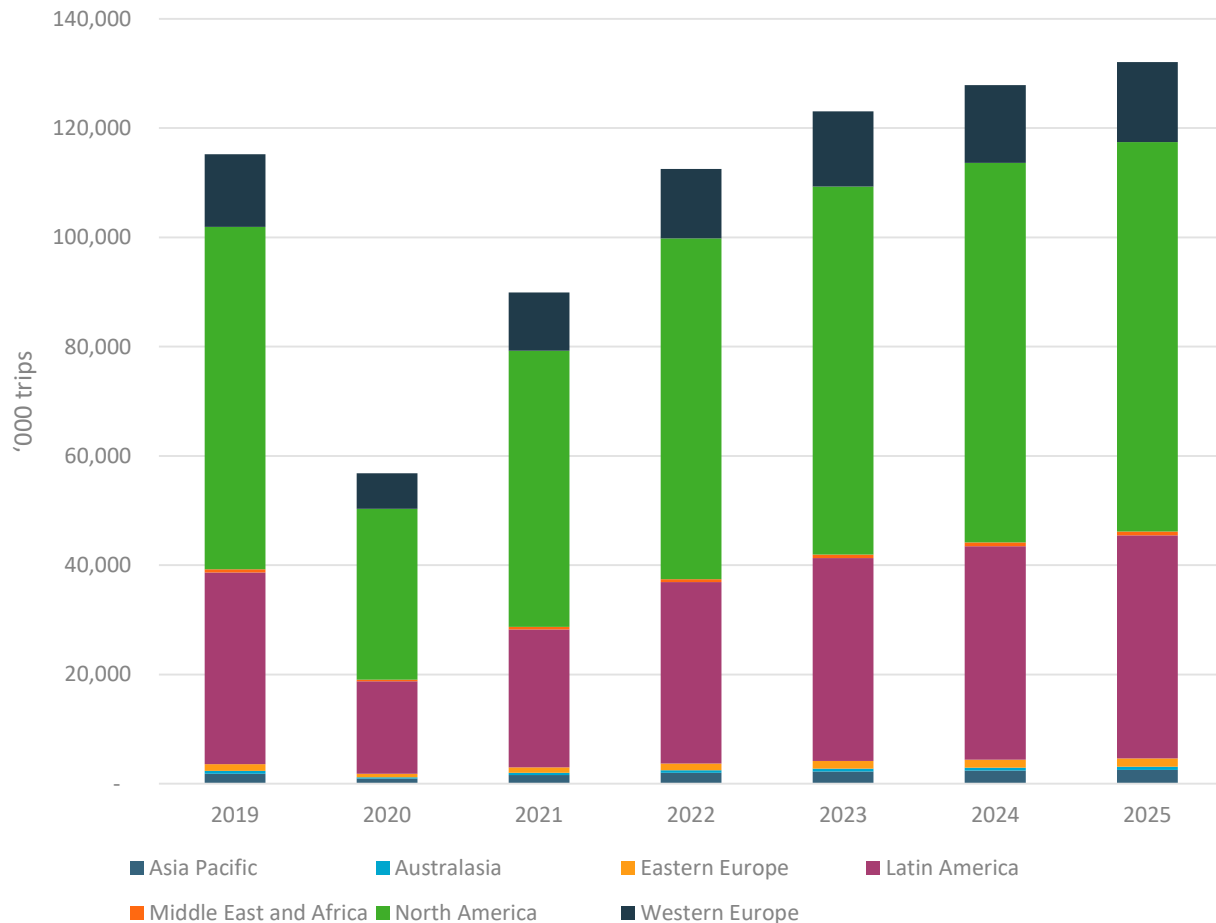
Worst case – world arrivals

% growth 2020

# 3

Number of years to recover to  
pre-crisis levels, minimum

## Latin America Forecast Arrivals by Region 2019-2025



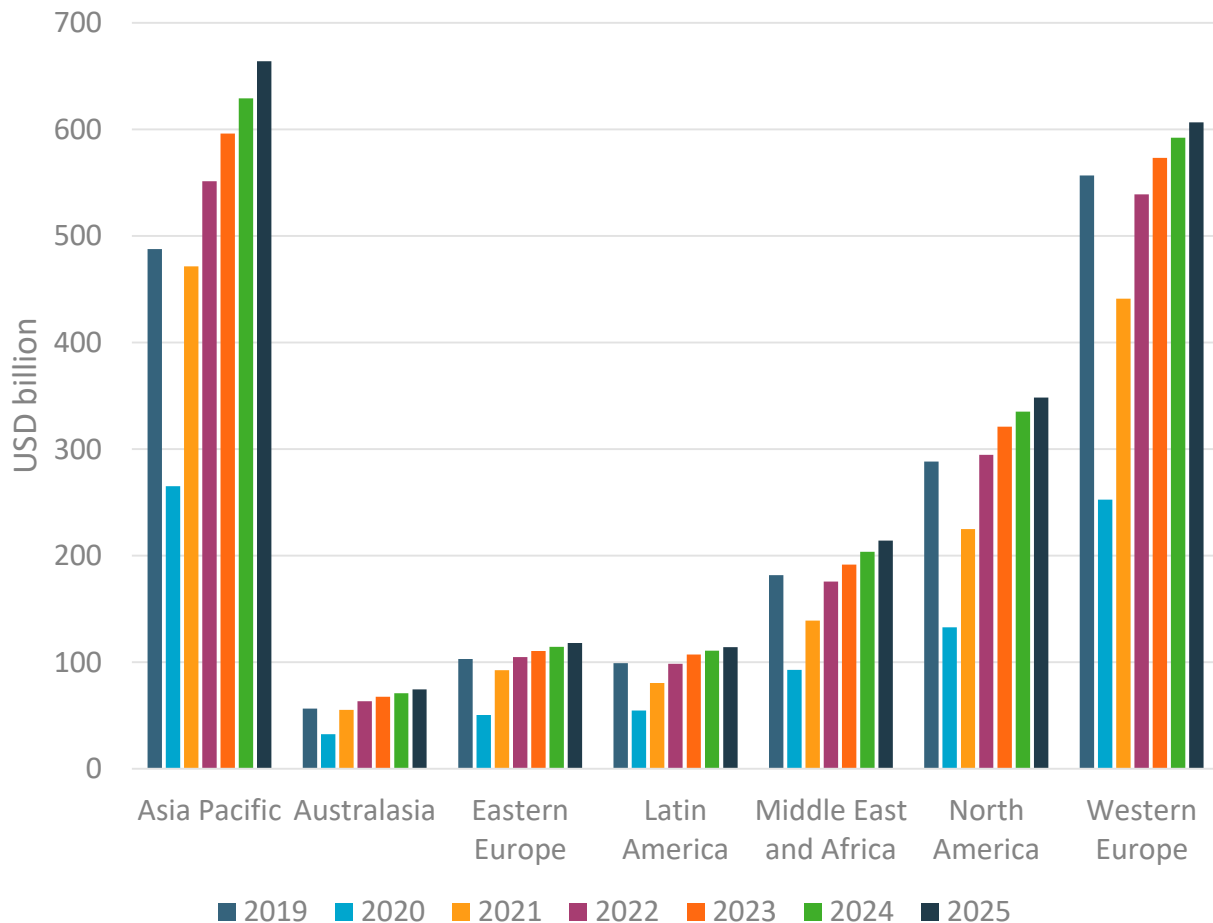
# 30%

Intra-regional arrivals for Latin America by 2025, but 22% of receipts

# 60%

Higher average spend per trip by Asia Pacific, on a par with Western Europe

Inbound Receipts by Region  
USD billion 2019-2025



USD882

billion - world inbound receipts  
2020

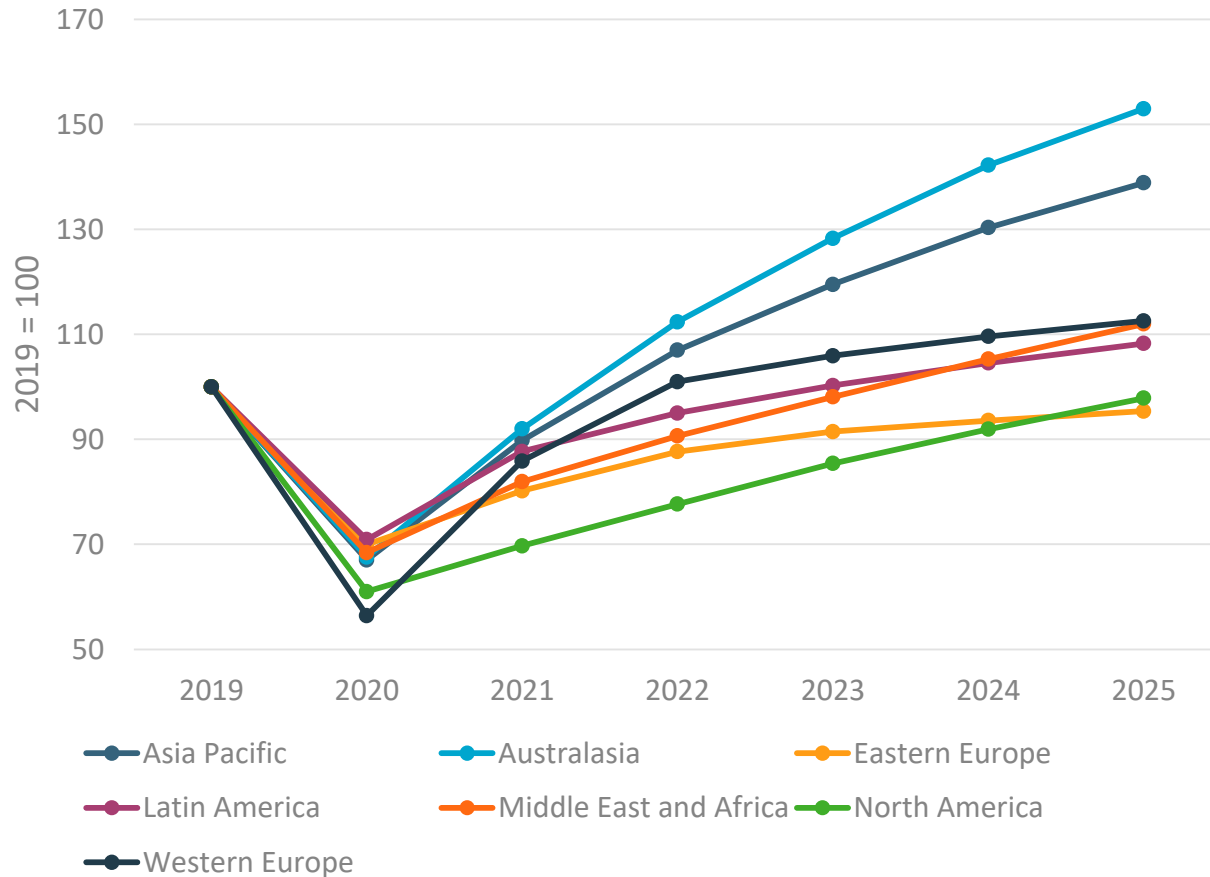
30%

% value share for Asia in 2020,  
overtaking Western Europe

21%

CAGR 2020-25 fastest growth by  
North America post COVID

Index of Domestic Tourism Trips 2019-2025

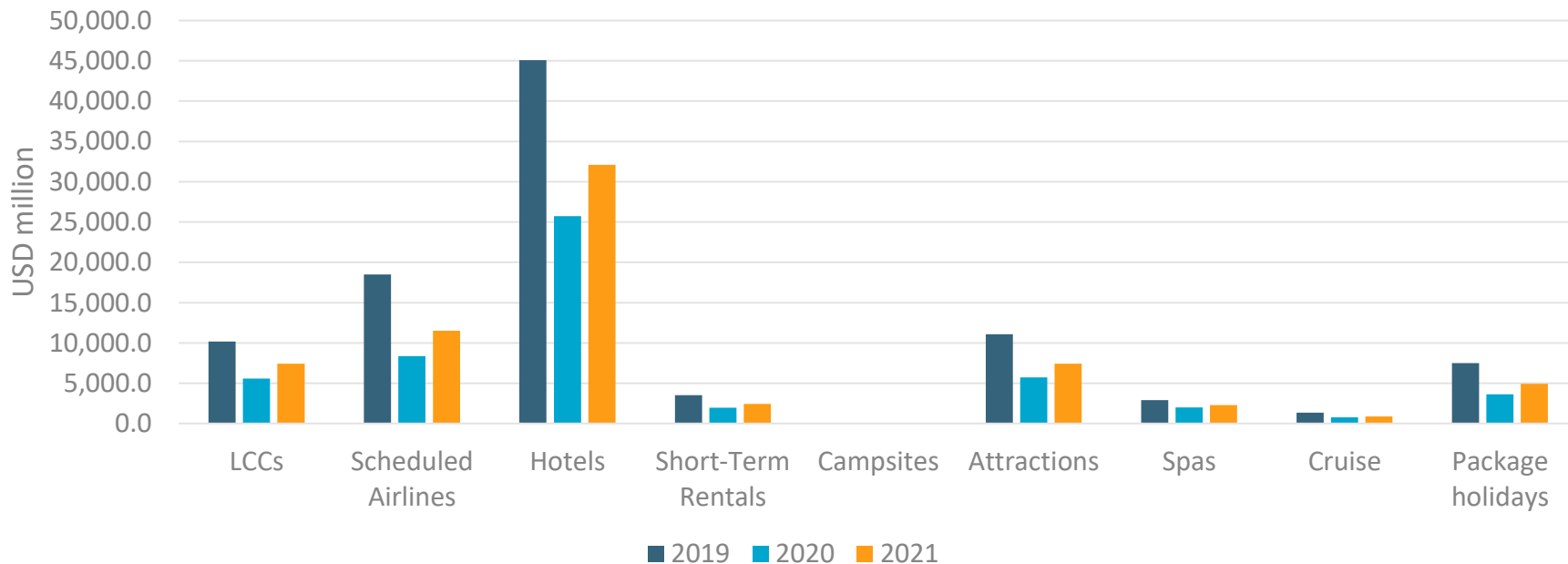


## Domestic Tourism Dependency - value

<b>World</b>	<b>68%</b>
<i>North America</i>	<i>82%</i>
<i>Asia Pacific</i>	<i>74%</i>
<i>Latin America</i>	<i>71%</i>
<i>Australasia</i>	<i>57%</i>
<i>Western Europe</i>	<i>56%</i>
<i>Eastern Europe</i>	<i>44%</i>
<i>Middle East/Africa</i>	<i>21%</i>

# Biggest sales declines forecast for scheduled airlines and package holidays

## Latin America Travel Forecast Sales 2019-2021

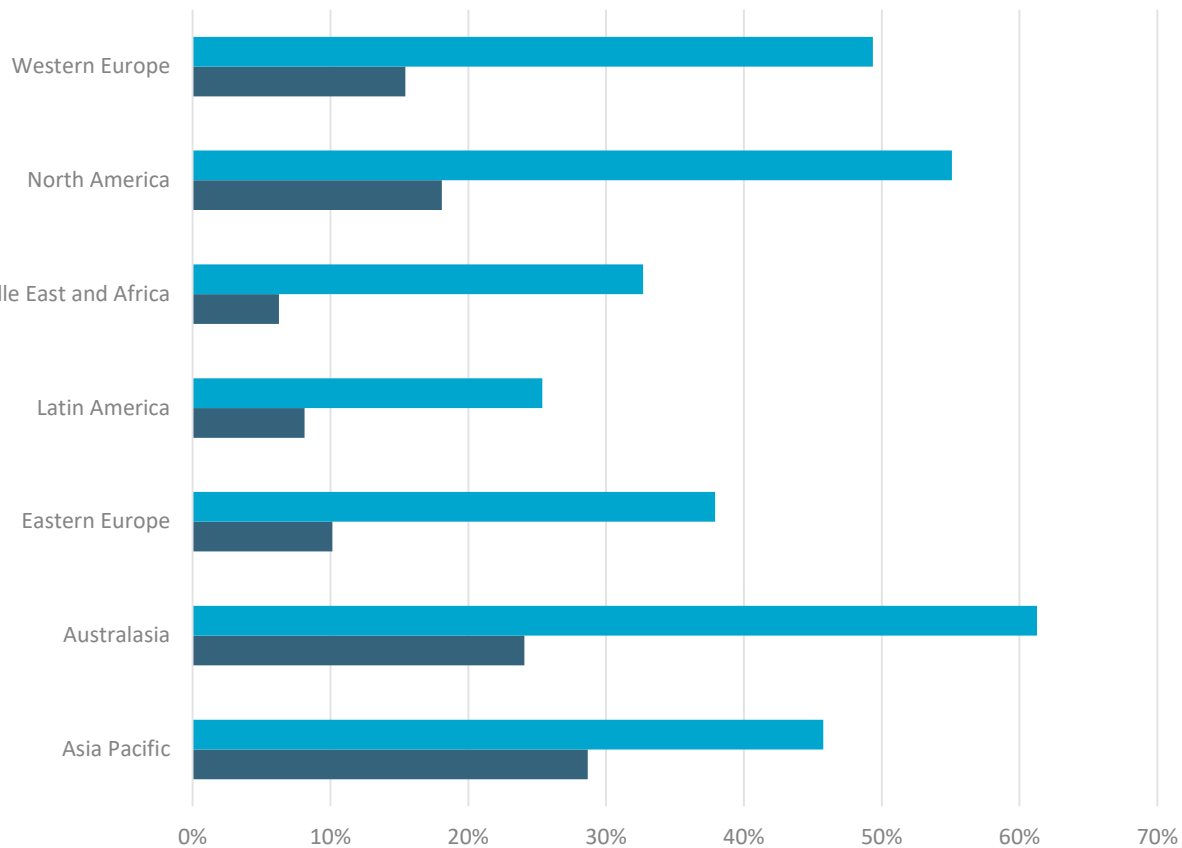


Source: Euromonitor International



## Online and Mobile Travel Sales Average % Penetration 2019-2025

■ Online Travel Sales to Residents   ■ Mobile Travel Sales to Residents



Source: Euromonitor International

# 3 years

Mobile travel sales to return to 2019 levels in Latin America

# 36%

Mobile travel sales as % of online sales in Latin America

# 24%

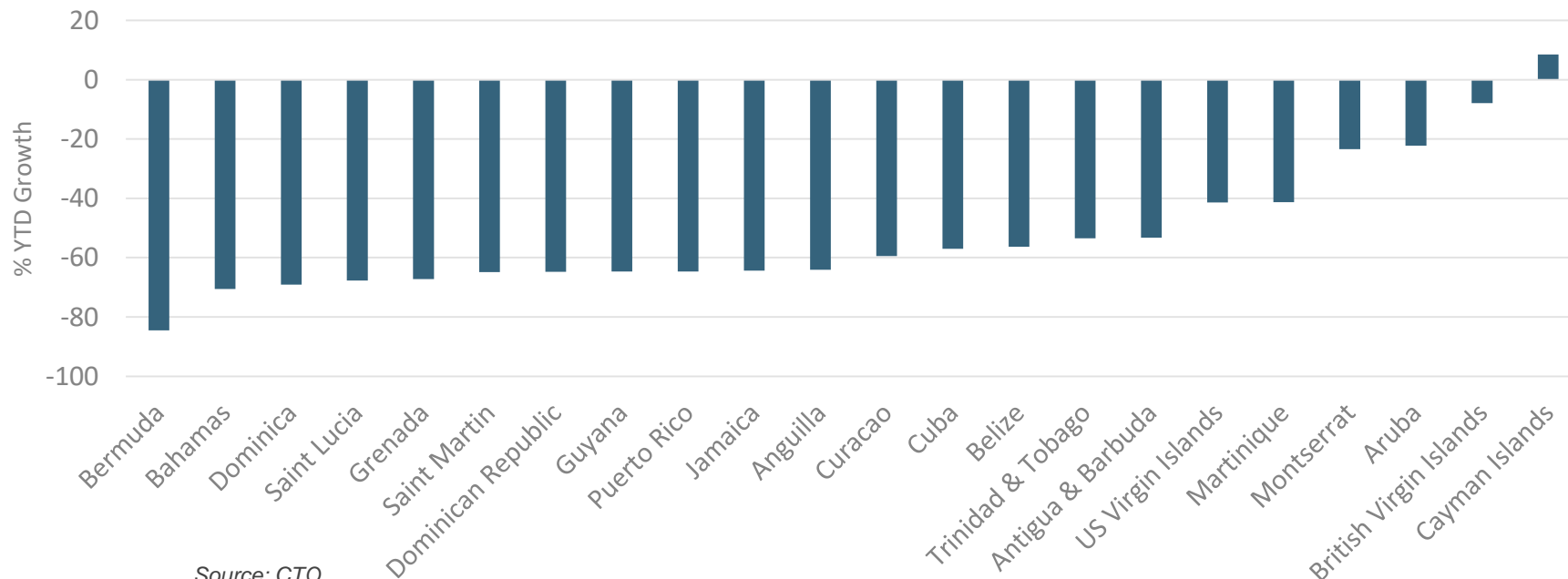
CAGR for mobile travel sales 2020-2025

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Destinations and source  
markets

# Caribbean destination performance decelerates due to COVID-19

## Caribbean Destinations Year to Date Arrivals % Growth 2020

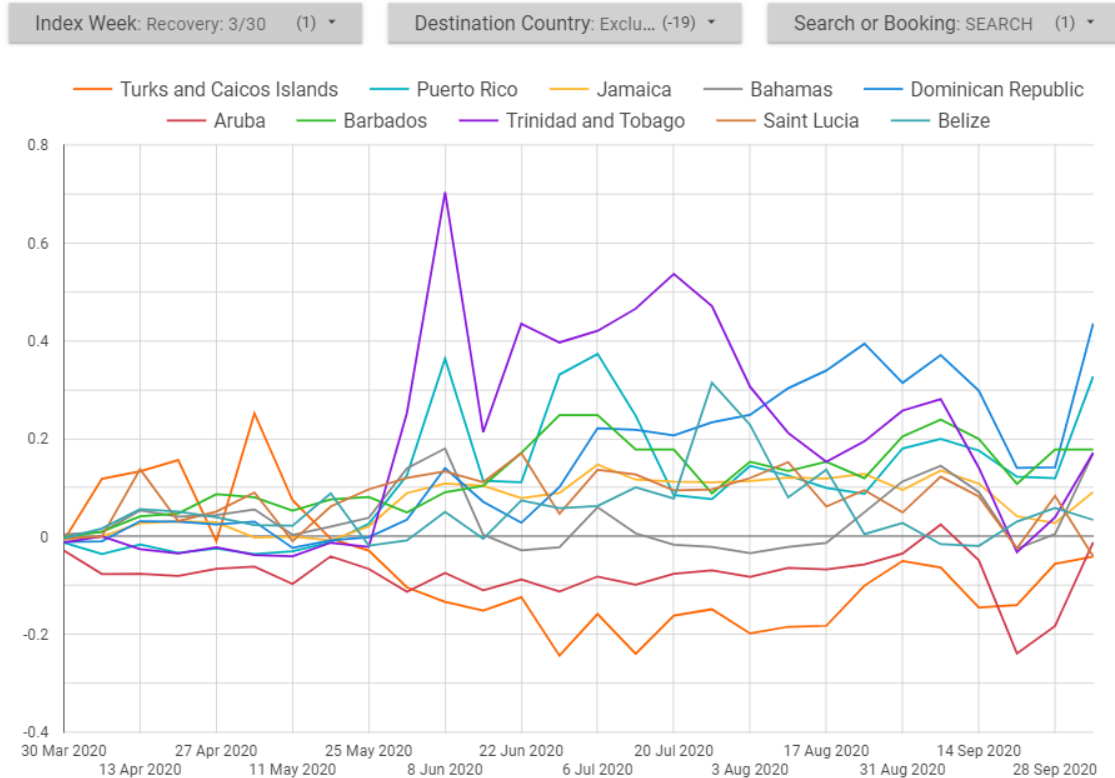


Source: CTO

Note: Jan-Aug 2020 for all, except Jan-Feb - Cayman Islands Jan-Mar - Saint Lucia, Aruba, British Virgin Islands Jan-May - Cuba, Martinique, Montserrat Jan - Jun - Belize, Trinidad & Tobago, US Virgin Islands Jan-Jul - Anguilla, Bermuda, Bahamas, Guyana, Puerto Rico

# Hotel search data shows rising interest

## Change In Hotel Volume In LATAM, Indexed



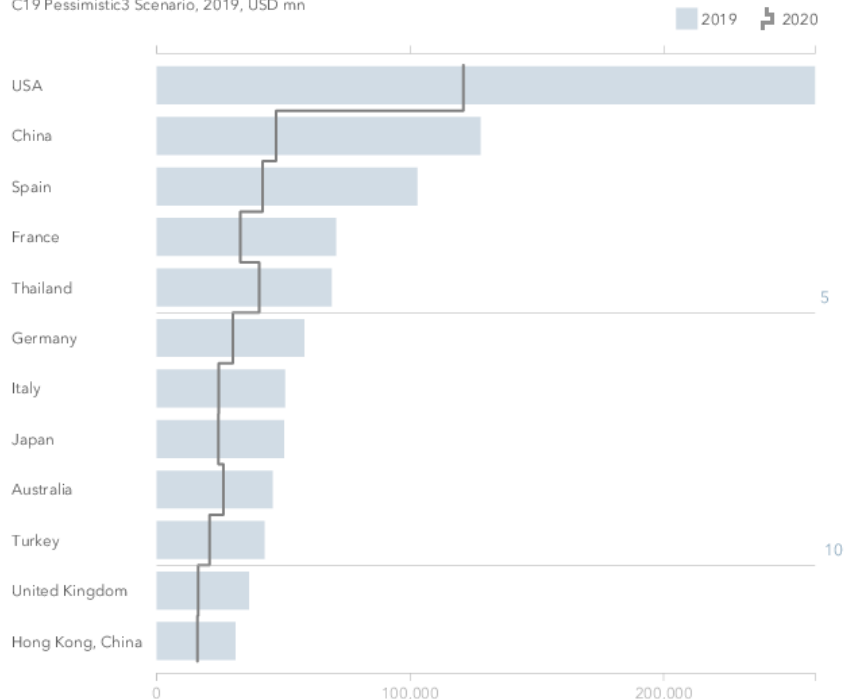
Source: Sojern

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# World receipts and Latin America outlook to 2021

## Total Receipts

C19 Pessimistic3 Scenario, 2019, USD mn



## Total Receipts by Country, 2021

Latest Quarterly Update Forecast  
USD mn, 2019 constant prices, fixed year exchange rate

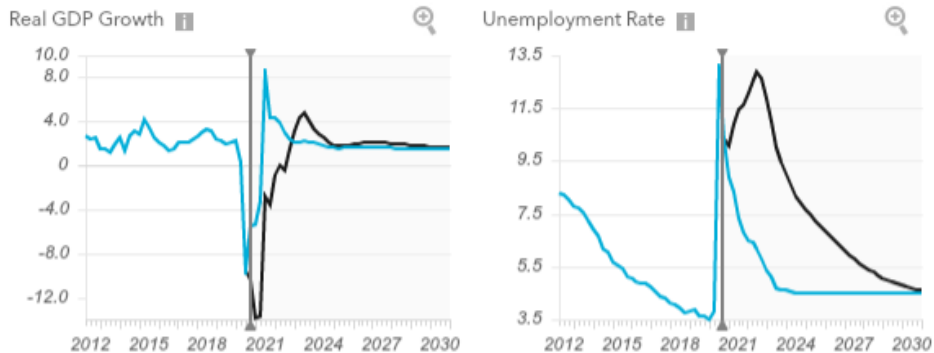
Area: Actuals  
Color: 2020-2021 % CAGR  
24.33% █ █ █ █ █ 146.7%

Destinations (210/210) Find Destination Group by: Geography

Latin America (45 Destinations)									
Mexico 18,020 +53.9%	Peru 4,276 +68.2%	Panama 4,147 +68.9%	Brazil 3,872 +68.8%						
		Costa Rica 3,782 +59.5%	Puerto Rico 3,441 +43.3%	Bahamas 3,017 +44.9%	Jamaica 2,991 +47.2%				
		Colombia 5,712 +63.6%	Chile 2,266 +94.4%	El Salvador 1,170 +26.6%	Ecuador 1,125 +30.2%	Venez... 930	Guad... 929 +64.2%		
		Dominican Republic 5,389 +35.5%	Cuba 2,254 +59.6%	Cayman Is... 877 +45.4%	US Vi... 701 +41.5%	Cur... 630	Bar... 552	M... 512	
		Argentina 4,647 +59.1%	Guatemala 852 +54.3%	Aruba 1,692 +43.1%	Bermuda ... 444	An... 552	Pa... 438	B... 410	
			Uruguay 1,324 +79.8%	Bolivia 829 +67.0%	Trinidad... ... 402	Bri... ... ...			
				Honduras 738 +55.0%	St Lucia ... ...	Sint Ma... ... 298	Nic... ... ...		

# US facing recession and elections

US GDP % Growth Baseline vs COVID-19 3 Scenario: 2012-2030

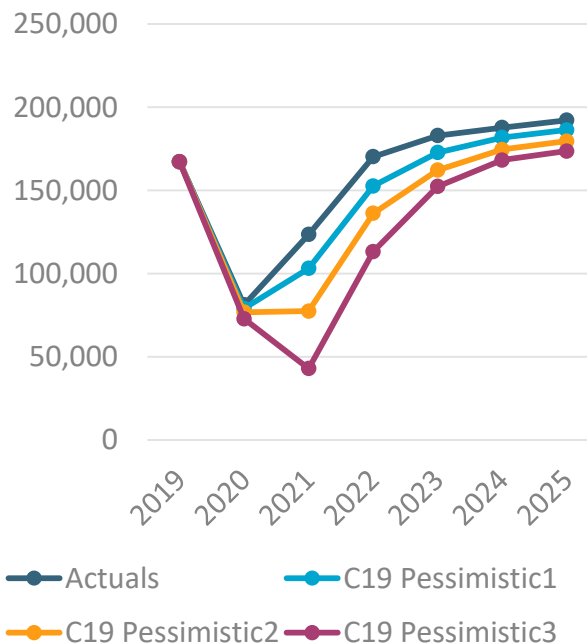


**Selected Scenarios**

- Euromonitor Baseline
- C19 Pessimistic3

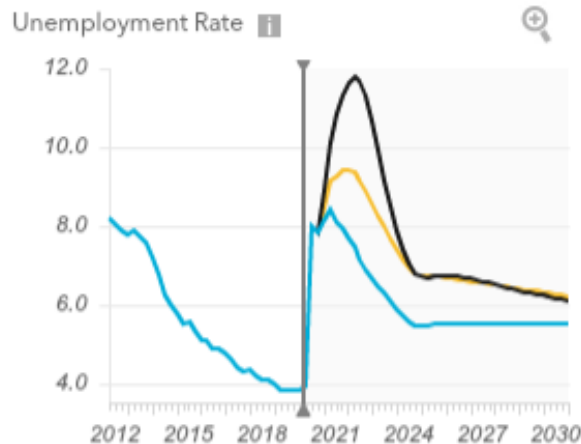
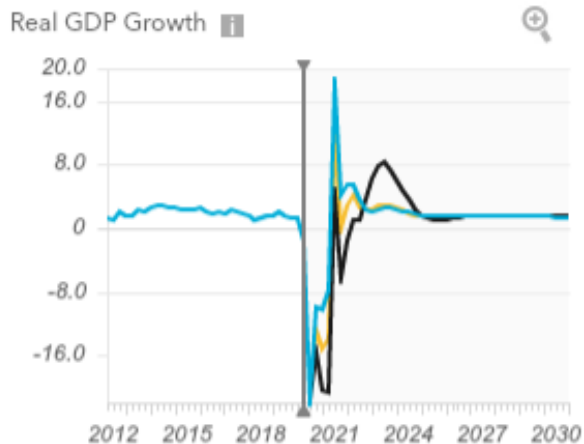
Source: Euromonitor International

US Outbound Expenditure and COVID-19 Scenarios: 2019-2025



Source: Euromonitor International

# UK outlook uncertain after COVID-19 followed by Brexit



UK Outbound Expenditure and COVID-19 Scenarios: 2019-2025



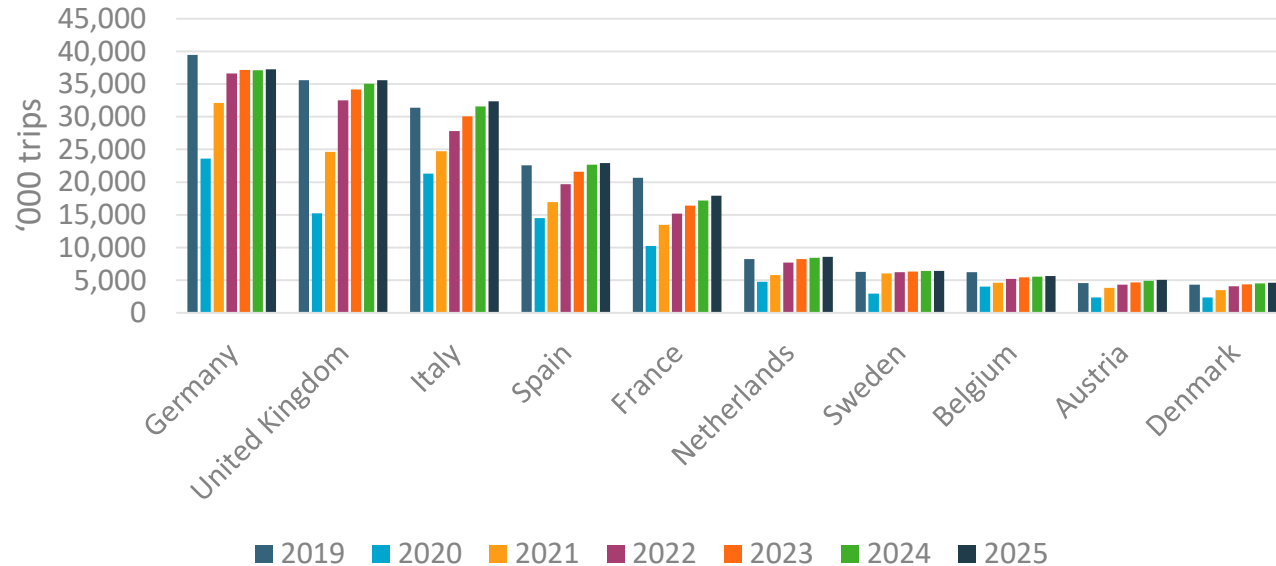
**Selected Scenarios**

- Euromonitor Baseline
- C19 Pessimistic3
- Disorderly ND Brexit

- Actuals
- C19 Pessimistic1
- C19 Pessimistic2
- C19 Pessimistic3

## Need to diversify beyond traditional markets to look at NWTs – New World Travellers

Leisure Intermediaries Sales by Key European Countries 2019-2025



Fastest growing leisure intermediaries per cap:  
Colombia, Argentina,  
Poland, Hungary, Saudi  
Arabia, Peru, Slovakia



## Travel engagement with UN SDGs

64% of global consumers are worried about climate change, yet only 50% of travel companies engage with SDG13 on climate change

	Travel	All industries
No poverty (SDG1)	15.4%	16.9%
Zero hunger (SDG2)	12.8%	21.8%
Good health and well-being (SDG3)	51.3%	59.1%
Quality education (SDG4)	33.3%	34.5%
Gender equality (SDG5)	56.4%	61.3%
Clean water and sanitation (SDG6)	33.3%	47.0%
Affordable and clean energy (SDG7)	46.2%	45.0%
Decent work and economic growth (SDG8)	56.4%	55.5%

	Travel	All industries
Industry, innovation and infrastructure (SDG9)	61.5%	46.1%
Reduced inequality (SDG10)	20.5%	31.8%
Sustainable cities and communities (SDG11)	66.7%	36.2%
Responsible consumption and production (SDG12)	46.2%	62.7%
Climate action (SDG13)	48.7%	51.9%
Life below water (SDG14)	17.9%	17.1%
Life on land (SDG15)	15.4%	19.9%
Peace and justice strong institutions (SDG16)	15.4%	12.2%
Partnerships to achieve the goal (SDG17)	46.2%	33.7%

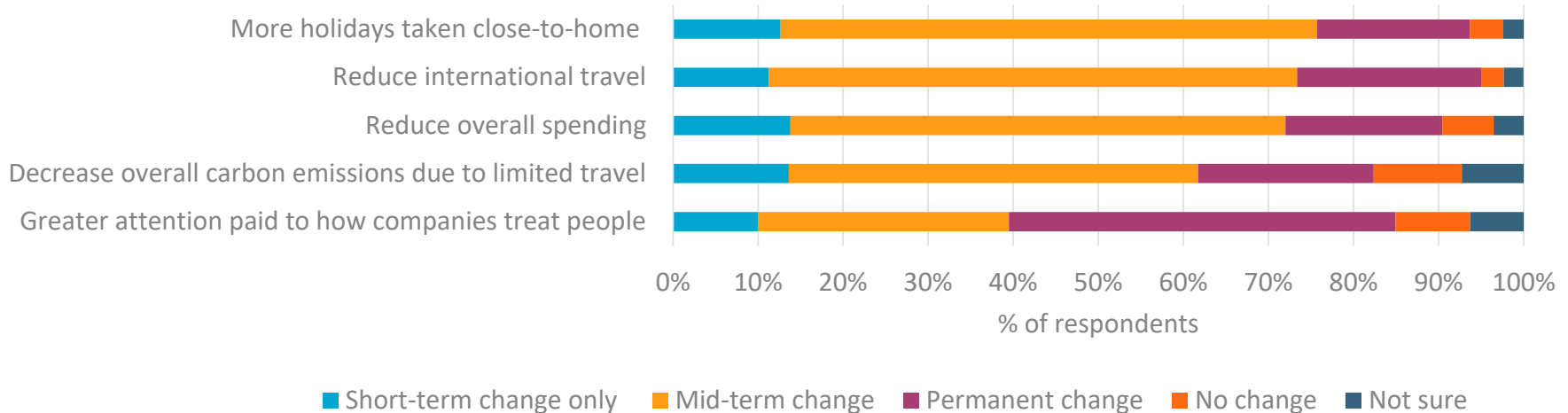
Source: Euromonitor International – Voice of Industry, Sustainability Survey (July 2020)

Consumer shifts

# Consumers move away from international travel to holidays closer to home

+7.9% more consumers say they will reduce international travel permanently  
% growth April -July 2020

## Expected Future Consumer Behaviour - July 2020



Source: Euromonitor International COVID-19 Voice of the Industry Survey, July 2020

Q: How do you think consumers will change their behaviour as a result of the COVID-19 pandemic?

# Improving the customer journey is the top priority for travel companies, not COVID-19

Q: What do you see as the most important commerce-specific developments for your organization in the coming 12 months?

Commerce Developments in Next 12 Months	World	China	US	Germany	UK
Improving the customer journey and user experience	59.6%	69%	61%	53%	53%
Integrating new technologies	50.7%	63%	55%	62%	58%
Enhancing customer service	48.2%	53%	53%	40%	34%
Providing information and advice to customers about COVID-19	45.3%	47%	55%	43%	46%
Creating a consistent brand experience across channels	44.7%	59%	51%	64%	68%
Becoming consumer centric	43.5%	47%	45%	64%	54%
Shifting from physical to online platforms	39.7%	31%	33%	53%	46%
Co-creating new products and services with consumers	38.9%	38%	39%	34%	31%
Building mobile presence	37.4%	34%	49%	23%	17%
Deepening customer loyalty programmes	34.1%	31%	33%	38%	42%
Enhancing cybersecurity	30.4%	31%	35%	42%	42%
Diversifying payment options	29.7%	31%	18%	34%	32%

Source: Voice of Industry Survey – Travel and Tourism, April 2020

## Source market priorities

Q. - What attributes do your customers most value from your travel company or organization?

	World	US	China	Germany	UK
Safe destination	60.1%	56%	58%	56%	70%
Authentic & local experiences	52.0%	64%	58%	63%	70%
Value for money	54.5%	56%	63%	50%	58%
Unique travel experiences	51.1%	52%	68%	47%	48%
Cultural immersion	39.9%	44%	47%	38%	45%
Immersion in nature	29.3%	28%	32%	31%	39%
Rest & relaxation	34.9%	36%	32%	44%	39%
Curated & personalised experiences	40.5%	40%	32%	38%	36%
Give back, travel with a purpose	29.9%	36%	37%	34%	33%
Adventure	24.6%	28%	42%	22%	30%
Sustainable with minimal impact	34.6%	24%	32%	28%	21%
Holistic wellness	20.3%	20%	5%	19%	15%
Digital detox	10.6%	16%	11%	16%	12%

# 64%

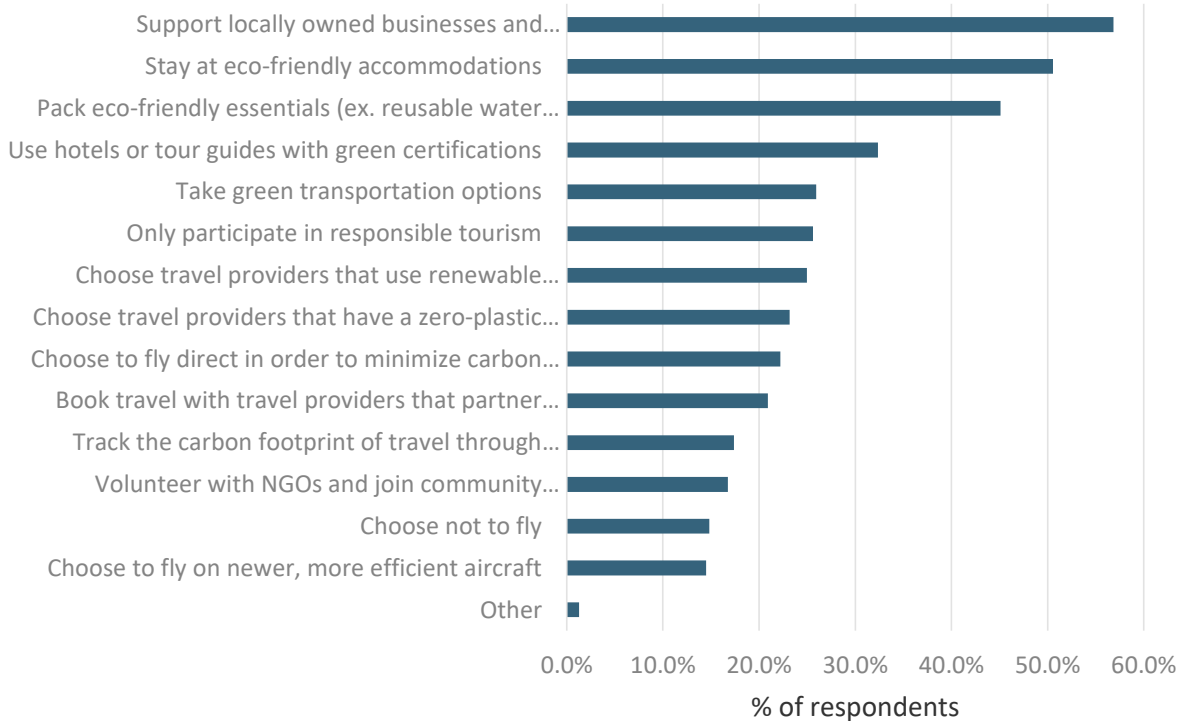
of global consumers want to travel sustainably and with a purpose

# 60%

of global consumers want a safe destination

# Sustainability: consumers value supporting local communities

Most Common Actions Taken by Consumers for Sustainable Travel 2020



**57%**  
of global consumers support local businesses and communities

**51%**  
of global consumers stay in eco-friendly accommodation

# AR/VR Experiences

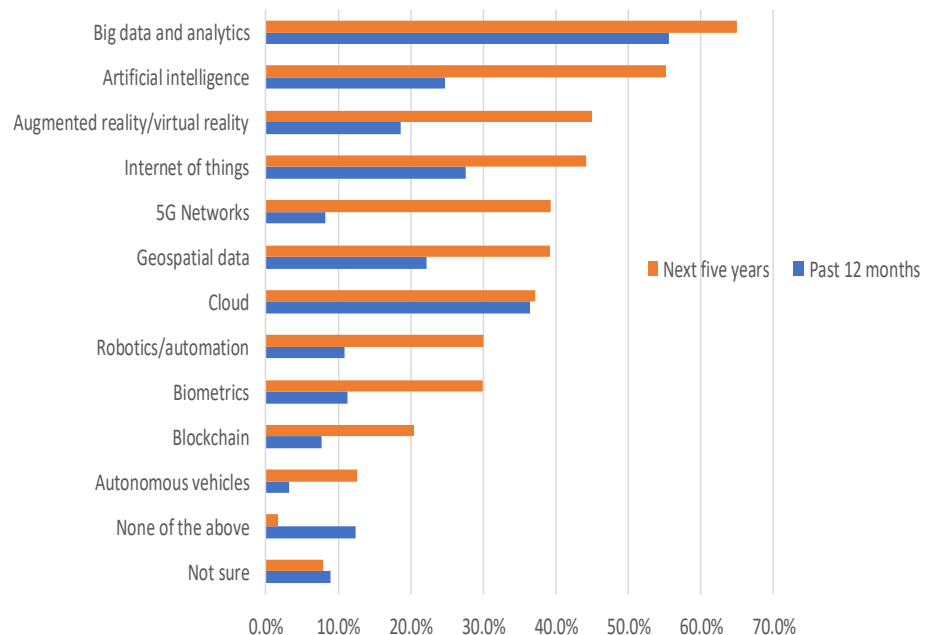
## 46%

*of global consumers value online virtual experiences*

## 77%

*of global consumers value real world experiences*

Which of the Following Technologies Have Impacted Your Business in the Past 12 Months? While Will Impact in the Next 5 Years?



Source: Euromonitor International Voice of the Industry – Travel and Tourism, April 2020

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Transition to purpose



# Brands with purpose – Prontopia

- Prontopia was launched in 2018 with the aim to provide help and assistance to visitors in a destination, whether the elderly or parents with children
- Founded on the principles of the SSDGs to provide decent work, as well as foster empathy
- Operating in the US and Italy
- Help includes navigation from the airport to hotel or destination, how get around the city and use local transport, along with custom in-trip requests, helping local businesses to achieve higher rating scores

37%

*of travel companies are purpose-driven vs 51% for all industries*

*Source: Euromonitor International – Voice of Industry  
Sustainability, July 2020*

# Closing the loop - NEST

- NEST is the modular and innovation building of EMPA (Materials, Science and Technology) and Eawag in Switzerland
- Through research and development, NEST aims to make resources and energy more sustainable and circular to close the loop
- Recently joined the European Network of Living Labs and announced a partnership with Innovation Park Central Switzerland to launch innovative building solutions and urban districts
- Leverages digitalisation, energy and circular economy

53%

*of travel companies aim to invest in energy initiatives in the next five years*

57%

*of travel companies plan to invest in waste in the next five years*

Source: Euromonitor International – Voice of Industry Sustainability, July 2020



# Climate positive strategy - Intrepid Travel

- Intrepid is a global sustainable travel leader and aims to be climate positive by 2020
- The company offsets its carbon emissions through purchasing carbon credits for renewable schemes.
- Going climate positive starts with sequestering seaweed, so in partnership with the Climate Foundation and the University of Tasmania they aim to build the first seaweed platform, that will remove CO2 from the air

21%

*of travel companies offset their  
carbon emissions*

23%

*of consumers offset their carbon  
emissions*

18%

*of travel companies offer a carbon  
tracking tool to consumers*



76% of consumers are expected to be more concerned about sustainability after COVID

Yet, 42% of travel companies will postpone development of new sustainable products

*Euromonitor International  
Voice of Industry Sustainability Survey, July 2020*



## Key takeaways

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Global recession in 2020, with travel and tourism constrained with recovery not likely until a vaccine, mid 2021 at the earliest and 2023 at the latest



Digitalisation and sustainability will accelerate to rebuild tourism in an efficient and resilient way, whilst unsustainable business models must be retired



Travel brands and destinations that act with purpose, striking the right balance between people, planet and profit will be best placed to succeed



Great opportunity to rewire, taking forward only social and environmentally sustainable practices and for regions like the Caribbean to lead by example



# Thank you!

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