

WTM Global trends report



Global Trends Report - Key Findings

Americas: The Attraction of Forbidden Lands	Previously off-limits countries welcoming increasing numbers of American visitors as travel restrictions ease.
UK: Tingo Rips up the Rule Book	Tingo, owned by TripAdvisor, takes advantage of cancellation and refund policies to offer customers the best hotel rates.
Europe: BRICs' Grand Shopping Tour	Brazil, Russia, India and China turn to shopping tourism in major European cities to purchase luxury goods.
Travel Technology: The Power of Smart TVs	Smart TVs are on the verge of taking off, integrating TV, internet and social media with opportunities for travel brands.
Middle East: Rise of Shopping Hotels	Following the popularity of shopping in the Middle East, hotels are locating within or next to shopping malls.

Global Trends Report - Key Findings

Africa: Destination Nollywood

Nigeria's film industry is the world's second largest and attracts intra-regional visitors, drawn to its film locations and culture.

Global Village: Digital Detox

As consumers become increasingly addicted to their devices, hotels are offering detox holidays to help them de-stress.

Asia: Car Brands Take on Hotels

Luxury car brands are leveraging the popularity of luxury brands across Asia and making inroads in the hotel sector.

India: Gold Rush on Low Cost

Indians' love of gold helps drive outbound travel to the Middle East to visit the gold souks, taking advantage of low-cost fares.

World Travel Market

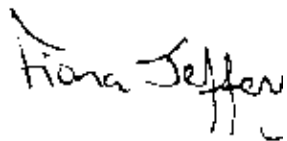
The WTM Global Trends Report 2012, in association with Euromonitor International, highlights the emerging trends in the global travel and tourism industry.

The GTR has been at the forefront of predicting major trends in the travel and tourism industry since its launch in 2006.

The 2011 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 2012.

I hope you find the report useful and interesting and wish you a thought-provoking and productive WTM 2012.



Chairman, World Travel Market

Euromonitor International

- We are delighted to release the Global Trends Report 2012 and introduce India to the fold.
- Shopping is a major theme, with BRICs flocking to Europe, Indians jetting off on low-cost carriers to purchase gold, and hotels being built inside shopping malls in the Middle East.
- Technological innovation is the driving force between the rise of smart TVs, creating new opportunities for travel brands, and new business models such as Tingo.
- Americans are drawn to countries coming in from the cold, such as North Korea, Cuba and Myanmar, while Nigeria's film industry, Nollywood, is a magnet for intra-regional African travel.
- Finally, the lure of luxury continues in Asia, as upmarket car brands exploit the power of their brands and make inroads into the hotels sector.
- Enjoy reading about the top global trends in travel!

Caroline J. Bremner

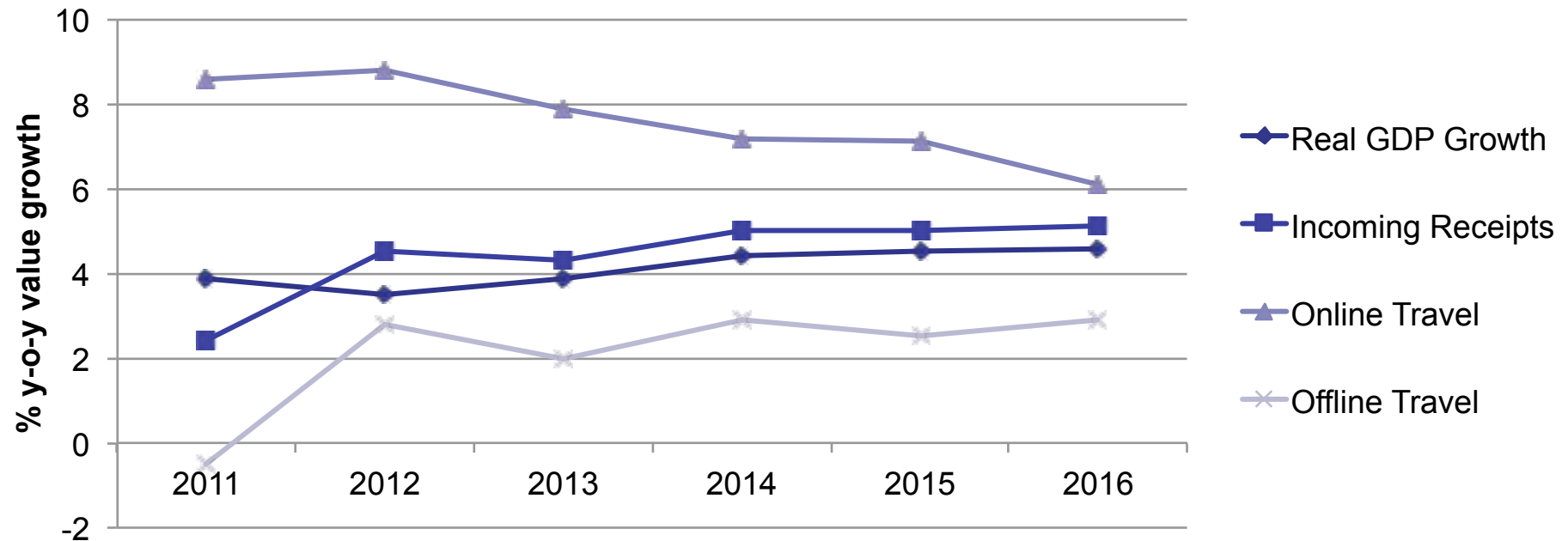
Global Head of Travel and Tourism Research, Euromonitor International

Global Overview - A world divided

- Global economic growth remains polarised, with emerging economies performing strongly, and developed countries continuing to stagnate.
- The IMF predicts global GDP growth of 3.5% for 2012, down from 3.9% in 2011.
- Global tourist arrivals in 2012 will top one billion, showing growth of 3.4% over 2011, driven by Asia Pacific and Eastern Europe.
- Arrivals from BRIC countries continue to boost tourism, while the traditional markets of Europe and the US remain vulnerable to austerity measures and traveller caution.
- Inbound spending in 2012 is predicted to show higher growth at 4.5%, reaching well over US \$1 trillion due to fast-growing expenditure by visitors from emerging countries.
- Medical and shopping tourism, rail, cruise and spas are expected to perform the best over 2012-2016, while online travel will continue to outperform offline in terms of value growth.
- Emerging markets in particular are expected to see solid growth in online travel bookings, as internet penetration increases, along with improved payment methods.
- Consumers have acquired a more central role in the travel industry thanks to more information and choice offered by the online travel revolution, impacting travel business models.

Global Overview - Travel industry continues to grow

World Economy and Travel Performance
% Value Growth 2011-2016



Source: Euromonitor International, IMF

Note: Travel value is composed of car rental, hotel and air transport sales, based on US\$ at constant 2011 prices

Americas: The Attraction of Forbidden Lands



Americas - Overview

Americas: Key Performance Indicators 2011-2013

% growth	2011	2012	2013
Real GDP Growth	2.6	2.2	2.9
Arrivals, Trips	4.9	4.0	4.3
Incoming Tourist Receipts Value US\$	6.3	5.1	6.1
Air Transport Value US\$	7.1	5.6	4.7
Hotels Value US\$	4.2	5.7	3.8
Travel Retail Value US\$	1.5	2.9	3.4

Source: Euromonitor International

- Despite weak economic recovery, the US is expected to continue to experience growth in domestic and international demand for travel.
- Stable demand, combined with weak supply, will likely lead to a more favourable pricing environment for the hotel and airline industries in the US.
- It is a different story for the rest of the Americas, unscathed by the global recession, which will see demand and supply expand thanks to more positive economic conditions.

Americas - The attraction of forbidden lands

- Since 2010, previously off-limits countries became open to American tourists, hoping to benefit economically from the additional source of tourism revenue.
- In January 2010, North Korea eased travel restrictions on Americans, allowing visits to the secretive nation at any time of the year and for longer than five days.
- August-September are popular months due to the Arirang Mass Performance, recognised by the Guinness World Records as the world's largest gymnastics and artistic performance.

Paving the way for new endeavours

- In 2010, Libya began issuing visas again for Americans, but the political instability and outbreaks of violence following the revolution led to fewer travellers than before.
- In January 2011, President Obama relaxed travel restrictions to Cuba, allowing Americans to visit the country for religious, academic and other non-governmental travel.
- Restored diplomatic relations with Myanmar in 2012 are likely to boost American arrivals.
- Euromonitor International predicts American arrivals to Myanmar will increase by 71% to reach 24,400 in 2016, with many visitors following responsible tourism guidelines.

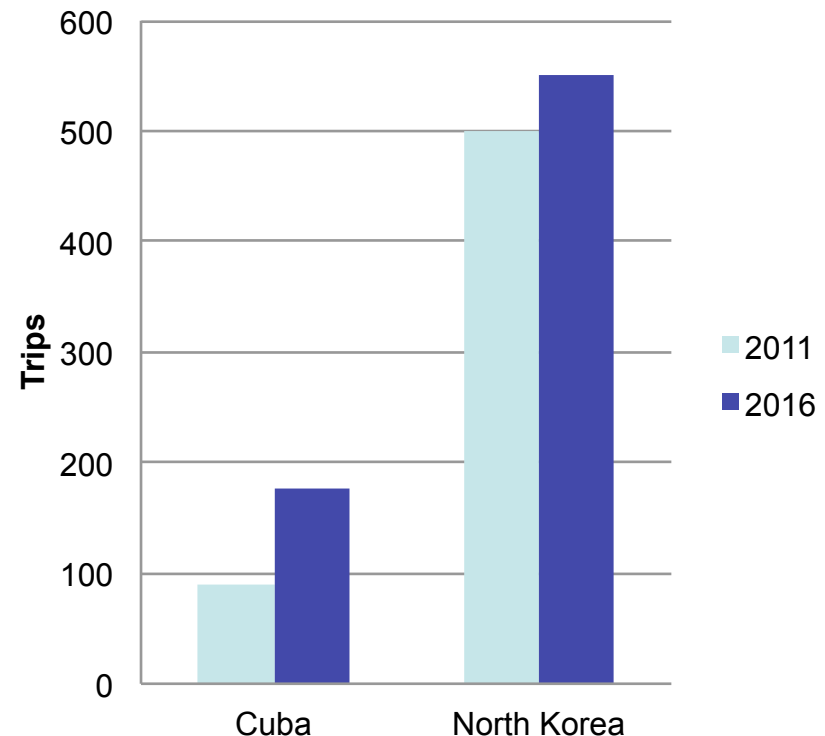
“There are two main types of travellers to North Korea: young males looking for adventure and experienced travellers looking for a unique cultural experience.”

*Walter L Keats, President,
Asia Pacific Travel*

“Countries such as Cuba recognise that tourism is an important economic engine, but also understand that tourism can bring cultures and people together.”

*Terry Dale, President,
USTOA*

**US Arrivals to Cuba and North Korea
2011-2016**



Source: Euromonitor International

Note: Estimates based on enplaned passengers

Americas - New borders for Americans to cross

- With travellers seeking authentic and unique experiences, countries traditionally closed to US visitors are likely to see more American holidaymakers.
- Baby Boomers are expected to lead the way, given their time, resources and preference for more active and off the beaten track holidays.
- Tour operators and travel agencies, with sufficient resources and tolerance for risk, will likely create packages and itineraries catering to the growing demand for these destinations.
- Due to difficult entry requirements and unfamiliarity with the destinations, countries such as North Korea, Libya, Myanmar and Cuba could provide great opportunities for group travel.
- Insight Cuba and Collette Vacations were able to obtain licences to offer tours to Cuba and industry sources estimate that around 400 to 500 Americans travel to North Korea annually.

Bumpy ride ahead

- However, a great risk remains as rules surrounding American travel to those nations can change quickly and political instability or violence can deter travellers.
- In particular, the rules of American travel to Cuba can vary depending on the US president. If Mitt Romney were elected, it is likely that he would reverse President Obama's policy.



UK: Tingo Rips up the Rule Book

UK - Overview

UK: Key Performance Indicators 2011-2013

% growth	2011	2012	2013
Real GDP Growth	0.8	0.1	1.8
Arrivals, Trips	1.6	2.1	0.6
Incoming Tourist Receipts Value US\$	-1.9	3.2	1.3
Air Transport Value US\$	-1.1	5.2	4.0
Hotels Value US\$	-4.0	2.0	-0.3
Travel Retail Value US\$	-6.4	-1.4	-0.3

Source: Euromonitor International

- After two consecutive quarters of negative growth and declines in construction and industrial output, the UK economy slipped back into recession in April 2012.
- Setbacks in the Eurozone are a major threat to the UK's prospects and financial stability.
- The weakening economy has hurt consumer spending severely. Private final consumption of goods and services incurred by resident households fell by 1.7% in real terms in 2011.
- Unemployment reached 8.0% in 2011 and will rise to 8.4% in 2012 - one of the highest jobless rates in decades.

UK - Tingo rips up the rule book

- To remain competitive companies are re-thinking old business models aimed at a more passive role for consumers to a more consumer-centric model.
- www.tingo.com (owned by TripAdvisor), introduced a new business model in 2012, exploiting refunds and cancellations to gain the best hotel rates.
- The website uses Expedia Affiliate Network and automatically rebooks travellers' reservations when there is a price drop for the booked rooms up to 24 hours before check-in.
- Tingo has already returned £56,000 in Money Back refunds to consumers by August 2012.
- By reselling hotel rooms, the company charges a commission on any room that is sold, which is its major revenue generator.

Online and upwards

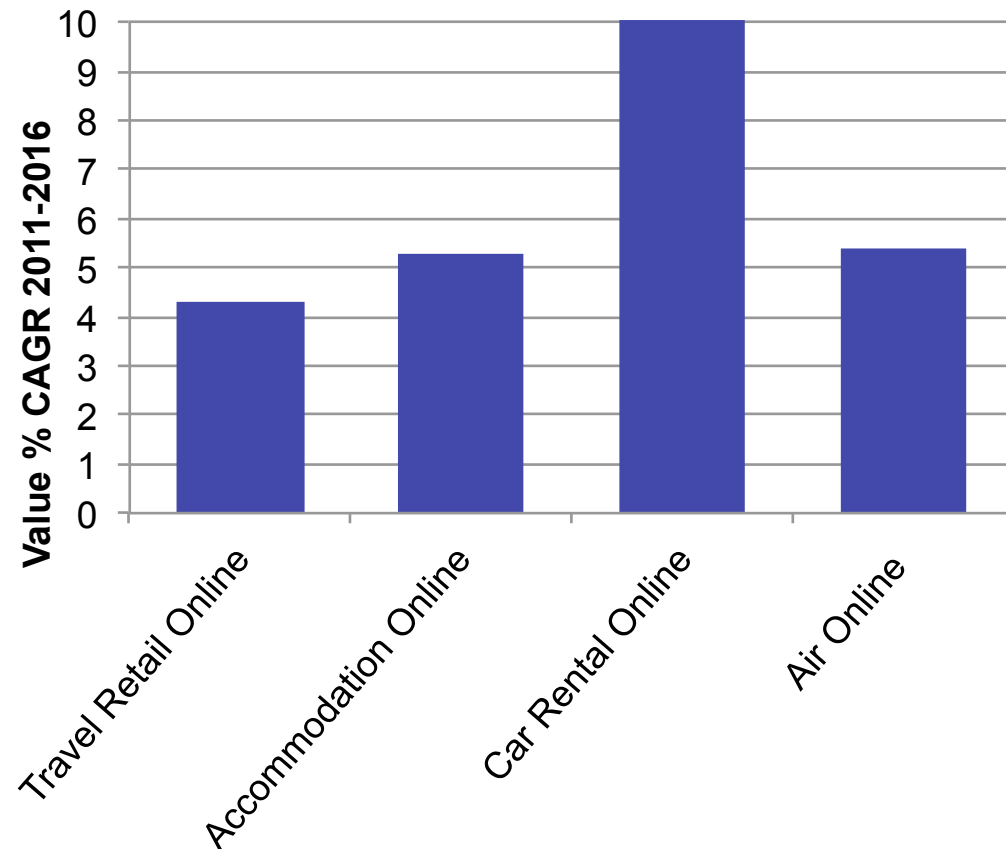
- The UK is a mature online market, with strong online travel retail sales of £12.3 billion in 2011, growing at 4.3% CAGR over 2006-2011, below the Western European average.
- There were 54 million internet users in the UK in 2011, representing 86% of the UK population.

“We are effectively the customer’s watchdog for the room rate they decide to pay.”

“The one thing we are seeing that is really positive for the travel industry is that the people who book with us on tingo.com tend to have a much larger booking window.”

*David Krauter, General Manager,
Tingo.com/Smart Travel Media*

UK Online Travel Sales by Category % CAGR 2011-2016



Source: Euromonitor International

UK - Reinventing the business model

- Tingo.com claims it focuses on driving the best value for the consumer, offering the security of having the best price possible when booking hotel rooms.
- The new website is expected to contribute to longer booking windows, e.g. over 40 days, which could help hotel companies manage their inventory appropriately.
- Among its rivals are Backbid and Triplt, although their value proposition differs as they do not handle the transaction and do not automatically refund room bookings.

Catalyst for change

- Tingo.com challenges hotel revenue management principles and their distribution approaches. The brand plans to expand globally.
- As part of the Expedia Affiliate Network, it is expected tingo.com will achieve competitive advantage, securing low prices and key players will follow its model, including Expedia.
- Independent tour operators, rail and car rental players could adopt the same pricing strategy. Tingo.com could also revolutionise the complex airline cancellation policies area.
- Generation Y (people born between 1977-1994) and consumers who are not members of loyalty programmes will be instrumental in driving demand for the new website.



Europe: BRICs' Grand Shopping Tour of Europe

Europe - Overview

Europe: Key Performance Indicators 2011-2013

% growth	2011	2012	2013
Real GDP Growth	2.4	0.1	1.2
Arrivals, Trips	4.8	3.0	2.7
Incoming Tourist Receipts Value US\$	2.3	2.6	2.4
Air Transport Value US\$	1.5	3.5	3.3
Hotels Value US\$	-0.2	2.1	2.0
Travel Retail Value US\$	-1.6	1.8	2.0

Source: Euromonitor International

- Concerns about economic instability in the Eurozone continue to impact tourism demand, with Southern Europe in recession in 2012, leading to a regional slowdown.
- Limited tourism growth is expected for 2013, with a minimal difference over 2012. Countries are therefore increasingly looking to BRICs to boost arrivals and spending.

Europe - BRICs' grand shopping tour of Europe

- The BRIC nations (Brazil, Russia, India and China) are embracing shopping tourism in key European destinations.
- The fast-growing affluent and middle classes of BRIC countries can find a wider selection of their favourite foreign brands and cheaper prices in Europe due to high import taxes back home.
- The European Travel Commission estimates Chinese visitors to Europe reserve one third of their holiday budget for shopping.



Enticing BRIC visitors

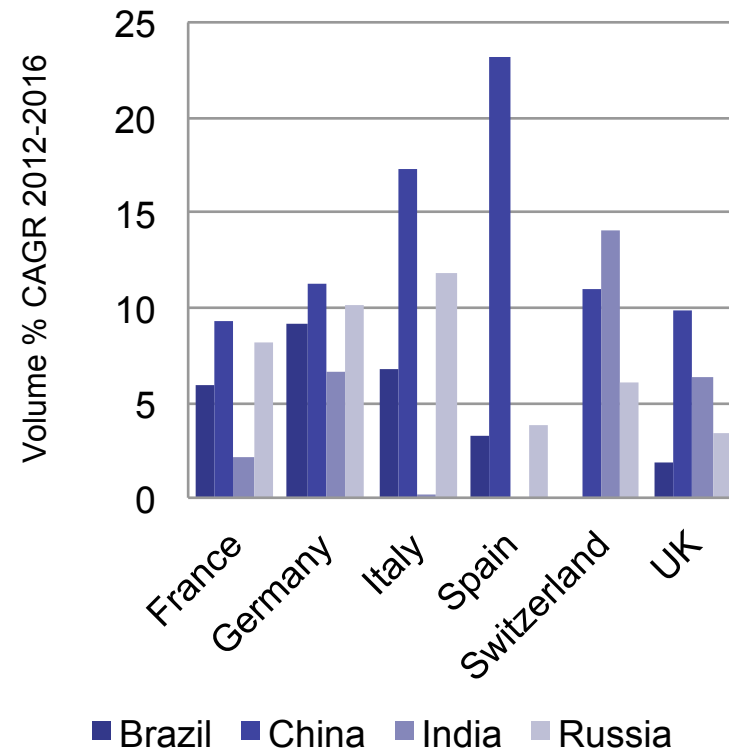
- Paris is the key shopping destination for all BRICs, but London, Frankfurt, Milan and Madrid are all competing for BRIC shoppers.
- Shopping villages and large department stores in these cities have recruited staff speaking BRIC languages and offer easy payment options including domestic credit cards from these countries.
- Other developments include department store mobile apps in Russian and Mandarin.
- Many European retailers work closely with BRIC tour operators to be included in their tours. For example, 95% of Chinese visitors of Louis Vuitton shops in Paris are on organised tours.

“Most Chinese tourists consider shopping for luxury goods the main purpose of a trip to France.”

*Xiao Qianhui, General Manager,
Spring International Travel Agency,
Shanghai, China*



Arrivals to Key European Destinations from BRIC Countries % CAGR 2012-2016



Source: Euromonitor International

Note: Data not available for India to Spain, Brazil to Switzerland

Europe - Carry on shopping

- Inbound tourism from the BRICs is expected to record the sharpest growth in Europe, registering CAGRs of between 5 and 10% over 2012-2016.
- Shopping is forecast to be the main growth driver in these markets, together with art tourism.
- South Africa, as part of the BRICS, is also predicted to show increased departures to Europe (4% CAGR 2012-2016) with the strong rand favouring shopping tourism.
- France, Italy, Germany, Switzerland, Spain and the UK will witness the strongest gains in BRIC arrivals.

Boost to upscale retailers

- Luxury brands, large department stores, and shopping villages are all expected to benefit, as well as 4- and 5-star hotels located in the main city destinations for BRIC shopping tourism.
- Brands like Louis Vuitton, Cartier, Prada, Galeries Lafayette, Printemps, Harrods, La Rinascente, McArthurGlen and Value Retail are tapping into this growth market.
- Highly specialised tours are emerging, such as Grand Hotel de Bordeaux, that enable BRICs to visit a region, shop at local luxury brand outlets and visit vineyards and food manufacturers.

Travel Technology: The Power of Smart TVs



Travel Technology - Overview

Travel Technology: World Key Performance Indicators 2011-2013

Internet % value growth US\$	2011	2012	2013
Car Rental	4.5	4.7	4.9
Air Transport	9.0	8.3	7.8
Other Transportation	9.3	10.1	9.0
Hotels	8.4	11.1	8.6
Travel Retail Products	5.0	6.0	6.0

Source: Euromonitor International

- Online bookings recorded another healthy performance in 2012 across all travel sectors.
- Advanced economies dominate online travel sales and continue to record strong growth, while developing economies still lag behind, but are finally showing a steady performance.
- Online hotel reservations achieved the highest increase, driven by online travel agency sales.
- Air transportation continues to be the most successful category in online travel.

Travel Technology - The power of smart TVs

- Smart TVs are about to take off. Samsung, LG, Sony, Panasonic, Sharp and Toshiba launched their first smart TVs, which will become increasingly sophisticated in the future.
- Similar to smartphones, smart TVs integrate television with internet technologies and social media.
- The days of TV as a one-way entertainment medium will soon be over.
- New TV models will allow full interaction between viewers and broadcasters, advertisers and app developers, as well as among viewers themselves.
- Viewers and companies can share their videos and even create their own internet TV channels to be easily watched via smart TVs.
- Some travel and tourism players such as Teletext Holidays and the Serbia Tourism Board have already launched their own smart TV apps.
- These apps allow TV viewers to watch pictures and videos about travel destinations and services, also to find out about prices and offers via their internet-connected TVs.

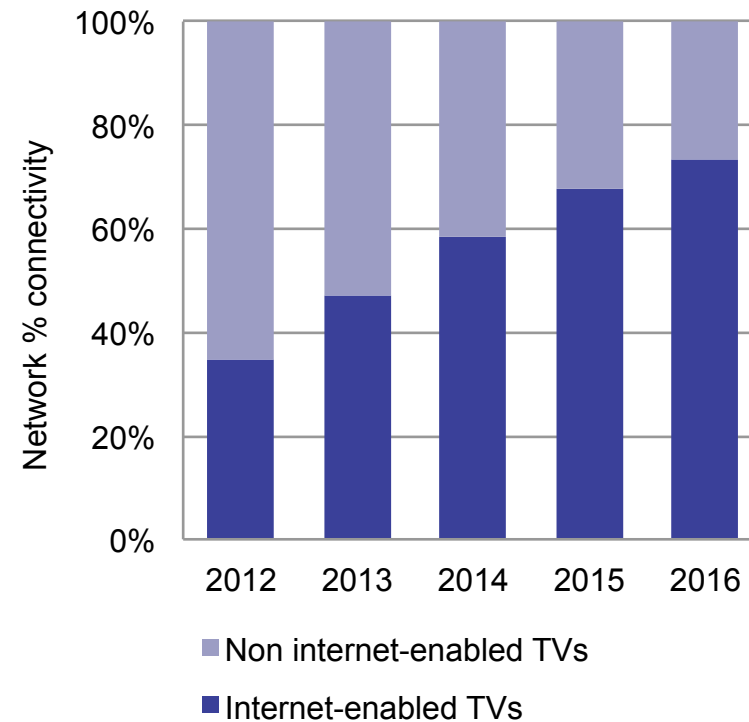


“The application *Serbia from the Heart*, available to all Samsung smart TV users throughout the world, was developed in collaboration with renowned photographer Ivan Strahinjić with the purpose to promote the tourism potential of Serbia.”

*DJ Kim, President,
Samsung Adriatic*



Digital TVs Sales by Network % Connectivity 2012-2016



Source: Euromonitor International

Travel Technology – TVs join digital convergence

- Penetration of internet-enabled TVs sales in the digital television market is expected to grow rapidly, from a 35% share in 2012 to 74% in 2016.
- Growth will be driven by consumers' desire to access internet content via their TVs and by TV manufacturers seeking to produce value-added products and entering the apps market.
- Online purchasing from smart TVs is expected to become widespread in the future, as penetration grows and travel companies appreciate the vast marketing opportunities on offer.

Smart TV travel bookings

- In the future, people watching travel programmes will be able to make immediate bookings through their smart TVs via travel apps or web links.
- Travel players will build on the emotional connection provided by TV programmes, offering viewers the chance to book the destination or hotel they just saw and liked.
- NTOs, travel retailers, hotels, airlines and car rental players will establish a presence on smart TVs through apps and internet TV channels, as well as sponsoring travel programmes.



Middle East: Rise of Shopping Hotels

Middle East - Overview

Middle East: Key Performance Indicators 2011-2013

% growth	2011	2012	2013
Real GDP Growth	3.4	4.1	3.6
Arrivals, Trips	-10.1	4.0	5.2
Incoming Tourist Receipts Value US\$	-10.5	5.2	4.0
Air Transport Value US\$	-7.2	6.8	4.4
Hotels Value US\$	-14.8	6.2	4.0
Travel Retail Value US\$	-5.0	5.0	3.8

Source: Euromonitor International

- 2011 was a difficult year for the Middle East across all travel and tourism categories, with arrivals declining by 10%, and hotels suffering the biggest decline of 15% in sales.
- 2012 is expected to end with positive growth as the impact of the Arab Spring eases, although some markets such as Syria and Lebanon will continue to suffer due to the Syrian crisis.
- Positive growth should carry on into 2013 and beyond, if conditions remain favourable, but it will be slower for some categories as they stabilise after the rebound in 2012.

Middle East - Rise of shopping hotels

- The retail environment in the Middle East is thriving led by strong growth in retailing in Bahrain and Saudi Arabia with retail sales growth of 14.2% and 12.1% in 2011.
- Per capita expenditure on store-based retailing is high in the UAE and Saudi Arabia at close to US\$3,000 thanks to an affluent consumer base and high levels of discretionary income.
- The Dubai Shopping Festival draws millions of tourists, with 3.5 million visitors in 2011 and more than two million visitors attend the summer shopping festival Dubai Summer Surprises.
- During shopping festivals, hotels often record close to 90% occupancy, especially those close to malls.

Hotels get “up close and personal”

- A new trend has emerged where hotels are moving from being “near” to being “inside” malls or connected to them for easy access.
- Kempinski Hotel (at Emirates Mall), the Address Dubai Mall (connected to the largest mall in the region), and Al Faisaliah Hotel in Saudi Arabia are leading hotel-mall players.
- Shopping at malls remains an important leisure activity for visitors and residents and an attractive retail offer can help drive up revenues for hotels.

“While all our properties provide guests with dynamic shopping opportunities...the overall shopping experience is one of the key drivers among travellers.

The opportunity to develop more ‘shopping hotels’ will certainly be available.”

*Kamal Chaoui, General Manager,
The Address, Dubai Mall*

List of Malls Under Construction in the Middle East 2012-2014

Mall Name	Country	Completion Date
Fujairah City Centre	UAE	2012
Yas Mall	UAE	2012
Cairo Festival City	Egypt	2013
Beirut City Centre	Lebanon	2013
The Pointe	UAE	2013
Doha Festival City	Qatar	2014
Marina Mall	Qatar	2014
Mall of Egypt	Egypt	2014
Madina Mall	Saudi Arabia	2014
Mall of Syria	Syria	n/a

Source: Construction Week March 2012

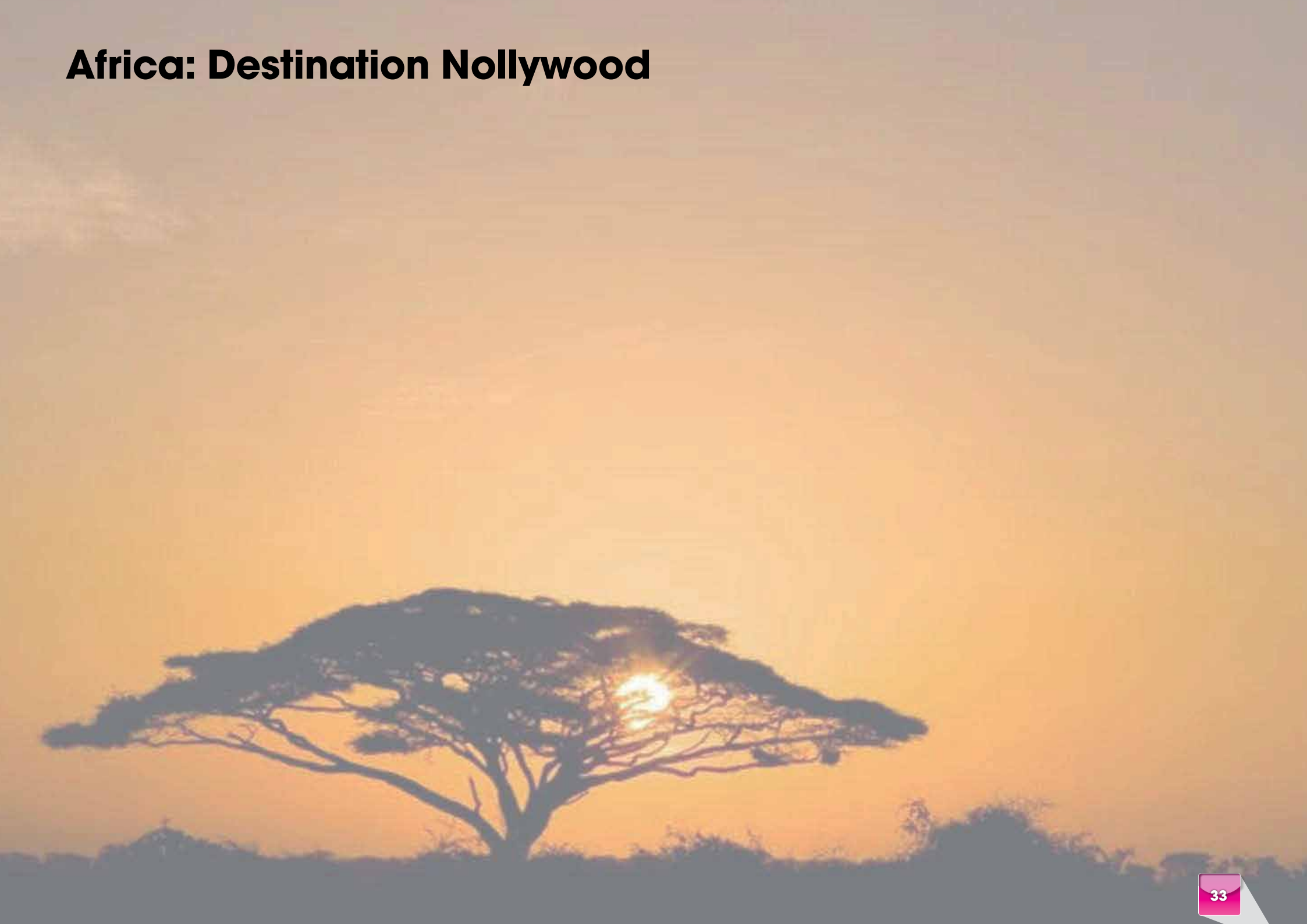
Middle East - More creative experiences

- There are 10 major shopping malls under development across the Middle East, mainly in the United Arab Emirates, Qatar, Lebanon and Egypt.
- Among the most anticipated malls is the Yas Mall on Abu Dhabi's Yas Island, home to seven hotels in total, including the Viceroy Hotel which is expected to offer shopping services.
- High demand from international travellers, expatriates and locals make the region a strong market for luxury brands they cannot find at home.
- A thriving young population below the age of 30, which makes up some 50-70% of the population, will further drive demand.

From shopping packages to bespoke services

- The on-going slowdown in arrivals and spending from Western source markets will force malls and shopping hotels to seek growth closer to home from residents and regional visitors.
- Bespoke shopping services at the hotels and even "shopping packages" offering multi-mall day trips are opportunities to be explored by hotel operators.
- The Address Dubai Mall has already introduced a "fashion fix" service, advising customers on style during special sessions.

Africa: Destination Nollywood



Africa - Overview

Africa: Key Performance Indicators 2011-2013

% growth	2011	2012	2013
Real GDP Growth	5.1	5.2	5.2
Arrivals, Trips	5.3	4.5	4.6
Incoming Tourist Receipts Value US\$	-1.4	10.9	8.1
Air Transport Value US\$	-0.7	9.8	6.9
Hotels Value US\$	-1.8	8.3	5.8
Travel Retail Value US\$	-6.1	0.8	1.2

Source: Euromonitor International

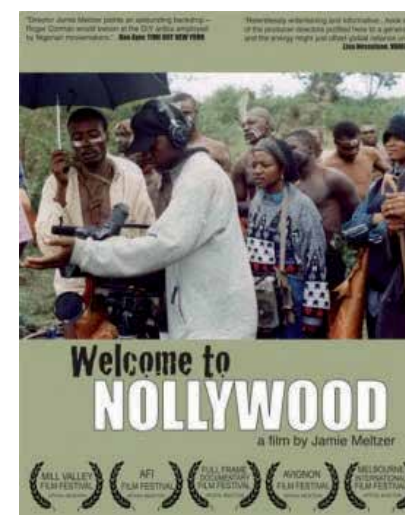
- African economic growth outpaced the global average in 2012, boosting disposable incomes.
- The region is poised for continued strong growth in arrivals, incoming tourist receipts, air and hotel value sales in 2013.
- Intra-regional travel is crucial for the African tourism industry, due to strong business, linguistic and cultural links between many countries.

Africa - Destination Nollywood

- Nigeria's film industry, Nollywood, is the world's second largest in volume terms, after Bollywood (India) and ahead of Hollywood (US), with over 2,000 films produced annually.
- Nollywood films are popular in many African countries including Sierra Leone, Cameroon, Gabon, Kenya, South Africa, Democratic Republic of Congo and Gambia.
- In these African countries, Nollywood films are distributed through TV channels and DVDs and are more popular than Hollywood films.
- Another important foreign market for Nollywood films is the vast Nigerian diaspora overseas, with significant numbers in the UK, the US and South Africa.

Showcasing a nation

- Lagos is the centre of the Nigerian film industry, with many films shot in the Festac area of the city.
- Nollywood has helped to change stereotypes about Nigeria, by highlighting its culture, norms, creativity and hospitality.
- The huge popularity of Nollywood films attracts domestic and regional African tourists to Nigeria, visiting film locations.

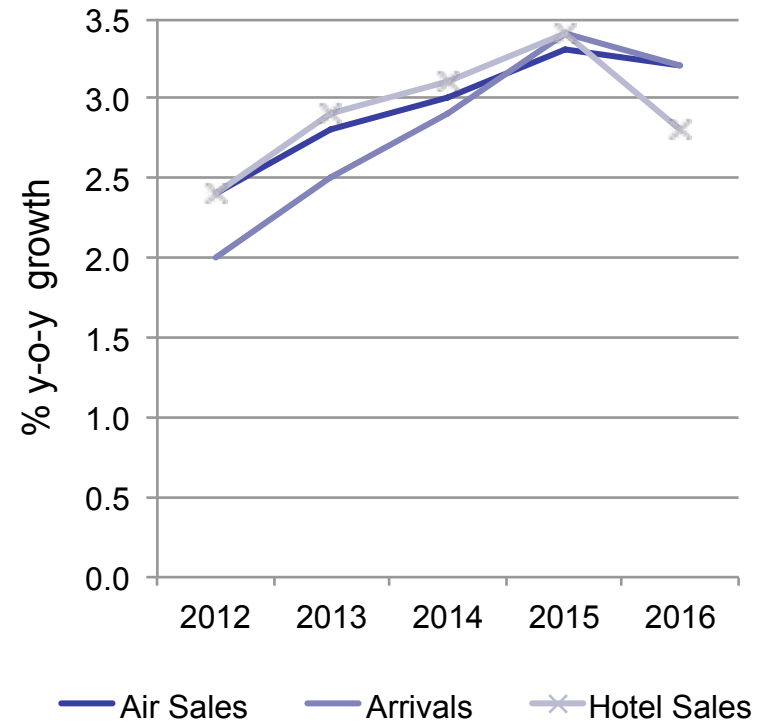


“The Eko International Film Festival will attract more international filmmakers and tourists to Lagos and boost tourism.”

*Hope Obioma Opara,
President, Eko International Film Festival,
Lagos, Nigeria*



**Nigeria Key Tourism Indicators
% Growth 2012-2016**



Source: Euromonitor International

Africa - Lights, camera, action!

- Arrivals to Nigeria are expected to record a 3% CAGR over 2012-2016, mainly due to intra-regional tourism fuelled by expanding African economies.
- The popularity of Nollywood will be a major growth driver with the leisure sector, attracting film fans and business travel boosted by the growing economic importance of the film industry.
- Several film villages are being developed throughout Nigeria.
- Abuja Film Village, Plateau Film City and Lagos Film City aim to boost the film industry by providing modern film, TV and audio production facilities, and also encourage tourists to visit.

Movie stars

- Thanks to increasing tourism flows, 2012 saw a boom in hotel openings in Lagos, including Radisson Blu, Four Points by Sheraton, Ibis and Legacy.
- More hotels are under construction or in the pipeline from groups such as Hilton Worldwide, Accor, InterContinental Hotels Group and Protea.
- Airlines operating intra-regional routes will benefit, including Arik Air and Air Nigeria, while new African low-cost carrier, FastJet, is expected to start operating flights in Nigeria in future.

Global Village: Digital Detox at Hotels



Global Village - Overview

Global Village: World Key Performance Indicators by Category 2011-2013

% value growth US\$	2011	2012	2013
Car Rental	1.2	3.6	3.1
Hotels	1.5	4.5	3.4
Other Travel Accommodation	-1.4	2.4	1.5

Source: Euromonitor International

- Global growth slowed in 2011 for car rental and declined for other travel accommodation sales, following the continued strain in the Eurozone and turmoil in the Middle East.
- Hotels, however, achieved positive, albeit slow, growth of 1.5% in 2011.
- 2012 is already showing signs of an improved performance, notably for hotels. For example, InterContinental Hotels Group Plc. saw its profits soar by 39% in Q2 2012.
- Hotels are expected to experience positive growth in 2013, outperforming other travel accommodation, driven by rising disposable incomes despite the world's economic woes.

Global Village - Digital detox at hotels

- With the growing penetration of smartphones, tablets and smaller laptops, consumers are addicted to their devices and as a result, hotels now offer digital detox holidays.
- The “Our Mobile Planet” report by Google indicates that in the US, 80% of smartphone users do not leave home without their device in 2012.
- According to the UK Post Office, 13 million Britons suffered from “Nomophobia” (no mobile phobia) in 2008, feeling stressed when their mobile was out of battery or service, or lost.

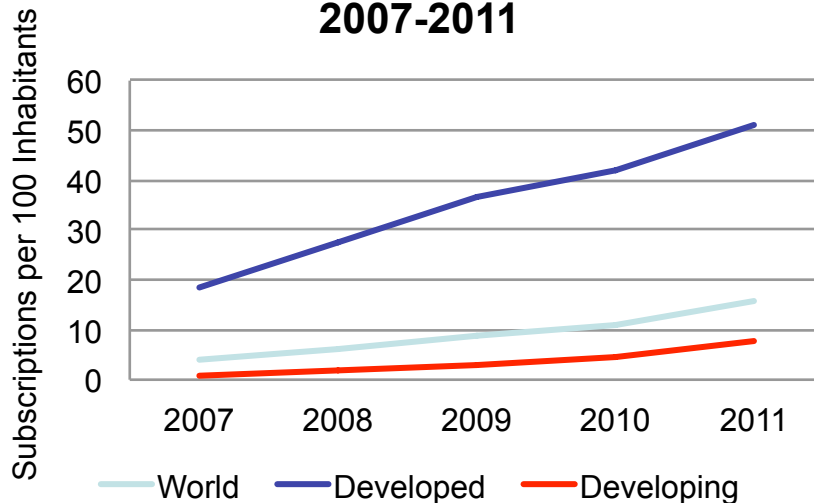
Going tech-free

- Hotel technology-free packages offer discounts on stays or promote their relaxation-inducing hotel amenities, while others offer technology-free rooms.
- The Hotel Monaco in Chicago has a “tranquillity suite” and a “technology break” package, the Quincy in Washington DC offers a “Be Unplugged” package.
- In the UK, the Lifehouse Country Spa Resort offers the “BlackBerry Crèche”.
- In British Columbia, Canada, the Echo Valley Ranch & Spa rewards customers who part from their devices with herbal oil massages and horseback rides.

“Digital detox packages have to be offered as part of an overall experience rather than just aiming to keep customers away from their devices.”

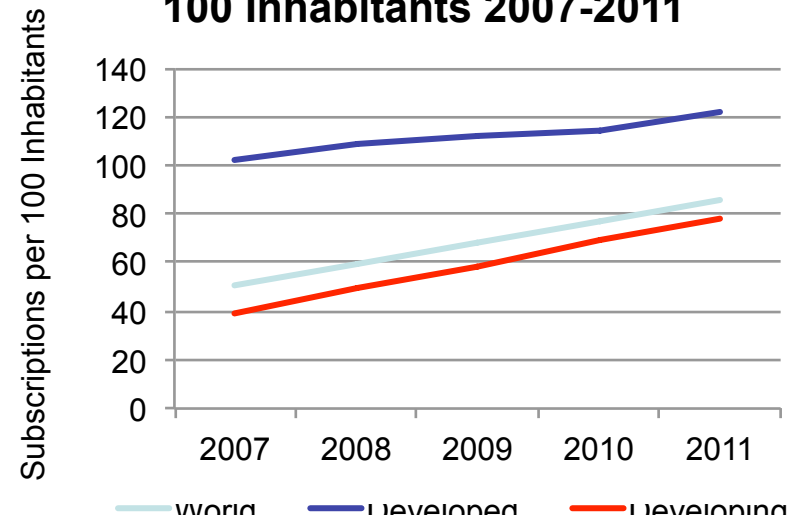
*Kristina Bush, Director of Sales and Marketing,
Renaissance Pittsburgh Hotel*

Active Mobile Broadband Subscriptions per 100 Inhabitants 2007-2011



Source: International Telecommunication Union

Mobile Cellular Subscriptions per 100 Inhabitants 2007-2011



Source: International Telecommunication Union

Global Village – Time out from technology

- Growing penetration of mobile phones and mobile internet subscriptions means consumers will be increasingly connected to portable devices, causing greater levels of stress.
- According to The Radicati Group, the global average number of business emails sent and received per day per person will increase from 105 in 2011 to 125 in 2015.
- Over 2012-2020, mobile telephone subscriptions in emerging market economies will increase by 23.6% to reach 4.8 billion subscriptions in 2020.

Promoting human interaction

- Hotels may look at digital detox packages as a means to improve guest wellness.
- Technology-free spas, cruises and safaris present strong opportunities in the digital detox arena, as these offer an ideal context for consumers to disconnect and relax.
- Promoting family time or quality “human” time with loved ones is another aspect of the digital detox offering, as electronic devices weaken human communications in everyday life.
- The digital detox trend challenges technology integration witnessed across much of the travel industry, as airlines, for example, start to provide Wi-Fi on-board.

Asia: Luxury Car Brands Take on Hotels



Asia - Overview

Asia: Key Performance Indicators 2011-2013

% growth	2011	2012	2013
Real GDP Growth	6.0	5.8	6.4
Arrivals, Trips	5.3	6.3	5.9
Incoming Tourist Receipts Value US\$	2.9	7.6	7.0
Air Transport Value US\$	2.6	6.8	6.8
Hotels Value US\$	3.0	7.1	6.2
Travel Retail Value US\$	2.6	4.5	4.5

Source: Euromonitor International

- Tourism spending continues to grow in Asia as regional economies remain vibrant.
- Air, hotels and travel retail exhibit solid increases as the travel industry experiences a boom due to growing disposable incomes.
- While China dominates in actual arrivals, the Philippines and Uzbekistan show the highest growth in inbound visitors.



Asia - Luxury car brands take on hotels

- With Asian hotels booming, new entrants include luxury car companies capitalising on the popularity of upmarket brands across Asia.
- Iconic brands play a key role in Asian luxury markets, where the rising affluent classes desire brands that complement their lifestyles.



Lamborghini in pole position

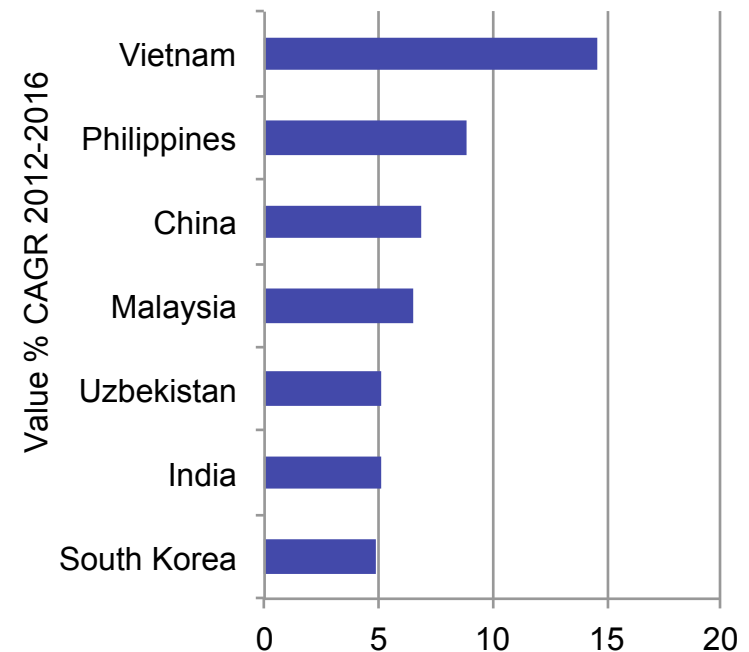
- Leading the way is Tonino Lamborghini, Italy, which launched a boutique hotel in the Chinese resort of Suzhou in June 2012 in a joint venture with local developer Join-In Group.
- While not part of the luxury car manufacturer, this Italian company is building upon the strong reputation of its brand name in Asia.
- Hero Motors, India's largest motorcycle manufacturer, also entered the fray with a hotel project in Gurgaon, India, working with Marriott's Edition brand.
- Manufacturer of luxury British sports cars, Aston Martin, extended its brand licence agreement to include international property developments worldwide.

“There is huge potential in the hospitality industry for our brand. We plan to open 40 5-star hotels in the next few years. The first will be in China, as for now our project is focused on Asian markets only.”

*Gianluca Filippi,
CEO, Tonino Lamborghini*



Asia Hotels Value Sales by Key Country % CAGR 2012-2016



Source: Euromonitor International

Asia - Driving fast and furious

- Hotels are expected to record strong growth in Asia of 7% CAGR over 2012-2016, led by Vietnam at 15% CAGR, due to rising international and domestic visitors.
- There is significant growth potential present in the region for luxury branded hotels, especially in China, expected to post hotel sales growth of 7% CAGR 2012-2016.
- The move by luxury brands into hotels has already started in Europe and the Middle East, with Armani Hotels in Milan and Dubai, and Missoni Hotels in Edinburgh and Kuwait.

High potential for luxury entrants

- Tonino Lamborghini plans to open a further 40 5-star hotels in Asia, with the first nine opening in China and may expand internationally in the future.
- It is likely that Tonino Lamborghini will be followed by luxury brands from different industries, such as automotives, fashion, jewellery and cosmetics, capitalising on their consumer appeal.
- Mercedes-Benz, Porsche, Ferrari, Maserati, Bentley and Jaguar are popular luxury car brands in Asia that may be successfully extended to hotels.
- A number of fashion brands also have potential to develop in the hotels sector, including Louis Vuitton, Cartier, Dior, Gucci, Prada, Tiffany, Swarovski and Ferragamo.

India: Gold Rush on Low Cost



India - Overview

India: Key Performance Indicators 2011-2013

% growth	2011	2012	2013
Real GDP Growth	7.0	6.1	6.5
Arrivals, Trips	10.4	10.1	5.9
Incoming Tourist Receipts Value US\$	9.1	10.2	10.7
Air Transport Value US\$	10.4	18.5	18.6
Hotels Value US\$	-3.3	4.3	4.8
Travel Retail Value US\$	-0.9	6.8	7.7

Source: Euromonitor International

- India shows significant growth across the board as tourism benefits from a robust economy.
- Air transportation sales are forecast to grow dramatically thanks to low air travel penetration. Low-cost carriers such as IndiGo and SpiceJet are helping to shake up the market.
- Domestic travel is predicted to reach 1.6 billion trips by 2016 driven by the desire of the rising middle classes to explore their own country.

India - Gold rush on low cost

- While travel between India and the Middle East has long been popular, the recent surge of low-cost flight options has opened up new travel opportunities for gold fans.
- Indian travellers make the most of the bargains available at gold souks across the Gulf, offering better quality gold with more appealing intricate designs.
- Indians buy gold for wedding gifts and at annual traditional gold buying festivals such as Akshaya Tritiya and Dhanteras, but also as an investment.
- Gold is considered to be a safe haven for savings in India, especially during times of global uncertainty. Q1 2012 saw gold worth US\$5 billion exported from Dubai to India.
- Low-cost carriers operating between the Gulf and India have helped cement this travel trend by providing cheap fares for tourists and Non-Resident Indians (NRI) alike.

Buyers beware

- Indian buyers need to be careful when importing gold. Customs duty must be paid on gold worth more than Rs10,000 (US\$180) for a man and Rs20,000 (US\$360) for a woman.
- Buyers must declare the source of the funding for the purchases.

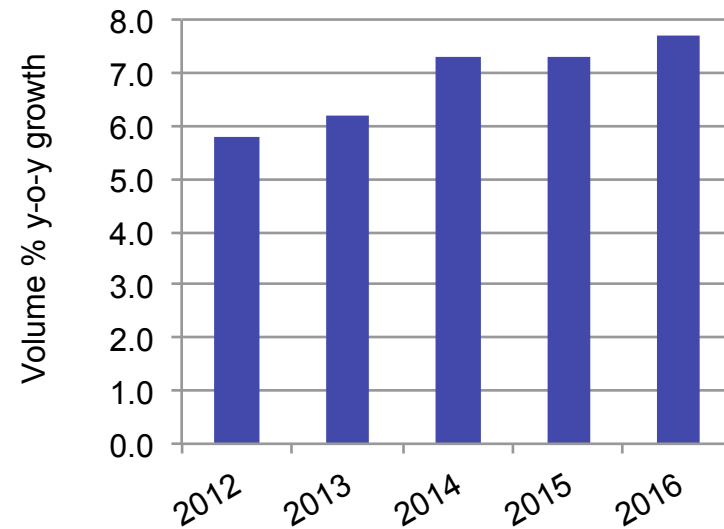


“Many Indian tourists visit the UAE to buy gold during the shopping festivals... because gold here is pure and they save some money too.”

*Abdul Salam, Executive Director,
Malabar Gold, Dubai*



India Arrivals to Select Gulf Countries % Growth 2012-2016



Source: Euromonitor International

Note: Data refers to India arrivals to Saudi Arabia, UAE, Kuwait, Oman and Bahrain

India - All that glitters

- Inbound trips from India to Gulf countries are forecast to post a CAGR of almost 7% over 2012-2016, fuelled by growing disposable incomes and affluence.
- While Dubai is the destination expected to benefit the most from the gold shopping trend, countries such as Kuwait and Oman are also expected to cash in.
- These countries are likely to host their own shopping festivals, developing additional tours and promotions for Indian visitors. Gold shopping concierge services will appeal to this market.
- Indian shoppers will take advantage of low-cost air fares to buy other types of goods in Dubai
 - a key trading centre and home to many bargains, including smartphones and laptops.

Precious metal boost for airlines

- LCC rivals, IndiGo, SpiceJet, Air India Express and FlyDubai, link Indian cities with the GCC and are expected to benefit from the gold shopping trend as Indian arrivals increase.
- Scheduled carriers from India and the Gulf will also tap into this market, whilst sales of hotels, car rental and tourist attractions in destination are forecast to receive a boost.
- Foreign airlines can now take a 49% stake in Indian carriers so the long-awaited policy change could provide fresh funding for India's debt-laden airlines.

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