BARBADOS PRIVATE SECTOR ASSOCIATION

BARBADOS PRIVATE SECTOR TRADE TEAM
A DIVISION OF THE BARBADOS PRIVATE SECTOR ASSOCIATION

EXPORTING TO THE EU

SECTOR STUDY

MARKETING AND DISTRIBUTION OF TOURISM SERVICES

Prepared for the Barbados Private Sector Association (BPSA) with the support of the IADB project "Building capacity to increase exports"

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CHAPTER 1 INTRODUCTION

This report presents a sector study of the tourism industry in Barbados and the opportunities available in the EU, specifically France, Germany and the Netherlands. It is intended to elaborate possible opportunities for building export capacity among Barbadian service providers to access the EU market, within the context of the Economic Partnership Agreement (EPA). The research is sponsored by the Barbados Private Sector Association (BPSA), through the support of the Inter-American Development Bank and is part of a series of four projects that will strengthen the BPSA in its role as a key participant in public policy debates affecting private sector development; while increasing awareness of changes and challenges that confront the sector. These four component projects involve:

- Improving private sector development and competitiveness;
- Providing information on the challenges and opportunities of the EPA to business owners, managers and workers;
- Building capacity to increase exports; and
- Supporting the Institutional strengthening of the BPSA.

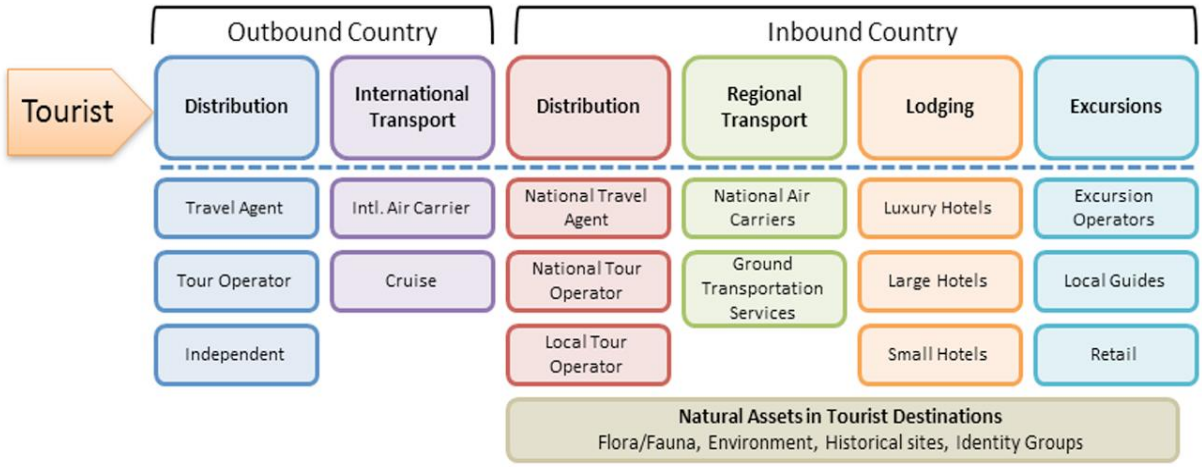
This report contains four Chapters. Chapter 1 provides an introduction to the tourism sector, including the relationship in the tourism services sector between Barbados and the EU. Chapter 2 outlines the demographics of the consumer demand and the modes of supply of tourism. Chapter 3 explores the legislative framework that governs the tourism sector. Chapter 4 explores the tourism sector, including its value chain.

This sector study is the product of rigorous research and cross referencing of multiple sources conducted over three months in mid 2012. While every attempt has been made to verify the published information as accurate at the time of writing, the environment is very dynamic and subject to frequent changes at short notice. Service providers are therefore advised to remain in close communication on these issues with potential consumers. The manual is not intended as a substitute for legal or marketing advice and no liability will be assumed by the BPSA or its authors arising from the use or interpretation of the information contained herein.

The Global Value Chain for Tourism Upgrading

The Duke University Centre for Globalization, Governance and Competitiveness (Duke CGGC) proposed a global value chain (GVC) framework as a means of understanding global tourism upgrading themes. When applied to an industry, the concept of a value chain refers to the sequence of activities within the process of delivering value from inputs to final consumer and upgrading denotes the investments required to enhance value. The Duke tourism GVC follows the series of interactions between tourists and service provider firms and includes the distribution, transport, lodging, and excursion segments, as shown in Figure 1 below.

Figure 1 (below): The Tourism Global Value Chain



Source: Duke CGGC

Distribution is the first segment in the tourism value chain. This is in contrast to production-based value chains, where the distribution is the final process in the value delivery chain to the consumer. The first thing tourists do is to decide how they will purchase their tourism products or the components of their trip. Travel agents and tour operators are the main distribution intermediaries. Commonly, travel agents act as the retail outlet for tourism products (transportation, lodging, and excursions), and tour operators are wholesalers. Tour operators purchase blocks of airline seats, hotel rooms, and excursion activities and bundle these segments in various package arrangements. The packaged product is then sold via a travel agent or directly. Tourists can bypass intermediaries and book their trip components directly.

The next stage is international transport. The most common international transport mode is international air carriers, but cruise services are a popular option as well. Rail transport, although common in Europe and parts of Asia, is typically not a long-haul option. International distribution and transport are based in the outbound countries, but there are regional distribution and transport segments based in the inbound country. Inbound countries have their own distribution actors and often work directly with international distribution firms. For example, national tour operators organize and execute the destination components of a global tour operator's package tour. When this is the case, national tour operators meet tourists at the airport and escort them to their destination activities.

While in the destination country, tourists engage in a number of events that include local transportation (air or ground), lodging, and excursions. Lodging options range across the luxury

and size scale. Excursions are the local activities representative of the tourism product and the natural assets of the destination. For beach tourism, the activities might include snorkeling, sailing, or surfing; whereas for cultural tourism, activities may include a guided tour around monuments or a wine tour. Many excursion activities are sold by operators and executed by local guides who take on the role of area experts. Retail may also be considered as part of excursions such as visiting local bazaars or artisanal centers.

Except for international airfare, most segments of the tourism value chain are characterized by a diverse array of organizational, ownership, and operational business structures. Large corporations coexist with small and medium enterprises and micro-businesses. International tourism demands a sophisticated level of coordination and marketing that reaches tourists based in numerous countries and regions. Firms that have coordination capabilities and marketing prowess carry the most value. International distribution actors, and hotels based in destinations that are managed by foreign brands, typically hold these functions.

Options for Upgrading through enhanced marketing and distribution of tourism services

Upgrading, or enhancement of value for the ultimate consumer, can occur simultaneously in multiple market segments. The common forms of upgrading include:

- ***Entry into the global tourism GVC***: a country becomes an international tourist destination
- ***Adding new tourism products***: the destination country diversifies its tourism market
- ***Product upgrading in lodging (and other local services):*** hotel firms upgrade their accommodations via expanding beds, luxury scale, or facilities. A country destination can also upgrade hotels by providing more accommodation options with better services.
- ***Functional upgrading along the excursion/distribution segments:*** a tour operator takes on additional logistic and coordination services for tour packages to the destination and may begin to take tours to regional destinations.
- ***Adopting information technology (IT):*** tourism firms and destination management organizations adopt web marketing, online purchasing and social network capabilities.

The EPA and Tourism Services

The World Trade Organization (WTO) General Agreement on Trade in Services (GATS) recognizes four modes of supply for the delivery of services, including tourism, in international trade. These four modes are outlined in Table 1 below. Within the EU-CARIFORUM EPA agreement signed in December 2008, the EU made a number of commitments in the tourism and travel-related services sector, in the areas of hotels and restaurants, catering services, travel agencies, tour operators and tourist guide services. Some commitments were made for spa services as well as for other services not classified as tourism services.

Table 1: The Four Modes of Supply of Services

	Criteria	Consumer & Supplier	Examples
Mode 1: Cross-border supply	Service delivered form the territory of one Member into the territory of any other Member	Neither the consumer nor the supplier moves to the other.	Traditional banking or insurance services transacted through electronic means or the provision of distance travel and tourism services.
Mode 2: Consumption abroad	Service delivered outside the territory of the Member, in the territory of the producer	The consumer of a service moves across to the territory of the producer	Tourism, services rendered to ships at ports or dry-docks, or to aircraft at airports.
Mode 3: Commercial presence	Service delivered within the territory of the Member, through the commercial presence of the supplier.	The commercial presence means any type of business of professional establishment through the acquisition, maintenance of a juridical person or the creation or maintenance of a branch or representative office within the territory of the EC party.	International chains of hotels or department stores or subsidiaries or branches of banks.
Mode 4: Presence of a natural person	Service delivered within the territory of the Member, with supplier present as a natural person.	The supplier moves personnel or his person to the consumer in order to supply the service.	Movement of unskilled or semi-skilled migrant workers to harvest crops, or the movement of skilled persons such as accountants or lawyers or consultants, or in the context of the provision of a service via commercial presence.

It is anticipated that the EU-CARIFORUM Economic Partnership Agreement (EPA) will provide significant economic benefits to the small and medium sized enterprises (SMEs) in the Caribbean in terms of market access and trade facilitation to enable mainly the small service suppliers in the region to export for the first time and/or increase exports to the EU. The market access commitments are discussed below in terms of the four specific modes of supplying tourism services. Time will reveal whether these commitments lead to gains or losses in the market share.

Cross-border supply and consumption abroad of services (Modes 1 and 2)

The EU Member States were liberal in their commitments on the provision of catering services through Mode 1, removing all market access restrictions. However, a closer inspection of the EU's Mode 1 commitments suggests this gain may be of limited value given the practical difficulty of supplying catering services via Mode 1. The EU's commitments for hotels and restaurants reflect a far more restricted access regime. Estonia, Finland and Hungary have removed their restrictions; the remaining 24 EU Member States remain unbound; allowing these countries the flexibility to impose restrictions in the future according to their national or regional priorities.

CARIFORUM suppliers secured additional market access for the Mode 1 cross-border supply of travel agency and tour operator services, with only Bulgaria and Hungary opting to maintain their restrictions. For tourist guide services, 17 Member States removed their market access limitations, while Bulgaria, Cyprus, the Czech Republic, Hungary, Italy, Lithuania, Malta, Poland, Slovakia and Slovenia remain uncommitted. In countries where there are no restrictions, the EPA paves the way for guaranteed market access for e-commerce solutions in the area of travel and tourism services. EU countries placed no limitations on Mode 2 trade (consumption abroad) for any of the three tourism categories or for spa services. As a result, Europeans can use these tourism and spa services freely in CARIFORUM countries and no future restrictions are likely to be established.

Commercial presence (Mode 3)

For hotel, restaurant and catering services, all EU Member States except Bulgaria and Italy have no restrictions on commercial presence. Bulgaria requires incorporation and Italy reserves the right to impose economic needs tests. For travel agency and tour operator services, only Bulgaria and Portugal maintain limitations requiring incorporation or maintenance of the firm's corporate base in the host country. There are no limitations on commercial presence in any EU Member State for tourist guides services.

Temporary presence of natural persons for business purposes (Mode 4)

The EU has committed to allowing investors to engage key personnel and graduate trainees for every service sector liberalized under the EPA, subject to some country specific limitations. The temporary entry and stay of key personnel and graduate trainees will be for up to three years for intra-corporate transfers, 90 days in any 12-month period for business visitors, and one year for graduate trainees. Only Bulgaria has maintained limitations in these categories. In Bulgaria, the number of foreign managers cannot exceed that of local managers where the state/municipal share in equity in a Bulgarian company is greater than 50%.

In tour guides services, 15 Member States removed their limitations to the movement of these professionals. The other 12 Member States have maintained nationality requirements. For contractual service suppliers the EU commitments remain unbound for hotel, restaurant and catering services as well as for spa services. In the area of travel agency services: 14 Member States scheduled no limitations for this category of professionals, while 12 Member States reserved the right to apply economic needs test and Ireland remained unbound. A similar picture emerges for tour operator services including tour managers, although Ireland has made a commitment to allow contractual service suppliers entry for tour managers only. For tour guides services, only Sweden agreed to remove its market access limitations, whereas 21 Member States reserved the right to impose economic needs tests and the remaining five have not undertaken any commitments. The EU did not make an offer on the temporary entry of independent professionals in any of the three tourism sub-sectors.

CHAPTER 2 THE EU MARKET FOR TRAVEL & TOURISM SERVICES

Overview of the EU Market for Tourism Services

In the EU, tourism accounts for 30% of service exports and up to 11% of GDP and 12% of employment at country level. After two years of subdued growth and despite a drab economic context in Western Europe, holiday plans for summer 2011 for all Europeans were predicted to be on the rise again; returning to the high levels of 2007.[1] Europeans take 46% of their holidays in the third quarter of the year, that is, July-September. They enjoy both domestic (national and European) and international vacations, with the former destination choice projected as 80% of travel by Europeans in the summer of 2011. Non-European travel destinations vary and while accounting for less than 20% of planned travel experienced consistent average growth of 7.5% from 2003-2006. According to a CBI Market Survey and based on WTO projections, the total

[1] International Tourist Arrivals Back to 2008 pre-crisis Peak Level, 8 (3) UNWTO World Tourism Barometer 2010, www.unwto.org

number of long haul tourists from Europe is expected to reach 164 million in 2020, a growth of 23%.[2]

Long-haul travel to regions such as the Caribbean is challenged by the fact that Germany, the Netherlands, France and the UK are considered mature travel markets. However, a potential advantage is the existing knowledge within Europe of the Caribbean as a favoured destination. Surveys reveal that 65% of Europeans indicated preference for a seaside destination, a positive factor in relation to the Barbadian tourist industry offerings. By individual countries the destination is important to 69% of German respondents, 63% of French, 61 % of persons from The Netherlands.[3]

In addition to the destination choice, a second critical factor influencing tourist travel is the cost and thus budget required. Expenditure for holiday travel in 2011 is projected to increase by €62 to approximately €2,145 per person, reflecting a 3% increase above the 2010 amount. In terms of priority, budget and sun/seaside criteria placed ahead of possibilities for activities and quality of infrastructure. Total travel to developing countries saw an increase of 11.4% over between 2003 and 2006 with travel to the Americas, within which the Caribbean is grouped, showing a decline of 1.2%. Significantly, the forecast of total EU long haul travel puts arrivals to the Caribbean at 11 million in 2020, an annual growth rate of 6.7%.

EU Market Performance Trends

The World Travel and Tourism Council (WTTC) projects that the top three countries that are expected to be the biggest consumers of travel and tourism services are the United States, China and Japan. Five European countries–Germany, France, the United Kingdom, Italy and Spain are the next most important travel and tourism consumers in the world. Their cumulative demand is expected to reach US$1721.3 billion at the end of 2010 and US$2591.6 billion in 2020. According to the European Travel Commission[4], the following market performance trends are indicative for 2012:

- In the first half of 2012 European travel has exhibited some resilience in the face of the weak and uncertain global economic environment. Most reporting destinations have experienced growth in foreign visits and nights.
- At the moment, the global economy is restrained by government austerity and a softening in export demand with leading indicators suggesting most major economies are slowing. In response to deteriorating economic conditions, global central banks have

[2] CBI Market Survey: The Long Haul Tourism Market in the EU, February 2009.
[3] Ibid.
[4] European Tourism 2012: Trends and Prospects

lowered interest rates. This uncertain economic backdrop, however, is not yet causing significant falls in tourism demand, but the trend is of slowing growth.

- Air travel has also shown some encouraging signs, with European airline passenger growth around 6% through mid-June. European airline load factors have strengthened and, on average, continued to rise.
- However, airlines passenger load factors have increased only marginally as the year is progressing. Demand remains healthy while capacity continues to be added throughout 2012. But the small rise in load factors indicates the increase in demand may be less than airlines had expected.
- Hotels data show signs of mixed performance throughout Europe. While Central and Eastern European destinations have performed well, a significant number of Southern European destinations have recorded falls in hotel occupancy during the first half of the year. Overall, a moderation in hotel occupancy rates in most European sub-regions is apparent.
- Tourism arrivals data for the first half of 2012 reveal an uneven picture of growth in the major European source markets.

Travel agencies are enterprises that are engaged in arranging transport, accommodation and catering on behalf of travellers. Travel agents act as retailers selling travel services or packaged trips to the customer. Traditionally, tour operators acted as wholesalers to travel agents, while more recently they have moved towards selling directly to customers. Tourist guides and tourist information services play a supporting role, offering information and services usually at the tourism destination. Like airlines, tour operators also faced trading difficulties in 2008: for example, the United Kingdom's third largest operator, XL leisure group (which also operated XL airways), declared bankruptcy in September 2008.

Growth in online travel services

More than half of all individuals (aged 16 to 74) that use the Internet, made use of on-line services for travel and/or accommodation. This may include research or bookings, and may be directly with travel and accommodation providers or with intermediaries. The travel and tourism consumer behavior has evolved. They are becoming more and more skilled and use widely ICT services in the pre-trip phase when searching for information about destinations, booking tickets and hotels. Online sales travel is becoming an important segment of the travel and tourism market; the role of intermediaries is changing. Internet sales of travel and tourism services increased from Euro 0.2 billion in 1998, or 0.1% of the market share to Euro 5.2 billion or 25.7%, a spectacular increase in 10 years.

The UK accounted for 30% of the European online travel market in 2008, followed by Germany with 18% and France with 14%. Nordic countries (Scandinavia, Finland, Iceland) accounted for 11% of the Internet sales, the group of "middle Europe" countries comprising Benelux, Switzerland, Austria and Ireland contributed 10% to overall online sales, Southern Europe (Italy, Spain, Portugal, Greece) accounted for 14% of sales while the twelve new EU member countries contributed only 3%.

Competition and Key Players

The tourism industry is vulnerable to the upswings and downturns of the international economy, which compromises the objectives of stable growth and development, and the current trends in the tourism industry provide a limited capacity for export earnings and development of export potential. Barbados faces tough competition from other Caribbean countries, as well as the Eastern European countries that have recently become open and untapped markets due to their proximity and EU membership.

Within the Caribbean, the Dominican Republic and Jamaica are considered the prominent all-inclusive destinations in the Caribbean. The former has capitalized in an increase in tour operator supply, including a high proportion of all-inclusive accommodation. The latter has successfully implemented various initiatives, including a social media marketing campaign through new YouTube channels, blogs, Twitter accounts and a "Visit Jamaica" Facebook page with over 150,000 Fans. Despite this, in 2011, the Travel and Tourism Competitiveness Index ranked Barbados third among the hemisphere for the competitiveness of its travel and tourism product, as shown in Table 2 below.

There is also some emerging competition from Gulf States, the Emirates, the Maldives and the Seychelles, with these destinations increasing in popularity and attractiveness to UK and European travellers. The fact that there is no longer the 5 hour Concorde flight from UK to Barbados also means that it is longer journey for persons travelling from Europe to Barbados. Even closer to home Cuba, Brazil and Panama all have strong relationships with countries in the EU and direct flights to facilitate trips there. Brazil will be hosting the World Cup of Football in 2014, and the Olympics and Paralympics in 2016, which will see an increase in its infrastructure and transport services.

Table 2: The Travel and Tourism Competitiveness Index 2011: The Americas			
Country/ Economy	OVERALL INDEX		
	Regional rank	Overall rank	Score
United States	1	6	5.30
Canada	2	9	5.29
Barbados	3	28	4.84
Jamaica	12	65	4.12
Dominican Republic	14	72	3.99
Trinidad & Tobago	16	79	3.91
Guyana	21	98	3.62

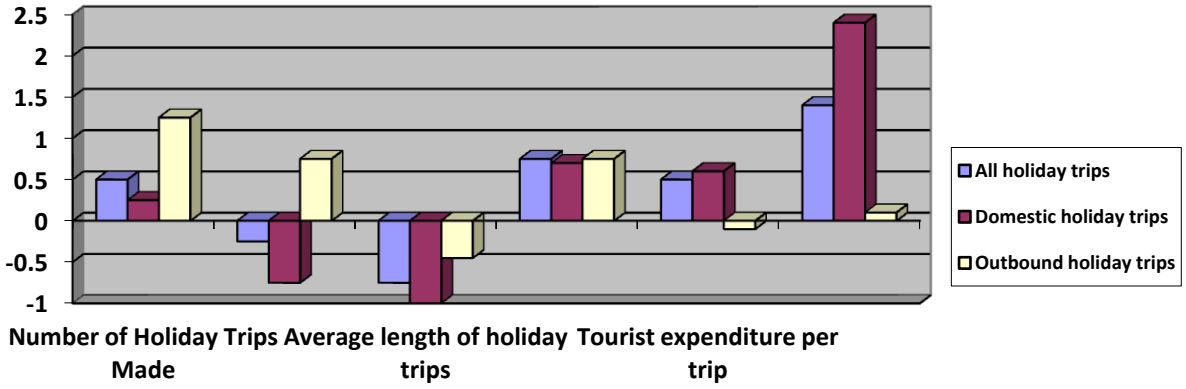
Characteristics of Market and Consumer Demand in Target Markets

Europeans made 5 million more holiday trips in 2011 but spent less days in their destination.

Figure 2 shows percentage changes in the main indicators for tourism demand in 2011 compared with 2010, compiled by Eurostat. The reported growth of 0.5% in the total number of holiday trips was the result of an increase in both the number of domestic holiday trips (+0.3%) and holiday trips abroad (+1.2 %). Stronger growth in trips abroad can be linked to the significant fall in such trips during the first years of the crisis, while domestic trips were less affected. The increase in the number of trips made did not necessarily mean more nights spent away. Overall, the number of nights spent away even fell by -0.1 % in 2011, especially for domestic trips (-0.7 %). As a result, trips were on average shorter than a year earlier.

European tourists spent slightly more money (+0.7 %) on holiday trips in 2011. Even if total spending was distributed over a higher number of trips, spending on an average trip rose by 0.5%. Expenditure per night grew by 1.4%. Both spending per trip and spending per night rose relatively more for domestic trips than for outbound trips.

Figure 2: Percentage changes in tourism demand in the European Union, 2011 compared with 2010[5]



Source: Eurostat Statistics in Focus 2012

In 2011, most trips Europeans made were to a destination within the Member State where they live (76 %), with fewer than one in four trips abroad. Big differences were observed across the EU. Some residents spent less than half of their holidays in their own country.

This was the case for Belgium (26%), Luxembourg (less than 1 %), the Netherlands (48%) and Slovenia (44 %). Others stayed 'at home' for more than nine out of 10 holiday trips in 2011. That was the case for residents of Spain (92%), Portugal (91%) and Romania (93 %).

More than three out of four trips were domestic, but long outbound trips accounted for half of all tourist expenditure.

Even if domestic trips still accounted for most holiday trips, outbound trips grew relatively faster in 2011. This recent growth partly made up for the partial substitution of outbound trips with domestic trips over the recent years. There was a significant rise in the number of long outbound trips of at least four overnight stays (+1.7 %), while short trips abroad decreased by -0.7%. For domestic trips, there was a sharper increase in long trips (+0.5 %) than for short trips of one to three nights (0.2 %). In the EU, short domestic trips accounted for half of all holiday trips in 2011. Long domestic trips took 26% of the market share, while long and short outbound trips represented 18% and 5 % respectively. In only eight EU Member States did the number of long trips exceed the number of short trips. In the Netherlands, Belgium and Luxembourg, more than 60 % of all trips were long.

[5] Eurostat Statistics in Focus 2012, http://epp.eurostat.ec.europa.eu

EU residents' spending on holidays grew by 0.7% in 2011. Nearly half of that rise came from higher spending on long domestic trips (while spending on short domestic trips shrank). The two segments with the poorest evolution in terms of nights spent, namely long domestic trips (-1.2%) and short outbound trips (+0.1%), recorded the fastest growth in expenditure (+1.3% and +3.1% respectively, resulting in growth of average expenditure by +3.7% and +4.0% respectively). On average, Europeans spent €64 per holiday night, €50 during domestic trips and €82 during outbound trips. Annex 1 shows further details of EU residents' holiday stays and spending patterns. Annex 2 shows the data for holiday trips made by residents of France, Germany and the Netherlands, 2011.

The French Consumer Profile and Travel Market

France has an aging population with the proportion of people over 60 years increasing. Over two-thirds of the French population goes on vacation, with nearly 10% of them travelling abroad. According to studies[6], the 35-49 age group accounts for the largest number of holiday makers, followed by the 50-64 age group. Only approximately 24% of travellers go on vacation for more than 7 days with the majority of vacationers spending a maximum of 3 days. Notwithstanding, outbound trips by French tourists increased over the 2003-2008 period to 27 million, a 1.6% annual increase. Key outbound destinations which would rival Barbados are Martinique and the Dominican Republic which accounted for 6% and 4% respectively of 2007 long haul French travel.

Using data compiled by South Africa in analyzing the French travel market specific travel segments have been targeted based on in-depth profiling. Whilst the attractions may be quite different, Barbadian firms may benefit from understanding the profiling given the similarity in cost and travel distance from France to Barbados and South Africa, with the latter therefore being a competitor to the former based on those two essential travel factors of cost and distance. Annex 3 provides a summary profile on the French traveller, while Annex 4 summarizes travel preferences.

The number of travel retail outlets in France decreased during 2003–2008, due to increase in mortgages and intensive competition from Internet travel agencies. The contraction in retail outlets was marginal however with 212 firms exiting the market between 2003 and 2008. This contraction has not changed the dominance of travel agents over tour operators however with the former totalling 4,960 and the latter 33 in 2008. The most popular agency in 2008 was Voyages SNCF com with nearly 5 million visitors every month. Other major agencies include Lastminute, Opodo, Expedia, and GoVoyages. The French travel retail market is highly

[6] Downes, John and Watson, Noel (2009). "Study on Regulatory Regimes in Selected Professional Services in EU Member States".

fragmented, made up more than 200 operators and about 5,000 travel agencies; with the top-ten players having a cumulative market share of only 40%. The major players are Carlson Wagonit, Thomas Cook France, TUI Travel Plc., and Club Mediterranée. Within France, the largest travel agencies, tourist guide services and tour companies are identified as Nouvelles Frontières, Fram, Groupe Kuoni and Voyageurs du Monde of approximately 4,000 firms with 40,500 employees. The French travel industry categorized by size of numbers of employees[7]:

The German Consumer Profile and Travel Market

Germany is one of the world's largest economies, deriving its wealth primarily from industry, financial services, and general services sectors. Approximately 67% of Germans live in the 5 largest states, namely Nord Rhine, Westphalia, Bavaria, Baden-Württemberg, Lower Saxony and Hesse. In 2007, 8.4 million Germans opted for outbound (beyond Europe) travel. Long-haul German tourists originate primarily from the former West Germany. Germany's aging population is expected to grow by 50% by 2050; thus seniors will be a main driver of outbound German tourists.

As shown in Annex 5 German tourists have a high preference for seaside destinations with good climatic conditions. This travel interest is reflected across all segments identified above. Other leisure and culture activities are also important but to a lesser extent, with indications that high outdoor excursions are not necessarily appealing but might still add value to the vacation experience. The average length of time for vacations tends to be 2 weeks with the second best option being a week-long vacation. German tourists are not particularly bothered by travel time to the destination; a feature which is important for long haul destinations such as Barbados.

The Market Structure

The German travel market is highly consolidated with 54% of all revenues generated by the top 3 tourism groups and the remaining 46% distributed among numerous players in the market. TUI and Thomas Cook, along with the Rewe Group, are the primary operators within the German market. TUI Germany, as a subsidiary, benefits from being a part of the largest tourism group, comprised of tour operator brands, travel agency chains and charter airlines. Continuous centralization of airline, hotel and destination management services facilitate maintenance of a superior and dominant position within the market. Thomas Cook, the third largest global tourism group and second largest in Europe, also boasts tour operators, travel agency chains and Condor charter airline. Like TUI, Thomas Cook pursues further centralization of control, marketing and sales. The Rewe Group poses competition to the former two groups with acquisition of a stake in LTU charter airline in Germany. The Group's activities centre around

[7] Downes, John and Watson, Noel (2009). "Study on Regulatory Regimes in Selected Professional Services in EU Member States".

retailing, media and tourism, with the latter comprised on tour operators and travel agency chains. It is projected that due to cost issues the number of travel agencies will further be reduced by the big players. Further, small emerging new agencies are having a tough time due to big competition from the big players and the increasing importance of the Internet as aninformation and booking channel.

Specialised Tour Operators

Large travel groups have developed specialized services to target specific groups of consumers according to individualized interests. Modular packages are designed to fulfill more specialised needs, particularly for long-haul destinations. Travellers are able to build their desired trip according to pre-defined modules, and in so doing operators provide guidance whilst allowing the traveller latitude to exercise their independence in planning their vacation.

Competition from Internet increasing

While in 2001 the Internet was an issue for specific age groups only, it has since become the information and booking channel for all age groups alike. Together with the trend to more customized modular packaging, Internet portals that bring together demand and providers are an increasingly important channel that blurs actual trade structures.

Travel Trade Fairs

Germany is a major hub for the global tourism sector since it plays host to a number of important Travel and Tourism Fairs. These are shown in Table 3 below.

TABLE 3: TRAVEL TRADE FAIRS IN GERMANY			
Travel Tour & Trends	c/o KolnMesse P.O. Box 210760 Messeplatz 1, 50532 Cologne Germany	traveltour@visitor.koelnemesse.de http://www.ttt-koeln.de (formerly RKI Reisemarkt Koln International)	Tel: (+49-221) 821 3040 Fax: (+49-221) 821
Reisen Hamburg	c/o Hamburg Messe und Congress GmbH P.O. Box 302480 Messehaus Jungiusstr. 13 20308 Hamburg Germany	reisen@hamburg-messe.de hamburgfair@hhmesse.de http://www.hhmesse.de http://www.reisenhamburg.de	Tel: (+49-40) 3569 Fax: (+49-40) 3569
Reisemarkt Rhein-Neckar Pfalz	c/o TMS Messen-Kongresse-Ausstellungen GmBH Bremer Str. 65, 01067 Dresden Germany	rnp@tmsmessen.de http://www.tmsmessen.de	Tel: (+49-351) 877 Fax: (+49-351) 877
Reisemarkt Saarbrucken	c/o Saarmesse GmbH Messegelande, 66117 Saarbrucken Germany	freizeit@saarmesse.de http://www.saarmesse.de	Tel: (+49-681) 954 Fax: (+49-681) 954
ITB Internationale Tourismus Borse	c/o Messe Berlin GmbH Berlin Company for Exhibitions, Fairs and Congresses Messedamm 22, 14055 Berlin Germany	itb@messe-berlin.de http://www.itb-berlin.de http://www.messe-berlin.de http://www.itb-berlin.com	Tel: (+49-30) 3038 Fax: (+49-30) 3038
Dresden Pow Wow	c/o d.p.i Destination Marketing GmbH Munzgasse 10, 01067, Dresden Germany	info@dresden-powwow.de http://www.dresden-powow.de	Tel: (+49-351) 821 Fax: (+49-351) 821
CMT/Stuggart	c/o Stuttgarter Messe und Kongressegesellschat P.O. Box 103252 70028, Stuttgart Germany	info@messee-stuttgart.de http://www.messe-stuttgart.de/cmt/travelmarket	Tel: (+49-711) 258 Fax: (+49-711) 258
Source: 2009 International Trade Statistics Yearbook			

The Netherlands Consumer Profile and Travel Market

The Netherlands is among the top-10 countries globally, in per capita personal disposable income. It is ranked as the tenth largest outbound travel market in the world, and fifteenth in terms of long-haul outbound travellers.[8] According to studies, over 80% of the Dutch population goes on vacation, with more than 45% of them travelling abroad with 46% of vacations in 2008 taken internationally. Nearly 60% of Dutch outbound leisure travellers belong to the 15–44 years age group; further disaggregated according to the 35–49 years group which represents 30% of Dutch holiday takers. As in the rest of Europe, the Dutch population is ageing, and the proportion of people above 55 years is expected to increase significantly by 2028.

The annual increase in holidays abroad is expected to be maintained and with an aging population deliberate long-term strategies target this market segment will be critical to increased awareness of the Barbadian destination. Over half of the Dutch population lives in Zuid-Holland, Noord-Holland, and Noord-Brabant provinces. These western provinces have a relatively higher per capita annual disposable income, than the northern and southern provinces. Over 47% of foreign vacations are organized with the help of tour operators or travel agents with the remaining 53% booked directly or via local booking offices. Annex 7 shows the Netherlands travel preferences and Annex 8 provides a summary profile of the Dutch traveller.

[8] Downes, John and Watson, Noel (2009). "Study on Regulatory Regimes in Selected Professional Services in EU Member States".

Distribution Channels and Market Opportunities for Barbadian Service Providers in the EU Market

Inbound tour operators

Inbound tour operators represent local tourism providers like providers of tourism activities (e.g. hiking trips, boat trips, safari trips, city guides, workshops with local communities), hotels, resorts, bus companies and restaurants. Inbound tour operators select and offer complete travel packages to outbound tour operators, travel agencies or directly to travellers. They have extensive local knowledge and provide a wide range of services, including price information, checking availability, making reservations, coordination, payments and supervision of product delivery.

Direct sales

A very important channel for both tourism providers and inbound tour operators is independent travellers who book directly. They do not approach intermediaries in the EU, but use the Internet to gather information and to make bookings directly with local inbound tour operators or local tourism providers. Besides the Internet, they often use travel guides like the Lonely Planet to make arrangements on the spot or they approach inbound tour operators or tourism providers in the destination country directly.

TABLE 4: CHARACTERISTICS OF MAJOR AND SPECIALISED OUTBOUND TOUR OPERATORS	
Major Outbound Tour Operators	**Specialised outbound tour operators**
Higher volumes, lower margins	Smaller volumes, higher margins
Make destinations like Barbados more available to more travellers	Aim at less common destinations for travellers demanding high quality and custom-made holidays
Aim marketing strategies at destinations where they are currently operating	Have distinguished themselves from the major tour operators by specialising in niche products
Sell mainly on price, which makes their loyalty to inbound tour operators very low	Offer more complex products and are, therefore, more dependent on and loyal to
Travellers are highly-price sensitive, spend little	Travellers are less price-sensitive, willing to spend more
Sell among others via travel agencies that they prefer to own	Profit from emerging direct sales channels (the Internet) and use independent agencies
Offer relatively standardised and basic products	Offer tailor-made products

Outbound tour operators Outbound tour operators offer complete holiday packages and generally work together with an inbound tour operator, who selects the elements of the package. DC tourism providers can try to sell their products through EU outbound tour operators. However, in practice this does not often happen as EU outbound tour operators prefer to work with inbound tour operators. The outbound tour operator sells their holiday packages via travel agencies or directly to the traveller through the Internet and/or printed brochures. About 70% of all outbound tour operators are major tour operators and about 30% are specialised tour operators.

Major outbound tour operators

Major outbound tour operators generate most of their volumes through popular, standardised, mass-market products (e.g. sun, sea and beach). A small number of mainly UK and German players dominate the major EU outbound tour operator market. Examples are TUI (http://www.tui-group.com), Thomas Cook (http://www.thomascookgroup.com) and Rewe (http://www.rewe-touristik.com).

Specialised outbound tour operators

Specialised outbound tour operators concentrate on niche markets (adventure, diving, wildlife, culture, Community-Based Tourism, health & wellness etc.) that are generally not served by major tour operators. However, major tour operators realise that they have to meet individual traveller demands to keep their clients. Some major tour operators have set up specialised branches under separate trade names to serve special segments in the market.

Table 1 gives some general characteristics of major and specialised outbound tour operators.

Travel agency

Travel agencies generally bring travellers and tour operators together by booking for travellers and selling for tour operators. However, tour operators are increasingly offering their products directly to the traveller via the Internet and the importance of the travel agency has therefore diminished. Travel agencies are used more for tailor-made trips and special services rather than standardised trips. However, an increasing number of travel agencies are adopting the role of tour operator and buying directly from inbound tour operators or DC tourism providers, bypassing EU tour operators.

Most suitable trade channel

Inbound tour operators are a vital link between Barbadian tourism providers and EU outbound tour operators as many bookings take place through an inbound tour operator. Inbound tour operators are, therefore, the best trade channel for Barbadian tourism providers. If Barbadian

tourism providers can offer a wide range of products they might be able to work with EU outbound tour operators directly.

Many major outbound tour operators work with one or a few preferred inbound tour operators or even have their own local sales office. It is difficult for inbound tour operators to meet the demands of major tour operators and work with them on a profitable basis. Specialised tour operators however, offer niche products, generally in smaller volumes, but with higher margins. They are more dependent on the local knowledge of inbound tour operators. Inbound tour operators are therefore advised to target specialised EU tour operators. The Internet is increasingly used for researching destinations and booking with the result that online sales of tourism products are growing rapidly. More than half of European Internet users use the Internet to plan their holiday and online bookings represented one third of the European travel market in 2009. This share is expected to increase significantly in the years to come. Selling to EU travellers directly via the Internet through a high quality website is, therefore, also an increasingly important trade channel for both Barbadian tourism providers and inbound tour operators. Refer to the CBI's manuals 'eGuide tourism' and 'How to promote your website in the EU' for more information.

Price structure

Different prices and margins apply throughout the various trade channels. In the case of direct sales, the traveller pays a retail price to the tourism provider and there are no commissions for intermediaries. When intermediaries are involved, it is difficult to give detailed information on margins, but some indications can be given. Generally, the price of a holiday package roughly consists of air fares (35-40%), local arrangements (35-40%), margins for tour operators (10-25%) and if involved, commissions for travel agencies (10-12%). However, this is only a general indication, as margins can vary widely, depending on several factors:

- Supply side considerations. For example, the destination country can have a positive or negative effect on margins. Additionally, the exchange rate can also influence margins.
- Demand side considerations. Average margins can vary from country to country, depending on the local competitive environment.
- Product side considerations. Standard packages have lower margins than specialised packages. Furthermore, the type of agreement (e.g. type of accommodation, number of travellers, length and flexibility of the contract) influence the price.

For more information about trade structure and channels, check the CBI's 'Export Marketing Planner', which can be downloaded from http://www.cbi.eu.

CHAPTER 3: SUMMARY OF THE LEGISLATIVE FRAMEWORK & BARRIERS TO TRADE

The EU Package Travel Directive

Legal requirements are the minimum requirements products marketed in the EU must meet. There are no legal requirements in the EU applicable to long haul tourism as long haul tourism is offered outside the EU and is a service rather than a concrete product. However, there are some EU travel and consumer laws that are applicable to tourism within the EU. An example is the Travel Package Directive (90/314/EEC), designed to protect consumers who contract package travel in the EU. Although EU travel and consumer laws are not applicable to long haul tourism, developing country (DC) tourism providers are advised to become acquainted with them in order to understand the market better. They are also advised to study the terms and conditions of major EU tour operators, as these reflect EU travel and consumer laws. Consequently, DC tourism providers can adjust their own terms and conditions accordingly, so they will be better prepared for negotiations with potential EU partners.

The EU legislative framework, in the form of the EU Package Travel Directive (PTD), which along with relevant Regulations have introduced requirements ensuring that package holiday organisers and sellers provide greater protection to purchasers. The PTD, which extends to EU consumers the same rights they have in their home country to services supplied to suppliers in developing countries is designed to offer protection to consumers who contract package travel in the EU. The PTD applies to a combination of pre-arranged services covering a period of more than 24 hours or over-night accommodation. Rules governing the liability of package organisers and retailers, who must accept responsibility for the performance of the services offered, are outlined by the Directive.

The Directive seeks to ensure consumer protection and provision of accurate information, including by prescribing specific requirements with regard to the content of brochures where provided. Provision is made for consumer protection in the event of insolvency of the organizer through adequate insurance and bonding. The three main areas of protection are:

1. The provision of information;
2. The provision of security arrangements for monies paid for package holidays and for repatriation in the event of company failure;
3. A specific regime for contractual liability in respect of package holidays.[9]

As a tourism provider you should also be aware of non-legal requirements of EU trade partners (such as EU tour operators) and EU governments. Non-legal requirements for tourism are

[9] ABTA. Package Travel Directive and Regulations. (www.abta.com/about/lobbying_and_government_affairs/package_travel_directive).

generally based on environmental, social and consumer health and safety concerns. Trade partners often have their own set of non-legal requirements and preferences. Meeting these requirements and preferences could offer you interesting opportunities. EU tour operators are, for example, responsible for the packages they have sold. This means that the description and pictures in the brochures have to correspond to reality. If this is not the case, EU travellers are allowed to complain and ask for financial compensation. Therefore, it is very important that you make realistic agreements in your contracts and that your publications correspond to reality. Below you will find some non-legal requirements that you should take into account when targeting the EU long haul tourism market.

Quality system

Having a quality system is increasing in importance in the tourism industry. Barbadian tourism providers are therefore strongly advised to have their own quality system. They must check their own relevant components of a trip (for example hotels, restaurants, busses, rented cars, boats etc.) in terms of health and safety. Questionnaires are an important tool to check what customers and partners think of the quality of your services and which aspects could be improved.

ISO 9000 standards

The ISO 9000 standards represent requirements for the development and implementation of a quality management system in an organisation. A quality management system is a company tool, which aims to direct the organisation, its procedures and its processes in order to achieve an overall and continuous improvement of its performance and focuses on quality goals in general. Obtaining ISO 9000 is recommended to tourism providers, but it is not a requirement. They can also apply their own quality system. For more information about ISO 9000, please go to http://www.iso.org/iso/iso_9000_essentials.

Environmental requirements

The importance of sustainable tourism is increasing rapidly. Travellers are becoming more responsible and eco-conscious and are expecting tourism providers to become so as well. Barbadian tourism providers are therefore advised to include sustainable principles in their services. The United Nations Environment Programme (UNEP - http://www.unep.org) has published a number of guides on sustainable tourism in different geographical regions. The Federation of Tour Operators has published a supplier sustainability handbook with practical tips and guidelines to include sustainability aspects in tourism services operations. Go to http://www.fto.co.uk and click on 'Responsible tourism' and 'Sustainability guidelines' for more information.

Social Responsibility

ISO 26000 is a guidance standard on Social Responsibility (SR), which means it is not a Icertification. It is for voluntary use and attempts to guide users towards increased social responsibility. It is a standard that all organisations can use, including tourism providers. It is the most comprehensive and global system regarding social responsibility and is rapidly gaining in importance. More information can be found at http://www.iso.org/sr.

Liability

Most EU travellers contract travel insurance with insurance providers in their own country before going on a holiday to cover possible accidents and damages during their holiday period. However, tour operators from some EU countries like the UK, Spain and the Netherlands sometimes also ask tourism providers about the presence of a liability insurance to cover possible damage and accidents to their customers during their holiday. This is particularly the case for tourism providers located outside Europe. The reason for this kind of insurance is that their own liability insurance does not cover damage caused by third parties. Tourism providers who do not have this insurance will generally not be selected as a service provider for these tour operators. Therefore, it is important to ask your potential trading partners about their requirements concerning liability insurance. In addition, DC tourism providers are also advised to communicate to their customers the importance of having travel insurance.

Tourism certification

Barbadian tourism providers are not obliged to have certificates if they want to sell to EU customers. Nonetheless, there are certificates that they can apply for in order to distinguish themselves from their competitors.

Travelife is a tourism certification system that has been set up to support an efficient and cost effective introduction of sustainability principles within the tourism industry. It aims to increase the quality of travel products, customer satisfaction and the quality of life in tourism destinations. For the moment Travelife only provides the 'Travelife Certificate' to accommodation that has implemented the Travelife best practice standards. Some tour operators in the UK, the Netherlands and Germany are already working with Travelife certified accommodation. Travelife is currently working on a certificate for tour operators. For more information about Travelife, refer to http://www.travelife.eu.

The standards and certifications mentioned above can increase your credibility with EU tour operators and travellers. To examine if standards and certifications are really worthwhile for your company, it is important that you are acquainted with EU tour operators' requirements and preferences. For more information on non-legal requirements, sustainability initiatives and

certification in the tourism sector, refer to the information available in the CBI database (http://www.cbi.eu/marketinfo).

The Travel Directive is under review with completion expected in 2012. ABTA advocates for it to take the increasing developments within the travel industry into account and to ensure fair competition such as through inclusion of standalone air ticket sales in the scheme of protection; shared liability between organiser and supplier; and rejection of strict liability obligation on organizers. Changes to the definition of a package are also recommended. Barbadian (and Caribbean) tourism operators should pay close attention to this process and articulate their interests and concerns in any consultations on the Travel Directive.

Essentially, tour operators are allowed to recover the cost of claims for example by deducting monies owed to the local supplier. This has increased the importance of customer service ratings whilst putting local suppliers at a disadvantage as complaints often arise after the client returns, preventing the local supplier from defending the claim.

Commentators believe that there is no way local operators will be able to comply in full with the package travel regulations and sell directly to a UK customer. Further, there is little incentive for the tour operator, with their oblique pricing mark-ups to disclose the name of the local operator.

It is important to note that the EU Package Travel Directive applies to the CARIFORUM hotels, whether they market their services directly or indirectly to the EU market. As indicated, the way in which some EU Member States have implemented the Directive appears to have been a barrier to Mode 1 access. In getting a Mode 1 commitment, CARIFORUM states may put the onus on the EU Member States to ensure that the implementation of the Directive does not create a barrier to Mode 1 access.

An Air Passenger Duty (APD) allegedly to offset carbon emissions was introduced in the UK in 1994, with very controversial recent changes, which took effect in November 2009. This will ultimately affect the cost of European travel to the island since there are currently no direct flights to Barbados from France, Germany and The Netherlands, the traveller will most likely always have to fly through the UK. The APD is a tax on the airlines, which then ultimately decide whether or not to pass the charge on to passengers. The recent changes have brought the introduction of four geographical bands based on distance from London to the capital city of the destination.

TABLE 10: THE NEW BANDS AND RATES				
Band, and approximate distance in miles from UK	**In the lowest class of travel (reduced rate)**		**In other than the lowest class of travel (standard rate)**	
	2009-2010	**2010-2011**	**2009-2010**	**2010-2011**
Band A (0-2000)	£11	£12	£22	£24
Band B (2001-4000)	£45	£60	£90	£120
Band C (4001-6000)	£50	£75	£100	£150
Band D (over 6000)	£55	£85	£110	£170
Source: HM Revenue and Customs accessed on ABTA site (www.abta.com)				

The Association of British Travel Agents (ABTA) has expressed great concern that the APD bands based on the distance from London to the capital city are illogical from an environmental perspective and would put off travellers to destinations such as the Caribbean and Kenya, whose economies are extremely dependent upon tourism. This concern is in tandem with expectation that the Emissions Trading Scheme (ETS) may introduce further costs to the travelling public.[10]

Generally, the European travel industry is dominated by privately owned large operators creating a highly consolidated market, where in Germany for example, more than 50% of revenue is generated by less than 5 groups. The use of the Internet to ascertain information and complete travel plans is increasing however, and offers opportunities for small providers to directly sell their services. Travel agencies continue to play a key role in bookings and information however, particularly for specific age-groups. Given the structure of the EU travel market, the best option for small providers to enter the distribution channel is through inbound and specialized outbound tour operators who cover destinations not dominated by these players. Increasingly European tourists opt to complete travel plans via the Internet, a trend which positively positions smaller suppliers in the distribution channel through direct selling. The trend of using the Internet for information and booking supports the suppliers which may not be integrated in the distribution channel; strategies incorporating Internet reach have therefore become a requirement.

[10] United Kingdom. The Package Travel, Package Holidays and Package Tours Regulations 1992 No. 3288 Regulation 19. http://www.legislation.gov.uk/uksi/1992/3288/regulation/19/made.

Mutual Recognition Agreements

Regarding negotiation of a MRA for tourism service providers, under the EPA: 'The Parties shall cooperate towards the mutual recognition of requirements, qualifications, licences or other regulations in accordance with Article 85… Article 85, which deals with mutual recognition more generally, reaffirms the Parties' right to require that natural persons possess the necessary qualifications and/or professional experience to supply covered services and commits the Parties to encourage the relevant professional bodies in their respective territories to jointly develop and provide recommendations on mutual recognition. Tourism is identified as one of the priority sectors for the development of mutual recognition arrangements under the EPA. The EPA specifically mandates the EU and CARIFORUM to encourage their relevant professional bodies to start negotiations three years after the EPA's entry into force to jointly develop and provide recommendations on mutual recognition.

An additional avenue for addressing issues such as those arising out of the EU Package Travel Directive is the consultative mechanism for regular dialogue on tourism-related issues to be established under Article 118 of the EPA. The exact modalities for the exchange of information and consultation between the Parties and other relevant stakeholders have not been spelled out in the EPA, but are to be developed by the CARIFORUM-EU Trade and Development Committee.

An adequate assessment of the market access gains from the EPA requires some discussion of the EPA's novel tourism-specific competition disciplines and the provisions on trade-related capacity building. Both strengthen CARIFORUM's supply-side capacity and increase the region's chances of exploiting new and enhanced market access opportunities flowing from the EPA.

Article 111 of the EPA requires the parties to maintain or introduce measures to prevent suppliers from materially affecting 'the terms of participation in the relevant market for tourism services by engaging in or continuing anti-competitive practices, including, inter alia, abuse of dominant position through imposition of unfair prices, exclusivity clauses, refusal to deal, tied sales, quantity restrictions or vertical integration'.

The EPA provision on the prevention of anti-competitive practices is legally binding. This is also the case for the provisions on mutual recognition and development cooperation. Perhaps the EU's acceptance of these stronger provisions was linked to its objective to include a most favoured nation (MFN) clause, which extends any preference granted by CARIFORUM Member States to a major trading country to the EU as well as to the EU's desire to have sector specific disciplines on service industries, such as e-commerce, telecommunications, courier, maritime transport and financial services. Within the meaning of the EPA MFN clause, a major trading

economy is every developed country or any country accounting for a share of world merchandise exports above 1% or any group of countries accounting collectively for 1.5% during the year before, according more favourable treatment to the third party.

The EPA's treatment of tourism services is also notable for its development cooperation provisions. The EPA contains an explicit commitment by the EU to help advance the tourism sector in the CARIFORUM Member States and sets out a non-exhaustive list of specific areas in which the parties agree to cooperate. These areas includes capacity building for environmental management, developing Internet-based marketing strategies for small and medium-sized tourism enterprises, as well as upgrading national accounts systems to introduce tourism satellite accounts at the regional and local level.

CHAPTER 4 CONCLUSION: CRITICAL SUCCESS FACTORS IN SEEKING TO ENHANCE MARKETING AND DISTRIBUTION OF TOURISM SERVICES FOR EXPORT TO THE EU

In seeking to make further inroads into the EU market through the development of marketing and distribution services online, there are a number of critical success factors. These are indicated below. These factors will be explored in greater detail in the "Export Guide and Action Plan: Tourism" document.

- Certification and setting standards for sustainability
- Competitive vacation package offerings, including seaside vacations, tours focused on culture and heritage, cuisine, etc.
- Vacation packages which are competitive in terms of cost and budget
- Engagement of travel agents and tour operators in the EU market
- Visibility of online portal with search engines and adequate strategic promotion through travel trade fairs and other marketing events in market
- Links and maps to local Barbadian offerings of tours, products, restaurants, shopping etc.
- Online promotional presence in major consumer marketplaces of UK, Germany, France, The Netherlands
- Enhanced visibility and connectivity with the Barbadian national brand
- 'One-stop shopping' approach to shaping the visitor experience online: accommodation packages, tours, cuisine, market directories, maps, etc.
- Ongoing web maintenance and new content development.

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ANNEX 1: HOLIDAY TRIPS MADE BY EU RESIDENTS, EU-27, 2011 COMPARED WITH 2010										
		ALL HOLIDAY TRIPS			LONG HOLIDAY TRIPS			SHORT HOLIDAY TRIPS		
		TOTAL	DOMESTIC	OUTBOUND	TOTAL	DOMESTIC	OUTBOUND	TOTAL	DOMESTIC	OUTBOUND
No. of trips made (millions)	**2010**	1014	775	238	452	268	185	561	508	53
	2011	1019	778	241	457	269	188	562	509	53
	% CHANGE	0.5	0.3	1.2	1.0	0.5	1.7	0.1	0.2	-0.7
No. of nights spent (millions)	**2010**	5529	3361	2167	4456	2408	2048	1073	954	119
	2011	5522	3338	2183	4443	2379	2064	1079	959	119
	% CHANGE	-0.1	-0.7	0.7	-0.3	-1.2	0.8	0.5	0.6	0.1
Average length of trips (nights)	**2010**	5.5	4.3	9.1	9.8	9.0	11.1	1.9	1.9	2.2
	2011	5.4	4.3	9.1	9.7	8.8	11.0	1.9	1.9	2.2
	% CHANGE	-0.6	-0.1	-0.4	-1.3	-1.7	-0.9	0.4	0.3	0.8
Tourist expenditure (in million euro)	**2010**	310 496	139 490	171 006	237 864	83 406	154458	72632	56084	16548
	2011	312 760	140 353	172 398	239 854	84 514	155345	72891	55839	17052
	% CHANGE	0.7	0.6	0.8	0.8	1.3	0.6	0.4	-0.4	3.1
Average expenditure per trip (in euro)	**2010**	347	210	746	575	355	867	151	130	324
	2011	349	211	745	577	360	858	151	130	339
	% CHANGE	0.5	0.6	-0.1	0.2	1.5	-1.1	0.4	-0.5	4.7
Average expenditure per night (in euro)	**2010**	63	49	82	59	40	79	79	70	146
	2011	64	50	82	60	42	78	79	69	151
	% CHANGE	1.4	2.2	0.2	1.7	3.7	-0.2	0.3	-0.7	4.0
Source: Eurostat										

ANNEX 2: HOLIDAY TRIPS MADE BY RESIDENTS OF FRANCE, GERMANY AND THE NETHERLANDS, 2011									
	ALL HOLIDAY TRIPS			**LONG HOLIDAY TRIPS**			**SHORT HOLIDAY TRIPS**		
	TOTAL ('000)	**% SHARE ON TOTAL**		**TOTAL('000)**	**% SHARE ON TOTAL**		**TOTAL ('000)**	**% SHARE ON TOTAL**	
		DOMESTIC	**OUTBOUND**		**DOMESTIC**	**OUTBOUND**		**DOMESTIC**	**OUTBOUND**
France	203851	89	11	98292	82	18	105559	95	5
Germany	214999	66	34	107023	44	56	107976	89	11
The Netherlands	30269	48	52	18970	34	66	112999	71	29
Source: Eurostat									

ANNEX 3: SUMMARY PROFILE OF FRENCH TRAVELLERS				
Market Segment	**Profile**	**Demographics**	**Purchase Behaviour**	**Information Sources**
Wanderlusters	Enjoy involvement in travel planning Seek active and individualized experience 2-3 weeks is the preferred length of time for this segment Anticipated spending 2000 – 5000 Would rather not spend money on luxury, but instead prefers mid-range accommodation Generally well-informed and international news and issues Well-travelled and not likely to do last minute planning Not likely to go for the purpose of relaxing only	Age 25-40, average age 31 No kids Majority reside in large cities and are male Younger singles or couples Urban professional Seasonality travel August to October	Very likely to book flights from travel agents or tour operators but also directly from airline or from the internet May book some elements of trip before-hand, but unlikely to organise everything before departure Go to different travel agents only for booking Will not use retail agents to select a destination or a type of holiday Do not rely strongly on travel agents May use them to book flights but prefer other sources of information	Word of mouth Internet travel sites Less likely to use brochures or guidebooks Use the internet and travel magazines to get information Reachable by the internet for information and booking Also book through travel agents
Family Explorers	Very price sensitive Active holiday seekers Maximum 14 day vacation Generally very well-informed about international news and issues Likely to travel in February, April and August as these are the main school holiday periods	Average age 38 Kids live at home Live in small towns of less than 20 000 people Married and working full time Will go on holidays for a variety of reasons Most likely to go on holiday for the purpose of experiencing a foreign culture Will go on holiday just to relax,	Travel agents are the most popular booking medium but also book directly Are more likely to go to the same relationship travel agent than other consumers However will not use retail agents to select a destination or a type of holidays Take about 3 months between origination and booking, about 2	Diverse information points in planning holiday Highly likely to be influenced by word of mouth when learning about a new destination Highly likely to be influenced by internet, but also by guidebooks and brochures Not likely to rely on tourism boards or travel magazines Very likely to book flight from travel agents or tour operators: some buy directly, but

		spend time with or visit family and friends Nature and landscape, an environment different from France, good weather and culture are all important when deciding on a destination Good beaches are also an important deciding factor	months between booking and going	very few on internet Not likely to book group travels When travelling with kids, may purchase a la carte travel When travelling as a couple, more likely to buy only flight ticket in a relations travel agent or an integrated /federated agency
Senior Explorers	Approximately 21 day vacation Price sensitive Travel literature, including brochures, travel books, newspapers are also used frequently for information Travel agents are highly important for this segment – travel agents are a trusted source of information and they help this segment plan their itineraries	Between 61-65 years old, with an average age of 64 Mostly married or with a partner, only a quarter are single No kids living at home Almost all retired Do not go on holiday just to relax Experiencing a foreign culture is a very important reason to go on holiday A good all-inclusive package may also influence their decision.	Very reliant on travel agents Use travel agents for help in choosing an itinerary, finding good deals and booking organised tours	Highly likely to be influenced by friends/relatives, travel agents, and travel agents' brochures when learning about a new destination Travel magazines, advertising, and TV/radio also acts as sources

Source: Compiled from Barometer: Europeans' and their Holidays – 11th Report, Ipsos Public Affairs

ANNEX 4: FRENCH TRAVEL PREFERENCES											
Preferred Vacation Length				**Choice Factors for French Tourists**				**Top Destinations**			
	2011 %	2010 %	2009 %		2011 %	2010 %	2009 %		2011 %	2010 %	2009 %
Less than 1 week	3	3	4	Climate	36	40	54	Seaside	63	60	59
1 week	20	15	17	Budget	26	32	54	On a tour, discovery approach	22	14	18
2 weeks	37	43	34	Leisure/Cultural activities	25	28	38	Mountain appeal	22	19	18
3 weeks	20	18	24	Travel time to destination	9	13	13				
4 weeks	21	21	21	Quality of infrastructure	20	23	30				

Source: Compiled from Barometer: Europeans' and their Holidays – 11th Report, Ipsos Public Affair

ANNEX 5: GERMAN TRAVEL PREFERENCES											
Preferred Vacation Length				Choice Factors for German Tourists				Top Destinations			
	2011 %	2010 %	2009 %		2011 %	2010 %	2009 %		2011 %	2010 %	2009 %
Less than 1 week	4	11	6	Climate	42	44	45	Seaside	69	65	65
1 week	29	30	29	Budget	44	39	44	On a tour, discovery approach	19	25	21
2 weeks	50	48	49	Leisure/Cultural activities	43	49	43	Mountain appeal	20	24	18
3 weeks	20	14	17	Travel time to destination	21	19	23				
4 weeks	7	6	8	Quality of tourism infrastructure	31	27	31				

Source: Compiled from Barometer: Europeans' and their Holidays – 11th Report, Ipsos

ANNEX 6: SUMMARY PROFILE OF GERMAN TRAVELLERS				
MARKET SEGMENT	PROFILE	DEMOGRAPHICS	TRIP REASON	INFORMATION SO
Wanderlusters	Enjoy involvement in travel planning Seek active and individualized experience 14-18 days is the preferred length of time for this segment Would rather not spend money on luxury, but instead prefers mid-range accommodation Reachable by the Internet for information and booking Also book through travel agents	Age 25-40, average age 33 Younger singles or couples Urban professional 94% live in West Germany – main cities such as Cologne, Stuttgart, Munich and Frankfurt Top regions Bavaria, North Rhine Seasonality travel August to October	Experience foreign culture (24%) Relax (16%) Sun and beach (9%) To get away (8%) Spend time with loved ones (8%)	Word of mouth (52%) Internet – travel sites Internet – other (38% Brochures (35%) Guidebooks (31%)
Family Explorers	Very price sensitive Active holiday seekers Maximum 14 day vacation Diverse information points in planning holiday Travel agents are the most popular booking medium but also book directly	14.2% live in the East, 85.8% live in the West 46.3% live in cities of 500 000 people or above 27.6% in cities of 20 000 to 500 000 people	Experience foreign culture 21% Relax 18% Visit friends/relatives 17% Sun and beach 10% See specific place/sight-seeing 9%	Word of mouth 47% Internet: Travel sites 3 Brochures 37% Internet: Other 31% Guidebooks 31%
Senior Explorers	Approximately 21 day vacation Price sensitive Travel literature, including brochures, travel	Majority live in the West 66.3% live in cities of 500,000 people or above 9.8% live in cities of 20,000 to	Experience foreign culture 31% See specific place/sight 17% Visit friends/relatives 16%	Brochures 44% Word of mouth 39% Travel magazines 25%

	books, newspapers, are also used frequently for information Travel agents are highly important for this segment – travel agents are a trusted source of information and they help this segment plan their itineraries	500,000 13.9% live in towns of up to 20,000	Relax 9% Spend time with partner/family 7%	Travel sections in new 23%
Source: Compiled from Barometer: Europeans' and their Holidays – 11th Report, Ipsos				

ANNEX 7: THE NETHERLANDS TRAVEL PREFERENCES											
Preferred Vacation Length				**Choice Factors for Tourists from The Netherlands**				**Top Destinations**			
	2011 %	2010 %	2009 %		2011 %	2010 %	2009 %		2011 %	2010 %	2009 %
Less than 1 week	21	21	19	Climate	42	44	45	Seaside	69	65	65
1 week	30	30	30	Budget	55	39	44	On a tour, discovery approach	19	25	21
More than 1 week	49	49	51	Leisure/Cultural activities	43	49	43	Mountain appeal	20	24	18
				Travel time to destination	21	19	23				
				Quality of tourism infrastructure	31	27	31				

Source: Compiled from Barometer: Europeans' and their Holidays – 11th Report, Ipsos

ANNEX 8: SUMMARY PROFILE OF TRAVELLERS FROM THE NETHERLANDS				
Market Segment	**Profile**	**Demographics**	**Trip Reason**	**Information Sources**
Wanderlusters	Enjoy involvement in travel planning Travel timing is mostly dependent on when people feel they need a break Travel significantly more than the rest of the market. Most popular destinations are the US, Thailand, Indonesia, Mexico and China Reachable by the Internet for information and booking Higher awareness of the Caribbean, particularly The Netherland Antilles – including Curacao) than the market.	Average age 28 Only 20% are married, none have children at home 42% take their vacations with their spouse or partner, 37% with friends, 10% travels alone 56% of this segment lives in the West of Holland, of which a significant share is in Amsterdam and The Hague. 76% of households earn less than €48k per annum	Main reasons for going on holiday are sun and beach, to get away and experience foreign cultures Enjoy relaxing on the beach and water sports 28% would consider group travel – main reasons are "to see more", language barriers and safety issues	Word of mouth (31%) Internet – travel sites (88%) Brochures & Guidebooks (47%)
Family Explorers	Travel time is fairly inflexible and corresponds with school holidays Above average number of holidays outside Europe per year	Average age 40 74% are married, all have children at home 78% take their vacations with their spouse, 51% with their children, 51% of households earn more than €48k per annum	Main reasons for going on holiday is to get away (23%) and to relax (23%); more likely than average to visit friends and family Key desired experiences involve visiting local attractions – both historical and natural	Internet: 86% Travel agents and brochures (70%)
Senior Explorers	Most travel with their spouse or partner but some travel alone or with their friends	Average age 65	Frequently travel to visit friends and relatives (35%)	Least likely to use the internet for their research

	Travel significantly less than average in July or August and more in May and October	55% are married They live mostly in the West of the Netherlands, and above average in the Rotterdam area 21% of households earn over €48k (27% is the average) 7% earn above €72k (8% is the average)	To "get away" and general relaxation are less frequent reasons for travelling compared to the average Main holiday activities involve visiting natural and scenic attractions, and experiencing the local atmosphere 54% would consider group travel ; reasons for travelling in groups are numerous, but 57% do it to have company and 36% to track costs	34% Travel books and guides 52%

Source: Compiled from Barometer: Europeans' and their Holidays – 11th Report, Ipsos