



# The Impact of The European Crisis on Travel To and From Europe and China & Asia-Pacific

A Report By CAP Strategic Research Ltd

July 10, 2012



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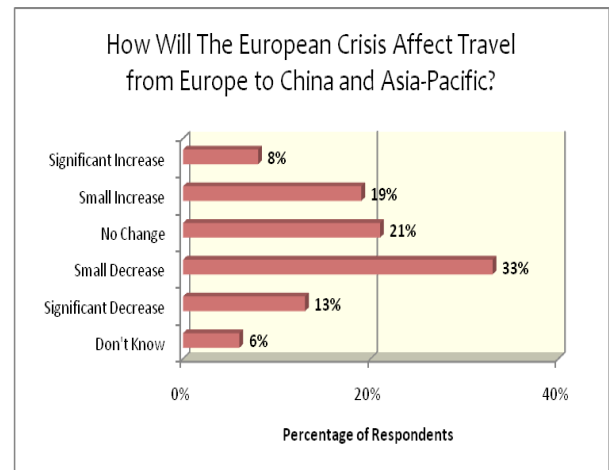
## A. Introduction

Travel between Europe and China & Asia-Pacific is one of the most important markets for airlines, hotels, airports, tour operators, tourist boards etc. The European Economic Crisis is having significant impacts on the spending power and behaviour of European citizens. It could also influence the extent to which people from China and Asia-Pacific choose to travel to Europe.

To gain an understanding of the likely impacts of the European Crisis on this travel sector, CAP Strategic Research Ltd recently carried out a survey among “travel experts” based in Europe and Asia-Pacific. We interviewed directors and senior managers working in the travel industry including hotels, airlines, airports, tourist boards, tour operators, travel agents, corporate travel managers etc to obtain their views on how the Euro crisis might impact on travel. A total of 146 respondents participated, 70 in Europe and 76 in China and Asia-Pacific. Interviews were conducted in June and July 2012. (Full details of the sample are shown in Appendix 1).

## B. Travel From Europe to China and Asia-Pacific

Table 1 shows that our travel experts expect the European crisis to have a negative impact on travel from Europe to China and Asia-Pacific – 46% predict a decrease in travel, and 13% think this will be a significant decline. Only 8% expect a significant increase in travel from Europe to China and Asia-Pacific.

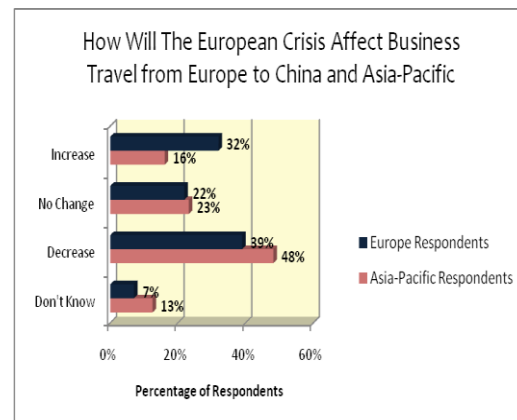
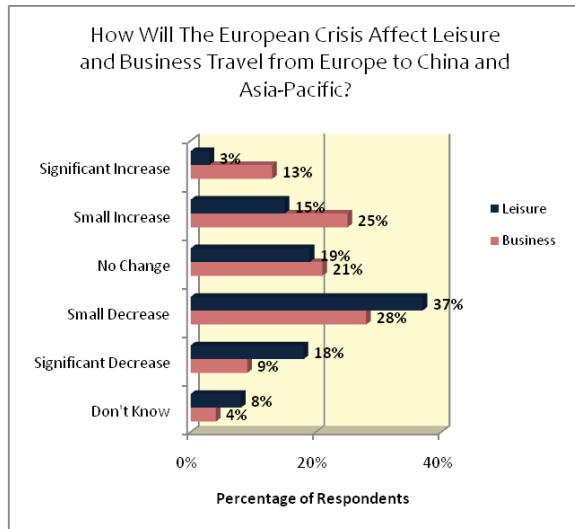
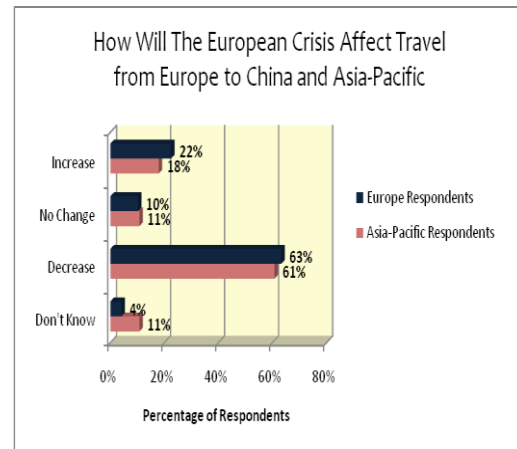


The survey showed little difference in travel from Europe to China compared to travel to Asia-Pacific. 46% of our sample predict a decrease in travel to China, 48% expect a decline in travel to Asia-Pacific.

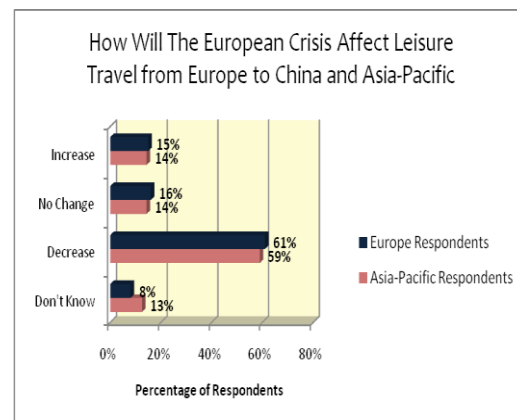
However it is important to distinguish between leisure and business travel. The chart below shows that a major decline in leisure travel is expected as a result of the economic problems in Europe, with 55% predicting a decline in travel.

But our experts see a much more positive outcome for business travel. 38% are predicting an increase in business travel while 37% are forecasting a decline.

Those seeing an upturn in business travel believe that the problems in Europe will stimulate companies to look to China and Asia-Pacific to make up for expected downturn in domestic demand, and this will require more corporate travel from Europe to the East.

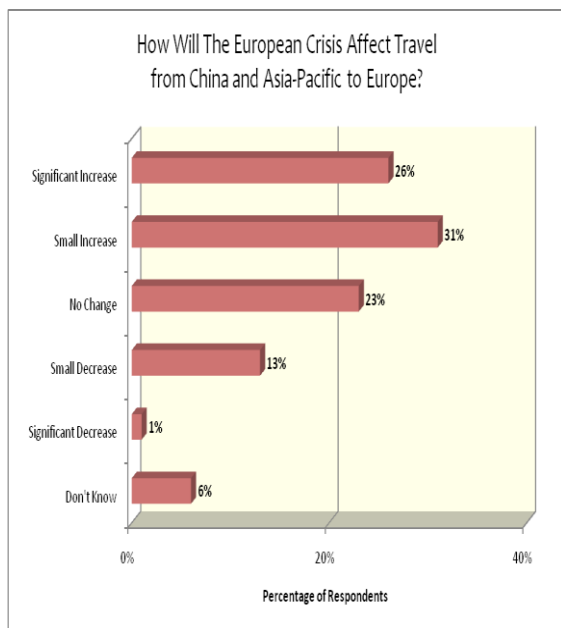


Our respondents based in Europe and those based in China and Asia-Pacific are broadly in agreement on future overall trends in travel, as shown by the following charts. However on business travel our European experts are more confident than their counterparts from China and Asia-Pacific.



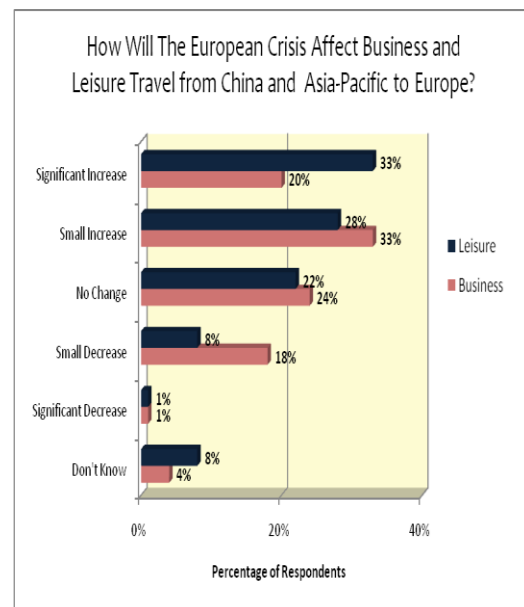
## C. Travel From China and Asia-Pacific to Europe

The good news is the European Economic Crisis is expected to have positive impacts on travel from China and Asia-Pacific to Europe. The chart below shows that 57% of our travel experts predict an increase in travel, 26% expecting a significant upturn. Only 14% forecast a decline. The economic situation in China and Asia-Pacific remains strong and tourists are looking to Europe as a new destination, as they move away from the traditional favourites of Hong Kong, Macau and Singapore. There is a feeling the crisis in Europe is resulting in a weaker exchange rate leading to lower prices on travel and accommodation and – very importantly for China – the prices in shops.

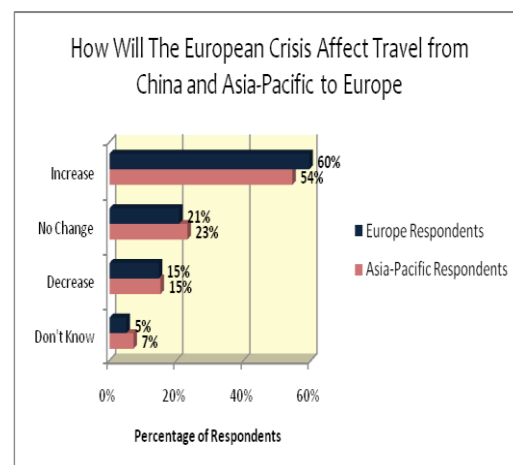


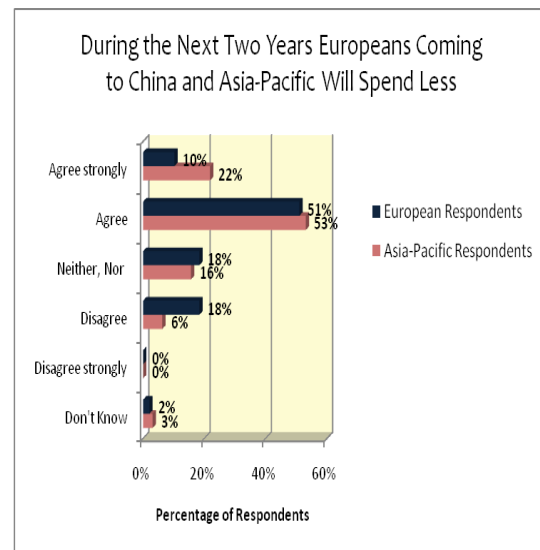
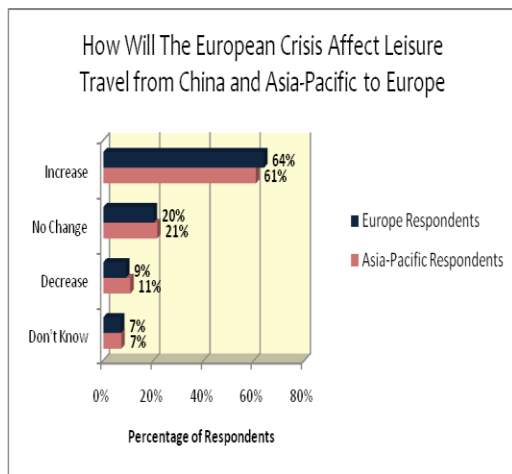
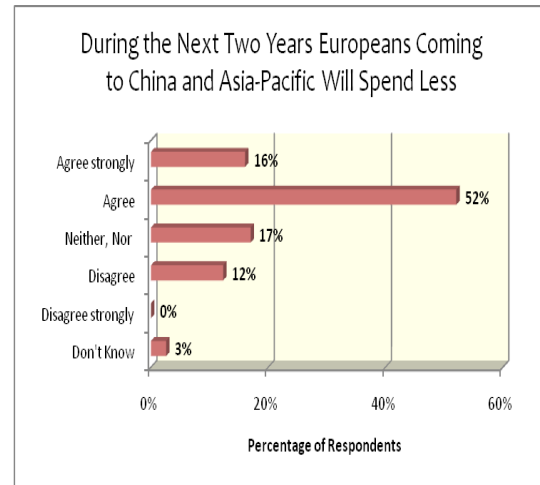
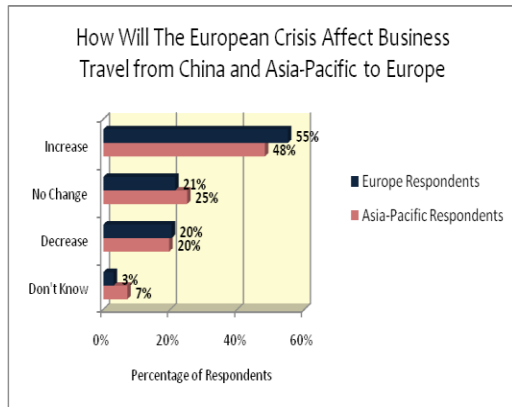
Traffic from China is forecast to be more buoyant than from Asia-Pacific, 61% predict an increase in travel from China to Europe, the equivalent figure from Asia-Pacific to Europe is 54%.

Both leisure and business travel will benefit from this expected growth in demand, but leisure will show the highest increase. 61% of our respondents see expansion in leisure travel with 33% expecting a significant increase. 53% forecast growth in business travel with 20% expecting a significant increase.



The views of respondents from China and Asia-Pacific very closely match those from our travel experts based in Europe, as shown in the following charts.



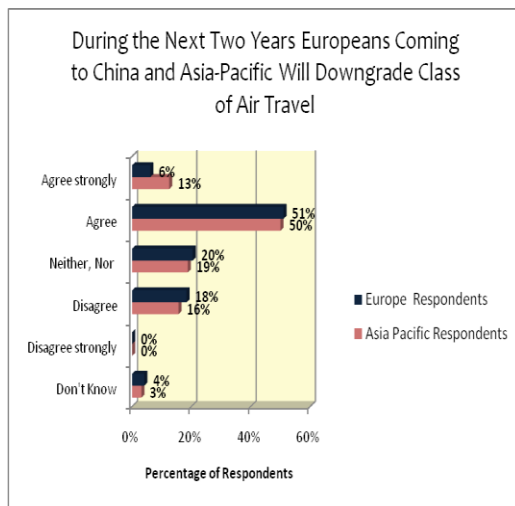
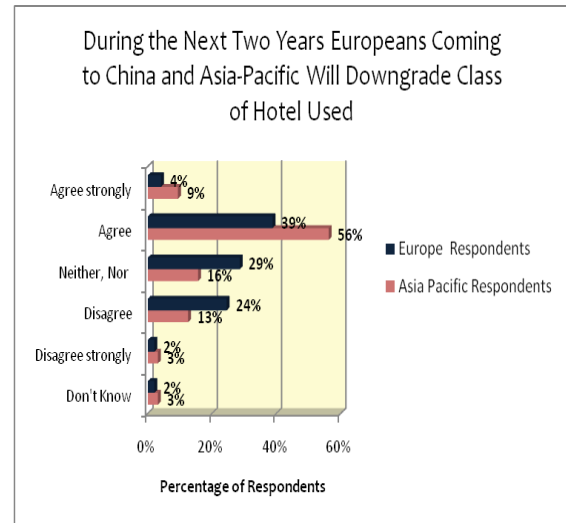
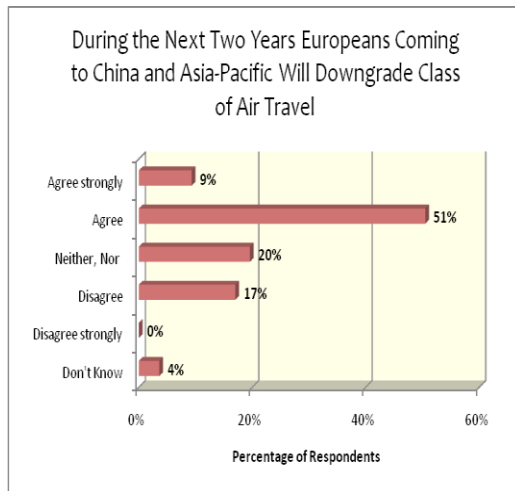


## D. European Travellers Coming To China and Asia-Pacific

Earlier sections of this report showed that our respondents expect a decline in travel from Europe to China and Asia-Pacific, especially those coming on holiday rather than on business. The following charts also show that they will spend less and downgrade both on air travel and hotels.

There is widespread agreement that Europeans will spend less on their trips to the East. This applies more to leisure travellers than business travellers.

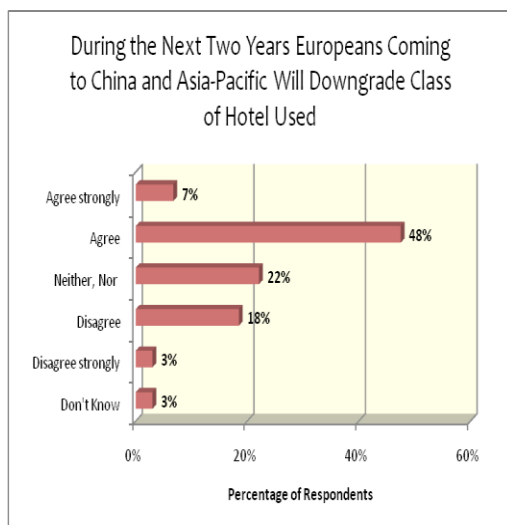
European travellers when purchasing air travel to China and Asia-Pacific also expected to move away from business class towards premium economy and economy.

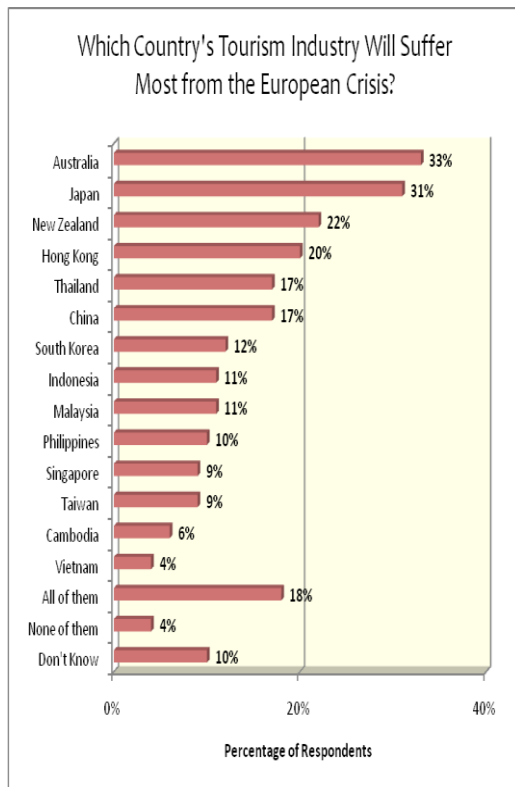


## E. Impacts On The China and Asia-Pacific Travel Industry

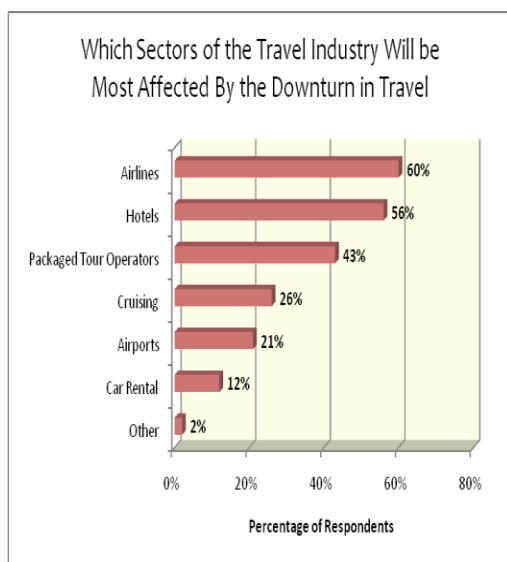
The countries expected to be most badly hit by a downturn in travel from Europe are Australia and Japan. Both suffer in being the furthest countries from Europe but also because they are now very expensive for the European traveller. New Zealand and Hong Kong are also expected to suffer from the European economic situation.

European travellers are also predicted to downgrade the class of hotels used when visiting China and Asia-Pacific.

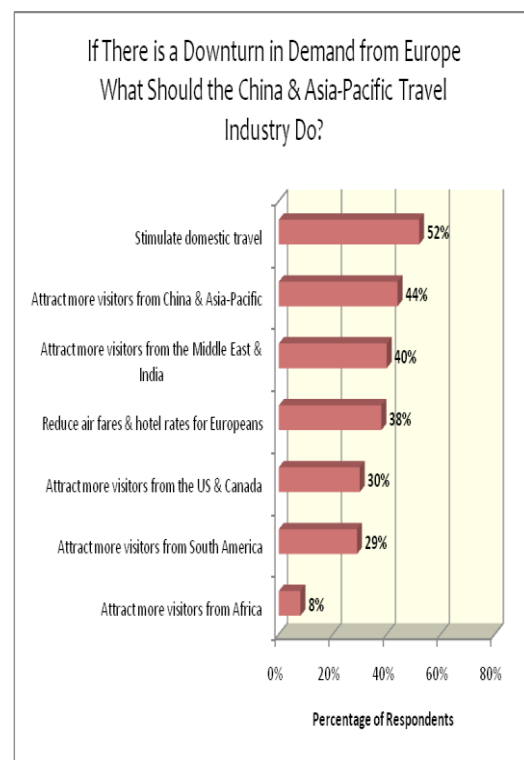




Airlines and hotels are the industry sectors to be most badly hit by a downturn in travel from Europe, followed by tour operators.



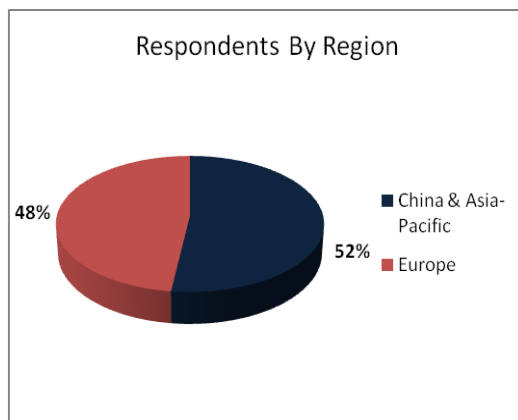
Our respondents were asked how the travel industry in China and Asia-Pacific should deal with an expected decline in demand from Europe. Their first suggestions were to stimulate domestic demand and to take advantage of the large and fast-growing demand coming from the Chinese traveller. It was also thought that efforts should be made to attract more visitors from the Middle East and the US & Canada. Over a third of our sample recommend that airlines and hotels reduce prices for European travellers to hopefully limit the expected downturn in demand.



## Appendix 1

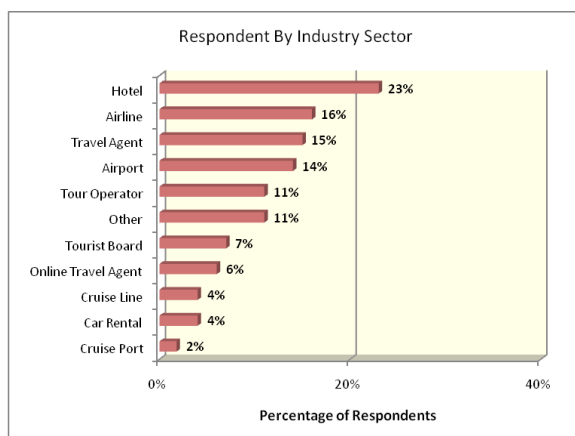
### Research Methodology

The survey was conducted in June and July 2012. Online interviews were conducted with 146 senior directors and managers working in the travel industry. The geographical breakdown of the sample is shown below.



In Europe respondents were from the UK, France, Germany, Italy, Belgium, Netherlands, Switzerland, Ireland and Denmark. In Asia-Pacific respondents were from China, Hong Kong, Singapore, Japan, South Korea, Thailand, Malaysia, Cambodia, Taiwan and Australia.

A breakdown of respondents by industry sector is shown below.



### About CAP Research Ltd

CAP Strategic Research specialises in conducting market research for the Travel and Tourism Industries. We provide reliable and accurate information together with strategic insights and business recommendations. Over the past 25 years we have carried out projects in Europe, US & Canada, China, Asia-Pacific, the Middle East, Africa and South America.

Our clients have included Emirates, Shangri-La Hotels, Mandarin Oriental, British Airways, Hilton, Singapore Changi Airport, Frankfurt Airport, Heathrow Airport, VisitBritain, Malaysia Tourist Board, Garuda, Beijing Airport

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