Opportunities, Challenges & Economic Outlook of the Silk Road Region

UNWTO
International Silk Road Conference on Nomadic Tourism and Sustainable Cities
October 13th, 2016 Ulaanbaatar, Mongolia
AGENDA

- IPK INTERNATIONAL
  - KEY COMPETENCIES

- OPPORTUNITIES OF SILK ROAD MEMBER STATES IN THE INTERNATIONAL MARKET

- TOURISM DEVELOPMENT
  - STEPS TO GO
IPK INTERNATIONAL AT A GLANCE
COMPANY PROFILE

IPK International is a leading global tourism consultancy

- Founder: Rolf D. Freitag
- Based in Munich, Germany
- Clients from 50+ countries
- 45+ years of experience
- 1,000+ customized studies

IPK International is a member of the “United Nations World Tourism Organization” (UNWTO), the “European Society for Opinion and Market Research” (ESOMAR), the and the “Pacific Asia Travel Association” (PATA).
OUR KEY COMPETENCIES
COMPANY PROFILE

World Travel Monitor®
The world’s most comprehensive tourism database covering over 90% of the world’s outbound travel demand.

Tourism Research
Bespoke research projects to identify target groups, develop new products and benchmark against competitors.

Tourism Masterplanning
Profound supply and demand analysis to develop national and regional tourism masterplans as well as resort planning.

Project Development/Real Estate
Structured planning and continuous support at any step to implement projects within time and budget

Tourism Marketing
Strategic and operational tourism marketing plans and forecasts, as well as business development concepts to optimize budgets and maximize profits.

Workshops
Support by means of an ongoing knowledge transfer throughout the project, tailored workshops and on-the-job training.
WORLD TRAVEL MONITOR®
DELIVERS REPRESENTATIVE PRIMARY DATA OF THE INTERNATIONAL TOURISM DEMAND

IN TOTAL:
63 source markets
146 destinations

Including information to all 33 UNWTO Silk Road Member States
as of January 2016)

EUROPE
33 countries - 99% market coverage

ASIA/MIDDLE EAST
17 countries - 88% market coverage

THE AMERICAS
13 countries - 99% market coverage
OPPORTUNITIES OF SILK ROAD MEMBER STATES IN THE INTERNATIONAL MARKET

Results of the World Travel Monitor®
2007-2015 – Spotlight "Tour Holiday"
What were the preferred Holiday Types globally?

World Outbound Travel 2015

- Sun & Beach: 27%
- City Trips: 25%
- Touring: 20%
- Countryside: 5%
- Cruise: 3%
- Snow/Winter holiday: 2%

In 2015, Touring was the third most important Type of Holiday.

Source: World Travel Monitor® 2015, IPK International
Where did Demand for Tour Holidays in 2015 come from?

World Outbound Travel 2015

- More than 80% of the Global Outbound Travelers who did go on a Tour Holiday came from Europe and the Asia/Pacific region

Source: World Travel Monitor® 2015, IPK International
Emerging Source Market Asia/Pacific - Tour Holiday

World Outbound Travel 2007-2015

Number of Trips 2007 and 2015 (in million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>24</td>
</tr>
<tr>
<td>2015</td>
<td>39</td>
</tr>
</tbody>
</table>

+65% increase in number of trips

Source: World Travel Monitor® 2007-2015, IPK International
The Top Ten Countries of Origin 2015 – Tour Holiday
World Outbound Travel 2015

Number of Trips 2015 (in million)

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of Trips</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>18</td>
</tr>
<tr>
<td>USA</td>
<td>7</td>
</tr>
<tr>
<td>Italy</td>
<td>6</td>
</tr>
<tr>
<td>France</td>
<td>6</td>
</tr>
<tr>
<td>Germany</td>
<td>6</td>
</tr>
<tr>
<td>Great Britain</td>
<td>6</td>
</tr>
<tr>
<td>Taiwan</td>
<td>4</td>
</tr>
<tr>
<td>Canada</td>
<td>4</td>
</tr>
<tr>
<td>Russia</td>
<td>4</td>
</tr>
<tr>
<td>Spain</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: World Travel Monitor® 2015, IPK International
Destination Regions 2015 - Tour Holiday

World Outbound Travel 2015

Number of Trips 2015 (in %)

Europe: 48
Asia/Pacific: 33
Americas: 18
Africa: 3

Deviations from 100% are due to rounding

Source: World Travel Monitor® 2015, IPK International
The Top Ten Destination along the Silk Road 2015 – Tour Holiday
World Outbound Travel 2015

- In total, 35 million trips to Silk Road countries have been made in 2015
- In 2015, this results in 31% of all Tour Holidays globally.

Source: World Travel Monitor® 2015, IPK International
Tour Holiday 2015 - What did people mainly do & what needs to be considered regarding the product?

- Visiting objects of interest: 73%
- Visiting cities: 54%
- Knowing the landscape: 52%
- Relaxing: 45%
- Good cuisine/good food: 39%
- Knowing the people, their way of life: 32%
- Visiting Museum/Exhibitions: 31%
- Shopping: 26%
- Experiencing pure and unspoiled nature: 23%
- Experiencing adventures: 17%

Multiple answers possible

Source: World Travel Monitor® 2015, IPK International
## Length of Stay – Tour Holiday

### World Outbound Travel 2015

<table>
<thead>
<tr>
<th>Length</th>
<th>Tour Holiday</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3 Nights</td>
<td>28%</td>
</tr>
<tr>
<td>4-7 Nights</td>
<td>38%</td>
</tr>
<tr>
<td>8+ Nights</td>
<td>34%</td>
</tr>
<tr>
<td>Mean Length</td>
<td>7.7</td>
</tr>
</tbody>
</table>

Source: World Travel Monitor® 2015, IPK International
Travelers going on a Tour Holiday spend more!
World Outbound Travel 2015

<table>
<thead>
<tr>
<th>Spending</th>
<th>Tour Holiday</th>
<th>Total Holiday</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spending per Trip</td>
<td>1,542 USD</td>
<td>1,275 USD</td>
</tr>
<tr>
<td>Spending per Night</td>
<td>200 USD</td>
<td>168 USD</td>
</tr>
</tbody>
</table>

The index* shows that travelers going on a tour holidays are high spenders!

*Index Base Total Holiday = 100

Source: World Travel Monitor® 2015, IPK International
Target Group for Tour Holiday
World Outbound Travel 2015

Gender

Male
Female

50
50

100
100

Age

15-34 years
35-54 years
55 years and older

37
40
23
112
98
88

The index* shows that the share of travelers aged 15-34 is above average and the share of travelers 55+ is below average!

*Index Base Total Holiday = 100

Source: World Travel Monitor® 2015, IPK International
Target Group for Tour Holiday
World Outbound Travel 2015

The index* shows that more travelers with upper level education and upper income go on tour holidays!

*Index Base Total Holiday = 100

Source: World Travel Monitor® 2015, IPK International
2015 World Outbound Trip Volume - Tour Holiday
World Outbound Travel 2015

115 million trips

Source: World Travel Monitor® 2015, IPK International
2015 World Outbound Night Volume - Tour Holiday
World Outbound Travel 2015

900 million nights

Mean length per Touring Outbound Trip:
7.7 nights

Source: World Travel Monitor® 2015, IPK International
2015 World Outbound Spending Volume - Tour Holiday

World Outbound Travel 2015

180 billion USD

Mean spending per Touring Outbound Trip:
1,542 USD (+6%)

Source: World Travel Monitor® 2015, IPK International
There is a huge potential for the Silk Road Region to further develop tourism!

Let`s start developing together!
Tourism Development Process - Steps to Go
From the Initial Tourism Masterplan to Practical Implementation

PHASE I
PREPARATION PHASE
- DESIGN
- PLANNING
- FORECAST
- DEMAND & SUPPLY ANALYSIS
- DATA BASE

PHASE II
PROJECT IMPLEMENTATION
- TOURISM MASTERPLAN ON REGIONAL OR NATIONAL LEVEL
- ATTRACT INVESTORS
  - SECURITY
  - PROFITABILITY
  - LEGAL FRAMEWORK
  - LAND RIGHTS
  - TAX LAW / FINANCIAL INCENTIVES
    In compliance with international law

PHASE III
PRACTICAL IMPLEMENTATION
MANAGEMENT
- INFRA-STRUCTURE
  - Airport
  - Roads
  - Electricity
- DEVELOPERS
- INVESTORS
- OPERATORS

IPK International, Ulaanbaatar, 13th of October 2016
Our Spectrum of Services to the Tourism Industry
IPK’s Long-Term Development

Possible aspects we can help you with:

Delivering the right data:
- How is the outbound travel behavior of the Chinese? What are their preferences?
- Which is the biggest source market for touring holidays?

Support you with our competencies:
- Development of Tourism Masterplans
- Leading of implementation processes
- Benefit from our experience and network
- Process structuring
- Process management

CONTINUOUS SUPPORT BY IPK INTERNATIONAL
THANK YOU FOR YOUR ATTENTION!