

World Tourism Economy Trends Report (2022)



World Tourism Cities Federation
Tourism Research Center, Chinese Academy of Social Sciences

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I. Development Environment: The Global Economy is Recovering.

1. The growth prospects for the global economy have been improved.

First, there is stronger momentum for global economic recovery. According to the World Economic Outlook released by the IMF on October 12, 2021, the global economy was expected to grow by 5.9% and 4.9% respectively in 2021 and 2022. **Second, there is stronger momentum for growth in the global trade in goods.** According to the World Trade Statistical Review released by the WTO on October 4, 2021, the expected growth rate of trade in goods in 2021 was adjusted from 8.0% to 10.8%. **Third, there is relatively modest recovery in the international investment.** According to the Global Investment Trends Monitor released by the UNCTAD in October, 2021, the global foreign direct investment (FDI) flows in the first half of 2021 was expected to reach \$852 billion. It is forecast that the FDI flows in 2022 will continue to grow and even to the level of 2019 according to the upper prediction limit.

2. Uncertainties of the COVID-19 pandemic

With new variants of COVID-19 keep popping up from Alpha, Beta, Gamma, Delta to Omicron, the pandemic makes comebacks from time to time. The uneven distribution of vaccines globally results in relatively low vaccination rates in some countries, which increases the risks of new variants and the spread of the pandemic. The accelerated mutation may destroy the effectiveness of existing vaccines. The trend of COVID-19 remains uncertain.

3. Complexities of the economic trends

Amid the uncertainties of the COVID-19, the outlook for the global economy remains unclear. The Global Economic Prospects released by the World Bank in June, 2021 noted that in most regions, the economic outlook remains subject to significant downside risks, including virus mutate, increased financial stress from a huge debt burden, and heightened social unrest triggered by rising food prices. According to the World Economic Outlook released by the IMF in October, 2021, the global economic growth was expected to slow down to 3.3% over the medium term after 2022.

4. The recovery process varies across economies

The Global Economic Prospects released by the World Bank in June, 2021 noted that the strong recovery of the global economy has been concentrated in few major economies, with most emerging markets and developing economies relatively lagging behind. The impact of the pandemic on low-income countries is reversing earlier gains in poverty reduction and exacerbating food insecurity and other long-term challenges. According to the World Economic Outlook released by the IMF in October, 2021, the divergence in the economic trends of different countries will have a lasting impact on medium-term economic performance, and the abruptness caused by the pandemic will last for a long time.

5. Most T20 countries face challenges

The top 20 countries in the world by total tourism revenue are referred to as T20 countries herein. Except for few countries such as China, most of the T20 countries have a large number of confirmed cases. According to data from the World Health Organization and Johns

Hopkins University, as of February 11, 2022 (Beijing time), there were more than 70 million confirmed cases in the United States, over 40 million in India, and over 20 million in Brazil and France. Germany, the United Kingdom, Italy, Spain, Turkey, Russia and other countries also had over 10 million cases respectively.

II. Global Tourism: The Foundation for Recovery Is Yet to Be Consolidated.

1. In 2021, the global tourism recovered to less than 60% of the level before the pandemic.

In 2021, the global total tourist arrivals (including domestic and international tourist arrivals, the same as below) and total tourism revenue (including domestic and international tourism revenue, the same as below) were less than 60% of the level before the pandemic. Specifically, in 2021, the total number of global tourist arrivals was 6.6 billion (see Figure 2.1), and the total global tourism revenue was US\$3.3 trillion (see Figure 2.2), recovering to 53.7% and 55.9% of 2019 respectively.

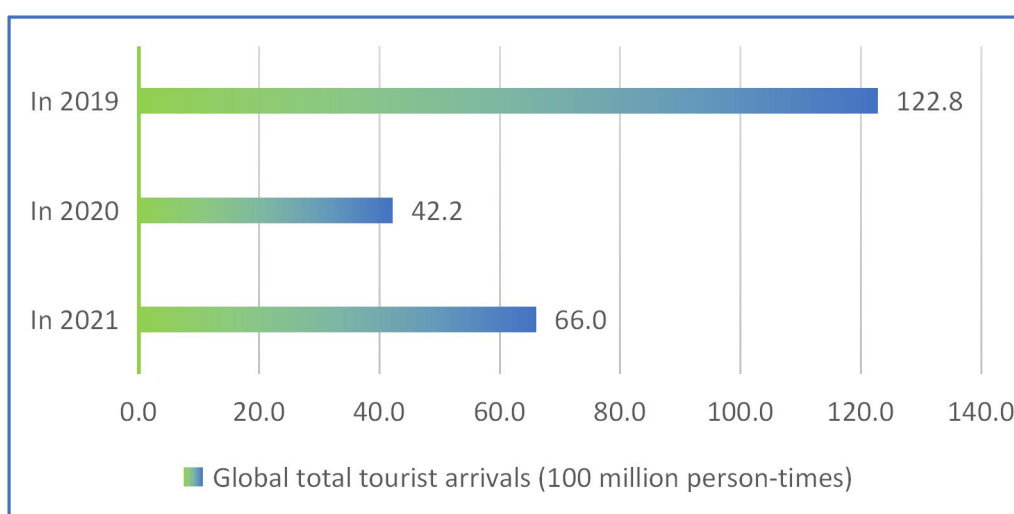


Figure 2.1 Total global tourist arrivals in 2021

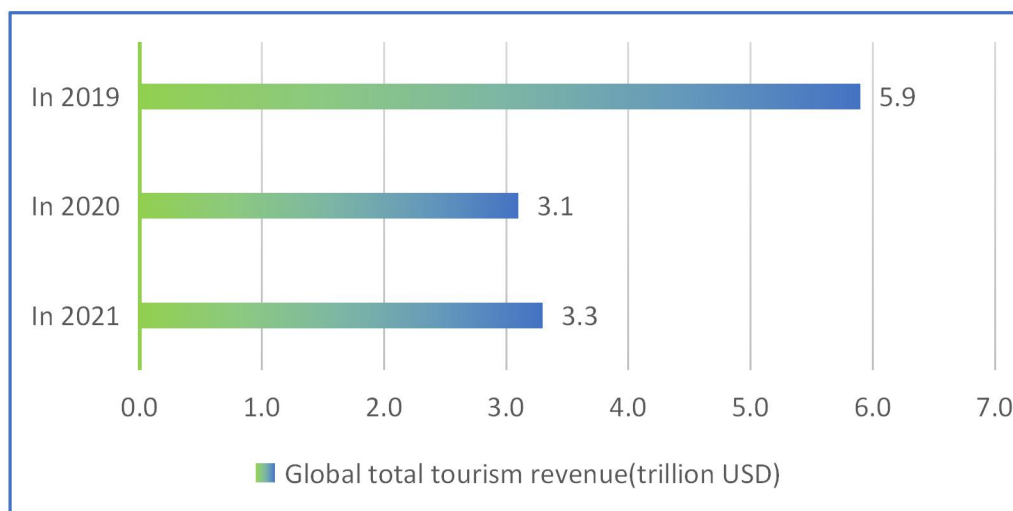


Figure 2.2 Total tourism revenue in 2021

2. The proportion of the global total tourism revenue to global GDP plummeted to 3.8% in 2021.

Before 2020, the proportion of total global tourism revenue to GDP was close to 7%, which dropped to 3.7% in 2020 and rose to 3.8% in 2021, a decrease of 3.1% compared with that before the pandemic (6.9% in 2019) (see Figure 2.3). It can be seen that the contribution of tourism to global economic growth is far from returning to the level before the pandemic.

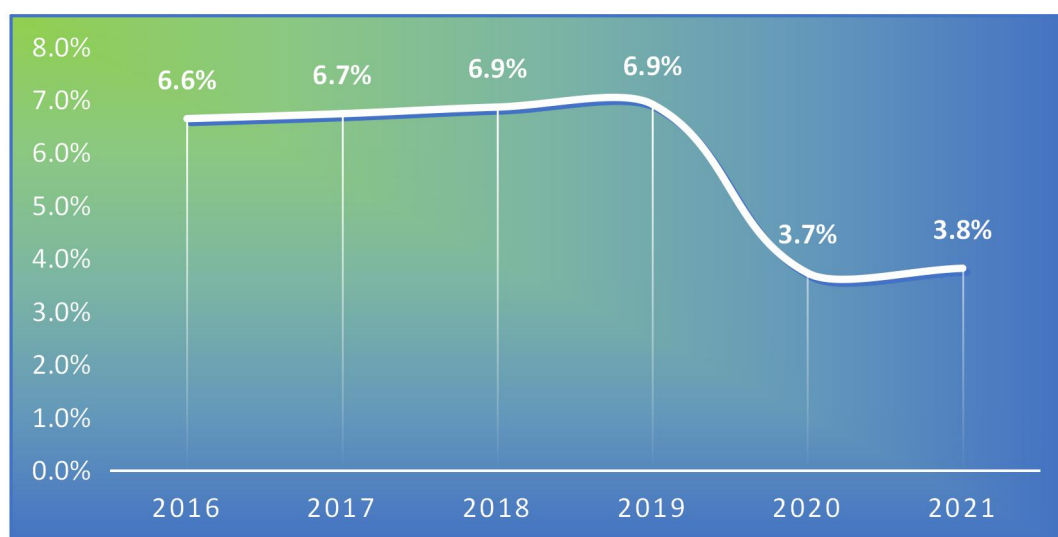


Figure 2.3 Proportion of global total tourism revenue to GDP
(2016-2021)

3. In 2022, the global tourism will recover to 70% of pre-pandemic levels.

Forecast on global tourism in 2022 is based on three different scenarios. In the baseline scenario, the total number of global tourist arrivals will reach 8.45 billion, 68.8% of the pre-pandemic (2019) level. The total global tourism revenue will reach \$4 trillion, 67.8% of the pre-pandemic (2019) level. In the pessimistic scenario, the total number of global tourist arrivals will be only 7.64 billion, and the total global tourism revenue will be \$3.6 trillion, recovering to 62.2% and 61.0% of the pre-pandemic (2019) levels respectively. In the optimistic scenario, the total number of global tourist arrivals and total revenue will reach 9.185 billion and US\$4.5 trillion respectively, recovering to 74.8% and 76.3% of the pre-pandemic (2019) levels (see Table 2.1).

Table 2.1 The level to which the global tourism economy will recover in 2022 as compared to the pre-pandemic period (unit: %)

	Pessimistic	Baseline	Optimistic
Global total tourist arrivals	62.2%	68.8%	74.8%
Global total tourism revenue	61.0%	67.8%	76.3%

4. Global tourism recovers better than global aviation in 2021.

With revenue passenger kilometers (RPK) as an indicator, it can be seen that the global aviation industry recovers to 40% of the 2019 level in 2021 and that will reach 61% in 2022. As mentioned earlier, the total global tourism revenue in 2021 recovers to 54.2% of that in 2019, which is 14.2 percentage points higher than the recovery rate of the global aviation industry. It is expected that the total global tourism revenue in 2022 will recover to 61.0% of 2019, which is similar to that of global aviation industry.

5. Global international tourism revenue is expected to recover to 40% to 60% of the pre-pandemic levels in 2022.

In 2022, the total global international tourism revenue will reach \$0.89 trillion. It is expected that the global international tourism revenue in 2022 will recover to 40% to 60% of that in 2019. In the pessimistic scenario, the global international tourism revenue will reach \$0.72 trillion, recovering to 40.2% of 2019. In the baseline scenario, it will reach \$0.89 trillion, recovering to 49.7% in 2019. In the optimistic scenario, it will reach \$1.1 trillion, recovering to 61.5% of 2019 (see Figure 2.4).

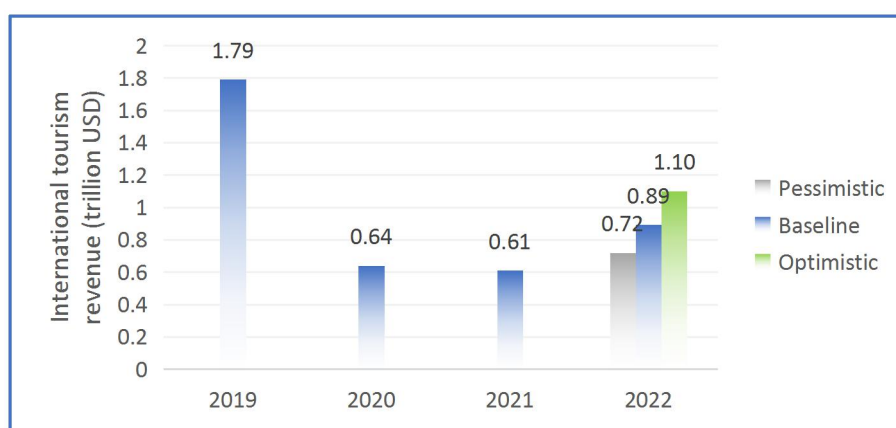


Figure 2.4 Global international tourism revenue (2019-2022)

6. Global international tourism underperforms international trade in 2021.

In 2021, the international tourism revenue reached \$ 0.61 trillion, down by 4.5% compared with that of 2020. In contrast, global merchandise trade and trade in services in 2021 showed different degrees of growth. According to the 2021 Handbook of Statistics released by the UNCTAD in December 2021, a strong increase of 22.4% in the value of global merchandise trade was forecasted compared with 2020, and trade in services to increase by 13.6%.

7. Global domestic tourism recovers better than international tourism.

In 2021, the global domestic tourist arrivals increased by 62.6% year-on-year, while the global international tourist arrivals decreased by 4.8% year-on-year (see Figure 2.5). The global domestic tourist arrivals recovered to 57.3% of that in 2019, while the global international tourist arrivals recovered to only 26.5% of that in 2019 (see Figure 2.6).

In the pessimistic scenario, the global domestic tourist arrivals in 2022 were expected to recover to 66.0% of that in 2019, and the number for the global international tourist arrivals would be only 32.4%. In the baseline scenario, the global domestic tourist arrivals and the global international tourist arrivals would recover to 72.0% and 43.6% respectively of that in 2019. In the optimistic scenario, the global domestic tourist arrivals and global international tourist arrivals would recover to 77.0% and 57.6% respectively of that in 2019 (see Figure 2.6).

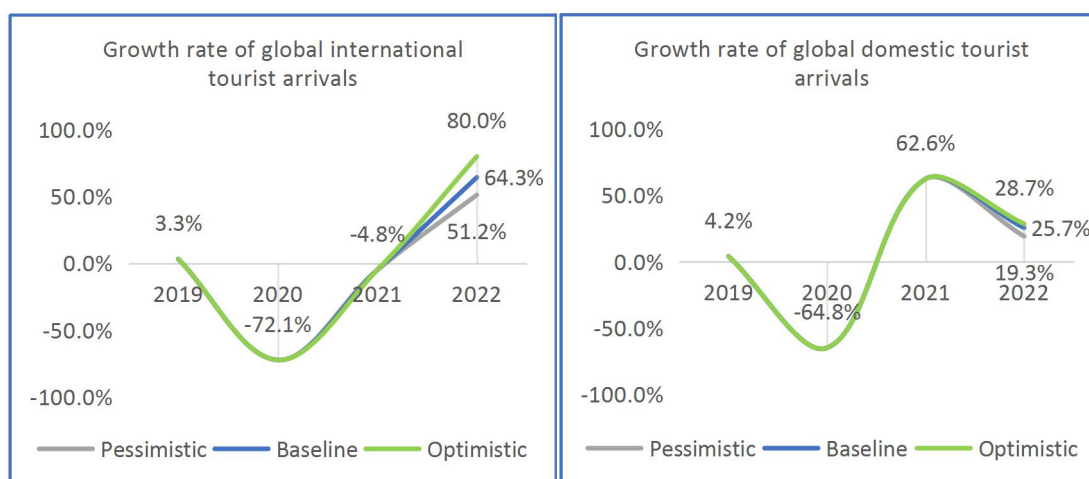


Figure 2.5 Growth rate of global international tourist arrivals and domestic tourist arrivals (2021-2022)

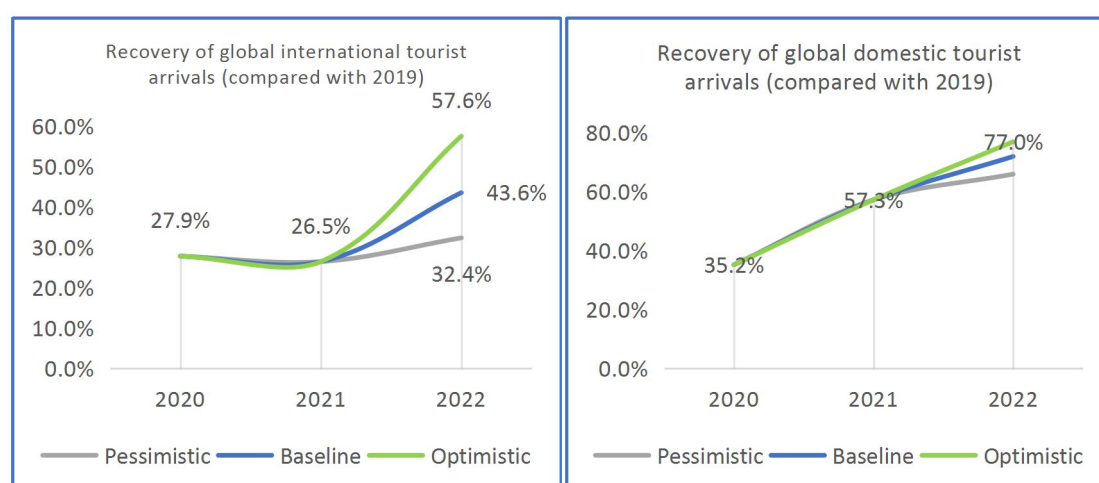


Figure 2.6 Recovery of global international tourist arrivals and domestic tourist arrivals (2021-2022)

8. Tourism recovery in developed economies is better than in emerging economies.

In terms of total tourist arrivals, compared with 2019, the developed economies recover to 55.7% and 76.7% in 2021 and 2022 (optimistic scenario) respectively, while the emerging economies recover to 53.3% and 74.3% respectively. In terms of total tourism revenue, compared with

2019, the developed economies recover to 58.9% and 78.3% respectively in 2021 and 2022 (optimistic scenario), while emerging economies recover to 52.6% and 71.0% respectively (see Figures 2.7 and 2.8).

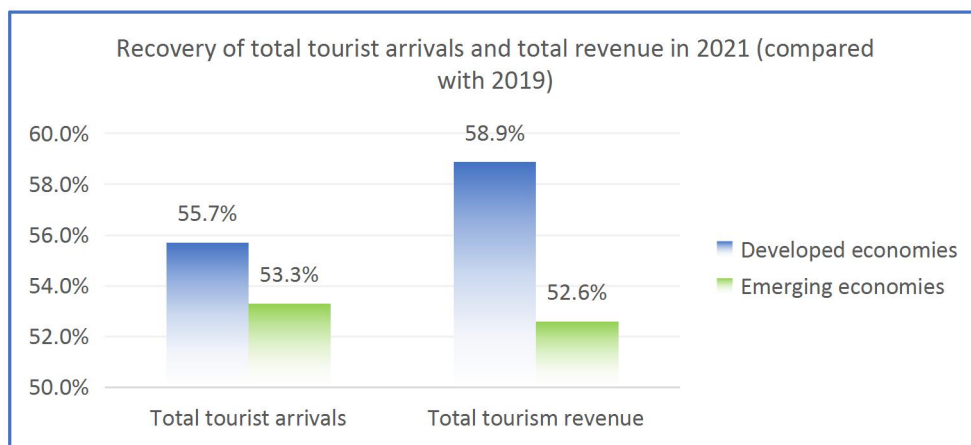


Figure 2.7 Tourism recovery in developed and emerging economies in 2021.

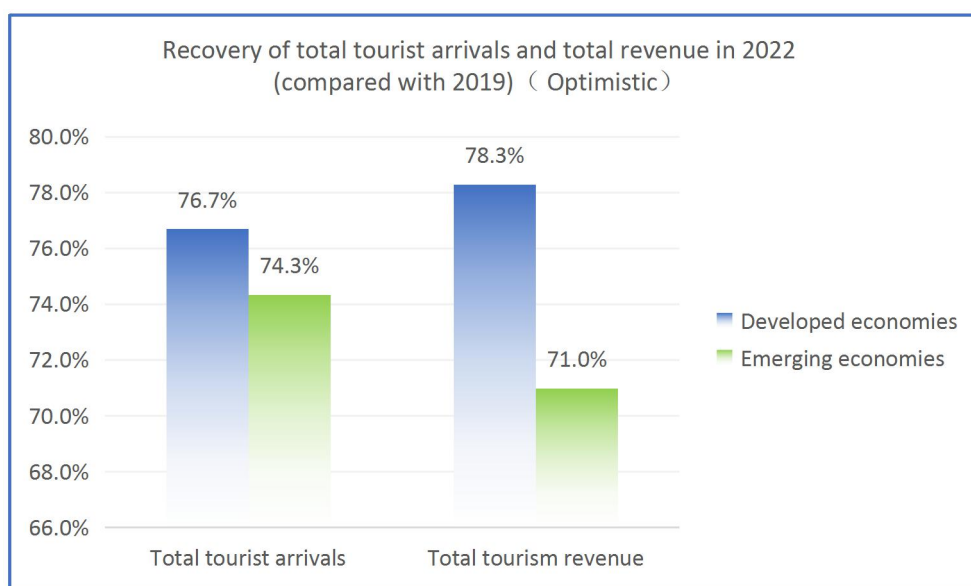


Figure 2.8 Tourism recovery in developed and emerging economies in 2022 (Optimistic Scenario)

III. Five Regions: Significant Changes in Tourism Development Landscape

1. In 2021, the proportion of the Americas and Europe increased, and the proportion of Asia-Pacific decreased.

In 2021, the total number of tourists in the Americas was 1.18 billion, accounting for 18% globally, an increase of 4 percentage points compared with 2019 (14%). The total tourism revenue reached \$1.2 trillion, accounting for 35% globally, an increase of 5 percentage points compared with 2019 (30%). The total number of European tourists was 1.02 billion, accounting for 15% globally, the same as in 2019. The total tourism revenue reached \$1.0 trillion, accounting for 31% globally, an increase of 1 percentage point from 2019 (30%). The total number of tourists in Asia-Pacific reached 4.18 billion, accounting for 63% globally, down by 4 percentage points from 2019 (67%). The total tourism revenue was \$1.0 trillion, accounting for 30% globally, down by 5 percentage points as compared with 2019 (35%) (see Figures 3.1 and 3.2).

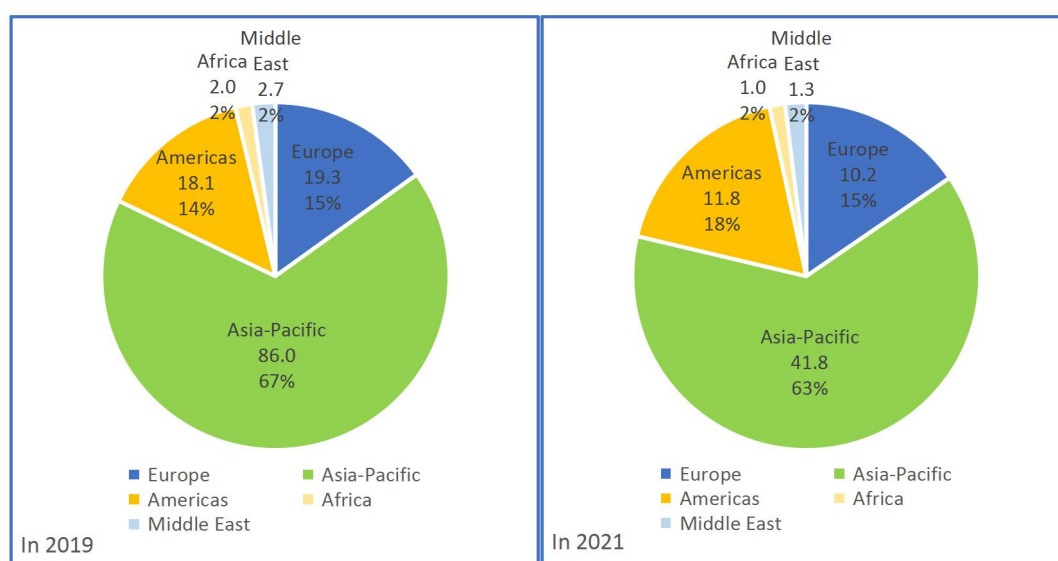


Figure 3.1 Total tourist arrivals and proportions of the five regions in 2019 and 2021

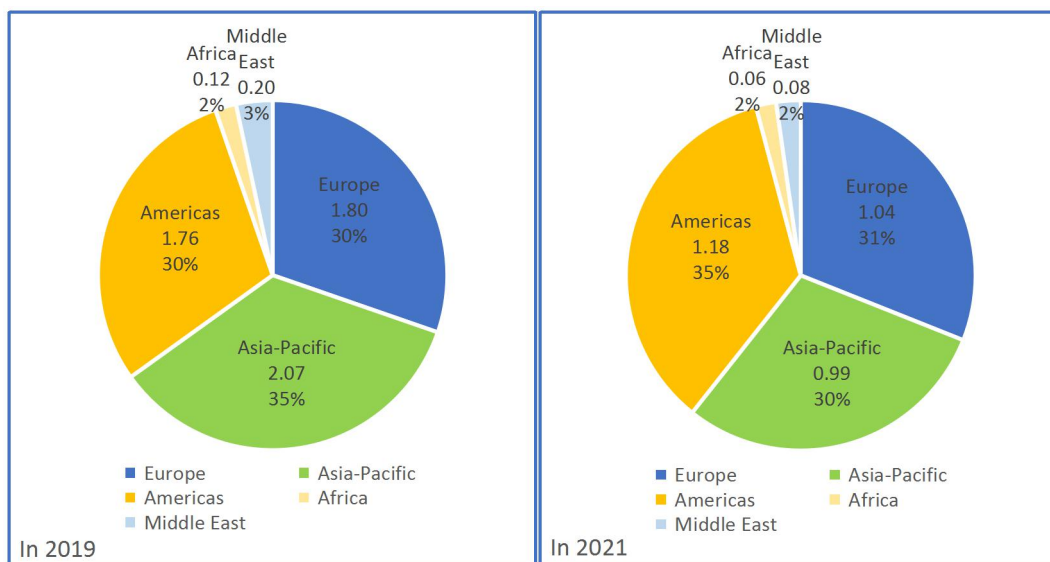


Figure 3.2 Total tourism revenue and proportions of the five regions in 2019 and 2021

2. Tourism recovery in the Americas and Europe in 2021 was relatively fast.

The total tourist arrivals and revenue of the Americas in 2021 were restored to 65.2% and 67.0% respectively as compared with 2019. The total tourist arrivals and revenue of Europe recovered to 52.6% and 57.7% respectively. The numbers for Asia-Pacific were 48.6% and 47.9% respectively, while for the Middle East were 47.3% and 37.8% respectively (see Figures 3.3).

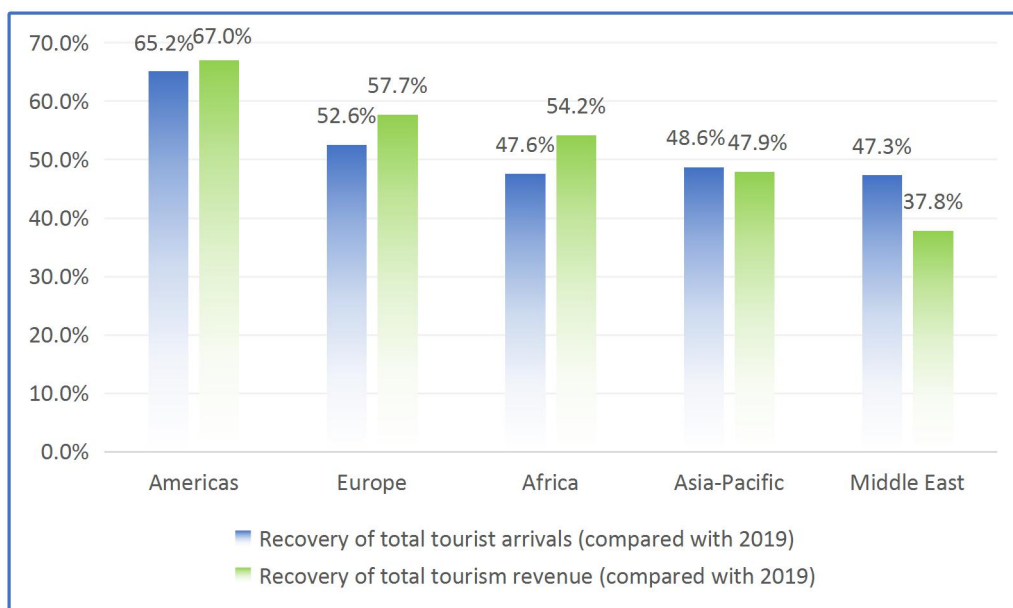


Figure 3.3 The recovery of total tourist arrivals and tourism revenue in the five regions in 2021

3. The tourism contribution to economy in Europe, Americas and Asia-Pacific in 2021 ranked top 3.

Taking the ratio of total tourism revenue to GDP as an indicator to measure the economic contribution of tourism, it can be seen that the economic contribution of tourism in the five major regions in 2021 will be Europe, the Americas, Asia Pacific, the Middle East and Africa in the descending order. Among them, Europe's total tourism revenue is equivalent to 4.4% of GDP, continuing to rank first. Americas rank the second with 4.1%. The Asia-Pacific, the Middle East and Africa are 3.2%, 3.1% and 3.0% respectively. (See Figure 3.4).

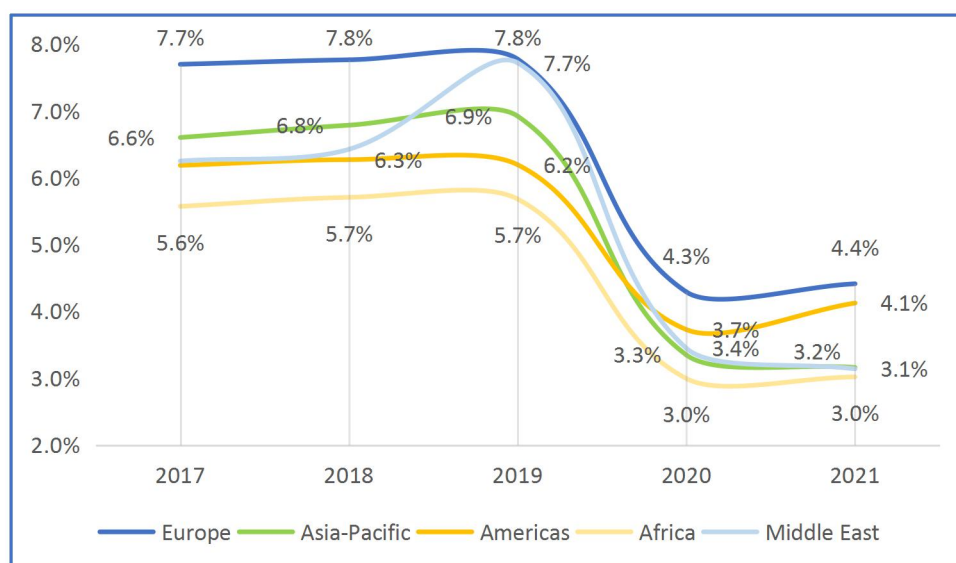


Figure 3.4 Ratio of total tourism revenue to GDP in the five regions
(2017-2021)

4. In 2022, tourism recovery in the Americas, Europe and Asia-Pacific would decrease in order.

Due to the differences in the economic development, the severity of the pandemic, and the governance models in the five regions, the international travel restrictions introduced also vary in different countries of the regions. It is estimated that by 2022, the tourism economy in the Americas will recover to more than 80% of that in 2019. The tourism economy in Europe will recover to nearly 80%. The tourism economy in Asia-Pacific will recover to less than 70%, while the tourism economy in Africa and the Middle East is about 60% (see Figure 3.5).

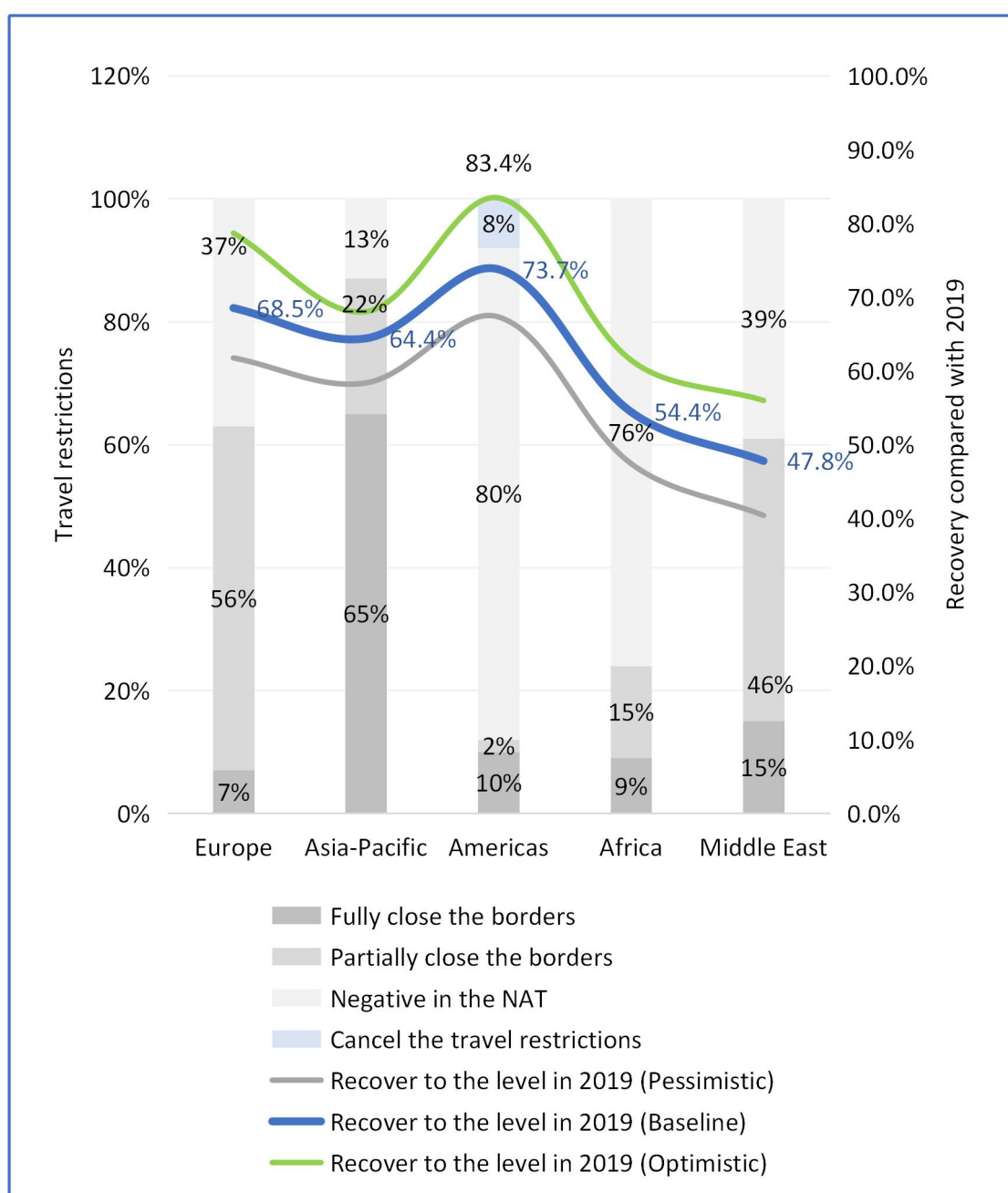


Figure 3.5 Travel restrictions and tourism economic recovery in the five regions in 2022

Data source: Combining the data of the World Tourism Organization and this research.

5. In 2022, the proportion of tourism in the Americas and Europe will increase, and in Asia-Pacific and the Middle East, it will decrease.

In 2022, the total tourism revenue of the Americas will account for 32%, an increase of 2 percentage points compared with 2019. The total tourism revenue of Europe will account for 31%, an increase of 1 percentage point compared with 2019. The total tourism revenue of the Asia-Pacific region will account for 33% globally, down by 2 percentage points compared with 2019. The total tourism revenue in Africa is expected to remain unchanged, while for the Middle East, there will be a decrease of 1 percentage point (see Figure 3.6).

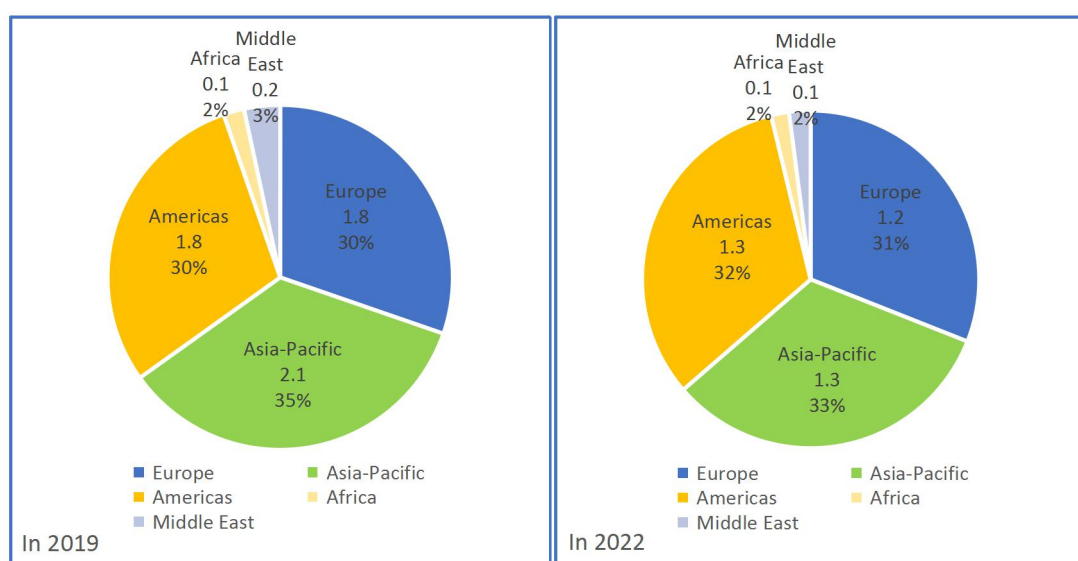


Figure 3.6 Total tourism revenue in the five regions in 2019

IV. T20 Countries: Tourism Develops Basically with the Pandemic Trend.

1. Huge differences in confirmed cases and vaccination rates among T20 countries

According to the number of cases and vaccination rates, T20 countries can be divided into four categories. First is large number of cases & high vaccination rate, that is, the number of cases exceeds 20 million and the vaccination rate exceeds 60%, including the United States and Brazil. Second is large number of cases & low vaccination rate, that is, the number of cases exceeds 20 million, while the vaccination rate is less than 60%, for example, India. Third is small number of cases & low vaccination rate, that is, the number of cases is less than 20 million, and the vaccination rate is less than 60%, including the Philippines, Russia and Mexico. Fourth is small number of cases & high vaccination rate, that is, the number of cases is less than 20 million, and the vaccination rate exceeds 60%, including 14 countries such as China, Japan, Australia, France, Germany, Italy, Spain, South Korea, Austria, Switzerland, the United Kingdom, Turkey, Thailand, and Canada (see Figure 4.1).

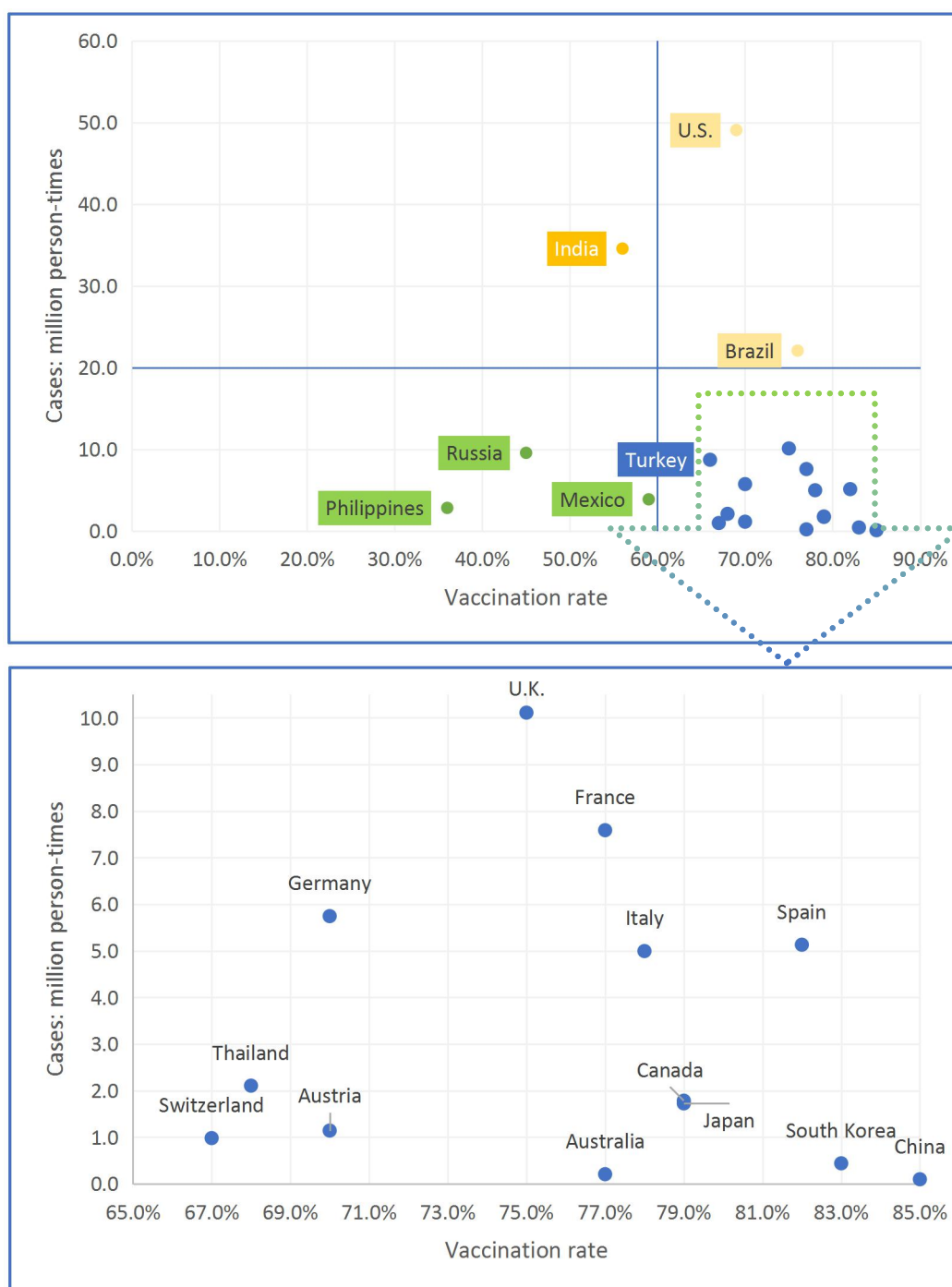


Figure 4.1 Confirmed cases and vaccination rates in T20 countries

Data source: statistics released by the World Tourism Organization and other public information online.

2. The proportion of total tourism revenue in T20 countries to the global tourism revenue set new records.

In 2021, the total tourism revenue of T20 countries accounted for 80.2% of the world, an increase of 11.8 percentage points from 2020 and 1.4 percentage points from 2019. It is expected to continue to rise to 82.0% in 2022, hitting new high since 2011 (see Figure 4.2).

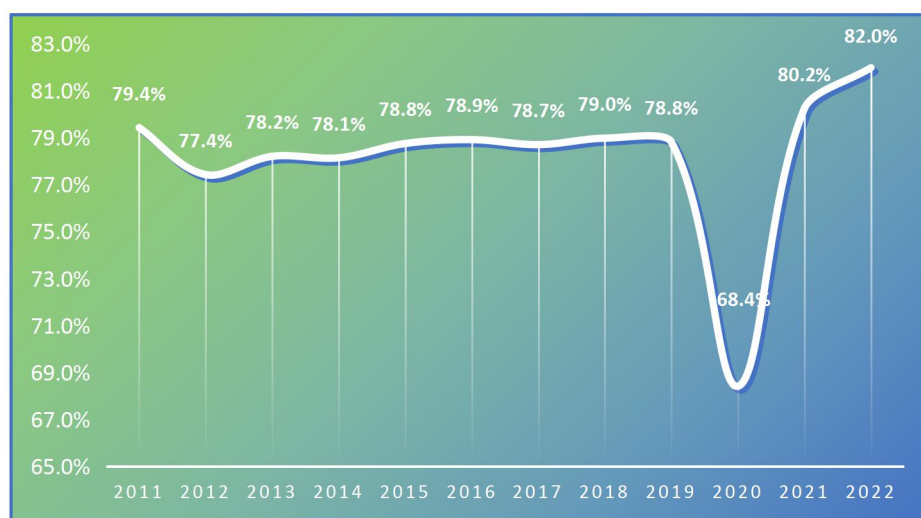


Figure 4.2 The proportion of total tourism revenue in T20 countries to the global tourism revenue (2011-2022).

3. The proportion of international tourism revenue of T20 countries to the global revenue saw a decrease and then increase.

In 2021, the proportion of the total international tourism revenue of T20 countries in the world continued to decline to 54.3%. It is expected to rebound to 74.1% in 2022 (see Figure 4.3).

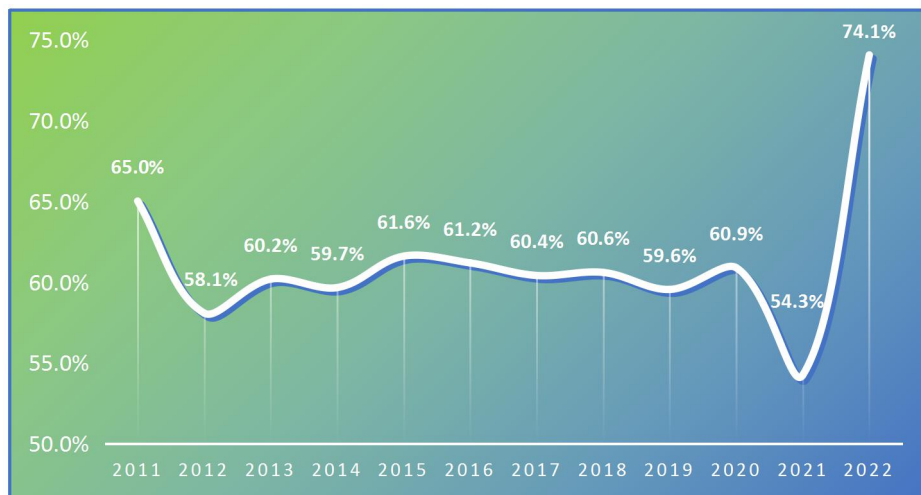


Figure 4.3 The proportion of international tourism revenue in T20 countries to the global revenue (2011-2022).

4. Tourism economy in the T20 countries underperforms the economy.

In 2021, the total tourism revenue of T20 countries declined significantly, while the GDP of about half of the T20 countries increased compared with 2019. On the whole, the performance of tourism economy of them is worse than that of their economy (see Figure 4.4).

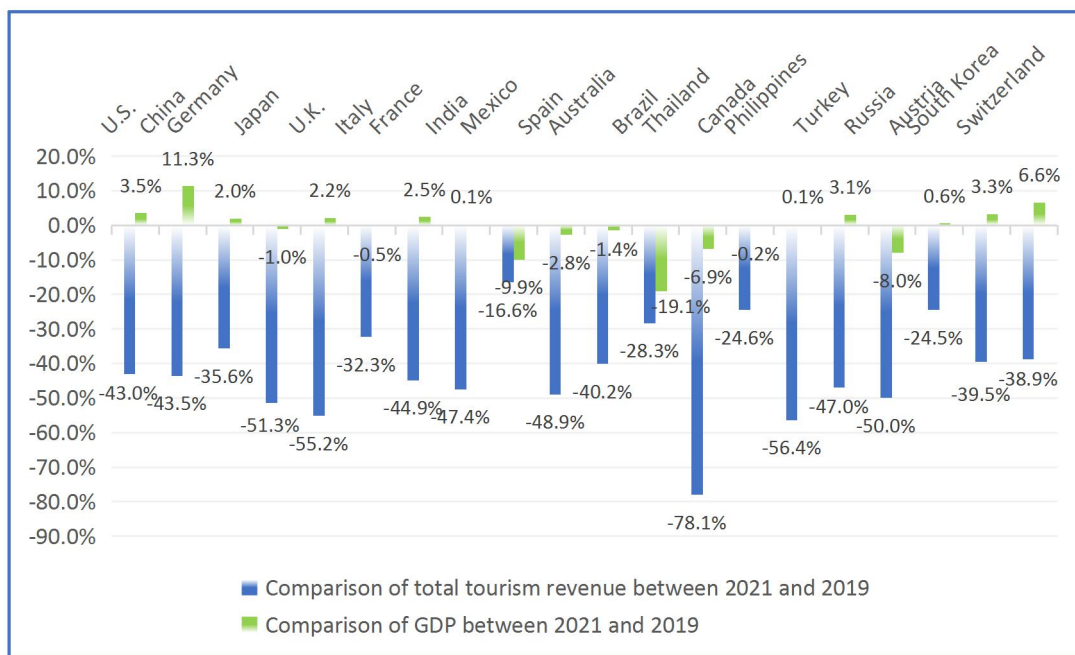


Figure 4.4 Changes of total tourism revenue and GDP of T20 countries in 2021 (compared with 2019)

5. Ranking of 70% of T20 countries changed.

In 2021, 70% of the countries witnessed changes in their ranking (see Table 4.1 for details).

Table 4.1 Ranking of T20 countries

No.	2020	2021	2022
1	U.S.	U.S.	U.S.
2	China	China	China
3	Germany	Germany	Germany
4	France	Mexico (+3)	Italy (+1)
5	U.K.	Italy (+1)	Mexico (-1)
6	Italy	Japan (+3)	Japan
7	Mexico	U.K. (-2)	U.K.
8	India	France (-4)	France
9	Japan	India (-1)	India
10	Australia	Australia	Spain (+1)
11	Brazil	Spain (+1)	Australia (-1)
12	Spain	Brazil (-1)	Brazil
13	Canada	Canada	Canada
14	Austria	Austria	Turkey (+1)
15	South Korea	Turkey (+4)	Philippines (+1)
16	Thailand	Philippines (+1)	Austria (-2)
17	Philippines	South Korea (-2)	Russia (+1)
18	Switzerland	Russia (+2)	South Korea (-1)

No.	2020	2021	2022
19	Turkey	Switzerland (-1)	Switzerland
20	Russia	Thailand (-4)	Thailand

Note: the numbers in brackets refer to the ascending (+) or descending (-) places of the ranking.

6. The tourism recovery in T20 countries varies greatly in 2022.

Compared with 2019, vaccination rates and the proportion of total tourism revenue of the T20 countries vary widely in 2022 (see Figure 4.5).

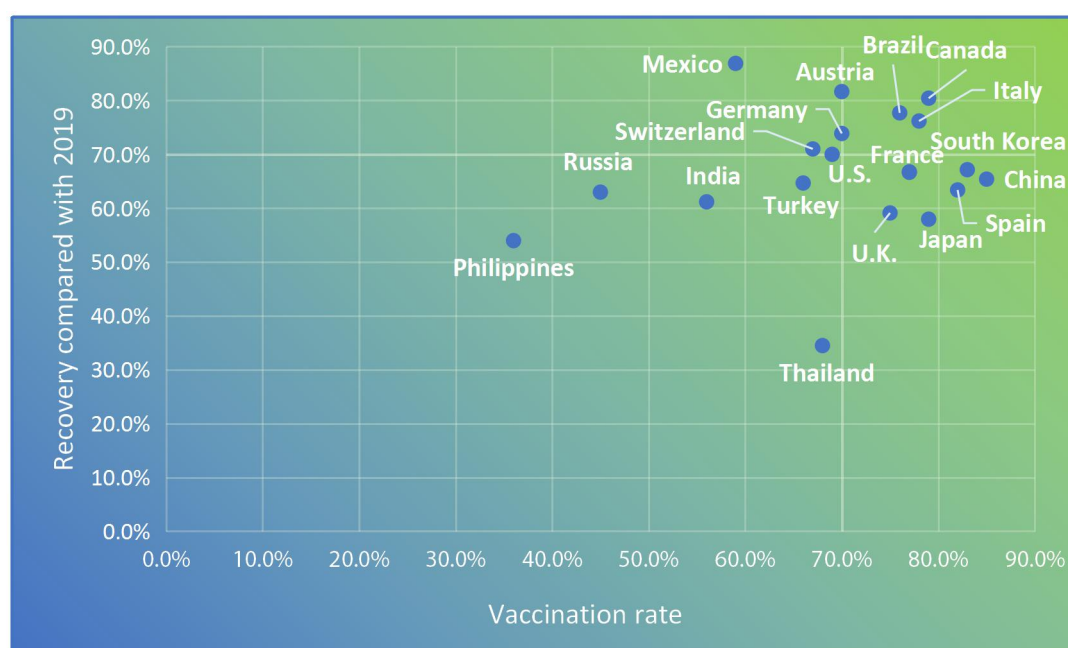


Figure 4.5 Vaccination coverage and recovery of total tourism revenue in T20 countries

Data source: integration of data from our research and our world in data.

V. Key Cities: Actively Formulate Diversified Development

Strategies

Since the outbreak of the COVID-19, cities have faced the dual challenges of pandemic prevention and control and tourism development. In order to balance pandemic prevention and control and tourism development, major cities in the world have made adjustments to their tourism development, including balancing short-term response and long-term adjustment, prioritizing local tourism and community scenes, seeking green and inclusive development, attracting high-quality tourists as vital targets, and constantly exploring innovation. At the same time, major cities have made proactive efforts to promote the development of tourism recovery. Here are some typical approaches: First, improve the public health safety system, such as the Sharecare VERIFIED™ in Los Angeles, the Free Vaccination Service Program in New York, the DUBAI ASSURED and Safe Travel stamp in Dubai, the Safe Travel project in St. Petersburg, and the tourism planning and safety measures in Berlin. Second, accelerate the digital transformation. Seoul, Incheon, Vienna, Paris, Prague, and Ottawa have adopted digital transformation strategies to optimize and upgrade their tourism services. Third, give priority to the local market. For example, Hong Kong encourages local people to re-discover Hong Kong tourism with subsidies. Macao has launched new local tourism projects. Buenos Aires has introduced new community attractions for citizens, while London has promoted the campaign named Because I am a Londoner. Fourth, improve community relations. For example, in Dublin, locals are encouraged to become travel consultants and guides. Barcelona offers tourists guidance on how to avoid crowded areas by developing new apps and monitoring systems. In Cape Town, a series of pocket friendly activities have been introduced.

Fifth, promote tourism image. Publicity, marketing and brand building are highly valued by Los Angeles, New York, Guangzhou, Macau, Barcelona, Dublin, Melbourne, and Dubai. Sixth, carry out tourism cooperation. For example, Seoul has announced to join the Hybrid Cities Alliance. Dubai has partnered with Fly Emirates, Flydubai, Dubai Airport and other stakeholders.

VI. Sub-Sectors: Driving the Recovery of The Tourism Market with Innovative Means.

1. OTA: The pace of recovery has picked up, with Asia-Pacific in focus.

Since the outbreak of COVID-19, the OTA (online travel agency) industry has been greatly affected. In 2021, against the background of normalized pandemic prevention and control, a rising number of countries and regions tried to resume cross-border travel. The OTA industry was generally improving and the recovery was gradually accelerating, especially the Asia-Pacific market, which received growing attention. In 2021, the decline in the revenue of OTAs slowed down, such as Booking, Expedia, Ctrip, and Tongcheng Elong. Expedia and CHINAonline partnered to jointly promote the development of China's B2B travel market. Some low-tier cities in China have shown a relatively strong momentum of growth in market demand.

2. Hotel industry: Branded hotels are growing strongly, with new technologies and scenarios becoming bright spots.

In 2021, some low-end hotel chains were still in a state of loss, the revenue growth of mid-end hotel brands slowed down, and that of high-end hotel brands far exceeded expectations. With the diversified

new consumer demands such as leisure, wellness, entertainment, education, and socializing, the application of new digital and intelligent technologies in the hotel industry has become a hot topic, including the Internet of Things, AI, and big data. The hotel + scenario-based development emerged, with the hotel experiencing further diversified development in terms of room quality and immersion experience.

3. Theme parks: hotspots keep popping up despite the pandemic, with the integration of virtual and real scenes becoming a trend.

Due to the COVID-19 pandemic, theme parks aiming at remote tourists were greatly affected. Major theme parks are actively carrying out brand linkage and IP innovation to attract local tourists and short-distance consumption. Disneyland in Shanghai and Universal Studios in Beijing have become new consumption hotspots. A real recovery for theme parks is expected in 2022. Metaverse symbolizes the innovative changes of themed amusement and leisure in the future. Theme parks pay more attention to immersive and interactive experience in multiple forms, with the possibility of developing completely virtual scenes to integrate with physical theme parks.

4. Museum industry: digital upgrading, content innovation and open-source revenue generation become the priorities.

Due to the COVID-19 pandemic, the museum industry has shown a new trend of development. First, the museum has achieved a comprehensive digital upgrading, and tourists' demand for online exhibitions and digital museums has grown exponentially. Second, content innovation has become the core driving force for museum

recovery. Taking innovation as the internal driving force, using digital technology to enrich the supply of cultural and creative products and optimizing the form of cultural and exposition exhibitions are the key to the development of the museum industry. Third, the World Museum Report 2021 released by the UNESCO showed that nearly half of the countries have significantly reduced public funding for museums, and open-source revenue generation has become the key to museum development.

5. Cruise industry: emergency response system is continuously improved, with product lines adjustments and innovation.

International cruise companies have taken measures to continuously improve their emergency response systems, including strict prevention and control inspections on passengers on board, vaccine-must management for cruise staff and tourists, and effective close-contact tracking plan for rapid response. In the future, there will be new trends in cruise line selection, and destination-less cruises and short-course cruise products will be more popular. Compared with the large cruise companies, the small cruise line market has recovered more rapidly.

6. Aviation industry: the degree of recovery varies with a necessity to improve quality and efficiency.

The International Air Transport Association predicts that the demand for global aviation industry will recover to 61% compared with that of 2019 in 2022, and full recovery to the pre-emic level will not be realized until 2023. The losses reduced due to the strong freight business. Imbalance in recovery exists in different regions. Airlines of various

countries need to improve service quality and operational efficiency through various means.

VII. Tourism Enterprises: Listed Companies Show

Structural Changes.

1. The valuation of listed tourism companies is obviously dragged by the pandemic.

In the capital market, the consumer service index, which mainly covers the tourism industry, has significantly lagged behind the S&P 500, and the scissors difference between the consumer service index and the S&P 500 has gradually widened.

2. The business situation is differentiated, and the foundation for recovery is still not solid.

In view of the availability of research data, after analyzing different types of companies, mainly listed tourism companies, we have found the following characteristics: asset-light companies recover moderately; heavy-asset companies are still deeply affected by the pandemic; the operation of airlines, hotels, and theme parks has recovered to about 50% of the level in 2019; cruise companies continue to struggle amid the pandemic. 10 of the 18 sample companies continue to operate at a loss.

3. Tourism-related corporate financing vitality reappears.

According to Skift statistics, the number of travel companies going public or planning to go public in 2021 increased significantly, which involved a variety of sub-sectors, including airlines, charter operators, vacation accommodation providers, ride-hailing companies, travel technology providers and aggregators, as well as event management

software developers. At the same time, multiple factors stimulated the rebound of tourism mergers and acquisitions, especially the hotel industry with heavy assets.

VIII. Prospects For the Future: Global Tourism Transforms in A Structural Recovery.

The structural recovery of the global tourism industry shows four trends. First, changing landscape in the recovery. The landscape of tourism economic growth driven by emerging economies and the Asia-Pacific region has been broken, and the share of developed economies and the European and American regions has increased. Tourism is more dependent on cities, with a tourism network that mainly relying on exchanges between cities being formed. Second, gaps are growing amid the recovery. The gap between developed countries and underdeveloped countries is deepening. The gap between leading enterprises and small and medium-sized enterprises is widening. The gap between light-asset enterprises and heavy-asset enterprises is also emerging. Third, growing industrial concentration. The concentration of the world's tourism industry is rising rapidly. The tourism economy is increasingly concentrated in countries with a high level of public medical care. The tourism market is growing in the domestic and surrounding areas. The industrial resources are increasingly flowing to the cities. The tourism behaviors are concentrated in the short distance, while the control of the industrial chain is concentrated in the tourism platforms. Fourth, recovery is accompanied by technological, cognitive and sustainable changes. Technological means have been fully integrated into the industry as never before, and digitalization has developed rapidly. In the context of new communication methods and environment, a large number

of cognitions are being rapidly reshaped, a number of new IPs are being produced around the world, and the market is re-understanding the destinations and attractions. Carbon reduction actions are exerting a profound impact on the tourism industry, and sustainable tourism has changed from an option in the pre-pandemic time to a must.

In short, global tourism will experience the biggest reshaping after World War II. New landscapes, structures and methods will be developed, which will find a new position in the global socio-economic system. The global tourism industry will be re-defined after transformation.

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