



High-end *Tourism* — a strong driver for *Europe*

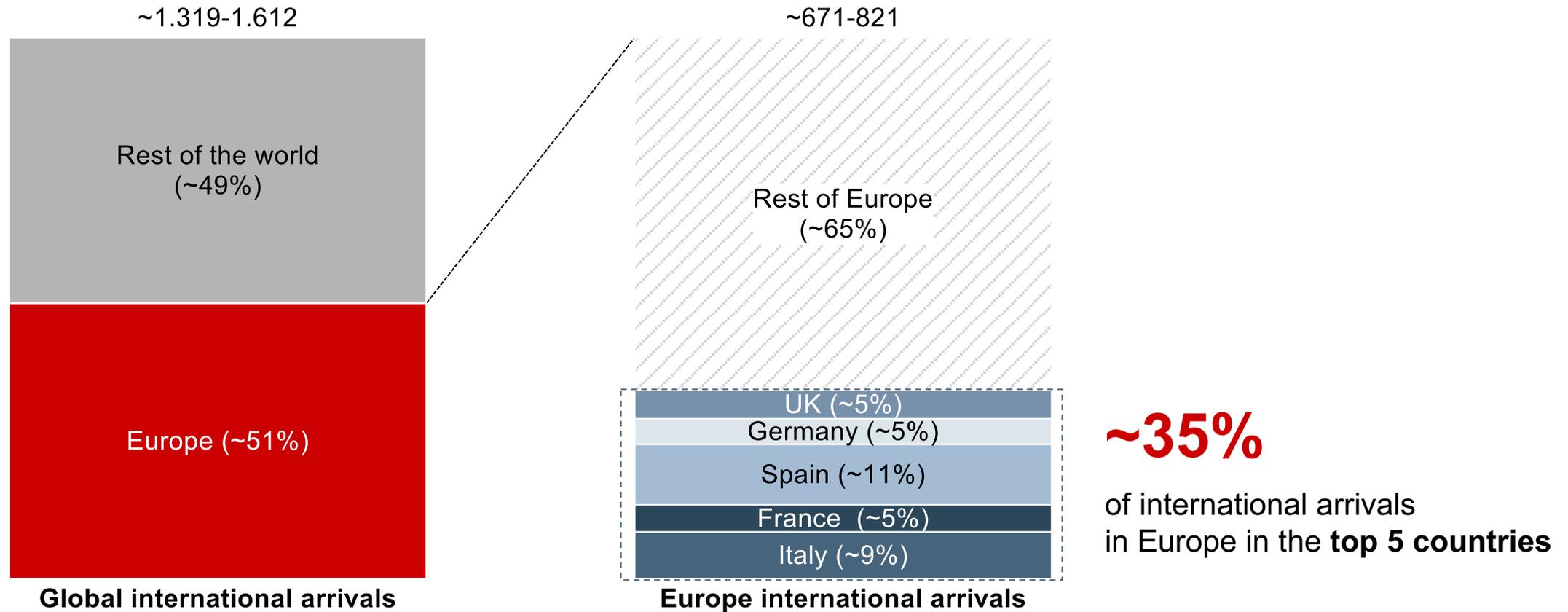
First of its kind report quantifying
value and *spill-overs*

In collaboration with:



Europe is the most visited region in the world: **~51% of global international arrivals**

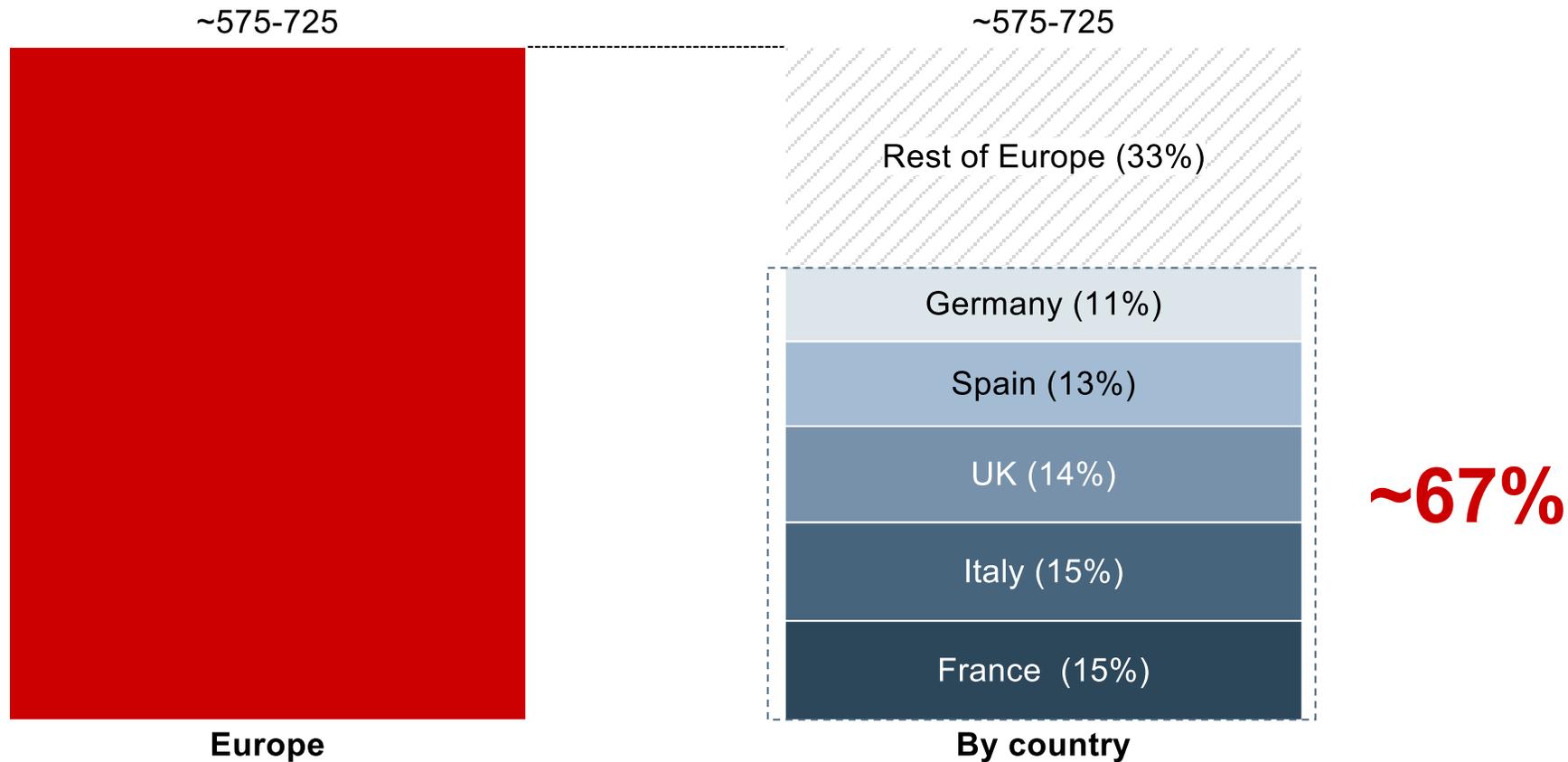
Global international arrivals by destination (M | 2019)



Note: (1) When speaking about Europe, we refer to the European Union countries + UK & Switzerland; (2) Direct economic impact: stay and consumption (i.e. transport, dining, culture, entertainment and shopping)
Source: Bain elaborations on national statistics data, Bain Altgamma Luxury Study, Euromonitor, UNWTO, Eurostat, Expert interviews

Overall European tourism generated **~€575-725B** in 2019, with the **5 largest countries** of focus contributing for **~67%**

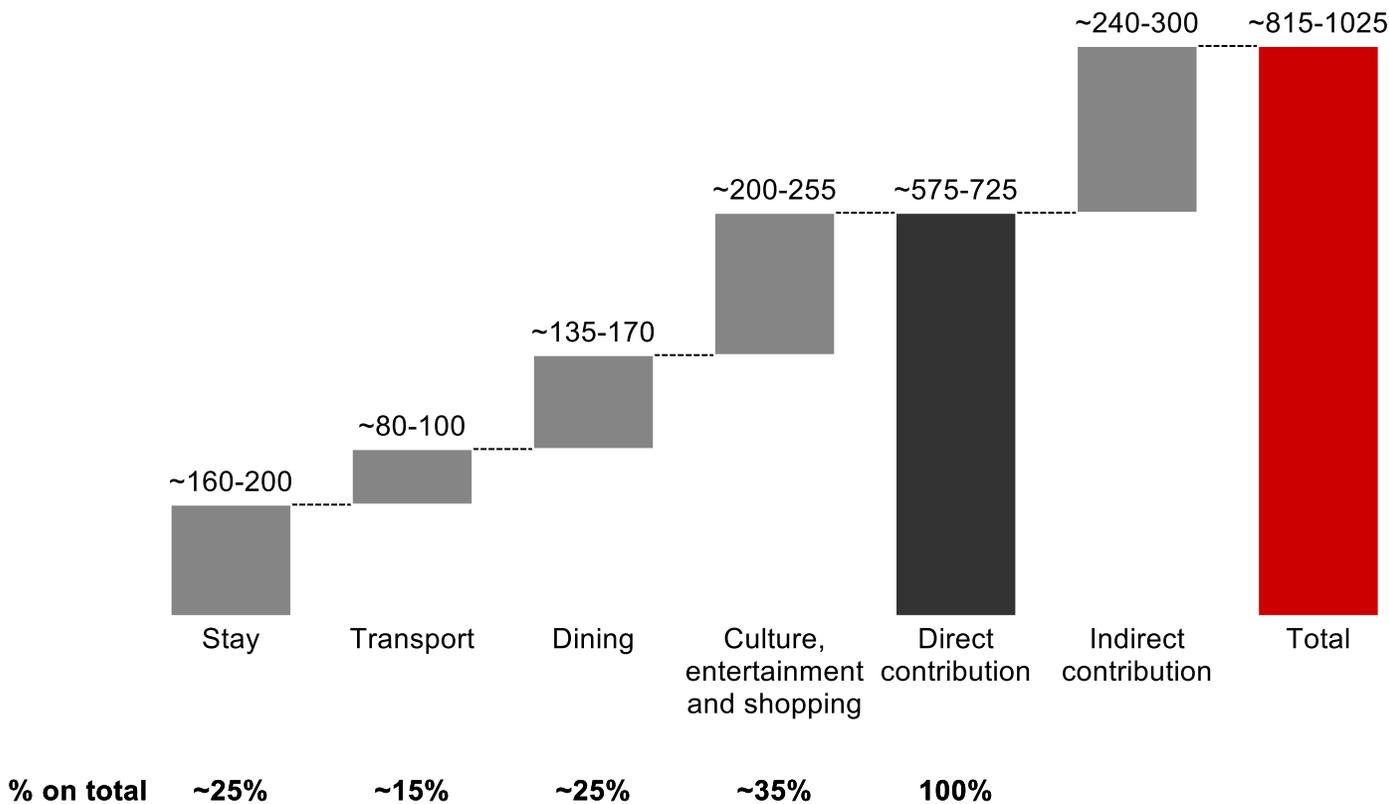
Overall tourism economic impact¹ in Europe² (€B | 2019)



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Source: Bain elaborations on national statistics data, Bain Altagamma Luxury Study, Euromonitor, UNWTO, Eurostat, Expert interviews

Overall tourism contributed directly to ~4% of GDP and 12M jobs in 2019, up to ~6% and 22M if considering indirect impact

European¹ tourism key figures: **overall tourism** (€B | 2019)



~12M

direct jobs

~22M

including indirect

~4%

of GDP

~6%

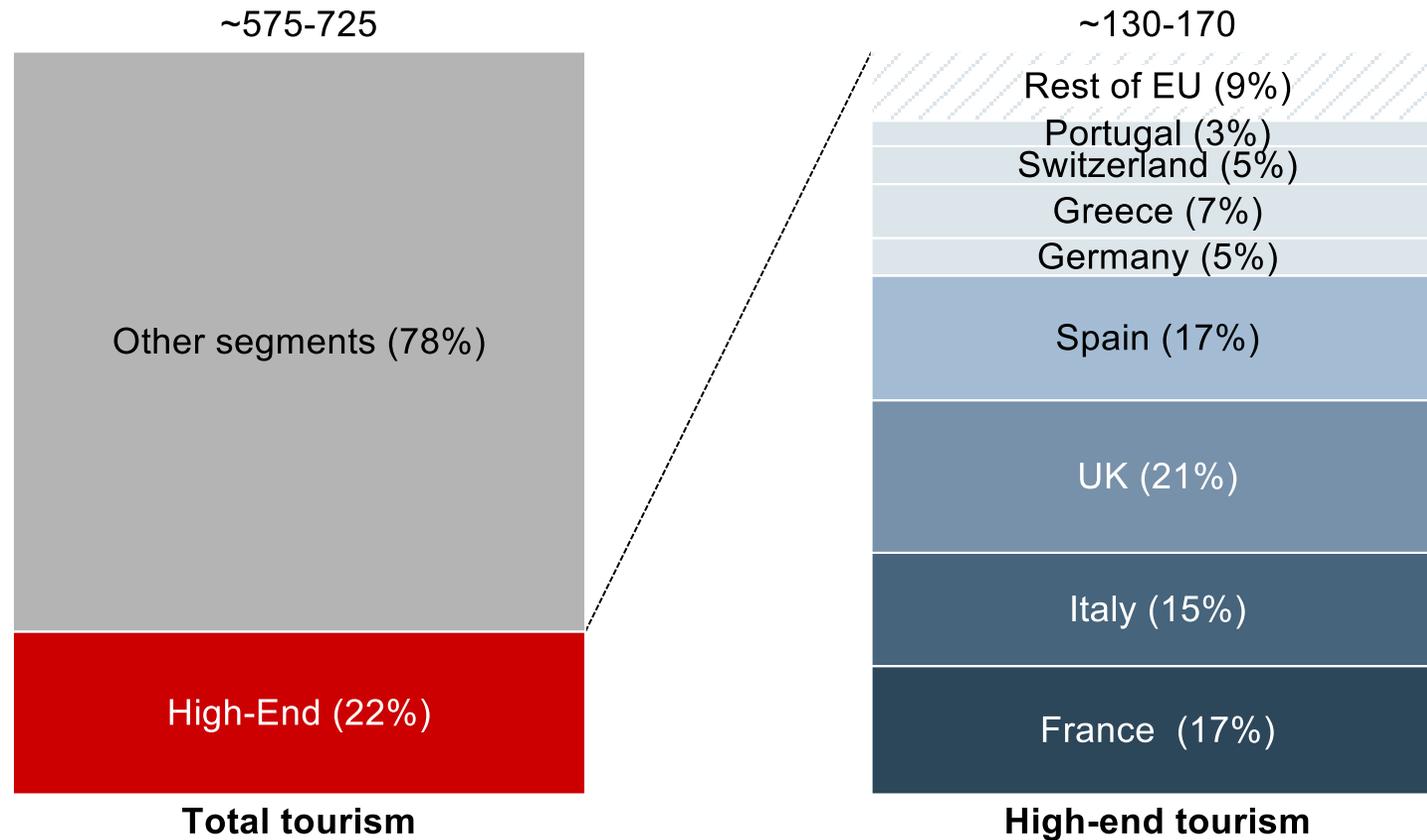
including indirect

In several **smaller countries** (e.g., Greece, Portugal) tourism contributes almost **~20% of GDP** in 2019



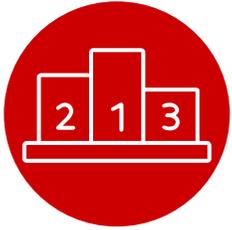
High-end tourism is a sizeable segment in Europe, representing 22% of overall tourism and worth €130-170B

Tourism industry¹ in Europe² by segment and by country (€B | 2019)



Note: (1) Direct economic impact: stay and consumption (i.e. transport, dining, culture, entertainment and shopping); (2) When speaking about Europe, we refer to the European Union countries + UK & Switzerland
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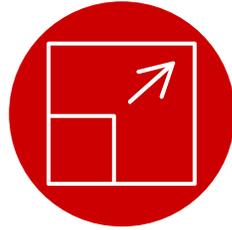
High-end tourism is an asset for all European destinations



**Sizeable in absolute terms,
in the largest countries**

~€20-30B

of direct economic contribution in each of the **largest countries**¹



**Substantial pillar of the economy
in some smaller countries**

~7% of GDP

in **smaller economies** with a **vocation** for high-end tourism²



**Emerging opportunities across
new destinations in Europe**

New travellers

Curious and responsible, interested in **new destinations in Europe**

Notes: (1) Specifically Italy, Spain, France, UK; (2) for example Greece

Source: Bain elaborations on national statistics data, Bain Altgamma Luxury Study, Euromonitor, UNWTO, Eurostat, Expert interviews

More and more European destinations in tune with the preferences of high-end travellers

In “Rest of Europe” emerging countries entering the “wish list” with value proposition aligned for high-end

~ % hotel 5 stars on total for selected countries

/ EXAMPLES OF VALUE PROPOSITION



1,7%
Italy

3,0%
France

4,0%
Spain

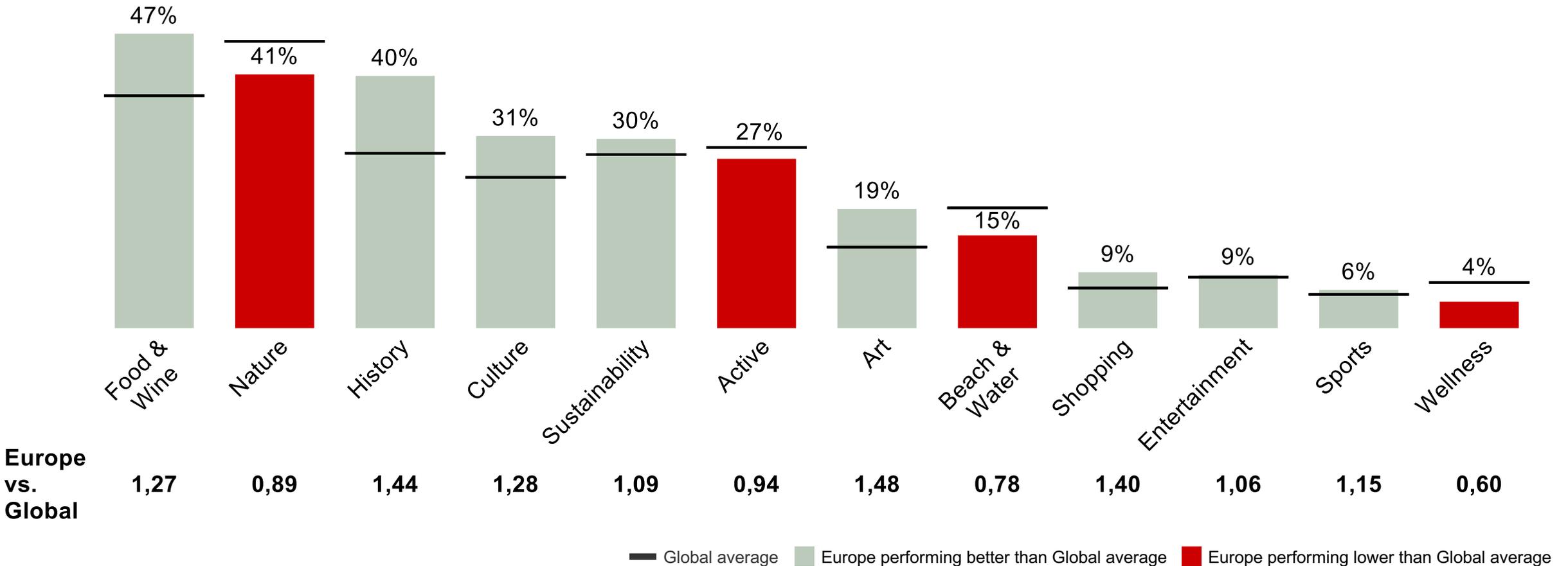
6%
Greece

6-7%
Portugal

Luxury accommodation is more relevant in Greece and Portugal (relatively to their overall tourism economies), compared to the largest tourism countries in Europe

High-end travellers prefer and visit Europe for a variety of reasons and activities

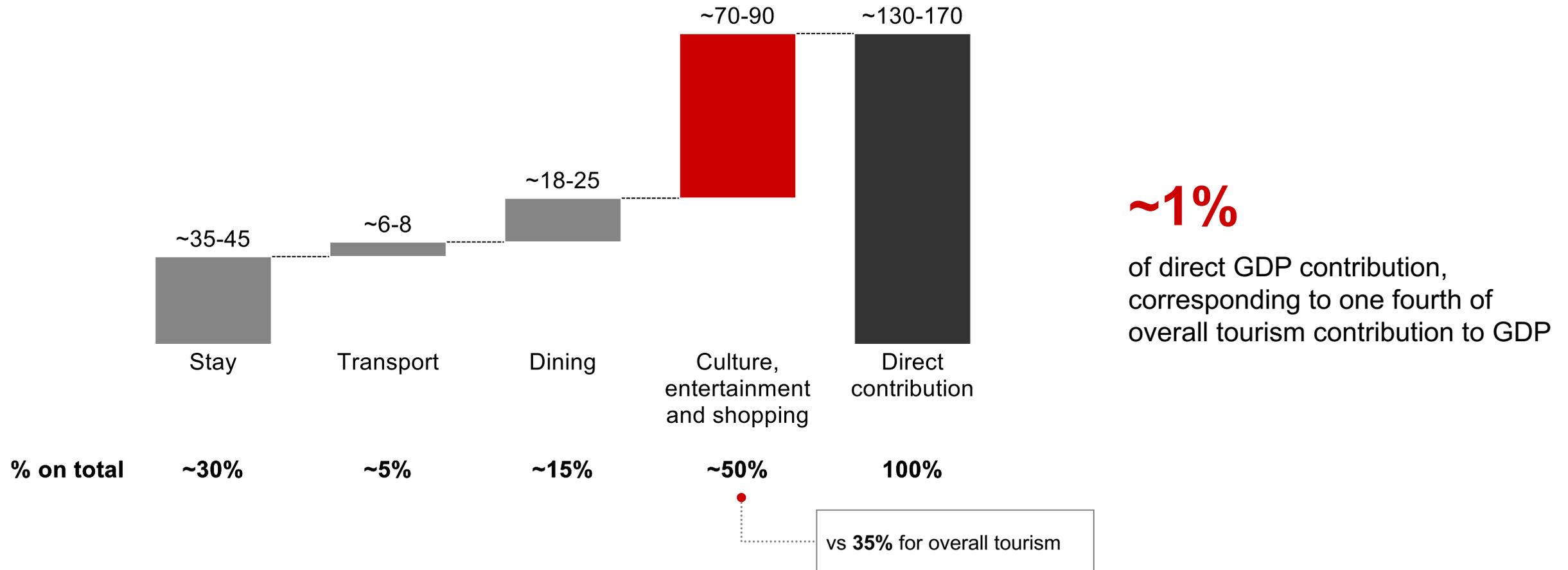
Most desired experience types in Europe by high-end travellers (% | 2021)



Note: Experiences are defined as the different types of activities the tourist might practice within a destination, such as food & restaurants, a day in the nature, museums, shopping, wellness and many others. The sum does not add up to 100% since every experience could be counted in more than one category | Source: Bain elaborations on Virtuoso Wanderlist Data

Culture, entertainment and shopping making the most of the expenditure for high-end tourism (~50%), followed by “stay” (~30%)

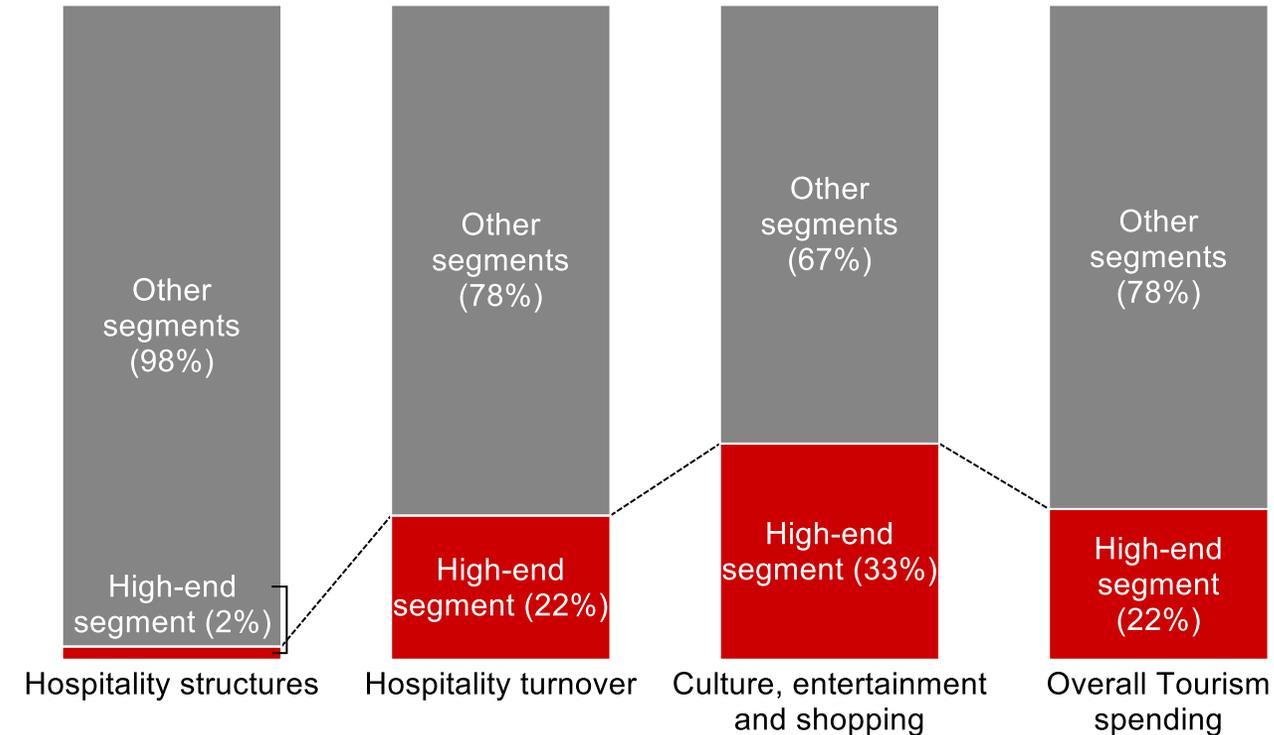
European1 tourism key figures: **high-end** tourism (€B | 2019)



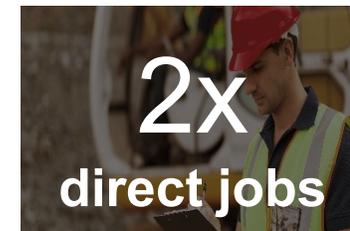
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High-end tourism produces a virtuous value generation across the value chain and has a multiplying effect on employment and spending

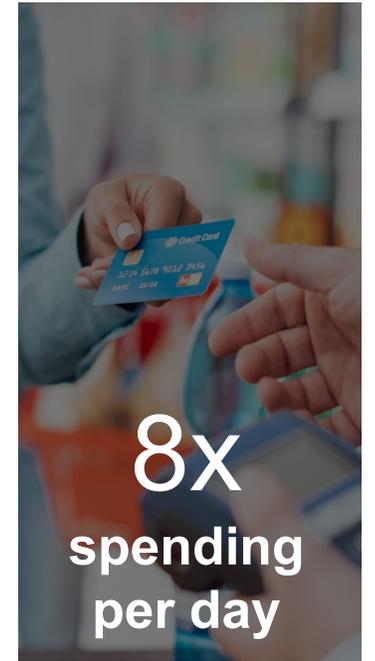
High-end tourism¹ in Europe² (% | 2019)



Multiplying effect on jobs & spending (x | 2019)



created by high-end hospitality companies vs. average of all hospitality companies

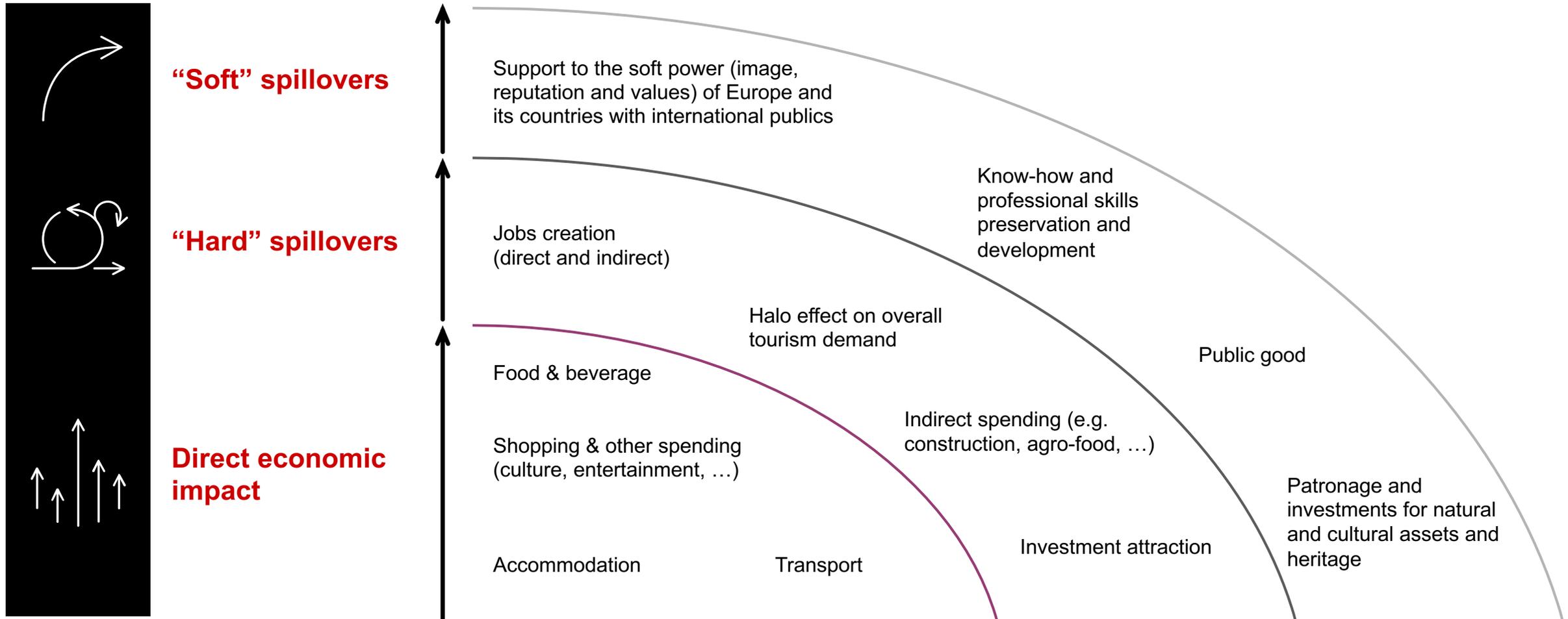


generated by high-end tourists vs. all tourists average

Note: (1) High-end tourism is identified based on travelers' accommodation choices: 5-stars or higher hotels or equivalent accommodations (e.g., non-hotel facilities and luxury villas); (2) When speaking about Europe, we refer to the European Union countries + UK & Switzerland | Source: Bain elaborations on national statistics data, Bain Altagamma Luxury Study, Euromonitor, UNWTO, Eurostat, Expert interviews

To capture the full relevance of (high-end) tourism, on top of economic impact one must consider **"hard" and "soft" spillovers**

Tourism axes of value creation



A series of **enablers and attractors** are needed to reap the benefits of “hard” and “soft” spillovers

/ NOT EXHAUSTIVE



Sites of interest
(natural, cultural, ...)



Transports services
and infrastructures
(in general, high-end)



Museum
and galleries



High-end restaurants,
bar and clubs



Footprint of high-end
hospitality structures
(hotels, villas, ...)



Presence of anchor
high-end brands
(across sectors)



Agenda of cultural
and social events



Network of high
-end stores



Tax-free policies



Specialized institutions
and organizations

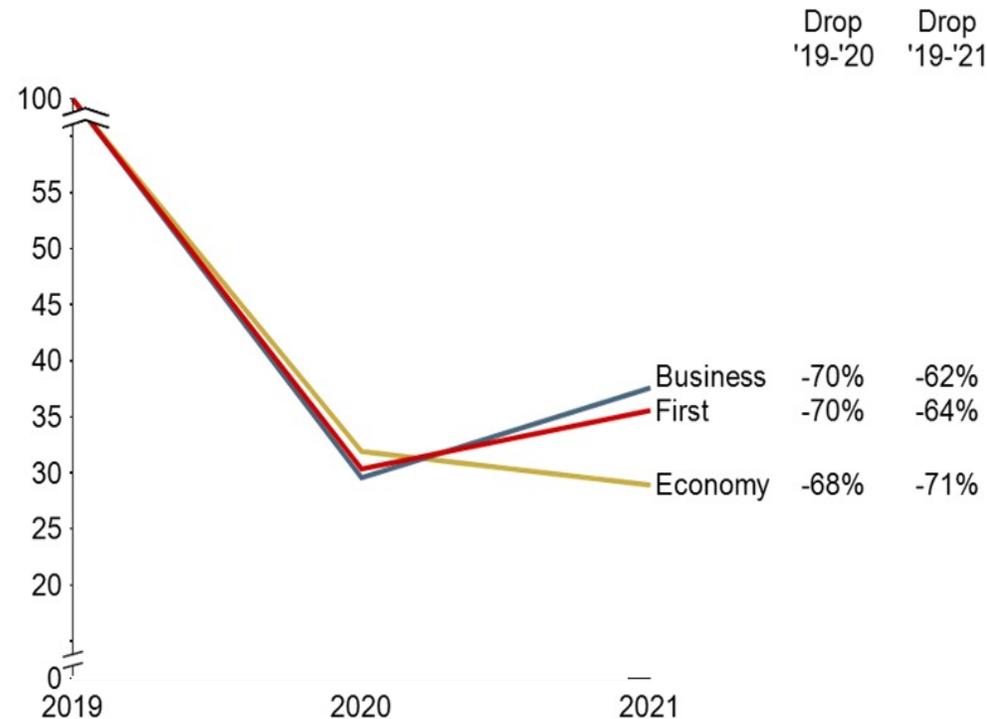
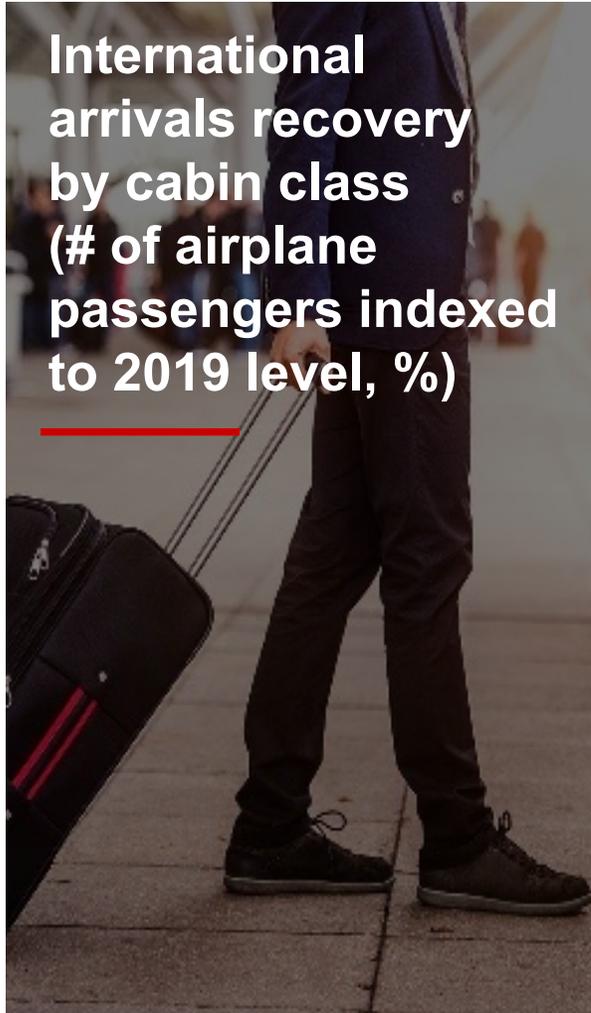


Visa policies



High safety level
(political stability,
low crime rates...)

However, European high-end tourism is facing serious challenges: COVID-19 has brought major disruptions...



When considering only missed international flights, **loss in high-end tourism surpasses ~>€70B...**

...but the segment is promptly recovering with high-end airline passengers recovering faster across key European countries

...while other destinations outside of Europe are raising, modifying or amplifying the rules of the game to attract the most valuable travellers



The **US** offer a wide range of activities and attractions, allowing to satisfy different expectations and needs of visitors. The domestic share of travelers is extremely relevant, while the international share increases when dealing with luxury tourism



Hainan is meant to become a globally relevant free trade port, comparable to Dubai and Singapore, and a luxury duty-free shopping destination. There a specific plan supported by the government to ease the access by international visitors and foster a high-level luxury offering



Japan has a natural and cultural landscape distributed throughout the territory and invests in new holiday models to promote the use of the territory (e.g. cruise trains)



Bali combines the beauty of the territory, wellness and entertainment, by investing in innovation of hotel and service concepts, raising the bar for the standard of excellence and offering a variety of activities that favor returns and seasonal adjustments



Australia offers a set of luxury experiences based on its geographical specificities, such as wildlife and natural landscapes. National institutions are launching the Signature Experience of Australia to attract more high value tourists

New Zealand' luxury tourism is characterized by exploration and adventure



It is not only a matter of offer, but also of enablers, such as the role played by high-end hospitality schools, the management of visa policies and tourism incentives (through the facilitation of transportation, dedicated services and long-term incentives)

Insights from case studies: What leads tourism industries to success



Private impulse and investments to develop an ecosystem of high-end facilities at the highest standards of structure, luxury service and innovation (e.g. Bali, Hainan)



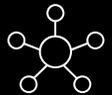
Shared vision and coordination between institutions (governmental & private) and companies for the management of the value proposition to develop quality tourism and to further attract affluent visitors, by respecting the characteristics of the area (eg USA, Hawaii, Hainan, Australia)



Maximization of the domestic tourism potential by restraining local travelers through a diversified offering and promotion of attractions (e.g. USA, Japan)



The role of high-quality "entertainment" and international appeal within the value proposition (e.g. USA, Bali)



The ability to **diversify offerings and value proposition** to maximize season extension and attract tourists from different nationalities in different seasons (e.g., USA, Bali)



The **logistic simplification through structures** (marinas, airports, train-cruises, ...) (e.g. Hainan, Japan)



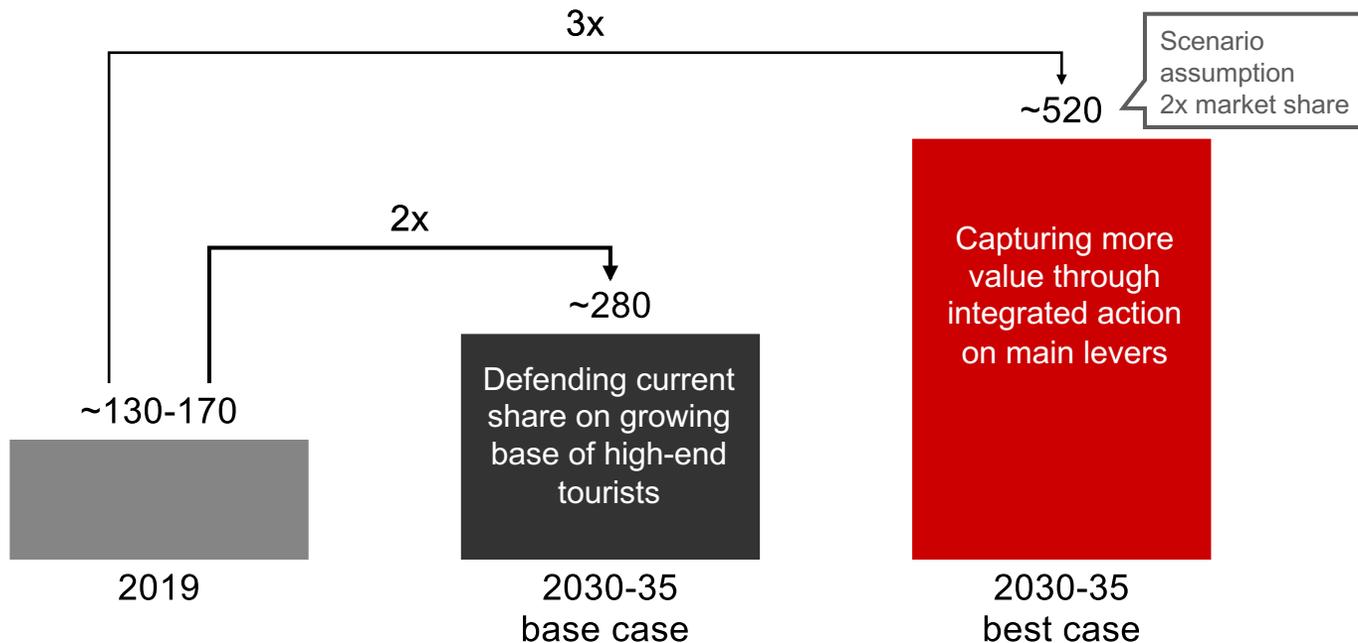
Bureaucratic simplification (several countries have simplified visa policies for Chinese travelers resulting in an acceleration of flows) (e.g. Hainan, Australia)



Governmental policies to incentivize the shopping on site, such as exclusive discounts and tax-free quotas (e.g. Hainan)

Strong fundamentals can sustain a long-term bright potential for sustainable value creation: high-end tourism could reach up to ~€280-520B

Value¹ of high-end tourism in 2019 and full potential scenarios (€B | 2019 – 2030-35F)



High-end tourism strong fundamentals explain why Europe should push it further

- **More resilient to crises / outbreaks** (as shown during Covid-19) and showing **faster growth**
- Generating **relevant and virtuous spillover effects**, more than proportional than overall tourism (as evident from the multipliers)
- Creating a **halo / driving effect on broader tourism demand** across segments
- Driven by **wealthy individuals**, a robust, high-spend segment of people that is **expected to continue growing** in the future (+~6% in the next 5-7 years)



A working table could be established to focus on developing high-end tourism to its full potential

Note: (1) Direct economic impact: stay and consumption (i.e. transport, dining, culture, entertainment and shopping)

Source: Bain elaborations on national statistics data, Bain Altgamma Luxury Study, Euromonitor, UNWTO, Eurostat, Global Data, Expert interviews

5 key priorities to focus on in order to develop high-end tourism to its full potential

/FOR DISCUSSION /NOT EXHAUSTIVE



01 Sustainable tourism

- **Investments and incentives** to develop a value proposition for **sustainable tourism**, incl.
 - Addressing and preventing over-tourism
 - Fostering touristic initiatives and propositions aligned with green economy and Sustainable Development Goals



02 Nature tourism

- **Development and communication** around “**Nature tourism**”, in order to
 - Fill Europe’s gap on nature experiences vs the rest of the world
 - Help activate opportunities on a list of European destinations considered secondary



03 Mobility infrastructure

- **Investments in infrastructures** to favor the **mobility of the high-end tourist** across European countries (EU, UK and Switzerland)



04 Facilitation of visa policies

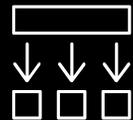
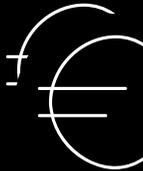
- **Harmonization and facilitation of visa policies** and other initiatives to attract key segments on a global scale (e.g., China)



05 Education system

- Enhancement and promotion of a **hospitality & tourism learning education system** (with focus on high-end) that can act as recognized center of excellence and point of reference globally
- **Improvement and facilitation of mobility** to foster employment and employability

Tourism is a global excellence of European countries and a key generator of value, with virtuous effects in its high-end segment



Tourism is a global excellence expressed by all European countries

- Europe attracts **51%** of the global international arrivals
- Its direct economic impact in 2019 was **€600-700B**, and reached **€1T+** (including indirect)
- Up to **12M** of direct jobs, **22M** including indirect

Within it, high-end tourism is a critical source of value, economic and non-economic, with spillover on the other segments and industries

- High value: high-end tourism in Europe is worth **€130-170B**
- **Virtuous value generation** across the value chain:
 - **2% of the hospitality structures**, contributing to **22%** of the spending in **accommodations**, **33%** of the spending **culture, entertainment and shopping**, and **22%** of overall tourism spending
 - **8x spending per day** by high-end tourism vs. overall tourists' average
 - **Virtuous employment impact**: nearly **2x** employees at parity of company size (vs. non-high-end)
- In some of the largest countries **high-end tourism is worth €20-30B**; in **several smaller countries**, high-end tourism is a pillar of the economy, with a **GDP incidence almost 2x** that of overall of Europe

A value to support from severe challenges

- **Major disruption by Covid19**: **>€70B** of loss linked just to high-end international travelers
- **Other destinations outside of Europe raising the game** to attract most valuable travelers

Strong fundamentals can sustain a long term bright potential

- The underlying dynamic of the global demand has the potential to grow the segment by 2-3times, up to a direct value of **€520B**

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