

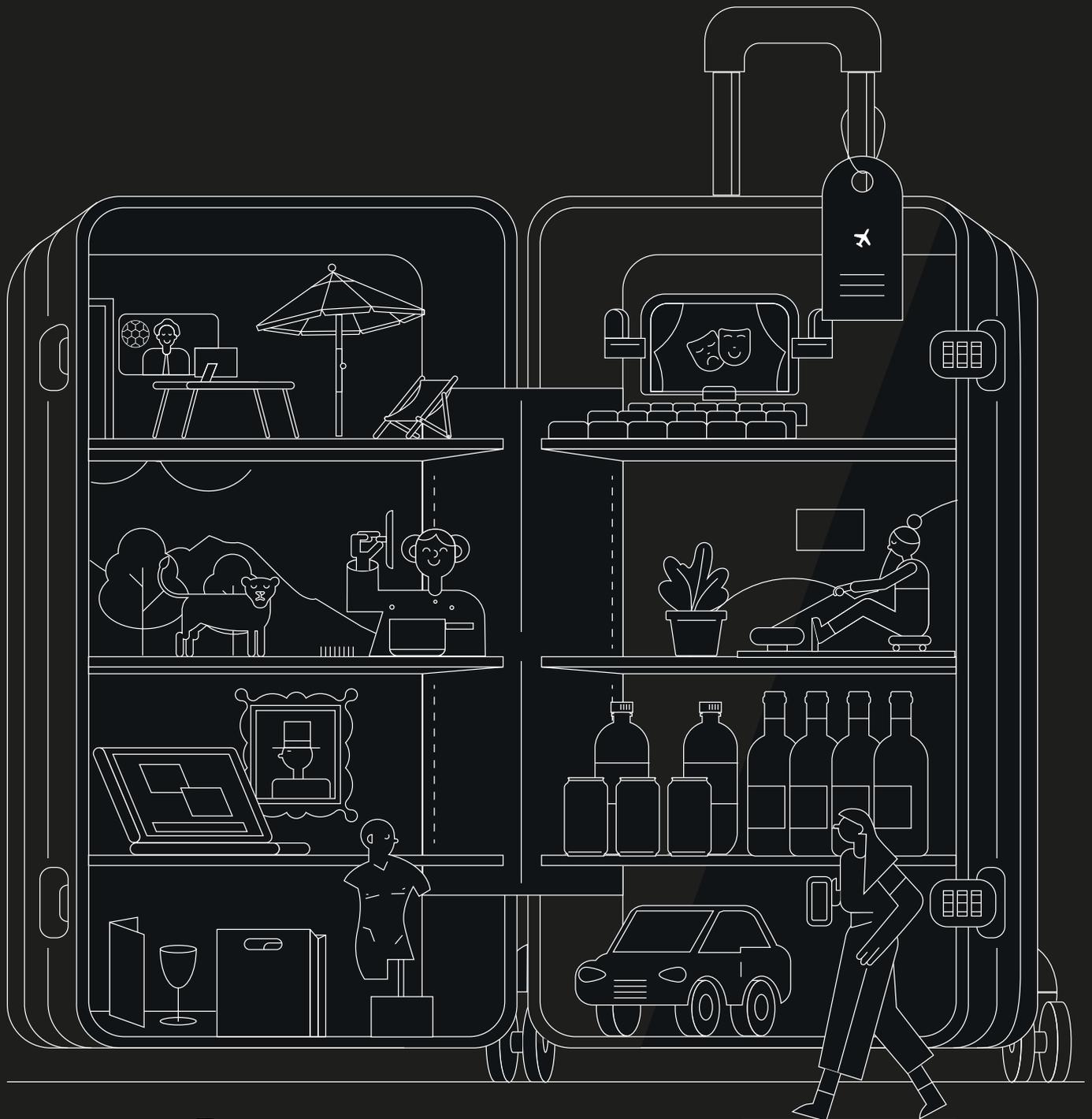
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# LUXURY TRAVEL'S TRUE IMPACT ON BUSINESS AND EMPLOYMENT

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The \$2.05trn Global Luxury Travel Universe, the seismic consequences of COVID-19, and why luxury travel brands are vital to global recovery

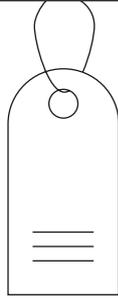
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# INTRODUCTION

**COVID-19 is primarily a health crisis. At the time of writing, over 1 million people around the world have been infected and tens of thousands have tragically lost their lives. However, the virus is affecting many more millions of people across the globe. For it is not only the geographical spread of the disease across continents that causes hardship, but the unavoidable steps we are all taking to try to stop it.**

The challenge of COVID-19 has brought into sharp focus the realities of our world. We are a global community, with globally-linked supply and demand systems. The travel industry is one of the greatest catalysts for this interconnected and international system. Travel is a far greater mechanism for the dispersal of wealth to local economies than has previously been recognised.

In December 2019, ILTM released a report defining the global luxury travel ecosystem - a collection of industries connected to travel that are supported by global luxury travellers. The annual value of this ecosystem was found to be \$1.54trn, enough to place it in the top fifteen economies of the world.

Shutting down travel - and the assorted ecosystem activities with which luxury travel, in particular, is associated - not only has an impact on well-heeled travellers, it severely affects the many millions of small businesses, communities and families that depend upon them.

This White Paper builds on the Global Ecosystem report by bringing the true size of the global luxury travel industry into focus for the first time, bringing clarity to the number of people employed both directly and indirectly in the travel industry and showing why the fight to keep these businesses open and, when the time is right, to encourage new ones, must continue.

# SUMMARY

The luxury travel industry has been devastated following a global response to stop the spread of the novel Coronavirus, COVID-19, which has seen many businesses and jobs lost under health authority and government rules.

Across the top 50 most visited nations, **105.9m individuals work directly in the travel industry**, for sectors including airlines, hotels and travel agencies. With travel essentially in shutdown, many of these individuals face the immediate loss of their livelihood.

**The industry is a huge contributor to the global economy.** Across the top 50 most visited nations, an average of 10.9% of GDP is contributed by travel and tourism.

The ecosystem of experiences that lie at the heart of travel is also suffering. Both domestic and international

travellers are **huge contributors to the creation, maintenance and growth of local jobs and economies including food & drink, outdoor activities, wellness, performance arts, spectator sports and cultural pursuits.**

**This global luxury travel ecosystem of activities, valued at \$1.54trn, provides employment for an additional 62m people around the world.** If this ecosystem were a country, it would be larger than Italy.

Globally, there are 22.8m individuals worth more than \$1m – these are high-net-worth individuals (HNWIs), the archetypal ‘luxury travellers.’ Collectively, this group control over \$94trn in wealth – almost \$10trn more than total annual global GDP. Although HNWIs are only 0.3% of the global population, with their great wealth and high spending,

**they help to build and sustain the livelihoods of many of the ecosystem’s workers across the world.**

These wealthy individuals also **contribute a huge \$507.6bn** of the \$1.41trn spent on global airfares and lodging each year.

Combining this spend with the \$1.54trn spend on the global luxury travel ecosystem produces a **Global Luxury Travel Universe of \$2.05trn – an industry that towers over other global industries for discretionary goods and services.**

**This universe shows how important interconnected global travel is**, how much it contributes to the economies of the world and how much it is relied upon. Not only by a global cohort of wealthy, luxury travellers, but by the greater mass of business owners, both small and large, and their families.

## TRAVEL & TOURISM

# A SECTOR IN SHUTDOWN

The challenge of COVID-19 has brought into sharp focus the realities of our world. We are a global community, with globally linked supply and demand systems. As a result, there are very few industries that remain untouched by the pandemic.

The travel industry is undoubtedly one of the most affected. An ITUC\* survey conducted across 86 countries, including 28 out of 36 OECD† countries and fifteen G20 countries, found that 82% are imposing travel restrictions on those arriving into the country, as part of broader lockdown measures to contain the spread of COVID-19.

## TRAVEL & TOURISM: A SIGNIFICANT CONTRIBUTION TO THE ECONOMY

The total contribution of the travel and tourism industry is the Gross Domestic Product (GDP) generated by industries that deal directly with tourists, including hotels, travel agents, airlines and other passenger transport services as well as the activities of restaurant and leisure industries. This total contribution toward a country's GDP is an average of 10.9% in the top 50 most visited countries in the world. Many countries are well above this average, overweight in their reliance on the sector.

Many countries that rank amongst these are relatively small in overall economic terms. Croatia, which closed its borders on the 19th March, is known by tourists for its beautiful Dalmatian coast, and world-famous historic towns such as Dubrovnik and Split. Its national GDP of \$60bn places Croatia in the bottom quarter of the world's economies. And yet they welcome over 15m international visitors per year – more than double the international arrivals in Brazil (6.6m), a top 10 economy. The total contribution of travel and tourism to the GDP of Croatia is 24% - more than double the most-visited nations' average.

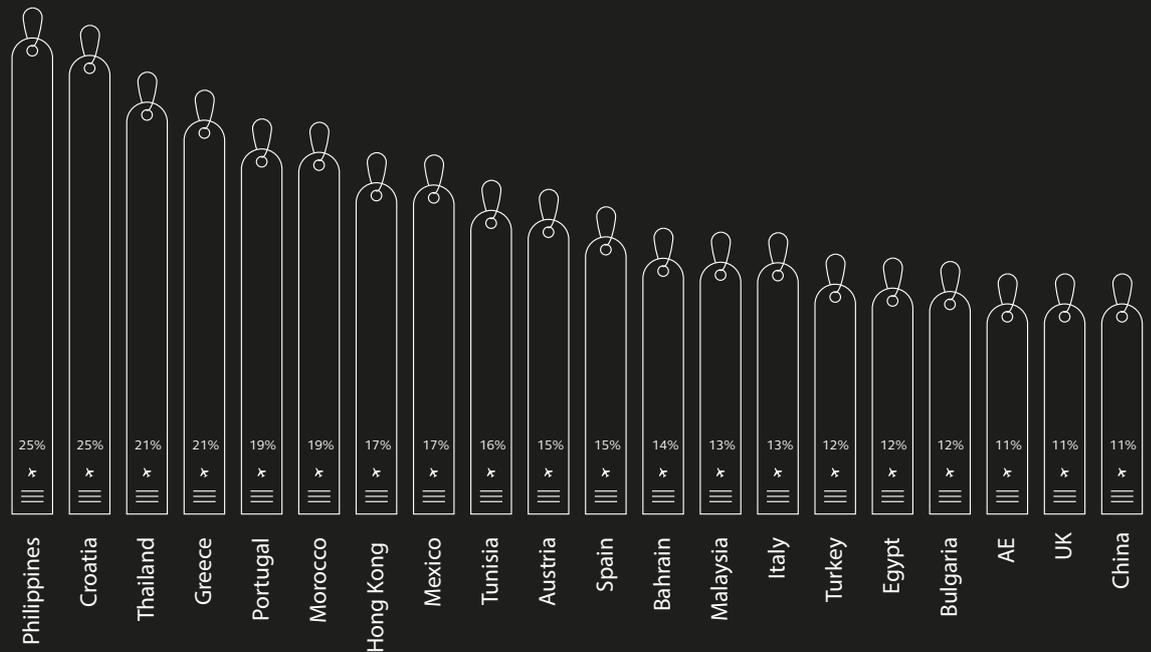
\* International Trade Union Confederation † Organisation for Economic Co-operation and Development

FRANCE'S  
AUTOMOTIVE  
INDUSTRY, AT  
\$124BN, IS JUST  
HALF THE SIZE  
OF ITS TOURISM  
MARKET, AT  
\$230BN

Tunisia, which suspended commercial flights in and out of the country and closed its borders on 17th March, is one of the most visited countries on the continent of Africa, boasting the ancient ruins of Carthage and the cosmopolitan city of Tunis amongst its top attractions. Travel and tourism represent 16% of its national GDP of \$39bn, however, in recent times (2006-2009) it has been even larger (around 21% of GDP). Modern events such as the 2015 terror attack, which caused its total GDP to plummet by 15%, have been contributing to its decline.

Seismic shocks and government-imposed long-term pauses on tourism have an enormous impact on these countries, which are highly reliant on inbound travel. However, even bigger and diverse economies such as France (the world's most visited country) derive a huge total contribution from travel and tourism (directly and indirectly). In 2018, this was around \$230bn, just under the average at 10% of national GDP. By comparison, France's automotive industry is just half that size, at \$124bn.

THE TOP 20 COUNTRIES IN THE GLOBAL TOP 50 MOST VISITED COUNTRIES RANKED BY HIGHEST % GDP TOTAL CONTRIBUTION FROM TRAVEL AND TOURISM.



Average across top 50 = 10.92%. Please note, this chart does not include outliers such as Macau which has a 72.7% contribution from Travel & Tourism to GDP. (2018 data)

# TRAVEL & TOURISM: A MAJOR GLOBAL EMPLOYER

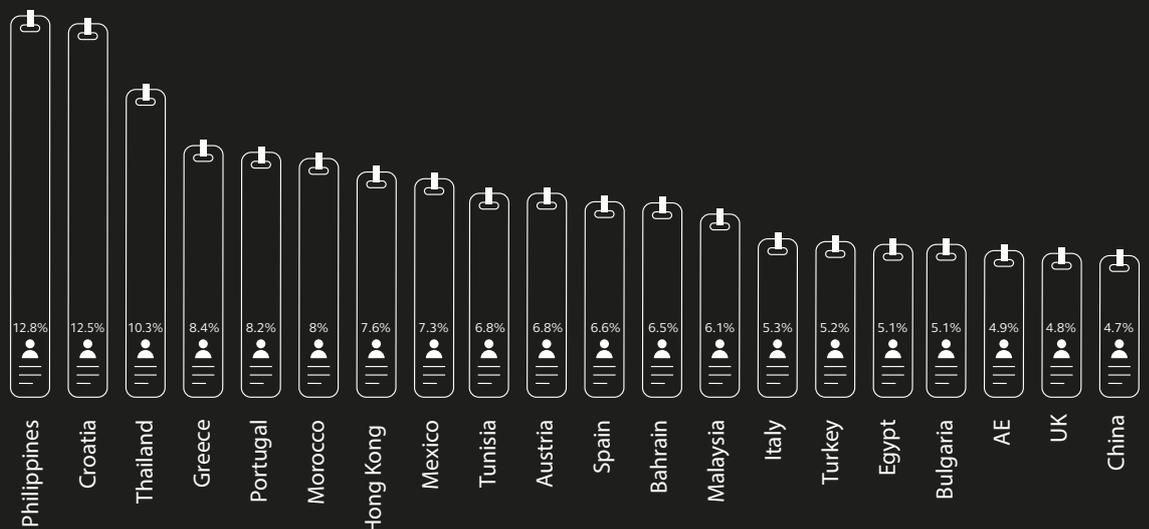
Beyond the massive economic contribution of the sector is the provision of livelihoods. Direct employment in the travel and tourism sector - that is the jobs within industries that deal directly with tourists, including hotels, travel agents, airlines and other passenger transport services - provides millions of individuals and their families across the world with a living. Across the top 50 most visited countries, an average of 5.7% of the workforce owes their living to direct employment within the travel and tourism industries – a total of 105.9m people.

On the 22nd March, the government of the Philippines imposed a ban on foreign visitors to the islands. Around 6.6m people visit the Philippines each year, ranking 48th in the world for international visitors. Travel and

tourism is by far the Philippines' largest sector, contributing around 25% of GDP – the next largest, financial services, contributes just 15.4%. As a result, the population of the Philippines is heavily reliant on the travel and tourism industry for employment. In 2018, this was estimated to be well over a tenth of the working population (13%) – around 5.5m people.

Italy, which has been hit hard by COVID-19, is the fifth most visited country in the world, recording around 59m visitors a year. It's highly developed \$2.07trn economy benefits hugely from travel and tourism, most notably in terms of employment. Of the 23.4m in the country that have jobs, 1.54m (around 7%) are employed in the travel and tourism sector.

## THE TOP 20 COUNTRIES IN THE GLOBAL TOP 50 MOST VISITED COUNTRIES RANKED BY HIGHEST % DIRECT EMPLOYMENT CONTRIBUTION FROM TRAVEL AND TOURISM.



Average across top 50 most visited nations – 5.7%. Please note, this chart does not include outliers such as Macau which has a 32% direct contribution from Travel & Tourism to employment. (2018 data)

# IMPACT ON THE GLOBAL LUXURY TRAVEL ECOSYSTEM AN ECOSYSTEM IN SHUTDOWN

In December 2019, ILTM released a report sizing and most importantly defining the global luxury travel ecosystem. The activities within this ecosystem - from spectator sports to museums, spas and beyond - are hugely impacted by the current global crisis. With many governments around the world enacting social distancing measures over the medium term to curb the spread of COVID-19, the vast majority of these activities and events - which benefit hugely from both domestic and international visitors - are closed to all.

Half of the 86 countries included in the ITUC survey closed non-essential business in March until further notice, excluding supermarkets and pharmacies. This means that 1 out of every 2 nations have closed all formal and casual dining restaurants, cafés and bars that form a major part of the global luxury travel ecosystem. As the December report showed, international travellers account for \$261bn spend on this sector globally, approximately 16% of the total. Of this amount, HNW travellers – a relatively tiny group of travellers – contribute a massive \$113bn.

Other industries within the ecosystem reeling from the enforced shutting include the performance arts. With 92% of the 86 countries limiting mass gatherings, live music events, theatre, opera and other arts experiences within the global luxury travel ecosystem face a more brutal, widespread lockdown. International travellers contribute \$6.7bn to these activities – around one quarter (24%) of their total value. Of this amount, the HNW population contributes \$1.4bn.

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**THE HNW  
POPULATION  
CONTRIBUTES  
\$113BN IN  
INTERNATIONAL  
TRAVEL**

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Cultural activities within the global luxury travel ecosystem are also affected by the measures being taken. Museums and galleries, historical landmarks as well as zoos & wildlife centres and amusement parks normally attract large crowds in the spring and summer months. But with mass gatherings outlawed by the vast majority of countries, and following guidance from governments, most of the businesses and organisations in this sector have closed. International travellers contribute \$31bn to these activities each year, around 40% of the total, with HNW international travellers alone contributing \$2.3bn.

The next few months should have witnessed the pinnacle of the year's live sport. With the 2020 Tokyo Olympics and the UEFA 2020 Euros both postponed to next year, other sports with annual calendars are facing cancellations. Almost 9 in 10 countries (88%) of the 86 surveyed have cancelled all sporting events. At risk to this are the elite European football leagues heading to their closing stages and finals of tournaments such as the UEFA Champion's League.

Other casualties include the cancellation of Wimbledon – arguably the world's most prestigious annual tennis grand slam tournament. Of the \$292m that the tournament brings, around 20% (\$62m) would have come from international visitors. The US Masters Golf Tournament at Augusta is also postponed and major horse racing events, such as Royal Ascot (due to take place in June) are under review. If both of these should be cancelled rather than postponed, the \$40.5m that international visitors would have contributed – 26% of the total – will be missed.

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**INTERNATIONAL  
TRAVELLERS  
CONTRIBUTE \$31BN TO  
CULTURAL ACTIVITIES  
EACH YEAR**

**HNW INTERNATIONAL  
TRAVELLERS ALONE  
CONTRIBUTE \$2.3BN**

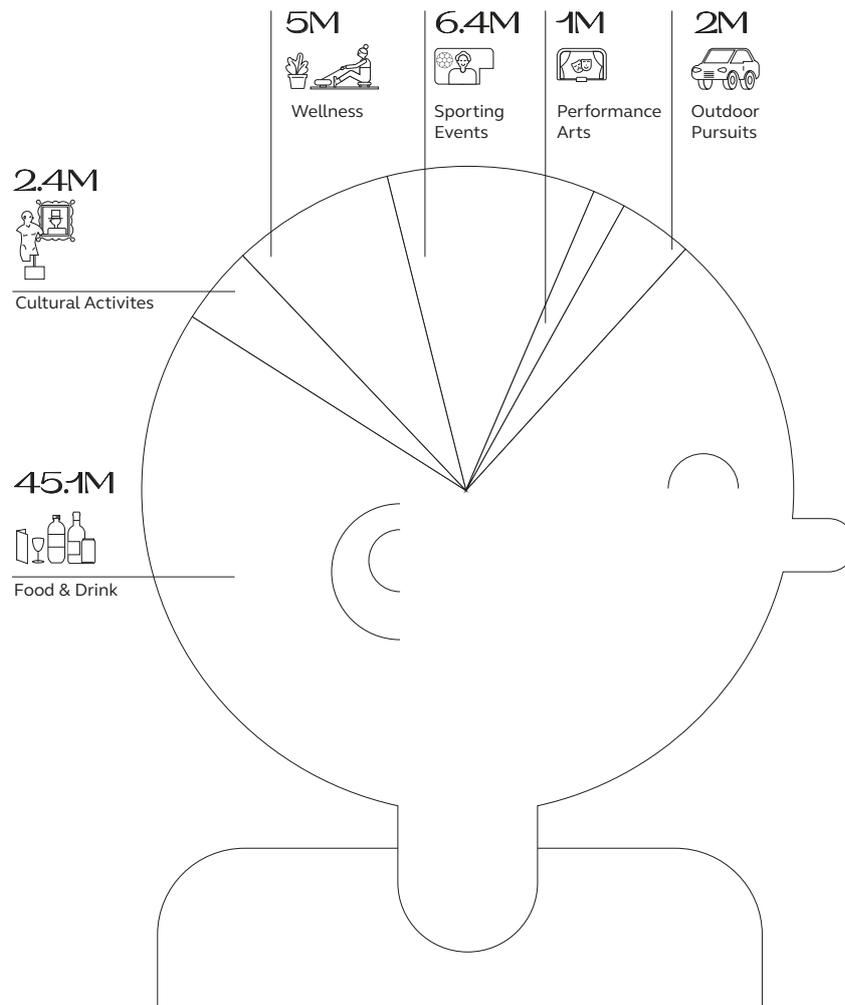
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## ECOSYSTEM EMPLOYMENT IN PERIL

Approximately 62m people are employed within the global luxury travel ecosystem of activities that exist around the world. Though not exclusively, these jobs are partly sustained by the vast contribution from international luxury travellers.

This is in addition to the 105.9m people mentioned previously that are in direct employment specifically related to travel - the jobs within industries that deal directly with tourists, including hotels, travel agents, airlines and other passenger transport services.

Of these 62m people, over 45m work in food & drink services. This excludes catering. The next largest employment group are those who work in the sporting events that domestic and international luxury travellers flock to, a total of 6.4m people. Around 5m people are employed in the wellness sector that is so often used by luxury travellers and a further 5.4m are employed in cultural activities such as museums and galleries, performance arts and outdoor pursuits.



THE GLOBAL LUXURY  
TRAVEL UNIVERSE

GLOBAL  
LUXURY TRAVEL  
UNIVERSE:  
A \$2.05TRN  
GLOBAL  
INDUSTRY

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**THIS 2.05TRN  
GLOBAL UNIVERSE  
SUSTAINS  
BUSINESSES AND  
EMPLOYMENT  
FOR OVER 168  
MILLION PEOPLE**

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The global luxury travel ecosystem itself is worth \$1.54trn. This is the total spent on ecosystem activities and experiences by domestic and international travellers - but exclusive of all lodging and airfares.

An estimated \$1.41trn is spent annually on lodging and air travel globally (international and domestic, business and leisure). Global airline passenger fares are worth an estimated \$885bn, whilst total lodging revenue (from budget to luxury tier) is estimated to be \$525bn.

HNWIs contribute a huge \$507.6bn in spend towards flights and lodging, annually (36% of the \$1.4trn total), which is primarily spent on luxury. When you add this to the global luxury travel ecosystem spend, this produces an even larger 'global luxury travel universe.'

This global luxury travel universe, which would rank in the top 10 if it was a global economy, is comparable to the world's major industries of discretionary spend.

# GLOBAL LUXURY TRAVEL UNIVERSE COMPARED TO GLOBAL INDUSTRIES

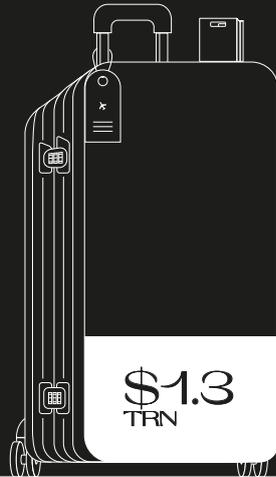
Global Automobile Industry



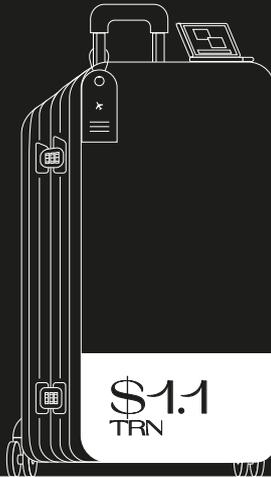
Global Luxury Travel Universe



Global Fashion Retail Industry



Global Consumer Electronics Industry



Annual value (2019 data)



WE MAY BE HALF THE SIZE OF THE HUGE GLOBAL AUTOMOTIVE INDUSTRY BUT THE 5.6 M PEOPLE EMPLOYED IN IT PALES INTO INSIGNIFICANCE WITH THE 168.9 MILLION EMPLOYED IN TRAVEL AND ITS ECOSYSTEM

The car and automobile industry is one of the largest industries of discretionary spend in the world, with an estimated value of \$4trn and global employment of 5.69m people. The global travel universe is just over half the size of this giant, at \$2.05trn, but it towers over other industries of discretionary spend, such as global fashion retail, which is worth just over half at \$1.3trn and the consumer electronics industry, which is worth \$1.1trn.

# A GLOBAL CONNECTION

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**THE LARGE EFFECT THAT THIS SMALL GROUP OF 22.5 MILLION HNWIS HAS ON PUTTING WEALTH BACK INTO LOCAL ECONOMIES IS UNRIVALLED**

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The global luxury travel ecosystem of activities provides luxury travellers with incredible life experiences. These are as central to travel as the luxury lodging in which they reside, or the airlines they use to enable them to traverse the globe.

Numbering just 22.8m people globally, HNWIs are the most valuable group of travellers. With greater wealth at their disposal, this group also tend to book longer trips, more expensive rooms in luxury lodging and are significantly more likely to book valuable premium seats on airlines. Their spending power for ecosystem activities is also formidable; for food & drink experiences within the global luxury travel ecosystem, they contribute just under half of the total spend.

However, luxury travel and its ecosystem are about more than a means of enjoyment and entertainment for a relatively small group of privileged luxury travellers. They provide a greater standard of living for many millions of business owners around the world. Not only travel brands such as hotels, airlines or travel agencies, but theatre owners, water sports vendors, restaurant owners, local fitness instructors; many of these individuals rely on the trade from visiting domestic and international tourists, and some are solely focused on them.

The COVID-19 crisis has highlighted how strong and truly global the connection is between the providers of ecosystem activities and experiences and the international wealthy luxury travellers who seek them. The continued access to and interaction with globetrotting individuals of wealth and spending power is vital for many economies and travel-related businesses around the world. At a time when our global activities are being eroded and halted, we have never been more aware of how much they can bring.

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## NOTES

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### DEFINING 'LUXURY' IN THE GLOBAL LUXURY TRAVEL UNIVERSE

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The global luxury travel ecosystem of experiences is a collection of activities related to the top-ranked hobbies & interests of the world's HNW population. When the wealthy travel, it is these activities and experiences they are most interested in pursuing.

These HNWIs are the archetypal luxury traveller. They use 5-star hotels and luxury resorts, almost exclusively. They also nearly always travel, particularly long haul, in the more luxurious front-half of the plane. Their travel and lodging is therefore empirically 'luxury.'

However, the ecosystem of activities they engage in are not all of a 'luxury' standard. Nor are they only available to luxury travellers. There is an even larger group of non-HNWIs who would engage in them, and though some of them may be luxury travellers, many of them are not.

However, it is defined as a 'luxury ecosystem' because these activities correlate most strongly to the needs and desires of genuine luxury travellers – the HNWIs.

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**TRUE LUXURY IS  
SURELY FREEDOM  
OF MOVEMENT  
AND CONNECTION  
TO OTHERS**

Alison Gilmore

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## WITH THANKS TO

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The Global Luxury Travel Ecosystem Report (ILTM, Barton & Wealth-X), ITUC Global COVID-19 Survey, 17-23 March 2020, World Bank, Director Generale des Entreprises, Études Économiques Chiffres Clés de l'Industrie Manufacturière, Ibisworld Global Car & Automobile Sales Industry Report, Euromonitor International and GMI Consumer Electronics Market Report.

All currency in USD.

## ABOUT ILTM

ILTM is a global collection of invitation-only events that bring together leading international buyers to meet and discover the most luxurious travel experiences. Each event introduces an unrivalled selection of luxury travel brands to ILTM's extensive network of hand-picked luxury travel advisors, through bespoke appointment programmes and networking sessions. Alongside the global flagship events in Cannes and Asia Pacific, ILTM has four core local events; ILTM Arabia, ILTM China, ILTM Latin America and ILTM North America, as well as one specialist event; ILTM Africa.

[www.iltm.com](http://www.iltm.com)

## ABOUT BARTON

Barton is focused on consulting businesses in the luxury and prestige sectors, combining evidence and guidance to help these organisations and brands grow and thrive. Whether for business strategy, brand assessment, communication, trend analysis or thought leadership, Barton knows that businesses need to have confidence in their decisions. Barton offers cross-sector knowledge in a responsive, agile way, combining creativity with pragmatism, providing the perspective needed to make informed choices.

[www.barton-consulting.co.uk](http://www.barton-consulting.co.uk)

## MEDIA ENQUIRIES

[ILTMPR@SPOTLIGHTCOMS.COM](mailto:ILTMPR@SPOTLIGHTCOMS.COM)

+44 (0) 20 8334 4008

