

Editor's comment from *Travel Markets* No. 17 – March 2004

The first in a series of Special Reports is on the US Outbound Travel Market

This is the first in a planned series of Special Reports that will occasionally replace or supplement regular monthly issues of *Travel Markets* – in line with our aim to provide more comprehensive information on key sources of travel demand for our subscribers. We would of course welcome your comments and suggestions as to markets of particular interest that you would like to see featured in future issues. *Travel Markets* Special Reports planned for 2004-05 currently include China and Russia.

Still the world's most important outbound travel market ...

Despite an 8% fall in spending on travel abroad in the three years to 2003, the USA is still the world's most important outbound travel market in terms of expenditure on foreign travel – well ahead of its closest contender, Germany. In terms of outbound trip volume, however, it ranks only third, after Germany and the UK – having been ousted from second place by the UK in 2001. Moreover, US outbound trips have declined by about 11% since 2000 and are not expected to regain 2000 levels until 2006.

This is primarily due to the fact that American travellers are much more sensitive to perceived threats to their safety and security than other leading travel markets. In addition consumer confidence in the national economy – which has hit record lows in the period since 11 September 2001 due to increased job losses and company bankruptcies – plays an extremely important role in dictating travel trends.

... with enormous longer- term potential for growth

These factors may continue to affect US outbound travel demand in the short term, if current forecasts are to be believed. The weaker US dollar is also likely to depress demand for outbound travel – except to destinations with dollar-based currencies such as the Caribbean. But the medium-term outlook is nonetheless bullish. And in the long term the US travel market would appear to have greater scope for expansion than any other market in the developed world.

In contrast to the situation in most of Europe, the US population is growing rapidly, thanks in part to increased migration from countries such as Mexico. From around 290 million today, it is forecast to exceed 400 million by 2050.

While the population is also ageing, as in Europe and Japan, close to 30% of Americans are currently under the age of 20 – which offers enormous opportunities for the travel industry in the future. In addition, only about 18% of US adults currently hold passports and, even in the big cities (which are the major sources of travel business), the percentage of passport holders nowhere exceeds 40%.

As will be discussed in this report, few other markets in the developed world offer such untapped potential for travel and tourism growth. The big question is: How can this potential be tapped? And who will benefit the most?