Europe, the best destination for seniors" "Facilitating cooperation mechanisms to increase senior tourist's travels within Europe and from third countries in the low and medium seasons"

- Experts draft report

ANNEX 1.

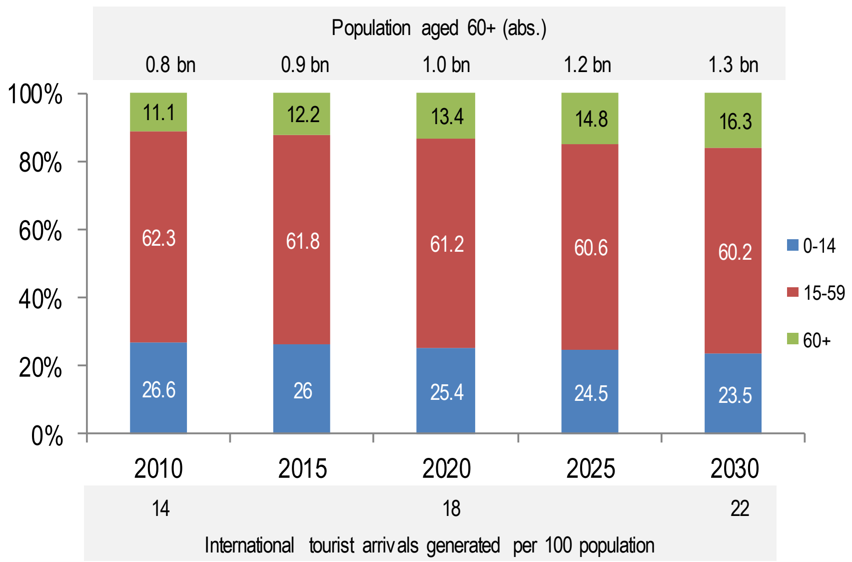
DEMOGRAPHIC CHANGE AND THE RISE OF SENIOR TOURISTS

1. Demographic trends affecting tourism

All over the world, societies are rapidly changing, shaped by declining fertility rates, the lengthening of life expectancy, urbanization and migration. Such an unprecedented demographic change poses new economic, political and regulatory challenges that affect the society as a whole. In the tourism sector, changing demographics will primarily impact on the characteristics and relative importance of travel segments, with a domino effect on the types of tourism products, services and the activities they engage in while away. Along with challenges, demographic change will also bring new opportunities for the tourism sector.

1.1

World - population by age group*, international tourist arrivals per 100 population**



Sources: * = UNDESA, Population Division; ** = UNWTO.

Seizing the impact of an ageing population

World population is projected to grow from 6.9 billion in 2010 to 8.3 billion by 2030. Following a gradual ageing process, the elderly are expected to grow faster than other age groups. Worldwide, the 60+ age band is expected to reach 1.3 billion people by 2030, an increase of 600 million units from 2010. The share of this age band is expected to move up to 16% from 11% in 2010[1]. Accordingly life expectancy is expected to move from an average of 69 years in 2010-2015 to 72 years in 2025-2030[2].

Differences across world regions will remain large. This phenomenon will be more relevant in fast-aging societies in Europe, North America, and in some Asian countries, among which China.

1 in 4 European populaces will belong to the age band 60+ by 2020, and nearly 1 in 3 by 2030. A similar proportion is projected for populaces in North America. Populations in Asia and Latin America and the Caribbean are projected to maintain a comparatively younger profile. A notable exception is China, where fertility control produced results similar to the fertility decline in advanced economies.

In order to seize the potential of travel demand from seniors, charts in previous pages present the projected volume of populaces in the age band 60+ in the world and by selected world regions. It also presents projections of the penetration of travel in the correspondent elderly population. This latter indicator should be used for comparative purposes only and interpreted with caution, as the penetration of travel among the elderly segment of the population is most likely lower than the average value.

The two indicators combined suggest that Europe shows the highest potential as source of senior travellers, due to the volume of its elderly population and the increasing penetration of travel among its population in general (by 2030, Europeans are expected to generate 89 international tourists arrivals every 100 population). At the other end of the spectrum, keeping into consideration the comparatively low penetration of travel among the Asian populations, the size of senior travellers may be considerably lower than suggested by the estimated large volume of 60+ populaces in 2030. From a European destinations perspective, the long distance from Asian markets may further reduce the potential of these markets. Within the Americas, the overall volume of populaces aged 60+ is expected to exceed 100 million units in both sub-regions. Given their notoriously higher propensity to travel, markets in the North America are more likely to generate larger volumes of senior travellers.

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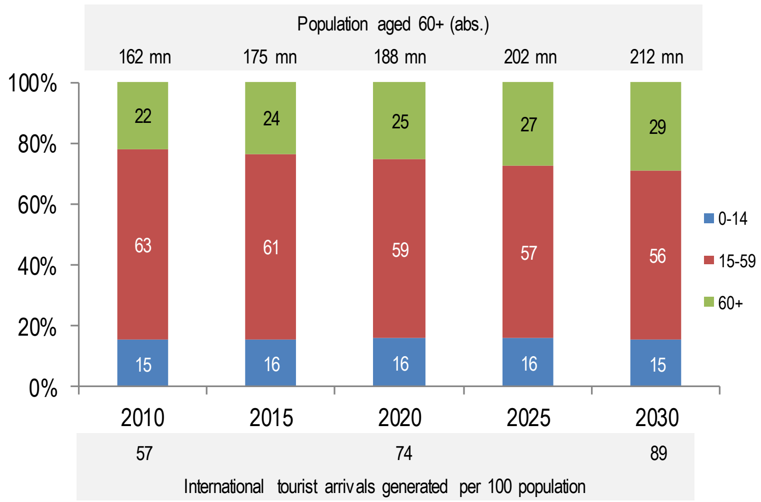
[1] Source: UN Department of Economic and Social Affairs, *World Population Prospects: The 2012 Revision*.

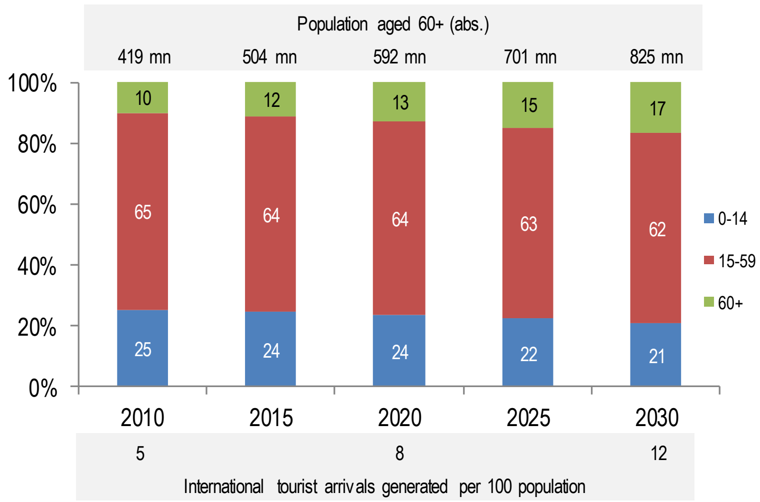
[2] Source: ETC & UNWTO, *Demographic Change and Tourism*.

Europe - population by age group*, international tourist arrivals per 100 population**



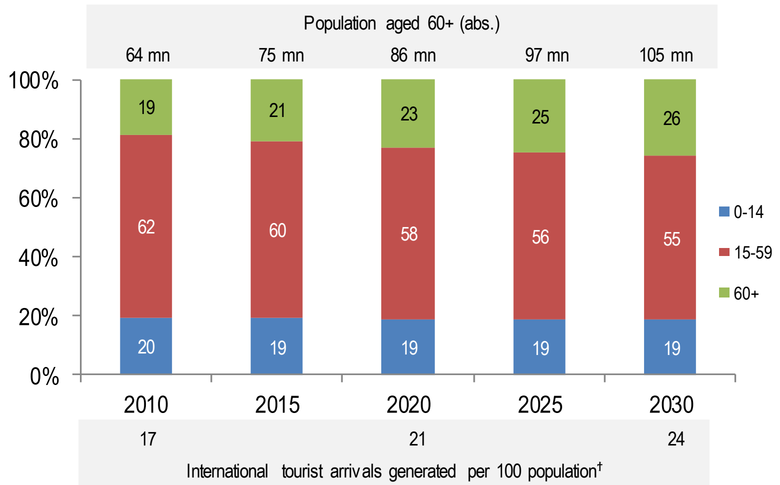
Sources: * = UNDESA, Population Division; ** = UNWTO.

Asia - population by age group*, international tourist arrivals per 100 population**



Sources: * = UNDESA, Population Division; ** = UNWTO.

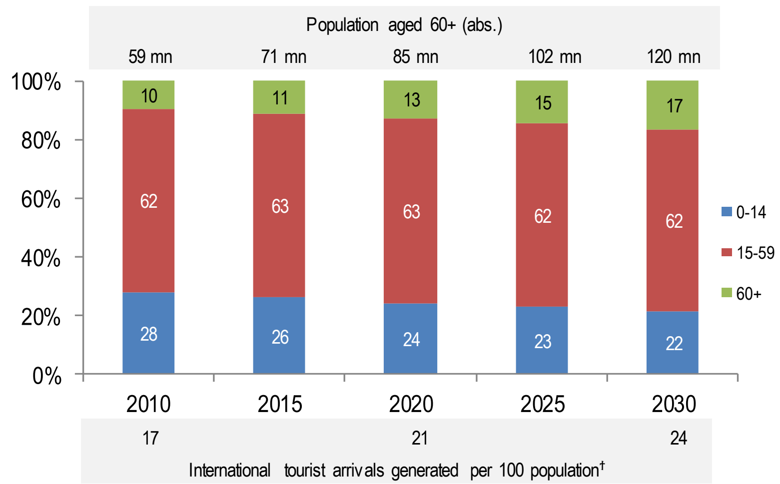
North America - population by age group*, international tourist arrivals per 100 population**



Sources: * = UNDESA, Population Division; ** = UNWTO.

†: values refer to the Americas

LatAm/Caribbean - population by age group*, international tourist arrivals per 100 population



Sources: * = UNDESA, Population Division; ** = UNWTO.

†: values refer to the Americas

Population in the age band 60+ by country (thousands)

	2010	2020	2030
China	242,435	289,348	345,613
India	133,615	156,646	181,392
United States of America	77,149	86,387	92,962
Japan	43,225	44,089	45,230
Brazil	29,482	35,723	41,644
Russian Federation	30,347	31,873	31,129
Germany	24,701	27,077	28,963
Italy	17,972	19,496	21,162
France	17,491	18,927	20,264
United Kingdom	16,202	17,812	19,353
Canada	9,318	10,696	11,595
Netherlands	4,551	5,049	5,469

Source: UNDESA, Population Division.

Brazil

Demographic indicators: The total fertility rate for Brazil will decline over the period eventually dropping well below the replacement level. Average life expectancy is predicted to rise from 65.3 in 1985-1990 to 76.9 in 2025-2030 but stark differences are apparent between male and female halting at a seven year gap at 73.4 and 80.3 respectively in 2030. The ageing of the population seen in other parts of the world will not be such a significant factor in Brazil. In 1990 the largest sector of the Brazilian populace was in the younger end of the age spectrum with the largest groups being under 14 years of age. Over the period to 2030 this moves towards the middle with the group aged 10-14 in 1990 remaining dominant in the subsequent decade. Therefore though the older population does increase in Brazil it does not have such a sizeable impact on overall demographic structure due to the size of the younger population.

Implications on outbound travel: While Brazilian travellers to Europe tend to come from higher social classes, are relatively affluent, well educated, multilingual and most commonly in their 30s and 40s. However, the travel trade stresses the importance of the 50-65 age band with more time to travel, forming the second most important age group[3]. In this context, seniors are becoming increasingly more

[3] ETC (2009). *Market Insights – Brazil*. Retrieved from http://www.etc-corporate.org/images/library/ETCProfile_Brazil_07-2009a.pdf

important since the population pyramid is starting to see an increase in the number of people belonging to the older age groups. In general, they value group travel more, although not exclusively, and are available to travel throughout the entire year[4].

United States of America

Demographic indicators: Fertility rates showed a volatile development but are expected to arrive at 1.85 children per woman by 2030. Life expectancy in the United States of America will rise though not as far as in other countries, which is attributed to the average being dragged down by the considerable intra-national disparities in wealth and healthcare provision within the country. The average expectancy in the USA will rise from 75 in 1990 to 81.4 in 2030 (female: 78.4 to 83.7; male: 71.5 to 79.1). The US age profile is fairly standard and comparable to those of western nations. In 1990 the largest group was aged between 24 and 34. In 2010 this spaces was filled by the 44-45 age group, by 2030 the age band will cover all the ages between 40 and 70 becoming shallow and broad.

Implications on outbound travel[5]: In general, most Americans travel as couples, they tend to be middle-aged – older, wealthier and better-educated than the average. While seniors (66+) are reported to make up approximately 10% of all United States online leisure travellers, a group that already now and will particularly rise in significance in future are the Baby Boomers (Young Boomers (45-55), Older Boomers (55-65). These are particularly described as being older, richer, fitter, more confident and more experienced than their predecessors. While Americans are reported to travel predominantly as couples, there is a trend towards multi-generational travel (i.e. grandparents, parents, children) while travelling to Europe. The most significant pull factor is Europe's historical and cultural heritage and motivations to travel to Europe include authentic experiences, rest and relaxation, spending time with friends and relatives and personal enrichment.

1.2 Senior travel from the European Union[6]

In 2010, 17% of the EU population was 65 years old or older. By 2060, the share is expected to move up to 30%. During the recent economic and financial crisis, which negatively impacted on tourism in the EU, the 65+ age group significantly contributed to offset this negative impact: between 2006 and 2011 the number of tourists

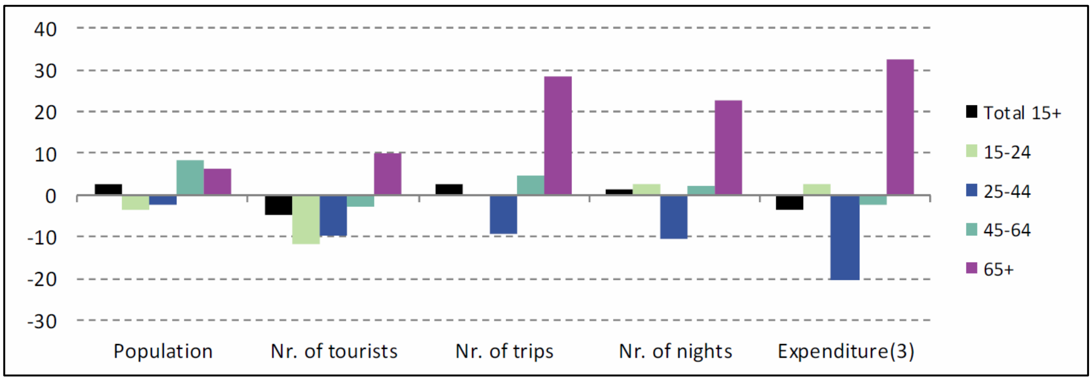
[4] ETC & UNWTO, *The Brazilian Outbound Travel Market* (unpublished)

[5] ETC & UNWTO, *The US Outbound Travel Market* (unpublished)

[6] Source: Eurostat (2012). Europeans aged 65+ spent a third more on tourism in 2011 compared with 2006. Ageing and Tourism in the European Union. Retrieved from http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-12-043/EN/KS-SF-12-043-EN.PDF

dropped in all age groups except for the 65+, posting a 10 % increase over 2006. Admittedly, this age group increased by 6 % over the period, but there is still a clear net effect. In 2011, the 65+ made 29 % more trips and 23 % more overnight stays than five years earlier. Their tourism expenditure grew by 33 % and accounted for 20 % of all tourism spending of Europeans, compared with just 15 % in 2006.

Fig. 3: Population and tourism indicators[7] by age, EU-27, 2011/2006 percentage change



Accounting for 17 % of all tourists, the most senior age group made 19 % of all holiday trips (91 million) and spent 22 % of the nights away on long tourism trips in 2011. Likewise, it should be noted that on average persons aged 65 years and above, spent 26.1 nights, compared to 21.6 and 18.9 in the 45-64 and 25-44 age segments respectively. Looking at domestic trips and outbound trips separately, the 65+ recorded the highest average spending per trip: € 401 on a domestic trip and € 934 on an outbound trip. Expenditure per night was lower for the most senior tourists, but this can be explained by the fact that their trips were longer, meaning that flat-rate costs such as transport were spread over more nights.

To adapt to a changing landscape, the European tourism sector is called to take account of the needs and preferences of older travellers, and of demographic differences among established and emerging markets.

1.3 Changing lifestyle and travel-style

A lengthened life expectancy is one of the major factors underlying demographic change. For tourism, the issue of healthy life expectancy is of particular importance. That is, not just how long people live, but what level of health they enjoy while they are alive. In this respect, not only is an increase in older tourists expected because they live longer and are richer, but they will be fitter and younger looking in outlook.

[7] All tourism indicators relate to trips of at least four nights.

Family structures are changing too as people live longer and as fertility rates fall. Family structures are become longer, yet leaner – they move from more ‘horizontal’ with fewer generations to more ‘vertical’ structures with more generations. Potentially this can affect family dynamics (greater intrergenerational interaction) and travel parties themselves (more multi-generational ones). Add to this other social changes such as increases in divorce rates in some parts of the world or a longer (and in some instances new) period of singledom and new travel groupings emerge. Changes in life-stages and more family transitional stages suggest a potential increase in singles tourism, addded to by the still growing young market adult markets of Asia and Brazil. This might include more gap year travellers. Equally, there may well be more inter-generational travel groups (grandparents and grandchildren) and multi-generational family groups.

The Internet and the emergence of information and communication technologies (ICTs) have revolutionised many segments of society, included the elderly. However, there are still significant gaps in usage ('digital divides') when looking at age groups. Within the EU 9 in 10 people aged 16-24 regularly use the Internet. The percentage is slightly lower within the age band 25-54 (78%) and moves further down for the age band 55-74 (42 %).[8]

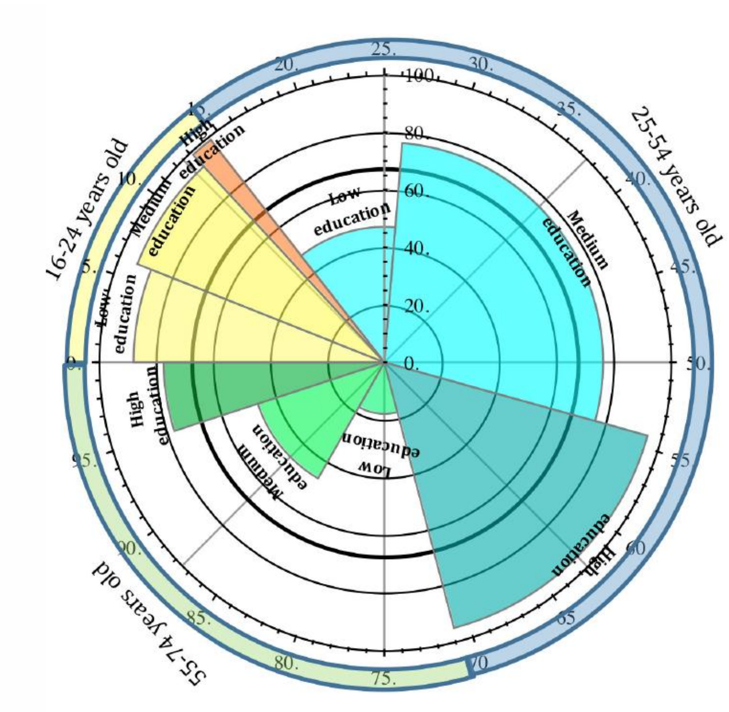


Fig. 5: Regular Internet users in the EU-27, 2011 (breakdown by age-education groups)[9]

[8] Eurostat (2013). Internet use in households and by individuals in 2012. Retrieved from http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-12-050/EN/KS-SF-12-050-EN.PDF

[9] Commission services on the basis of Eurostat Community Survey on ICT Usage by Households and by Individuals.