

WORLD TOURISM FORUM LUCERNE

Venue for CEOs

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»» **Cruise**

Growth rates in marine tourism are substantial: with 10 to 15% annual growth, today's cruise market will be at least four times bigger by 2029.

Horst Rahe

»» **Airline**

The rising oil price will lead to a substantial increase of flight ticket prices. With such high fuel costs, even the low-cost carriers are no longer able to grow.

Harry Hohmeister

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Considering a 50% rise in energy demand by 2029, our biggest mobility challenge will be to push alternative energy development to commercial viability.

Wolfgang Müller-Pietralla

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ONGOING BOOM IN THE CRUISE MARKET

Senator Horst Rahe, Managing Owner of Deutsche Seereederei and Chairman of A-ROSA

Cruise market 2029: in the hands of three to five big shipbuilders?

While the trend toward concentration in the cruise market is expected to continue over the next few years, new niche opportunities will open up at the same time. There will be a greater variety of cruises, and more ships of all sizes will be required. Furthermore, more and more emerging nations will discover the opportunities of the cruise market and establish their own shipbuilders accordingly. The cruise market will therefore remain dynamic, and a quasi-monopolization by a few global players is unlikely!

How many mega cruise-liners will the market need by 2029?

Growth rates in marine tourism are substantial: with 10 to 15% annual growth, today's cruise market will be at least four times bigger by 2029. This does not include

the demographic effect: longer life expectancy will lead to further growth of the main target group of older citizens. Nor does it take into account the opening up of tourism and the cruise market in emerging nations such as India or China. All the more must the laws of demand and supply be met: while land-bound resources are increasingly limited, water covers two thirds of the global surface. This leaves plenty of room for marine tourism and new cruise ships, certainly in many different sizes. There is in fact a trend toward mega cruise-liners, which are not only more cost-effective but also have less environmental impact. The number of these floating resorts in future is hard to estimate at the present time, but the ongoing cruise market boom will entail a far wider offering in course of time.

Just how big can cruise-liners get?

I believe that the cruise ships themselves and their onboard offering will be the destinations of the future. This is already a very strong trend in the USA - which admittedly has its own special kind of vacation market. As a result, the size of cruise ships will steadily grow in order to accommodate as much vacation variety as possible on board.

The maximum size is limited by various factors, such as technology and logistics, whose future development cannot be foreseen today. However, at the present time it seems that a capacity of 5000 passengers is by no means the upper limit.

Short biography Horst Rahe



Horst Rahe is Managing Owner of Deutsche Seereederei, Rostock, a modern group of service companies whose portfolio encompasses tourism, shipping, real estate, health and maritime infrastructures.

Particularly outstanding in the tourism sector is the A-ROSA brand, under which the Group subsidiary Arkona AG operates 6 riverboats (4 on the Danube, 2 on the Rhone) and several wellness hotels. The three A-ROSA resorts have won numerous awards: Grand SPA Resort A-ROSA Travemünde was selected by Feinschmecker gourmet club as Hotel of the Year 2007, and its Buddenbrook Restaurant won an additional Michelin star. Grand SPA Resort A-ROSA Kitzbühel was

recently distinguished by Bertelsmann Guide as Best Austrian Hotel 2008. And Top Hotel magazine awarded the Sport & SPA Resort A-ROSA Scharmützelsee its "Wellness Aphrodite 2007" in the beauty category. By the end of 2009 the new Grand SPA Resort A-ROSA Sylt will open in List on the island of Sylt.



OIL PRICE & MARKET NEEDS

Harry Hohmeister, Chief Network & Distribution Officer Swiss International Air Lines

What is the potential impact of the high oil price on the development of air travel?

Ticket prices have to increase. For the average network carrier, fuel costs accounted for 12% of total expenses four years ago. They now account for over 30%. This is a dramatic rise, and is sure to lead to price increases for flight tickets. SWISS is one of the only airlines in Europe, which are still on a moderate growth path and are creating new jobs. By contrast, many other airlines have been reducing their capacity. Even the low-cost carriers are no longer able to grow. The lower capacity will result in higher prices. But air travel will remain affordable for customers, because the airlines are working very hard on increasing their efficiency by investing in new aircraft and making better use of their assets and resources.

What will be the most important factors that will determine the future of the airline business until 2030 and beyond?

I believe that airlines and aircraft manufacturers have to develop new engines which consume only 50% of the fuel they presently burn. This makes commercial sense for the airlines, and it makes sense in environmental terms. The airlines have a natural interest in saving fuel, so the politicians shouldn't need to get involved here. And it should make air travel – which is the safest and most efficient transport system – even more efficient, consuming less than two litres of fuel per 100 passenger-kilometres. I am also convinced that our air traffic control needs to be organised much more efficiently. The key issue here is the Single European Sky, which is the biggest environmental protection project currently on the agenda. According

to the Intergovernmental Panel on Climate Change, an efficiently designed Single European Sky could reduce the carbon footprint of European aviation by up to 12%. This is a challenge for the politicians, and is one where they need to deliver a quick solution.

What are the transportation needs of the leisure traveller?

I believe that we have two different consumer segments in the leisure market, so I have two answers to this question.

First we have the leisure traveller who spends ten days or more at a particular destination. Price is an important factor here, of course. The service should be OK at a standard level, but it is price that will primarily drive demand. The second segment is the city-break traveller, who spends just a night or two at their destination. The price is still important, of course. But this traveller is likely to be far more interested in schedule flexibility and the service offered by the airline, especially on the ground.

Short biography Harry Hohmeister



Harry Hohmeister joined Swiss International Air Lines in January 2005 and has been Chief Network & Distribution Officer since January 2006. Previously he spent four years with Thomas Cook, lastly as Executive Vice President Airline Business Management. Harry Hohmeister started his career in 1988 with Lufthansa German Airlines, where he held various management positions until 2000 including Head of Schedule Development and Vice President Network Planning.



INDIVIDUAL MOBILITY SOLUTIONS AND INTELLIGENT CARS

Wolfgang Müller-Pietralla,
Head of Future Affairs, Volkswagen

What are the most important factors that will determine the future of mobility until 2030 and beyond?

The primary factor is of course energy availability. The 50 percent rise in energy demand expected by 2030 is contrasted by the increasing shortage of fossil fuels. Our biggest mobility challenge in future will therefore be to push alternative energy development to commercial viability in the form of cost-effective consumer products. Another important factor is the ongoing urbanization trend worldwide. By 2020 the population of Tokyo will already reach about 35 million, and about 21 million in Sao Paulo. There is not much point in developing "citymobiles" in such cases – first we must thoroughly analyze the existing interplay of rail, bus, air and automobile transport against the background of traffic planning, environment protection and city infrastructures. A gigantic task – but

indispensable.

What other current mega trend will have a major impact on travelling?

I think the demographic age shift trend will play a major role. Particularly in the USA, Japan and Europe, consumer age weighting will shift clearly toward the over-sixties as of 2025. And as we already see today, the over-sixties have quite different needs to those of young people and families. It will be important to take a very close look at the transport needs of older people not only for comfort and convenience, but also for flexibility and availability. Only then can we draw the right conclusions for appropriate mobility offerings. One solution might well be "car on demand" as a further development of car sharing, or an automobile with customizable configuration according to vacation destination.

What is the future of holiday travel?

With regard to "automobility", the future of vacation travel certainly lies in making today's dream come true: relaxation all the way from start thru finish – no stress getting there, no stress on holiday, and no stress getting home. That means keeping traffic flowing, on-board utilization of traffic data to work out alternative routes, total passenger protection through proactive safety systems – and comprehensive information on cultural

and gastronomical highlights en route. It means intelligent automobiles that not only transport people, but also embody everything – ranging from mobile office to mobile home facilities – to make travelling more attractive. Volkswagen is actively researching many of these future trends. For instance, our "Junior" showed last year just what kind of innovations can be expected soon with regard to autonomous driving.

Short biography Wolfgang Müller-Pietralla

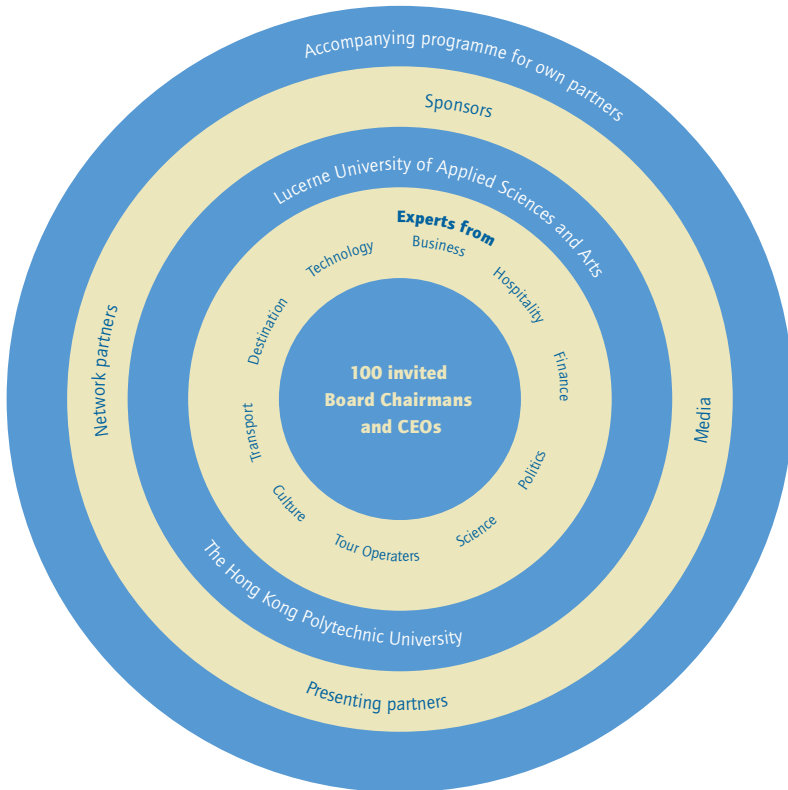


Wolfgang Müller-Pietralla graduated in biology from Hannover University, specialising in ecological system modelling and simulation. He joined the Volkswagen AG Environmental Protection division in 1992, where he introduced an Ecology Management System. At the EXPO 2000 he was VW project manager for the "Autostadt" and "Regenwaldhaus" displays. Since 2003, he has been head of Volkswagen Future Research and Trend Transfer. This team focuses on the analysis of future trends and scenarios, and assists in formulating the Volkswagen corporate vision and strategy. Within the framework of the innovation process, this team also derives and develops future mobility and vehicle concepts.

WORLD TOURISM FORUM LUCERNE

www.wtflucerne.org

The Forum has been designed as a closed event in which international tourism executives play a central role.



More on these exciting topics in Lucerne on 22 - 24 April 2009.

The World Tourism Forum Lucerne offers you an attractive venue for holding discussions and exchanging ideas with industry leaders from around the world.

We will keep you informed about the programme in the weeks to come.
